

NEWSLINE



MORE THAN \$700,000 IN CAPITAL CREDITS RETURNED TO MEMBERS

The Itasca-Mantrap Board approved a return of over \$700,000 in capital credits to members during their January board meeting. This retirement is for Itasca-Mantrap capital credits to members active through 2008.

What Are Capital Credits?

Being a member of an electric co-op is much more than just paying a bill every month. When you're a member of Itasca-Mantrap, you contribute to the Cooperative's operations through your monthly payment. This support keeps the lights on and the system strong. Unlike investor-owned utilities, where profits go to shareholders, Itasca-Mantrap's "profits" or margins are allocated back to its members as capital credits.

Here's How it Works:

At the end of each year, Itasca-Mantrap calculates its margins (the extra money left after covering expenses). These margins are allocated back to members based on their electricity usage for the year. When financially possible, the board retires these credits by issuing checks or bill credits to members. The credits that are not retired and

distributed are used to fund system improvements and reduce borrowing costs, ensuring reliable service for everyone.

Why It Matters

Capital credits are money back in your pocket that you can use and spend wherever, whenever! This model forms the foundation of electric cooperatives across the nation. Your investment in the grid is valued, and you deserve to see returns on that investment, because when we win, you win!

How Will You Receive Your Credit?

Capital credits under \$200 will be credited to your electric bill, while amounts over \$200 will be sent by check in the mail.

Keep Your Info Updated

If you're planning to end service with Itasca-Mantrap, don't forget to update your address! That way, you'll still receive any future capital credit payments. Here at Itasca-Mantrap, we want to thank you for your continued investment to the co-op.



FINANCE & ACCOUNTING UPDATE

BY MINDY YOUNG, CFO

Why Internal Controls and Financial Statement Audits Matter to Our Members

As a member-owner of your electric cooperative, you place your trust in us to manage the cooperative's finances responsibly. Every dollar we collect is used to provide safe, reliable, and affordable electricity to our community. One of the most important ways we uphold that trust is through strong internal controls and financial statement audits

Internal Financial Controls

Financial controls are the policies and procedures we use every day to safeguard cooperative assets. These include checks and balances such as segregation of duties, approval requirements, system access controls, and regular internal reviews.

One of the primary goals of the cooperative is to manage costs efficiently and return value to our members through reliable service, stable rates, and capital credits. Strong internal controls play a critical role in preventing errors, waste, fraud, or inefficiencies, helping ensure that every dollar collected is used wisely.

Financial Statement Audit

A financial statement audit is an independent examination of our financial statements conducted annually by an external accounting firm. Your cooperative has contracted with Brady Martz & Associates to conduct the audit this year.

During the audit, auditors test transactions, review internal controls, and verify that our financial records comply with generally accepted accounting principles. Their objective is to confirm that the financial statements fairly and accurately reflect the cooperative's financial position and results of operations.

Financial audits promote transparency and accountability. The audit results are reviewed by management and approved by your elected board of directors, providing an added layer of oversight and assurance that financial decisions are made responsibly and in the best interest of the membership.

This level of accountability is especially important in a cooperative model, where the membership elects a governing board to oversee the organization. Audits help ensure that financial reporting is clear, consistent, and trustworthy, allowing the elected board of directors to make informed decisions on rates, capital investments, and long-term planning.

External audits often identify opportunities to improve processes or strengthen internal controls. These recommendations help the cooperative manage risk, comply with regulatory requirements, and maintain strong financial metrics. Sound financial practices are also important for securing favorable financing, which ultimately helps control long-term costs for members.

Together, strong internal controls and independent audits provide peace of mind. They assure members that your cooperative is financially sound, well-managed, responsibly governed, and dedicated to safeguarding the assets collectively owned through our cooperative memberships.

If you have questions about the cooperative's financial practices or would like to learn more, we encourage you to attend our annual meeting or reach out to us at any time. We value your trust and remain committed to being responsible stewards of your cooperative.

BOARD MEETING HIGHLIGHTS:

The regular meeting of the Board of Directors for Itasca-Mantrap Co-op. Electrical Ass'n. was held on Thursday, December 18, 2025, at 9:00 a.m. at the Itasca-Mantrap office.

A quorum of directors was present.

Approved:

- Consent agenda
- November financials, subject to audit
- Engagement of Brady Martz for the 2025 financial audit
- Attendees for the GRE Regional Meeting
- Voting delegates for MREA, NRECA and related organization's annual meetings

Reports heard:

- Operations and Safety
- Financial
- Marketing and Member Services
- CEO
- Summaries of meetings attended

Reviewed:

- Changes to Itasca-Mantrap's membership
- Board Expenses to Budget YTD
- GRE Power Cost Adjustment detail for November 2025
- 2026 Communications and Marketing Plan

NEXT BOARD MEETING:

The next regular meeting of the Board of Directors is Thursday, March 26, 2026, at 9:00 a.m.



Rate Adjustment

Drivers

What Are the Cost Drivers?

Itasca-Mantrap Electric Cooperative is committed to transparency about how electric rates are set. As a member-owned cooperative, our rates reflect the actual cost of providing safe, reliable electricity to homes, farms and businesses across our service territory.

