

CONNECTED BY P⚡WER



2025 ANNUAL REPORT

Connected by Power, Resilient in Action



GENERAL
MANAGER

ERIC
HALFMANN



PRESIDENT

PAUL T.
BRYSCH JR.

WE INVITE YOU to join us for the Karnes Electric Cooperative Annual Meeting on Thursday, June 11, at the Karnes City Independent School District Performing Arts Center. We look forward to this event every year, as it's always a blessing to reconnect with longtime members and welcome new faces.

This year, we're offering members extended hours to register and vote in the director elections. Members can come and go between noon and 7 p.m. Members who register will receive a ballot and gift bag and be entered into the door prize drawing. Additionally, the first 350 registrants will receive a \$25 bill credit.

The annual meeting will start at 7 p.m. Whether you participate in the early registration and voting or attend the evening session, we appreciate your involvement and thank you for allowing us to serve and positively impact our community.

Resilient in Action

As your electric cooperative, we take pride in pursuing our mission of providing quality service to empower communities and improve lives. This past year's successes and challenges are highlighted by our team's resilience as the electric industry undergoes major changes. Our resilience was evident when our team achieved zero recordable injuries—underscoring a culture that truly values safety and innovation.

Following the Rural Electrification Act of 1936, our story began in 1938, when members of our community established KEC to serve areas overlooked by other utilities. By 1940, our energized lines brought new possibilities to rural life and a legacy of resilience and community connection that still inspires us today.

Over the last 88 years, the industry has continually evolved, and it currently faces ongoing challenges—such as unprecedented large load growth from artificial intelligence, new technology, heightened reliability demands, regulatory challenges, cybersecurity threats and increasing costs. But thanks to our resilient team and strong community connection, KEC is well-equipped to thrive amid change and continue to serve the best interest of our members.

Impact of Rising Costs

Our team works hard to optimize operations to keep rates competitive and maintain a safe electrical system for our families

to live and work around. The co-op business model enables us to serve lower-density and higher-cost areas effectively, always prioritizing quality and affordable service over profit. This founding purpose sets us apart and guides every decision we make.

In 2025, a rate adjustment was approved for usage beginning March 1, 2026, to address rising costs. This was KEC's first rate increase since 2009 and followed extensive financial analysis, underscoring our strong record of maintaining competitive rates.

The average residential rate paid by our members in 2025 was 10.14 cents per kilowatt-hour—significantly lower than the statewide average of over 15 cents per kWh. We expect the adjusted rates to stay competitive, and because we are a not-for-profit provider, we return excess revenues to our members as capital credits. In 2025, \$1,168,869.04 was returned, bringing the total since 1989 to \$25,613,750.99.

Commitment to Continuous Improvement

We understand the effects of rising prices and are committed to delivering the best value for your dollar. To achieve this, we assess alternative supply options, conduct competitive bidding and employ strategic financing.

We invest in condition-based maintenance and infrastructure improvements to maximize equipment life, reduce outages and support growth. In 2025, infrastructure improvements included clearing 122 miles of lines, trimming 79 miles of trees, replacing 1,653 poles, and designing and building 502 new services. The system grew by 44 miles of energized line, contributing to a 2.5% sales increase with 1,539,822,738 kilowatt-hours sold.

In 2025, system improvements were headlined by the construction of power lines for a new substation on Bruce Road, west of U.S. Highway 281. This substation was energized in February 2026 to meet growing demand and improve reliability in northern Atascosa and Wilson counties. Overall, \$13.7 million worth of construction work plan projects were completed in 2025.

We continue to use technology to advance system operations, such as intelligent fault indication and improved coordination of sectionalizing equipment. We're also transitioning to reclosers that offer enhanced protection and maintenance-free operation. Collectively, these upgrades, along with operational analytics, enhance reliability and optimize cost.

As the digital landscape continues to evolve, we're upgrading our technology to ensure long-term sustainability and resilience. We're pleased to share that KEC achieved the National Rural Electric Cooperative Association's Level 2 cyber goals in 2025, along with strengthened defenses through third-party partnerships. These initiatives demonstrate our ongoing

commitment to maintaining robust security and providing top-tier service to our members.

