

Southwest lines

A monthly publication for members of Southwest Iowa Rural Electric Cooperative

Corning | Mount Ayr | Stanton

2023 Annual Report – August 2024

OFFICIAL NOTICE OF THE ANNUAL MEETING

Southwest Iowa Rural Electric Cooperative

The Annual Meeting of the Members of Southwest Iowa Rural Electric Cooperative will be held at the Lenox Community Center located at 210 E Dallas Street at Lenox, Iowa, at 6:30 p.m. on Thursday, September 5, 2024 to take action upon the following matters:

1. The reports of officers, directors and committees;
2. The election of four (4) Directors; and
3. All other business which may legally come before the meeting or any adjournment or adjournments thereof.

In connection with the election of Directors scheduled for this meeting, the following members have been nominated for Director by the Committee on Nominations appointed by the Board of Directors of the Cooperative pursuant to the By-Laws.

THREE-YEAR TERM

(Four to be elected)

REGION #1:

DISTRICT #1: Wyatt Mobley ~ Jason Smith

REGION #1:

DISTRICT #3: Adam Gottemoeller ~ Dale Walkup

REGION #2:

DISTRICT #5: Adam Boswell ~ David Brokaw ~ Deena Moore

REGION #2:

DISTRICT #7: Brandon Bruning ~ Dana Morgan

You are urged to attend the meeting, hear the reports of the officers, election of directors and transact such other business as may come before the meeting.

*Please note that David Brokaw withdrew his nomination for the Region #2, District #5 seat and his name will not appear on the official ballot being mailed to you.

Kay Fast-Deyoe

Kay Fast-Deyoe- Secretary

Dated this 10th day of August, 2024.

Annual Meeting Info Continued on page 3

ANNUAL MEETING



Annual President's and General Manager's Report

Please make plans to attend the Annual Meeting of the Members on September 5th. Each membership registering at the annual meeting will receive a \$10 energy credit on their electric bill plus a chance to win ***FREE ELECTRICITY** for a whole year as the grand prize or ***FREE ELECTRICITY** for six months as the consolation prize. If you've never been to an Annual Meeting or haven't attended recently, please join us and your fellow members this year and participate in one of the most valuable benefits of being a member – the election of your local board of directors. The ballot for this year is being mailed separately so look for it in your mailbox and follow the instructions provided. Your mail-in ballot must reach our office BEFORE the meeting to be counted. You may also cast your ballot in person at the Annual Meeting.

Bright Future: A Message from Your Electric Cooperative Leadership

As we reflect on the past year, we are filled with gratitude for your unwavering support and trust in our cooperative. It has been a year of significant achievements and challenges, and we are proud to share our progress with you.

Financial Performance

Your cooperative has demonstrated strong financial performance, despite the economic pressures we faced. Maintaining financial stability and ensuring the affordability of electricity is of utmost importance to us. Despite external pressures and industry fluctuations, we are pleased to report that our cooperative met its loan covenants and other obligations in 2023. The annual audit of the books by CliftonLarsonAllen, LLP, resulted in a clean audit opinion. During the year, deferred patronage dividends totaling \$378,645 were paid to current and former members. Since inception, a total of \$10,357,445 has been returned to the members.

Our prudent financial management and strategic investments have enabled us to maintain a stable financial footing. We are pleased to report that we ended the year with a solid balance sheet, which positions us well for future growth and sustainability.

Rising Costs and the Need for a Rate Increase

However, it is essential to address the rising costs that have impacted our operations. The increasing costs of fuel, equipment repairs, materials, insurance, and labor/benefits to name a few have put pressure on our budget. To continue delivering high-quality service, your board of directors approved an 8.25% (approx. \$1,061,752) increase to the electric rates/revenue you pay which was effective on January 1, 2024. This decision was not made lightly, and we have taken every possible measure to minimize the impact on our members. The additional revenue will allow us to invest in infrastructure upgrades and maintain the reliability of our electric system.

