

# Steele-Waseca Cooperative Electric's 2025 Annual Report

## message to our owners



By Syd Briggs,  
General Manager

Welcome to Steele-Waseca Cooperative Electric's 90<sup>th</sup> Annual Meeting.

The purpose of the annual meeting is to provide information and report on last year's activities, and to learn about the three directors elected for a three-year term. This is the third year of mail-in ballots.

Steele-Waseca is providing the co-op's audited financials as we do each year, and we will be addressing these reports along with approving last year's annual meeting minutes.

At this annual meeting, we will be collecting non-perishable food items and donations for a local food shelf. For those wishing to donate, they will receive (1) free LED lightbulb in appre-

ciation of their donation.

Financially, Steele-Waseca had a good year. Our average number of meters grew from 12,001 in 2024 to 12,064 in 2025, as we experienced an increase in energy sales (kilowatt-hours) of 4.1%.

Our operating expenses can vary greatly from year to year due to storm activity and different expense cycles in our long-range planning. This year's operating expenses increased 5.4%.

Equity increased \$4.3 million and long-term debt increased \$5.6 million.

In addition to the primary purpose

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sales...”*

of reporting on the financial status and the director elections, we will have the opportunity to introduce all employees and directors to the membership. For many of you, it will be another chance to reminisce with the people you have doing business with for many years.

There are a lot of changes happening in the electric industry and I look forward to providing a brief update along with how the future of Steele-Waseca looks.

We hope you enjoy our promotional products of the \$30 Power Perks to be used at local businesses, and the \$50 Energy Star® gift certificate.

Personally, I want to thank each of you for coming today. The annual meeting is a valuable and needed part of our year. If you have questions about our financials, the election process, or any business at all, please feel free to contact me today or any day in the near future.

#swceTRUST



### SWCE board of directors and corporate services

The Steele-Waseca Cooperative Electric board of directors and corporate services include (seated, left to right): John Beal, District 7; PJ Duchene, vice president, GRE director, District 1; Rodney Krell, president, District 5; Ronald Sommers, secretary/treasurer, District 8; Scott Carlson, assistant secretary/treasurer, District 9. Back row (left to right): Syd Briggs, general manager; Anton Seykora, District 2; Dennis Ringhofer, District 4; Tricia Lancaster, cooperative attorney; Neil Schlaak, District 3; Weston Wilson, District 6; and Jenifer Shimpach, executive assistant.

# financial report for year 2025

On Oct. 10, 1936, when Steele County Cooperative and Waseca Cooperative Electric voted to consolidate, there were 860 members. By the end of 2025, Steele-Waseca Cooperative Electric (SWCE) service locations had grown to 12,064.

SWCE's first office was located in Waseca. After Rice County joined with Steele-Waseca in 1937, the office was moved to Owatonna to provide a more central location. The office was located on West Bridge Street and then on Cedar Avenue until 1954, when a new building was constructed on East Rose Street. That building served as the headquarters until 1994 when the present facility on West Bridge Street was built.

The first part of SWCE's line was energized in February 1938. When completed, the initial project consisted of 350 miles of line. By 1950, that number had grown to 1,562. Today, SWCE has a total of 2,211 miles of line, 20 substations in service, and 900 square miles of service area.

In 1950, SWCE had 2.6 members per mile of line. Currently, SWCE has 5.5 members per mile of line. In comparison, investor-owned electric utilities on average serve 34 customers per mile of line while municipal electric utilities average 48 customers per mile of line.