Powering the Future

The electric grid is experiencing rapid transformation, fueled by rising demand, large data center loads and shifting generation resources. To navigate these shifts and optimize costs, we partner with one of our wholesale power and transmission providers, South Texas Electric Cooperative, to secure resources for our members' long-term needs.

After several years of strategic planning, STEC recently acquired two gas generation assets, adding 768 megawatts of quick-start dispatchable capacity to meet generation targets, manage market risks and strengthen STEC's already robust power supply portfolio.

San Miguel Electric Cooperative, KEC's other wholesale power and transmission provider, received a \$1.4 billion project award through the federal Empowering Rural America program, offering a unique opportunity to transition its generation technology to 400 MWs of solar generation and 200 megawatt-hours of battery storage, lowering power supply costs.

As a SMEC member-owner, this project could save KEC members over \$100 million in energy costs over the life of the project and enable SMEC to continue supplying long-term power to South Texas communities.

Legislation and regulation continue to shape the future of power. Nationwide, electric co-ops have successfully defended against policies that increase costs and threaten grid reliability.

In the 89th Texas legislative session, grassroots advocacy by electric co-ops and members statewide successfully stopped a harmful pole attachment bill, protecting grid safety, reliability and electric bills. Active participation also influenced legislation on pole inspection and maintenance, wildfire mitigation, and large load impacts to grid reliability and cost allocation.

We remain committed to advocating for smart energy policies that support affordable, reliable and safe electricity, using a unified, local approach rooted in trust.

Connected by Power

KEC's passion for member and community impact shines in our 2025 American Consumer Satisfaction Index score of 90, exceeding the average scores for cooperatives (76) and investor-owned utilities (74).

To further strengthen community ties, our team supported more than 60 charitable and community organizations, and employees participated in more than 45 community outreach events.

On October 13, during an all-employee service day, staff volunteered with 10 organizations throughout our community,

building teamwork while giving back.

We also invest in the future by awarding scholarships to graduating students pursuing higher education. In 2025, we awarded \$2,500 scholarships to 20 students across our service area.

In 2025, our team's passion for improving lives reached beyond our service area with participation in an NRECA International project in Guatemala. We proudly recognize linemen Glenn Kelley and Paul Rodriguez for selflessly dedicating their time and talents to this project.

This past November, they traveled to the remote village of Yalicar in Alta Verapaz, Guatemala, joining 20 other linemen from South Texas cooperatives to bring life-changing electricity to this rural area. This outstanding group exceeded expectations, finishing the original project ahead of schedule and completing part of an additional project. All together, they built about 5 miles of power line and wired 135 homes. Their efforts and this project exemplify KEC's mission to improve lives.

Looking ahead, we are working to develop a strategic road map centered on impactful initiatives that create new value for members, enhance service quality and position us to navigate emerging industry shifts and challenges effectively. We have partnered with NRECA Consulting Services in 2026 to assist in a comprehensive process to analyze, improve and strategize for future needs, boosting KEC's capabilities, effectiveness and overall performance.

While the energy landscape will continue to present new challenges, our commitment to resilience ensures we are not just reacting to change but anticipating it. By investing in our team and a smarter, more robust grid, we ensure that KEC remains the reliable backbone of our community.

We humbly thank you for trusting us to power your lives now and in the future.



Paul T. Brysch Jr.



Eric Halfmann

Statement of Income and Patronage Capital

AS OF DECEMBER 31

2025

2024

OPERATING REVENUES

Residential	\$ 24,719,484	\$ 22,774,679
Irrigation	4,106,974	3,566,183
Commercial and Industrial	103,274,474	93,617,948
Rent From Electric Property and Other Electric Revenue	54,849	39,528
Other	510,435	541,103
Unbilled Revenue	1,553,000	1,001,000
Total Operating Revenue	\$134,219,216	\$121,540,441

OPERATING EXPENSES

Purchased Power	\$105,642,790	\$ 93,435,604
Distribution—Operation	2,848,208	3,338,904
Distribution—Maintenance	4,605,583	4,086,886
Consumer Accounts	2,485,660	2,256,565
Administrative and General	5,630,430	5,362,042
Depreciation and Amortization	11,373,718	10,589,582
Taxes	208,616	193,575
Other Interest Expenses	297,521	224,948
Total Operating Expenses	\$133,092,526	\$119,488,106