A significant portion of every dollar paid on an electric bill goes toward costs for power supply, transmission and system operations. When those costs rise, local rates are affected.

Itasca-Mantrap is governed by a board of directors elected by local members. The board reviews cost trends, wholesale power prices and system needs and approves rate adjustments to ensure the cooperative can continue providing reliable service today and into the future.

What are the main factors influencing electric rates in 2026?

1. Wholesale power costs and energy market pressures

Itasca-Mantrap purchases most of its electricity from Great River Energy, our wholesale power supplier. Great River Energy is part of the Midwest Independent System Operator (MISO), the



regional organization that manages the electric grid and wholesale power market across much of the Midwest. MISO helps ensure there is enough electricity available and determines market prices based on supply and demand. Electricity prices are expected to be higher in 2026 due to fuel costs, increased demand, and changes in how power is generated. Wholesale power costs represent approximately 66% of Itasca-Mantrap's total operating expenses. When wholesale prices rise, the cost of electricity for local cooperatives like ours also increases.

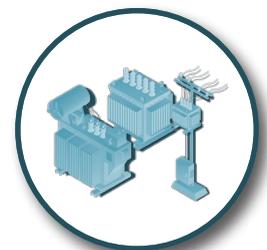


2. Fixed system and operating costs

Much of the cost of running an electric system are fixed, since equipment like poles, wires, substations and transformers must be maintained whether member energy usage is high or low. Additionally, the electric industry is becoming more complex, with increased cybersecurity needs, advanced grid technology and evolving regulatory requirements. Itasca-Mantrap is investing in staff and operations to ensure the system remains secure, reliable and prepared for the future.

3. Infrastructure, transmission and long-term investment needs

Utilities across the Midwest are investing in new and upgraded transmission lines, substations and equipment to keep the electric system reliable and ready for future growth. Great River Energy is part



of several regional projects that strengthen the grid, improve reliability and reduce congestion.

Building and maintaining this infrastructure requires long-term financing, and at today's higher interest rates increase those costs, which are reflected in wholesale power prices. While these investments raise costs in the short term, they help prevent outages, improve system resilience and can lower long-term costs by improving access to more affordable power.

4. Financial planning and cost of service alignment

As a not-for-profit, member-owned cooperative, Itasca-Mantrap sets rates only to cover the cost of providing safe and reliable electric service. Our most recent cost of service study shows that rates across several classes no longer accurately reflect the true cost to serve each group of members. Adjusting rates now helps ensure costs are fairly allocated, infrastructure investments can continue, long-term financial strength is maintained, and reliability remains high for all members.



Maintaining this financial balance is also what allows the cooperative to operate the way it was designed to—for the benefit of its members. Any margins generated aren't profits for shareholders,

but are allocated back to members as patronage capital and may be returned in future capital credit retirements.

Managing costs and offsetting rate pressures

Some factors are helping offset the overall rate adjustment, including revenue from regional transmission projects and regulatory cost management strategies. Itasca-Mantrap also continues to focus on efficient operations, long-term planning and targeted investments to reduce unnecessary expenses.



The cooperative works closely with GRE to advocate for fair wholesale pricing, develop effective load management programs and plan for future power supply needs.

The bottom line

Electric rates must reflect the real cost of power, infrastructure and industry wide trends. We remain committed to transparency, careful financial stewardship and clear communication with our members. These adjustments help ensure continued reliability, long-term system resilience and a strong future for the cooperative.

If you have questions about your electric bill or the upcoming rate adjustment, please contact Itasca-Mantrap. We are here to help.

Military Protection

Utility payment arrangements for military service personnel

When a household member has been ordered into active duty, for deployment, or for a change of duty station, some members may find it hard to pay their utility bills. Minnesota law protects these military personnel from shut-off if they cannot pay their utility bills in full.

Payment plans

If your household income is below the state median household income:

- pay ten percent of your household's gross monthly income toward your electric bill;
- or if you receive energy assistance, pay ten percent of your household's gross monthly income toward your electric bill;
- or if your household income is above the state median household income, make and keep a payment plan.

How to apply

Contact Itasca-Mantrap to obtain an application and make a payment plan, which you must keep to qualify for protection. Or visit our website [itasca-mantrap.com/military-protection](https://www.itasca-mantrap.com/military-protection)



Make A Difference in Your Community!

Itasca-Mantrap is looking for candidates from Districts 1, 2, and 3 to join our Board of Directors. Director elections will be held during the annual meeting on June 11.

Board directors serve three-year terms, representing all co-op members, and must meet eligibility requirements outlined in the Itasca-Mantrap Bylaws. This is an opportunity to help shape the future of your cooperative and make a meaningful impact in the community.

Wondering what's involved in being a director?

Duties and Responsibilities:

- Build strong connections between the board, members, and the President-CEO.
- Keep members informed and engaged.
- Ensure the co-op stays compliant and well-run.
- Shape and update bylaws and policies to guide the co-op's future.
- Participate in meetings, conferences, and learning opportunities.
- And much more!