## BALANCE SHEETS DECEMBER 31, 2025 AND 2024

<b>ASSETS</b>	<u>2025</u>	<u>2024</u>
<b>UTILITY PLANT</b>		
Electric Plant in Service	<b>\$112,900,347</b>	\$107,773,439
Construction Work in Progress	<b>2,378,345</b>	1,036,459
Total	<b>115,278,692</b>	108,809,898
Less: Accumulated Provision for Depreciation	<b>(40,888,852)</b>	(38,584,926)
Net Utility Plant	<b>74,389,840</b>	70,224,972
<b>OTHER ASSETS AND INVESTMENTS</b>		
Investments in Associated Organizations	<b>20,988,045</b>	20,772,452
Investments in Related Companies	<b>711,118</b>	711,158
Other Investments	<b>4,879,842</b>	3,380,659
Notes Receivable - Net of Current Portion	<b>669,680</b>	467,181
Special Funds - Deferred Revenue	<b>6,000,000</b>	4,600,000
Total Other Assets and Investments	<b>33,248,685</b>	29,931,450
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	<b>6,397,931</b>	2,904,852
Accounts Receivable, Net of Allowances of \$11,349 in 2025 and 10,008 in 2024	<b>6,389,092</b>	5,521,523
Materials and Supplies Inventory	<b>2,284,785</b>	2,111,690
Interest Receivable	<b>85,290</b>	21,337
Current Portion of Notes Receivable	<b>185,416</b>	146,461
Total Current Assets	<b>15,342,514</b>	10,705,863
<b>DEFERRED DEBITS</b>	<b>283,518</b>	606,328
<b>TOTAL ASSETS</b>	<b><u>\$123,264,557</u></b>	<b><u>\$111,468,613</u></b>
<b>EQUITIES AND LIABILITIES</b>		
<b>EQUITIES</b>		
Patronage Capital	<b>\$53,097,030</b>	\$49,741,068
Other Equities	<b>2,866,617</b>	1,937,317
Total Equities	<b>55,963,647</b>	51,678,385
<b>LONG-TERM DEBT, Less Current Maturities</b>		
RUS Mortgage Notes	<b>41,306,799</b>	34,313,692
CoBank Notes Payable	<b>3,719,980</b>	5,147,052
Total Long-Term Debt	<b>45,026,779</b>	39,460,744
<b>CURRENT LIABILITIES</b>		
Current Maturities of Long-Term Debt	<b>2,432,269</b>	2,323,339
Accounts Payable	<b>5,975,467</b>	5,124,325
Consumer Deposits	<b>209,283</b>	189,225
Other Current and Accrued Liabilities	<b>2,100,395</b>	1,436,392
Total Current Liabilities	<b>10,717,414</b>	9,073,281
<b>DEFERRED CREDITS</b>	<b>11,556,717</b>	11,256,203
<b>TOTAL EQUITIES AND LIABILITIES</b>	<b><u>\$123,264,557</u></b>	<b><u>\$111,468,613</u></b>

# financial report for year 2025

## STATEMENTS OF OPERATIONS

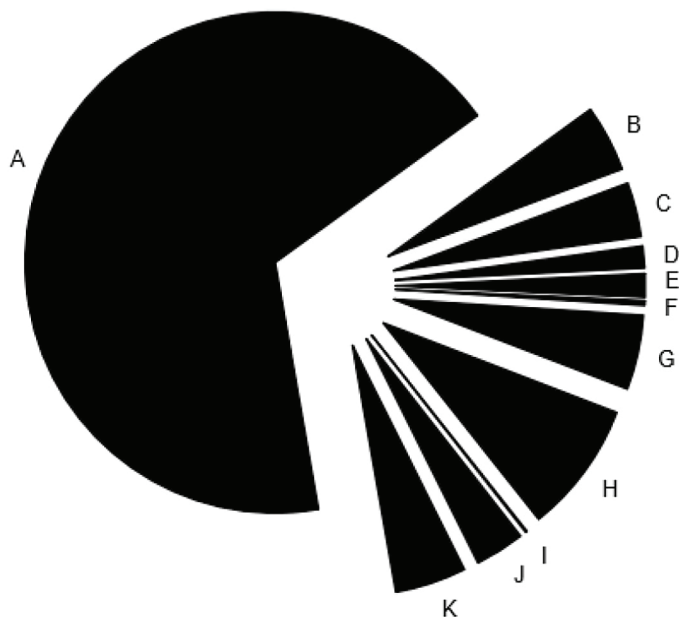
YEARS ENDED DECEMBER 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
<b>OPERATING REVENUES</b>	<b>\$47,388,181</b>	<b>\$43,353,270</b>
<b>OPERATING EXPENSES</b>		
Cost of Power	32,120,753	29,342,366
Distribution Expense - Operation	2,039,684	1,827,374
Distribution Expense - Maintenance	1,661,421	1,501,742
Customer Accounts Expense	645,700	686,396
Customer Service & Informational Expense	720,518	686,165
Sales Expense	146,890	194,900
Administrative and General Expense	2,271,851	2,374,466
Depreciation	4,040,031	3,841,523
Other	45,312	37,376
Total Operating Expenses	<u>43,692,160</u>	<u>40,492,308</u>
<b>OPERATING MARGINS BEFORE FIXED CHARGES</b>	<b>3,696,021</b>	<b>2,860,962</b>
<b>INTEREST ON LONG-TERM DEBT</b>	<u>1,533,879</u>	<u>1,286,667</u>
<b>OPERATING MARGINS AFTER FIXED CHARGES</b>	<b>2,162,142</b>	<b>1,574,295</b>
<b>GENERATION AND TRANSMISSION &amp; OTHER CAPITAL CREDITS</b>	<u>3,076,745</u>	<u>1,041,605</u>
<b>NET OPERATING MARGINS</b>	<b>5,238,887</b>	<b>2,615,900</b>
<b>NONOPERATING MARGINS</b>		
Investment Income	465,632	583,709
Other Nonoperating Margins	(3,684)	8,446
Total Nonoperating Margins	<u>461,948</u>	<u>592,155</u>
<b>NET MARGINS</b>	<u><b>\$5,700,835</b></u>	<u><b>\$3,208,055</b></u>