OPERATING MARGINS

Before Fixed Charges	\$ 1,126,690	\$ 2,052,335
Interest on Long-Term Debt	(727,617)	(758,090)
After Fixed Charges	\$ 399,073	\$ 1,294,245
Capital Credits—G&T	7,745,202	7,001,620
Capital Credits—Other	322,309	391,984
Net Operating Margins	\$ 8,466,584	\$ 8,687,849

NONOPERATING MARGINS

Interest Income	\$ 310,116	\$ 438,418
Other Nonoperating Income	\$ 195,524	\$ (8,004)
Net Nonoperating Income (Loss)	\$ 505,640	\$ 430,414
Net Margins	\$ 8,972,224	\$ 9,118,263

NET MARGINS

Patronage Capital—Beginning of Year	\$176,761,071	\$169,666,508
Unbilled Revenue Transferred to Other Equities	(1,553,000)	(1,001,000)
Transfer to Other Equities	325,978	-
Patronage Capital Retired	(1,169,302)	(1,022,700)
Patronage Capital—End of Year	\$183,336,971	\$176,761,071



MESSAGE
FROM
SECRETARY-
TREASURER
CLIF ROYAL

To the members of
Karnes Electric Cooperative,
Karnes City:

The accounting firm of Bolinger,
Segars, Gilbert & Moss LLP
performed an audit of our
financial statements for the
year ended December 31, 2025.

We received a clean opinion on
that audit. The complete audit
report is on file at the head-
quarters office of Karnes Electric
Cooperative.

Clif Royal
Secretary-Treasurer
Karnes Electric Cooperative

Balance Sheet

YEARS ENDED DECEMBER 31

2025

2024

ASSETS

UTILITY PLANT AT COST

Electric Plant in Service	\$183,610,245	\$171,234,039
Construction Work in Progress	8,907,008	5,889,939
	\$192,517,253	\$177,123,978
Less: Accumulated Provision for Depreciation	60,197,537	51,555,896
	\$132,319,716	\$125,568,082

OTHER PROPERTY AND INVESTMENTS AT COST OR STATED VALUE

Investments in Associated Organizations	\$76,513,590	\$68,696,102
Other Investments	293,483	337,214
	\$76,807,073	\$69,033,316

CURRENT ASSETS

Cash—General	\$3,399,886	\$9,521,085
Short-Term Investments	3,000,000	3,000,000
Accounts and Notes Receivable (Less Allowance for Uncollectibles of \$52,630 in 2025 and \$36,710 in 2024)	8,354,038	7,014,746
Unbilled Revenue	11,237,000	9,684,000
Materials and Supplies at Average Cost	8,148,480	8,808,428
Other Current and Accrued Assets	380,457	259,007
	\$34,519,861	\$38,287,266
Total Assets	\$243,646,650	\$232,888,664

EQUITIES AND LIABILITIES

EQUITIES

Memberships	\$73,240	\$73,170
Patronage Capital	183,336,971	176,761,071
Other Equities	11,249,165	10,021,398
	\$194,659,376	\$186,855,639

LONG-TERM DEBT

RUS Mortgage Notes Less Current Maturities	\$295,281	\$358,307
FFB Mortgage Notes Less Current Maturities	8,646,296	9,081,901
CFC Mortgage Notes Less Current Maturities	9,826,308	5,050,530
CoBank Mortgage Notes Less Current Maturities	2,950,393	3,538,964
	\$21,718,278	\$18,029,702

OTHER LONG-TERM LIABILITIES

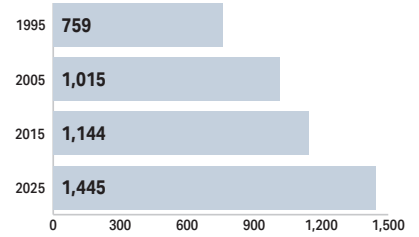
Deferred Compensation	\$0	\$43,257
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CURRENT LIABILITIES