Interested? Contact Itasca-Mantrap for a director candidate packet. Completed petitions and forms must be received in the Itasca-Mantrap office by 4:30 p.m. Monday, April 13.

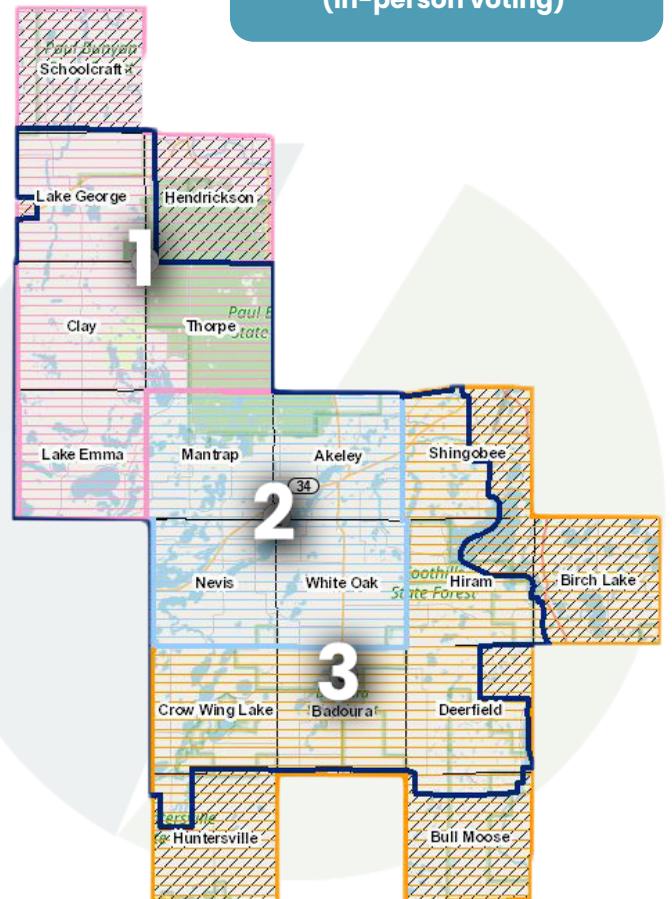
DISTRICT 1 – includes Schoolcraft, Lake George, Hendrickson, Clay, Thorpe, and Lake Emma townships.

DISTRICT 2 – includes Mantrap, Akeley, Nevis, and White Oak townships.

DISTRICT 3 – includes Shingobee, Hiram, Birch Lake, Crow Wing Lake, Badoura, Deerfield, Huntersville and Bull Moose townships.

For more information, contact Itasca-Mantrap at 218-732-3377. More details about serving on the Itasca-Mantrap Board, including director qualifications can be found at www.itasca-mantrap.com/board-directors.

The Timeline





ITASCA-MANTRAP ELECTRIC COOPERATIVE

ITASCA-MANTRAP ELECTRIC COOPERATIVE

16930 County 6, PO Box 192
Park Rapids, MN 56470

(218) 732-3377 | (888) 713-3377
itasca@itasca-mantrap.com
www.itasca-mantrap.com



OFFICE HOURS

Monday – Friday: 8:00 AM – 4:30 PM

GOPHER STATE ONE CALL

(800) 252-1166

www.gopherstateonecall.org

OFFICERS & DIRECTORS

DISTRICT 1

Brian Behrens, Chair

DISTRICT 2

Patricia Roehl, Treasurer

DISTRICT 3

Terrence Cook, Vice Chair

DISTRICT 4

Al Czczok, Assistant Secretary-
Treasurer

DISTRICT 5

Nancy M. Utke, Director*

DISTRICT 6

Tim Kivi, Secretary

DISTRICT 7

Dan Breitbach, Director

PRESIDENT & CEO

Steve Johnson

*Great River Energy Director Representative

Your Touchstone Energy® Cooperative 

Itasca-Mantrap Electric Cooperative is an
equal opportunity provider and employer.

Investing in Our Future: *Scholarship opportunities available to area youth and adults*

Our communities are powered by the people who live here. That's why we support local students with scholarships that help them pursue their goals and stay connected to their hometowns.

The scholarships are funded through unclaimed capital credits. Minnesota state law allows electric cooperatives to use unclaimed capital credits that remain uncashed for seven years for charitable or educational purposes. This year, Itasca-Mantrap will award five \$1,000 scholarships to graduating students from the following school districts:

- Park Rapids
- Nevis
- Menahga
- Walker
- Homeschooled students within the cooperative's service area



Applications can be submitted to scholarships@itasca-mantrap.com or mailed to Itasca-Mantrap Attn: Scholarships, PO Box 192 Park Rapids, MN 56470 by March 31.

Operation Round Up

Applications are due March 16

Operation Round Up Grants will be awarded to non-profit or community-based organizations that demonstrate a commitment to enhancing the quality of life in the region. Grants will be awarded primarily to applicants in the local area served by Itasca-Mantrap.

To be considered at the April Trust Board meeting, grant applications must be received in the Itasca-Mantrap office by Monday, March 16.

Download the application form at www.itasca-mantrap.com/operation-round.

