

INSIDE PASSAGE ELECTRIC COOPERATIVE, INC.

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IPEC'S HYDRO PROJECTS

IPEC purchased the 10 Mile hydro in the Chilkat Valley in 2009. It's a run of the river hydroelectric project with a rated capacity of 600 kW. It serves 256 customers in the Chilkat Valley along with 77 customers in Klukwan.

The Gartina Falls hydroelectric project in Hoonah was completed in August of 2015. It's also a run of the river hydro facility with a rated capacity of 425 kW and serves 549 customers. Water Supply Creek is slated to begin construction in 2026 and will add an additional 350 kW of generation capacity bringing the total to 775 kW from hydro. Once completed, Hoonah could be 100% hydro at times dependent upon Mother Nature's rain in the off season (non-tourist) of course. Since August 2015, Gartina Falls has saved 932,506 gallons of fuel and \$2,838,577 in fuel costs.

The Gunnuk Creek hydroelectric project in Kake was completed in October 2020 and has a rated capacity of 500 kW. It's also a run of the river hydro project serving 306 customers. At times, Kake is 100% hydro meaning that diesels are off when there is a lot of rain for generation. Since October of 2020, Gunnuk Creek has saved 286,666 gallons of fuel and \$992,068 in fuel costs.

Thayer Creek is a hydroelectric project that is under construction in Angoon. It's rated at 850 kW and will serve 237 customers. The project is slated to be completed in 2028 if construction remains on schedule. It is anticipated that Angoon will be 100% hydro except for maintenance or unforeseen circumstances. This project has excess capacity meaning there is room for growth and a potentially large customer(s).

It's important to note that IPEC implements a postage stamp rate meaning all customers in all communities pay the same rate. All customers benefit from our hydro projects regardless of where they live. The hydro fuel savings are reflected in the COPA (cost of power adjustment) or fuel surcharge. The fuel surcharge is adjusted quarterly based on the previous quarter's fuel expenses for all communities which are reviewed by the Alaska Energy Authority in determining PCE rates. The COPA or fuel surcharge is based on fuel purchases and purchased power in the Chilkat Valley.

2026 ANNUAL MEETING

The 2026 annual meeting will be held on May 8, 2026 at the Community Hall Building in Kake, Alaska. Doors will open at 10 a.m. with the meeting to begin at 11:00 a.m.

The Klukwan Director is up for election this year. Only one nominating petition was received from the Klukwan District from incumbent James B. Strong. Mr. Strong will run unopposed on the 2026 ballot.

The annual meeting materials were mailed to our entire membership on March 24, 2026. If more than one name is listed on the account, only one person will be allowed to vote. Please be sure to sign the green ballot envelope otherwise it will not be counted. Ballots must be received by Noon on Thursday, April 30, 2026 at our main office in Auke Bay.

Frankie Perry from the Chilkat Valley, Lisa Andersson from Hoonah, and Chenara Johnson from Angoon will serve as our ballot counters this year. They did such a great job last year that we asked them back to help with the election process. If you have not voted by mail, you can do so at the annual meeting in person until 11:30 a.m. at which time the voting process will be closed.

IPEC has some great door prizes to be given away and we will be adding a new twist by asking trivia questions of the audience. We will have bags of rice, cases of water and bags of flour to be given away for the members who answer the trivia questions correctly. Mr. Michael Rovito with the Alaska Power Association will Emcee our meeting which was a big hit in Angoon last year. We will be providing a box lunch and some Breeze In donut holes. Please attend the annual meeting and find out what new and exciting things are happening at your cooperative. We look forward in seeing you there!

BOARD VOTES TO KEEP BASE RATES THE SAME

At the March 27, 2026 board meeting, the Simplified Rate Filing (SRF) was presented to the board for consideration. This filing covered the period of January 1, 2025 through December 31, 2025. The filing showed a minimum revenue deficiency of \$10,023 which amounts to one-tenth of a cent increase. The board unanimously voted to a no increase to demand and energy charges. We all know that fuel prices have increased dramatically lately and the Cost of Power Adjustment or COPA, will reflect those increased fuel costs.

IPEC HAS CLEAN AUDIT FOR 2025

IPEC'S independent auditor Derek Moody from the audit firm Moody, Mickelsen, Rowley & Adamson presented the audited financial statements for the period ending December 31, 2025 at the board meeting held March 27, 2026.

IPEC received an unqualified opinion (clean) on its financial statements. IPEC ended the year with \$17,417,948 in assets compared to 2024 the previous year of \$15,925,789. The majority of the increase is from other receivables due from ADOT for the Haines Highway realignment and the Kootznoowoo Thayer hydroelectric project. Equities were 51% which is excellent for an electric cooperative.

Revenues totaled \$7,656,401 which reflects an increase in power usage of 3.5% from the previous year. Total expenses were \$7,450,839 leaving an operating margin of \$205,562. Non-operating losses amounted to (\$7,047) leaving a net margin of \$198,515. IPEC's energy sales were 98% of our revenue. Other sources include heat recovery sales, pole rentals, late payments and other.

PLEASE STAY CLEAR OF DOWNED POWER LINES

Downed power lines are one of the most dangerous hazards our communities can face, especially during storms, high winds, or icy conditions. While they may appear harmless or inactive, every downed line should be treated as energized and extremely dangerous. At IPEC, your safety is our highest priority, and understanding how to respond to these situations can save lives.

When a power line is on the ground, it can carry enough electricity to cause serious injury or even death. Electricity can also travel through the ground, nearby objects, or standing water—meaning you don't have to touch the line directly to be at risk. For this reason, it's critical to stay at least 30 feet away from any downed line and anything it may be in contact with, such as trees, fences, or puddles.

If you encounter a downed line, the most important step is to keep your distance and immediately report it. Our Power Plants can be reached in Hoonah at 907-945-3246, in Kake 907-785-3841, in Angoon 907-788-3319, in the Chilkat Valley 907-767-5595, Main Office Operations 907-364-3026 or 911 so trained crews can respond quickly and safely. Never attempt to move or handle a downed line yourself, and warn others in the area to stay clear until help arrives.

Special caution is needed if a power line falls on your vehicle. If you are inside, remain there unless there is an immediate danger like fire. Call for help and wait for utility crews. If you must exit, do so by jumping clear without touching the vehicle and the ground at the same time, then shuffle away with small steps to avoid electrical current traveling through your body. By staying alert and reporting hazards promptly, you play a vital role in keeping your community safe. Downed power lines are emergencies—treat them with caution, keep your distance, and let the professionals handle the rest. Safety is our first priority not only for our customers but for our employees as well.