Current Maturities of Long-Term Debt	\$1,303,000	\$1,206,000
Short-Term Line of Credit	2,500,000	
Accounts Payable	609,303	541,393
Accounts Payable—Purchased Power	9,008,161	7,521,960
Consumer Deposits and Prepayments	3,898,696	4,435,473
Accrued Taxes	779,293	778,489
Other Current and Accrued Liabilities	1,015,734	1,013,555
	\$19,114,187	\$15,496,870
Deferred Credits	\$8,154,809	\$12,463,196
Total Equities and Liabilities	\$243,646,650	\$232,888,664

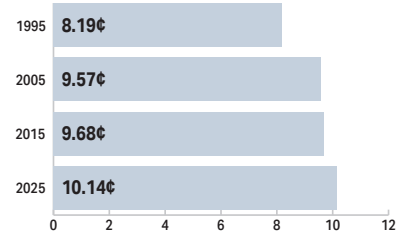
Average Monthly KWh Usage per Consumer

(Residential Classification)



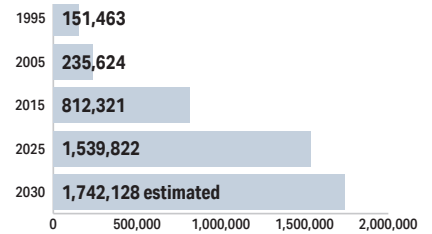
Average Monthly KWh Cost per Consumer

(Residential Classification)

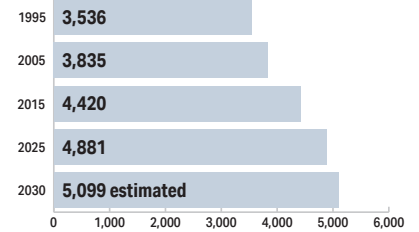


Annual KWh Sales

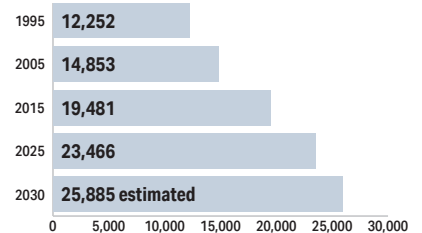
(In Thousands)



Miles of Line



Number of Meters



Where Your Dollar Went



YEAR	PURCHASED POWER	OPERATIONS AND MAINTAINING SYSTEMS	DEPRECIATION	INTEREST	TAXES AND INSURANCE	MEMBERS' CAPITAL CREDITS AND MARGINS
2001	66.7¢	16.0¢	7.5¢	4.9¢	2.0¢	2.9¢
2002	63.8¢	14.8¢	7.3¢	4.0¢	2.4¢	7.7¢
2003	65.0¢	15.8¢	7.4¢	3.7¢	2.4¢	5.7¢
2004	69.0¢	15.5¢	7.3¢	3.7¢	2.4¢	2.1¢
2005	70.5¢	13.3¢	6.4¢	4.1¢	2.1¢	3.6¢
2006	70.8¢	13.4¢	6.0¢	4.4¢	2.0¢	3.4¢
2007	70.6¢	14.8¢	6.5¢	5.1¢	1.8¢	1.2¢
2008	76.4¢	12.2¢	5.5¢	4.3¢	1.5¢	0.1¢
2009	70.7¢	12.2¢	5.3¢	4.4¢	1.4¢	6.0¢
2010	67.9¢	13.0¢	5.4¢	4.3¢	1.4¢	8.0¢
2011	67.2¢	14.1¢	5.3¢	4.0¢	1.4¢	8.0¢
2012	66.2¢	14.6¢	5.2¢	3.7¢	1.4¢	8.9¢
2013	69.4¢	12.7¢	4.3¢	2.6¢	1.1¢	9.9¢
2014	70.5¢	10.8¢	3.1¢	1.8¢	1.0¢	12.8¢
2015	67.6¢	9.4¢	4.0¢	1.6¢	1.1¢	16.3¢
2016	68.3¢	9.3¢	5.2¢	1.3¢	1.1¢	14.8¢
2017	68.8¢	9.4¢	5.3¢	1.1¢	1.1¢	14.3¢
2018	69.8¢	9.0¢	5.2¢	1.0¢	1.0¢	14.0¢
2019	69.1¢	9.8¢	5.5¢	1.0¢	1.0¢	13.6¢
2020	72.5¢	11.4¢	6.5¢	1.0¢	1.5¢	7.1¢
2021	74.0¢	14.9¢	8.2¢	0.7¢	1.4¢	0.8¢
2022	78.0¢	9.3¢	7.0¢	0.6¢	1.1¢	4.0¢
2023	76.3¢	11.4¢	8.3¢	0.7¢	1.2¢	2.1¢
2024	76.2¢	12.3¢	8.6¢	0.8¢	1.1¢	1.0¢
2025	78.0¢	11.5¢	8.4¢	0.8¢	1.1¢	0.2¢