The mission of SWCE is to provide every member with dependable, reliable, high quality electricity. We work daily to accomplish this mission by striving for excellence through continual improvement, applying prudent leadership, partnering and following cooperative principles.

During the year 2025, the average SWCE member had power for 8,758.52 hours out of a possible 8,760 hours. That's a reliability record of 99.98%!

For each dollar received from consumers, 4.6 cents goes into operating margins. These margins are used to help finance construction and improvements, pay capital credits, and make payments on our debt. Since 4.6 cents per dollar is not enough to do all of this, we borrow money to finance the shortage of funds needed for these purposes.



## WHAT YOUR 2025 CONSUMER DOLLAR PAID FOR

A.	67.8%	Purchased Power
B.	4.3%	Operations
C.	3.5%	Maintenance
D.	1.4%	Billing & Collection
E.	1.5%	Customer Information
F.	0.3%	Sales
G.	4.8%	Administrative & General
H.	8.5%	Depreciation
I.	0.1%	Other Income Deductions
J.	3.2%	Interest on Long-Term Debt
K.	4.6%	Margins

# financial report for year 2025

## Nature of Operations

Steele-Waseca Cooperative Electric's (SWCE) principal line of business is providing electric service primarily to local residential and business customers residing in the nine-county rural area surrounding Owatonna, Minnesota. Rates charged to customers are established by the board of directors.

## Financial Statement Presentation

SWCE prepares its financial statements in conformity with accounting principles generally accepted in the United States. These principles require management to make informed judgments, best estimates, and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses. Actual results could vary from those estimates.

## Patronage Capital

SWCE operates as a cooperative. Amounts received from the furnishing of electric energy in excess of operating costs and expenses are assigned to patrons on a patronage basis. All other amounts received by the cooperative from its operations in excess of costs and expenses are allocated to its patrons on a patronage basis to the extent they are not needed to offset current or prior deficits.

## Income Taxes

SWCE has been granted tax exempt status by the Internal Revenue Service and the State of Minnesota. Therefore, the financial statements do not include a provision for income taxes.

## STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Margins	\$ 5,700,835	\$ 3,208,055
Adjustments to Reconcile Net Margins to Net Cash Provided by Operating Activities:		
Depreciation	4,259,912	3,894,512
G & T and Other Capital Credits	(3,076,745)	(1,041,605)
Loss on Sale/Disposal of Assets	415	(15,921)
Gain (Loss) on Equity Investments	399,183	340,302
Changes in Assets and Liabilities -		
(Increase) Decrease in:		
Accounts Receivable	(931,522)	2,216
Materials and Supplies Inventory	(173,095)	(394,240)
Deferred Debits	322,810	206,199
Increase (Decrease) in:		
Accounts Payable	851,142	648,658
Deferred Credits	(1,099,486)	289,089
Other Current and Accrued Liabilities	664,003	(115,258)
Net Cash Provided by Operating Activities	<u>6,917,452</u>	<u>7,022,007</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Construction and Acquisition of Plant	(8,425,195)	(7,723,330)
Change in Other Assets and Investments	2,500,817	(764,900)
Cash Received from Retirement of Patronage	277,268	991,638
Cash Paid (Received) for Investments	(1,416,076)	5,000,000
Payments Received on Notes Receivable	158,546	169,176
Issuance of Notes Receivable	(400,000)	-
Net Cash Used by Investing Activities	<u>(7,304,640)</u>	<u>(2,327,416)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase (Decrease) in Memberships	-	-
Retirement of Capital Credits	(2,295,031)	(2,249,704)
Change in Other Equities	480,275	-
Change in Customer Deposits	20,058	8,155
Proceeds from Issuance of Long-Term Debt	8,000,000	-
Principal Payments on Long-Term Debt	(2,325,035)	(2,570,797)
Net Cash Provided (Used) by Financing Activities	<u>3,880,267</u>	<u>(4,812,346)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>3,493,079</b>	<b>(117,755)</b>
Cash and Cash Equivalents - Beginning of Year	<u>2,904,852</u>	<u>3,022,607</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b><u>\$ 6,397,931</u></b>	<b><u>\$ 2,904,852</u></b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Interest Paid	<u>\$ 1,538,967</u>	<u>\$ 1,480,993</u>

# financial report for year 2025

## STATEMENTS OF PATRONAGE CAPITAL AND OTHER EQUITIES YEARS ENDED DECEMBER 31, 2025 AND 2024

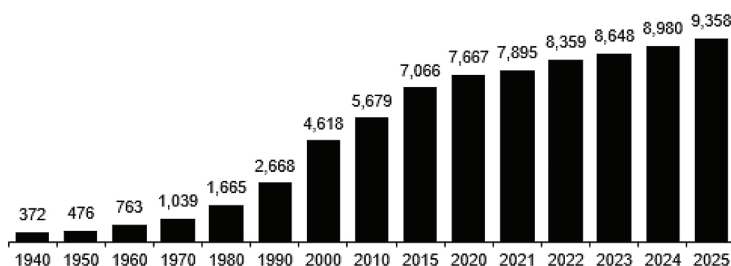
	Patronage Capital	Other Equities	Total
<b>BALANCE, DECEMBER 31, 2023</b>	\$48,813,792	\$1,565,940	\$50,379,732
Unassigned Current Year Margins	3,208,055	-	3,208,055
Net Gain on Available-for-Sale Securities		340,302	340,302
Retirement of Capital Credits	(2,172,667)	-	(2,172,667)
Estate Settlements	(108,112)	31,075	(77,037)
<b>BALANCE, DECEMBER 31, 2024</b>	49,741,068	1,937,317	51,678,385
Unassigned Current Year Margins	5,700,835	-	5,700,835
Net Gain on Available-for-Sale Securities		399,183	399,183
Retirement of Capital Credits	(2,202,650)	-	(2,202,650)
Estate Settlements	(127,597)	35,216	(92,381)
Other Equity Adjustments	(14,626)	494,901	480,275
<b>BALANCE, DECEMBER 31, 2025</b>	<u>\$53,097,030</u>	<u>\$2,866,617</u>	<u>\$55,963,647</u>

### INDEPENDENT AUDITORS' REPORT

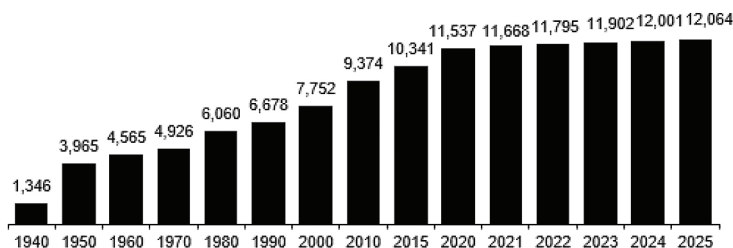
The balance sheets, statements of operations, patronage capital and other equities, and cash flows were taken from complete financial statements which were audited by CliftonLarsonAllen LLP, Certified Public Accountants, who expressed their unmodified opinion on those statements.

