

2026 Annual Meeting Questions/Comments

Why are the records over the last 10 years dirty? It was referred to as a dirty garage. How did it get so dirty in the first place?

During that period, the department was operating with significantly limited staffing, and many responsibilities were being managed by a single individual. These issues were not due to a lack of effort or commitment, but rather the practical challenges of managing an unsustainable workload with limited resources.

How/What is the OREA doing to strengthen financial position? - Reduce Long Term Debt

Paying down debt early. Refinancing existing loans. Controlling operating and maintenance expenses. Managing capital expenditures. Growing electricity sales. Improving reliability and reducing line loss. Utilizing grants and government programs. Managing power supply costs (10-year contract with wolverine).

However, it is important to note that the Ontonagon County REA is financed different than an individual's personal finances. Electric cooperatives must plan for decades. Equipment replacement 20-40 years in the future. Major storm restoration costs. Reliability improvements. The poles, wires, substations, and equipment we use today were not paid for by today's members alone. They were built to serve members for 30, 40, or even 50 years. Debt allows the cost of those assets to be shared by everyone who benefits from them over their useful life. "If we decided to pay off all long-term debt immediately, the entire cost would fall on today's members, even though future members will use the same poles, substations, and power lines for decades. That would not be fair. If we never borrowed, rates would need to be dramatically higher whenever major infrastructure projects were needed. If we borrowed too much and never adjusted rates, debt payments would eventually become unsustainable. Good financial management balances reasonable borrowing with rates that recover the cost of service. Paying off all debt today might sound appealing, but it would require current members to pay for infrastructure that future members will use for decades. The cooperative borrows prudently so the cost of long-lived assets is shared fairly among all the members who benefit from them over time. Just as most families use a mortgage to purchase a home, electric cooperatives use long-term financing to build and maintain the electrical system while keeping rates as affordable and stable as possible.

What are the specific expenses that resulted in the increase in administrative and general expenses in 2025?

- Outside Services Employed – Other – Increase of \$136,325.22

Is the major contributing factor. This was addressed in the Special Meeting in May and has not been factored into the rate increase as they were considered short term consulting fees.

Has the REA been contacted by any data center developer? Has any board member been asked to sign an NDA associated with data center development? Please include public comment period near the end of the agenda.

The Ontonagon County REA has been contacted by VINCO who was doing industrial site advising for their firm in the REA's public territory. We do believe the contact was more introductory and not exploratory. No board members have been asked to sign an NDA associated with data center development.

Can you post online your bylaws policies? Thank you. Can you post online the coops financials online? Thank you.

The Ontonagon County REA does publish their annual audit which includes the prior year financial information. The Bylaws of the Ontonagon County REA are also posted on the website for review.

If those are not what you are looking for you can also request a copy of the specific coop financials you are looking for through the attached form. You can email/mail the form directly to daho@ontorea.com and kelsey@ontorea.com

Any consideration of offering credits/rebates for purchase of heat pump water heaters or HVAC?

Please take a look at the "Rebates" page on the REA website ontonagon.coop for any rebate information.

What is the coop doing to promote electrification, for example EVs, heat pumps, solar? Please help members learn how much money they can save by converting to electric heat. What is the potential for the coop to support battery backup systems for members?

The cooperative started a new energy waste reduction in coordination with MECA and all of the other electric cooperatives in Michigan. Please reference our "Rebates" page on the REA website ontonagon.coop

We currently do not offer any rebate support for residential battery backup systems. Our rebates are more focused on energy efficiency such as heat pumps, appliances, water heaters, and EV chargers rather than home battery storage.

I am aware of 2 groups that are employed by REA to cut trees and brush in the area of the lines. This seems frivolous. Why not get an outside company who can most likely do this cheaper? Could line workers accomplish the same?

The Ontonagon County REA currently has one (3 person) tree trimming crew. The total annual cost of tree trimming for the Ontonagon County REA was approximately \$535,000.00 in 2025. For comparison Alger Delta Electric Cooperative spent \$1.2 million on tree trimming in 2025. We are always investigating ways to improve reliability and mitigate hazards and tree trimming has been reviewed on a monthly basis during our board meetings. The REA linemen are already asked to accomplish so much with only 9 linemen covering over 1,000 miles of line that additionally having them trimming trees would not be beneficial.

Now with all the new meters in place – if power goes out do, we still call or does the area actually show and alert REA?

Yes, please still call. We do receive outage notices from the meter and our metering system, however, calling our office or our dispatchers is still highly recommended.

What are all the items in the “other deductions” category? Is it true that the District Representatives receive health insurance through the onto REA? Thank you.

The other deductions category is comprised of:

- Miscellaneous Income Deductions - \$6,332.50
- Donations - \$-9,250.00
- Penalties - \$26,900.11
- Other Deductions - \$65,955.01

The other deductions category is comprised of amortization of transmission tap expenses and abandoning old work order only labor.

No, District Representatives do not receive any health insurance through the Ontonagon County REA.