Where Your Revenue Came From

	2018	2019	2020	2021	2022	2023	2024	2025
Farms and Ranches	14.4%	14.2%	15.2%	14.5%	12.4%	12.1%	11.3%	11.2%
Towns and Subdivisions	8.0%	7.9%	8.5%	8.5%	8.2%	8.1%	7.6%	7.5%
Irrigation	2.5%	2.5%	3.2%	2.5%	3.6%	3.1%	3.0%	3.1%
Small Commercial	7.6%	7.8%	7.5%	7.2%	9.3%	9.3%	9.0%	8.7%
Large Commercial	41.5%	41.2%	41.9%	41.9%	42.9%	42.5%	43.5%	44.4%
Public Buildings	0.2%	0.2%	0.1%	0.2%	0.1%	0.2%	0.1%	0.1%
Oil Wells	25.3%	25.7%	23.3%	24.7%	23.0%	24.2%	25.0%	24.6%
Other Revenue	0.5%	0.5%	0.3%	0.5%	0.5%	0.5%	0.5%	0.4%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Employees

NAME	TITLE	YEARS OF SERVICE	NAME	TITLE	YEARS OF SERVICE
Jacob Asebedo	Aerial Bucket Operator	8	Russell Korzekwa	Engineering Manager	25
Sonny Barrientez	Serviceman	30	Barbara Kotzur	AMI Support Specialist	19
Jesse Benavides	Operations Manager	10	Thomas Kowalik	Building/Grounds Maintenance Technician	5
Jennifer Berger	Member Service Representative II	5	Nathan Krudwig	Second-Class Lineman I	4
Keaton Borgstedte	Groundman	Less than 1	Tammy Labus	Finance and Accounting Manager	41
Madelyn Braudaway	Staking Coordinator	2	Alfredo Lopez	Serviceman	11
Mandie Busselman	Dispatcher	1	Charles Luttrell	First-Class Lineman	7
Destinee Castillo	Member Service Representative I	1	Robison Lyman	IT Technician I	2
Leroy Castillo	Warehouse Coordinator	7	Kaleb Martinez	Apprentice Lineman I	1
Travis Chain	Mechanic II	1	Rebecca Mueller	Lead Member Service Representative	30
Esperanza Cumpian	Member Service Representative II	17	Randy Ortiz	Maintenance Foreman	14
Fredrick Currie	Line Locate Coordinator	19	Ernest Pacheco	Serviceman	38
Adolfo De La Garza	Warehouse Materials Handler	33	Kevin Palermo	First-Class Lineman	15
Jessica De Los Santos	Member Service Representative II	3	Gary Pawelek	First-Class Lineman	35
Cory Ebrom	Purchasing Agent	23	Tosha Pennington	Dispatcher	5
Michael Espinoza	First-Class Lineman	4	Irma Pesqueda	Member Service Representative II	5
Rebecca Frazier	GIS Technician	11	Brenda Quintanilla	Accountant I	4
Suzanne Friesenhahn	Consumer Accounting Representative	14	Nicolas Quintanilla	Operations Coordinator	24
Pedro Garcia	Operations Supervisor	22	Candace Reynolds	Accountant II	9
Richard Garcia	Staking Foreman	15	Xavier Ribble	IT Systems Analyst	6
Daniel Garza	Staking Technician I	1	Juan Rodriguez	Apprentice Lineman I	1
Luis Godinez	Meter Technician	1	Paul Rodriguez	Serviceman	15
Alejandro Gonzales	Warehouse/Work Order Coordinator	4	Clinton Royal	Serviceman	28
Leslie Gonzales	Member Service Representative II	4	Cody Salas	Construction Foreman	11
Justin Gray	Construction Foreman	16	Jacob Sanchez	GIS Field Technician	9
Gabriel Gutierrez	Apprentice Lineman I	1	Kimberly Sanchez	Communications Coordinator	6
Phillip Gutierrez	Apprentice Lineman I	1	Alicia Sandoval	Work Order Clerk	11
Eric Halfmann	General Manager	3	John Saucedo	First-Class Lineman	6
Kole Hamilton	Second-Class Lineman I	4	Tommy Shoemake	Staking Technician II	5
Jared Helms	ROW Assistant	2	Sonya Sizemore	Member Service Manager	16
Clifton Henke	Technology Manager	9	Steve Stanley	Aerial Bucket Operator	10
Bart Homeyer	Apprentice Lineman II	4	Charles Stoffer	Apprentice Lineman I	1
Shayne Hons	Equipment Operator	1	Zachary Swierc	Operations Engineer	3
Trentyn Hosek	Apprentice Lineman II	2	Nathan Thiry	First-Class Lineman	1
Troy Hughey	Second Class Lineman II	4	Megan Thompson	Business Development Coordinator	4
Emelia Janysek	Executive Assistant	24	Rudolpho Torres	Construction Foreman	20
Cody Jarzombek	Mechanic II	4	Amanda Turner	Billing Coordinator	11
Justin Jarzombek	Staking Technician II	7	Christopher Vajdos	Meter Technician	14
Steve Jonas	Apparatus and Maintenance Technician	26	Vanessa Villanueva	Assistant Staking Coordinator	5
Hunter Jurgajtis	Operations Supervisor	11	Jason Vvylecka	Fleet Shop Foreman	2
Teren Jurgajtis	Maintenance Foreman	20	Bonnie Wiatrek	Human Resources Coordinator	42
Glenn Kelley	Aerial Bucket Operator	16	Darlene Woelfel	Senior Accountant	42
Christopher Knight	Distribution Services Manager	12	Robert Zuniga	Safety Coordinator	10