Copies of the complete financial statements together with the independent auditors' report may be examined at the office of Steele-Waseca Cooperative Electric.

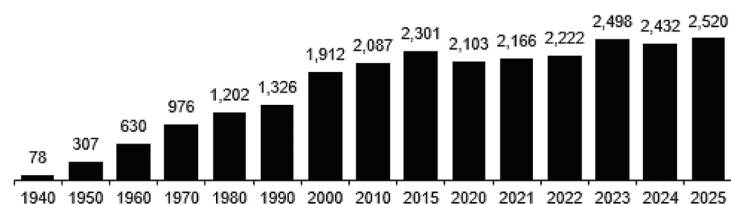
### PLANT \$ INVESTMENT PER CONSUMER



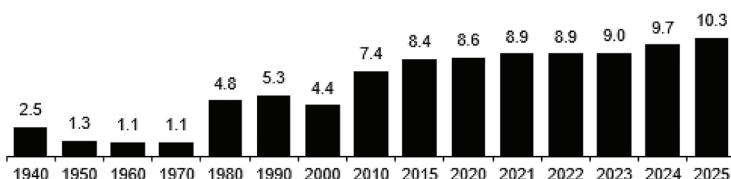
### AVERAGE NUMBER OF CONSUMERS



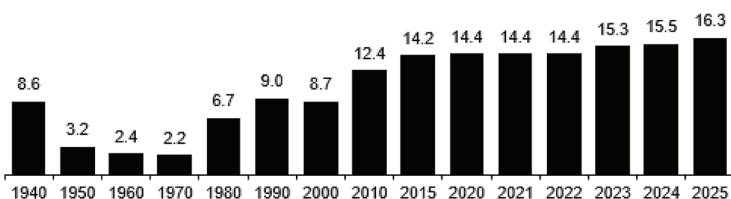
### AVERAGE KWH USED PER CONSUMER (PER MONTH)



### AVERAGE WHOLESALE POWER COST FOR RESIDENTIAL CONSUMERS (CENTS PER KWH)



### AVERAGE ELECTRIC RATE TO RESIDENTIAL CONSUMERS (CENTS PER KWH)



## swce 2025 annual meeting minutes

The annual meeting of the members of Steele-Waseca Cooperative Electric (SWCE) was held at SWCE in Owatonna, Minnesota, on Tuesday, June 3, 2025. The meeting was called to order by President Rodney Krell (hereinafter referred to as Chairman) who presided.

At an early bird drawing, two members each won a \$250 certificate toward a vacation with 4 Seasons Vacations, and a \$100 certificate to Nagel Sod or Boonie's Restaurant. Everyone in attendance received a \$30 Member Perks certificate and a \$50 Energy Star® gift certificate.

The Color Guard and the Faribault Middle School presented the colors, followed by the Pledge of Allegiance and the National Anthem. Board Chairman Rodney Krell gave the invocation.

There were more than 50 members present (their attendance having been verified), the number needed to constitute a quorum within the meaning of the bylaws of the cooperative. President Krell declared there was a quorum and instructed the secretary to file the list of members in attendance, establishing a quorum.

The Chairman asked for a motion to adopt the agenda as printed. A motion was made, seconded, and carried.

Ron Sommers, secretary-treasurer of the board, read the Proof of Mailing of Notice of the Annual Meeting. The Proof of Mailing to all members of SWCE was attached to the minutes. A motion was made, seconded, and carried, to accept the

Proof of Mailing as read, and to waive the reading of the minutes and accept them as printed.