Service Awards

NAME	TITLE	YEARS OF SERVICE
Larry Schendel	Director	55
Frank Geyer	Director	35
Gary Pawelek	First-Class Lineman	35
Sonny Barrientez	Serviceman	30
Rebecca Mueller	Lead Member Service Representative	30
Russell Korzekwa	Engineering Manager	25
Teren Jurgajtis	Maintenance Foreman	20
Rudolpho Torres	Construction Foreman	20
Richard Garcia	Staking Foreman	15
Kevin Palermo	First-Class Lineman	15
Paul Rodriguez	Serviceman	15
Jesse Benavides	Operations Manager	10
David Nieschwitz	Director	10
Clif Royal	Director	10
Steve Stanley	Aerial Bucket Operator	10
Robert Zuniga	Safety Coordinator	10
Jennifer Berger	Member Service Representative II	5
Thomas Kowalik	Building/Grounds Maintenance Technician	5
Leonard McClaugherty	Director	5
Tosha Pennington	Dispatcher	5
Irma Pesqueda	Member Service Representative II	5
Tommy Shoemake	Staking Technician II	5
Vanessa Villanueva	Assistant Staking Coordinator	5

Annual Meeting Program

Thursday, June 11 • 7 p.m. • In-Person Meeting

1. Call Meeting to Order
2. Invocation
3. Welcome Address
4. Introduction of Guests
5. Secretary's Report of Number Present/Reading of Official Notice
6. Approval of 2025 Annual Meeting Minutes
7. Election of Directors
8. Naming of Canvassing Committee
9. Treasurer's Report
10. Annual Management Report
11. Unfinished Business
12. New Business
13. Report of Election
14. Adjournment of Meeting
15. Drawing of Attendance Prizes

Walk-Through Meeting begins at 5 p.m.

2025 Minutes

Karnes Electric Cooperative, Inc., Annual Membership Meeting
Karnes City, Texas • June 12, 2025

THE ANNUAL MEMBERSHIP Meeting of Karnes Electric Cooperative, Inc. (KEC) was held at the Karnes City ISD Performing Arts Center in Karnes City, Texas, on Thursday, June 12, 2025. Hand delivery of ballots prior to commencement of the Annual Meeting began at 5:00 pm. Members present prior to commencement of the meeting were allowed to cast their vote in the Director Election and view a prerecorded President's Welcome Address, Treasurer's Report and the Annual Management Report.

At 7:00 p.m., Mr. Brysch called the Annual Meeting to order and introduced Minister Thomas Mutz to give the invocation. Mr. Brysch then led the Membership in the presentation of the National Anthem lead by Lauren Homeyer and followed by the Pledge of Allegiance.

Mr. Brysch then asked members to turn their attention to the screen for a prerecorded Board introduction and President's Welcome Address. In his address he stated that KEC had a successful year in 2024 and thanked the employees for their leadership and dedication. He mentioned that KEC continues to be impacted by the increased costs of services and materials. As a result, the Board and staff are working with a consultant to evaluate rates and the need for a rate adjustment. The KEC team will continue to optimize operating costs to keep rates as competitive as possible while maintaining safety and reliability. He thanked the Karnes City ISD Board and staff for the use of the facility and thanked the membership for their attendance and support.

Mr. Brysch then called on General Manager Eric Halfmann for the Introduction of Special Guests. Mr. Halfmann recognized all past and present military personnel in attendance and introduced special guests.

Secretary-Treasurer Larry R. Schendel was now given the floor to present the Secretary's Report on Number Present and announced that 218 members were counted toward the quorum for the transaction of business at the Annual Meeting. He then turned the floor back over to Mr. Brysch. For reporting purposes, the final number of members counted toward the quorum was 221 at the close of registration.

Mr. Brysch asked those in attendance if they wished to dispense with the Reading of Official Notice of the Annual Meeting that was published in the June 2025 issue of *Texas Co-op Power* magazine, which was mailed to the membership on May 27, 2025, or have it read now. A motion was made and seconded to dispense with the Reading of Official Notice of the Annual Meeting. Motion carried.

Mr. Brysch then asked those in attendance if they wished to dispense with the reading of the minutes from the June 11, 2024, Annual Meeting, published in the June 2025 issue of *Texas Co-op Power* magazine or have them read now. A motion was made and seconded to dispense with the reading of the minutes and approve them as published. Motion carried.

Counsel for KEC, Melissa Sykes, with the law firm of McGinnis Lochridge LLP, was then given the floor to conduct the Election of Directors. She summarized Article IV, Section 5, of the Bylaws explaining the nomination process for directors. She recognized the Nominating Committee who met on Thursday, April 3, 2025, and nominated the candidates for districts 1 and 4.

Mrs. Sykes then informed the Members that the incumbent directors were nominated for election by the Committee for District No. 1 and District No. 4 and there were no nominations by petition.

Mrs. Sykes then named the members appointed to serve on the 2025 Canvassing Committee and instructed all the voting members to mark their ballots. The ballots were collected by the Canvassing Committee, who then retired to count the votes.

Mr. Brysch then introduced the prerecorded 2024 Treasurer's Report presented by the Secretary Treasurer Larry R. Schendel. Mr. Schendel reported that the Cooperative remains financially sound, ending the year \$121.5 million in revenues and total net margins of \$1.3 million. He shared that KEC refunded capital credits totaling \$1 million increasing the total amount of capital credits returned to members since 1989 to \$24.4 million. He concluded by reporting that KEC continues to maintain competitive electric rates and is in excellent financial condition.

Mr. Brysch then called on General Manager Eric Halfmann to give the Annual Management Report. Mr. Halfmann expressed his appreciation to the Board and Employees for their hard work and dedicated service. He then introduced the prerecorded Annual Management Report. In his report he mentioned that 2024 was a year of many transitions that presented opportunity to grow. He stated that through a focus on team development, employees came together and delivered growth in safety, system improvements, storm response, member satisfaction, and sales all while hitting our financial targets.