The Chairman asked the membership to read the general manager's report, the financial report for the year ending Dec. 31, 2024; the Great River Energy report and the minutes printed in the annual report. The membership was asked if they had any questions pertaining to the reports. There being no questions, a motion was made, seconded, and carried.

Retiring directors, Gerri Lienke, District 2; and Gary Wilson, District 6, were recognized for their years of dedicated service.

Attorney Tricia Lancaster reported the results of the election of directors. Lancaster stated there were three districts in which directors were to be elected. Nominating Committee Chairperson Charlie Peters reviewed the bylaws concerning director election and summarized the minutes of the Nominating Committee meetings held Nov. 25, 2024, and Jan. 22, 2025; a copy of said minutes was attached to these minutes. Peters introduced the candidates by name and district, and presented a biographical summary of each.

Attorney Lancaster reported the official voting results. The director vote was as follows:

District 2: Lianne Possin 549 votes; Anton Seykora 720 votes.

District 4: Dennis Ringhofer 1,170 votes and was declared elected by acclamation.

District 6: Alex Ebenhoh 507 votes; Michael Herman 202 votes; Weston Wilson 544 votes.

The 2024 Washington, D.C. Youth Tour Delegate Langston Richter shared a presentation on his experience of the Youth Tour in Washington, D.C.

SWCE Communications Specialist Randy Sobrack informed the membership that there was no Youth Tour delegate for 2025.

General Manager Syd Briggs introduced visiting guests and welcomed them to the annual meeting. He also acknowledged retired directors and retired employees who were present.

Briggs updated the membership on current issues pertaining to SWCE.

Briggs introduced current employees and staff, along with their years of service.

Chairman Krell called for any unfinished business, there being none. He called for any new business, there being none. He then asked for any questions the membership might have.

There being no further business to be conducted, the Chairman asked for a motion to adjourn the meeting. A motion was made, seconded, and carried that the meeting be adjourned.

 #swceTRUST

## great river energy - 2025 in review

### Great River Energy: Powering what's possible

Great River Energy (GRE) continues to deliver on its commitment to provide reliable, affordable and sustainable electricity to member-owner cooperatives like Steele-Waseca Cooperative Electric, even as the demands on the energy system grow.

In 2025, GRE made significant progress on the long-term investments that will strengthen the electric system and support the region's growing demand for power. These initiatives also position the cooperative to advance the transition to renewable energy and comply with Minnesota's carbon-free standard.

GRE recorded very strong financials in 2025, including the highest margin in the cooperative's history—almost \$75 million.

One of the year's most important milestones was the groundbreaking of the Northland Reliability Project, a transmission line that will reinforce grid reliability in northern and central Minnesota as the

energy transition accelerates.

As a partner in PowerOn Midwest, Great River Energy is helping develop the region's first 765-kilovolt transmission backbone. This critical infrastructure will support load growth, enable clean energy goals and drive economic development across the Upper Midwest.

GRE took steps to enhance its power supply portfolio, executing agreements for a large-scale energy storage project that will enhance renewable integration and create new economic value for its membership.

The cooperative also finalized a power purchase agreement with Apex Clean Energy for the 300-megawatt Big Bend Wind project in southern Minnesota. Big Bend Wind will play a significant role in meeting Great River Energy's target of providing 90% carbon-free retail electric sales by 2035 and reducing emissions more than 90% from 2005 levels.

GRE's fleet of natural gas-fired peaking

plants can ramp up quickly to maintain grid stability when needed. These plants enable Great River Energy to integrate higher levels of renewable energy while preserving system reliability. With the addition of dual fuel capability at the Cambridge Peaking Station in 2025, all of GRE's peaking resources can operate on fuel oil, which is essential for winter reliability when demand for natural gas spikes.

Great River Energy exists to serve its members and strengthen the communities they call home. But the cooperative was built to do more than just keep the lights on.

Beyond providing reliable electricity, GRE powers opportunity, invests in people and places, and shows up in ways that reflect the seven guiding cooperative principles. It's a model built on trust, shared purpose and a commitment to making a meaningful difference.

 #swceCOOPERATION