Kimberly Sanchez, Member Communications Coordinator, announced in 2024 the cooperative completed an American Customer Satisfaction Index (ACSI) survey. KEC achieved an ACSI survey score of 89 and was recognized as a top 5 score within the national network of Touchstone Cooperatives in the 3rd quarter of 2024. Mr. Halfmann thanked the membership for their feedback to help us better understand what we are doing well and how we can get better.

Mr. Halfmann discussed the significant increase in cost for all services and materials. He stated that the cooperative has not increased rates in 16 years, since 2009, and is working to complete a cost of service study to determine how much

of a rate increase will be needed. Mr. Halfmann reported that KEC will continue to improve the efficiency of processes to optimize operating costs.

Mrs. Sanchez stated that in 2024, efforts were made to improve system reliability including increasing the utilization of intelligent devices, such as reclosers and smart meters to enhance our system model. She discussed how these changes will result in reducing outage response time, reducing cost of system analysis, and improving reliability. She reported that KEC completed a \$10.5 million work plan including the construction of 536 new connections, 2,297 new poles, the replacement of 689 poles, and 369 miles of right-of-way clearing and tree trimming.

Mr. Halfmann reported that KEC completed a new work plan update that reviewed system performance and load forecast data to ensure we are investing in projects that meet the needs for growth and reliability. He reported that the Loxley substation is scheduled to be energized in 2025. He stated that the substation is a priority project that will enable the cooperative to meet load demand while also improving reliability and creating additional capacity for future growth.

Mrs. Sanchez then explained how KEC has made an impact in the community by partnering with local schools and organizations.

Mrs. Sanchez then mentioned that since 1998, the Cooperative has awarded a total of 308 scholarships, totaling \$372,200. She then recognized the following twenty (20) winners of \$2,500 scholarships for 2025:

Kathryn Borth	Jourdanton ISD
Logan Chansley	Jourdanton ISD
Yoselyn Chimalhua	Poteet ISD
Julie Cooke	Poth ISD
Kianna Cruz	Jourdanton ISD
Austin Dinscore	Pleasanton ISD
Larson Dziuk	Poth ISD
Bila Hernandez	Karnes City ISD
Makayla Janysek	Falls City ISD
Madalyn Little	McMullen County ISD
Lino Lopez	Karnes City ISD
Cecilia Munoz	Poteet ISD
Dylan Mutz	Karnes City ISD
Melanie Mutz	Poth ISD
Kate Phillips	Poth ISD
Jayden Polasek	Falls City ISD
Megan Pullin	Three Rivers ISD
Ella Ruiz	Three Rivers ISD
Jacquelynn Sindt	Three Rivers ISD
Faith Vyvlecka	Jourdanton ISD

Mrs. Sanchez announced the 2025 Government-In-Action Youth Tour winners, Savanna Schuchart from Jourdanton ISD and Alyssa Pawelek from Falls City ISD.

Mrs. Sanchez discussed the weather events that impacted South Texas in 2024 and that KEC was able to provide mutual aid for other cooperatives affected by storm damage.

Mr. Halfmann discussed the cooperative principle of Cooperation Among Cooperatives and the significance of participating in mutual aid efforts. He thanked the linemen for their sacrifice and support.

Mr. Halfmann then reported that KEC has achieved six years of safety excellence and surpassed 1 million man hours worked without a lost time accident.

Mr. Halfmann concluded his report by thanking all KEC employees for their hard work and dedication, the Board for their service, and the Members for the opportunity to serve them.

Mr. Brysch then opened the meeting up for Member comments. Members were asked to limit their comments to five minutes or less. There were no comments from the Members.

Mr. Brysch then asked if there was any Unfinished Business to come before the meeting. There being none, Mr. Brysch asked if there was any New Business.

There being none, Mr. Brysch then called upon Mrs. Sykes for the Report of Election. She reported the official election results:

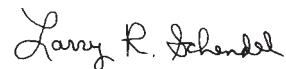
District No. 1 Larry Schendel 203
District No. 4 L. Scott McClaugherty IV 186

There being no further business, upon motion made, seconded, and carried, the meeting adjourned.

Following adjournment of the meeting, a drawing for door prizes was held.



Paul T. Brysch Jr.
President



Larry Schendel
Secretary-Treasurer