Reliability

Reliability remains at the core of our mission. In recent years, we have seen a significant shift in the energy landscape. Traditional 24/7/365 power generation resources, such as coal and nuclear plants, are being retired. In their place, we are increasingly relying on renewable energy sources like wind and solar. These changes are driven by environmental considerations and the desire for cleaner, sustainable energy. However, they also bring new challenges in ensuring consistent power availability, as these renewable resources are weather-dependent and can be intermittent.

Additionally, we are witnessing a surge in large energy demands from new developments such as data centers, which require substantial and continuous power supplies. This trend adds another layer of complexity to our mission of providing reliable and affordable electricity to all our members.

To address these challenges, we are taking several proactive steps:

- Diversifying Our Energy Portfolio:** While we embrace renewable energy, we also understand the importance of a balanced mix of power sources. We are investing in a diverse array of energy solutions to complement wind and solar power. This approach helps ensure that we have reliable power even when the sun isn't shining, or the wind isn't blowing.
- Enhancing Grid Infrastructure:** We are upgrading our grid infrastructure to be more resilient and adaptable. This includes modernizing our transmission and distribution systems, incorporating smart grid technologies, and improving our ability to manage and distribute power efficiently.
- Strategic Partnerships:** We are forming strategic partnerships with other utilities and energy providers to enhance our capacity and reliability. These collaborations allow us to share resources and expertise, ensuring that we can meet the growing demands and navigate the energy transition effectively.
- Demand Management:** By managing and reducing peak demand, we can alleviate stress on the grid and enhance overall reliability. For the past few years, we have communicated to you about energy demand and how it impacts the cooperative's costs. Your monthly kilo-watt demand (kW) is shown on your monthly bill to keep you aware. As energy demand continues to grow, our cooperative has been proactive in expanding our capacity to meet your needs. We have successfully completed and have initiated

several key projects to enhance our infrastructure, including upgrading substations and expanding our distribution network. These improvements are critical to ensuring that we can meet the increasing demand for electricity while maintaining the high standards of service you expect. Each of us can do our part to lower our energy demand and save costs by limiting electrical use, especially during the 4:00 p.m. to 9:00 p.m. peak demand window.

5. Engaging with Policymakers: We are actively engaging with local, state, and federal policymakers to advocate for policies that support reliable and affordable energy.

This includes promoting investments in grid infrastructure, supporting research and development of new technologies, and ensuring that regulatory frameworks are conducive to a stable energy supply.

We have made significant strides in improving our system's resilience. Through rigorous maintenance programs and the integration of advanced technologies, we have reduced the frequency and duration of outages. Our dedicated team works tirelessly to ensure that you have access to reliable electricity every day.

Weathering Storm Damage

This year, 2024, has brought its share of severe weather, and we faced several challenges in restoring power after the April 26th and May 21st storms. Our crews worked safely and efficiently to repair damage and restore service as quickly as possible. We are continually enhancing our storm response capabilities and investing in technologies that improve our ability to manage and recover from storm damage. The cooperative principle of Cooperation Among Cooperatives was on full display during the devastating May 21st storm event that impacted over 140 poles and 140,000 feet of electric line. We were fortunate to receive outside assistance from both Chariton Valley REC (Albia) and Nishnabotna Valley REC (Harlan). With their assistance, we were able to restore power in a little over four days.

Safety Performance

The safety of our employees and members is our highest priority. We are proud to report that our enviable safety performance is accomplished through a process of continual improvement with the goal of safety excellence and a commitment to zero contacts. Through continuous training, stringent safety protocols, and a culture that prioritizes safety above all else, we have significantly reduced workplace incidents. Our commitment to safety ensures that our employees return home safely each day and that our operations remain secure.

Employee Development

Our employees are the backbone of our cooperative, and their development is crucial to our success. We have expanded our training and professional development programs to equip our team with the skills and knowledge they need to excel. By investing in our employees' growth, we ensure that we have a capable and motivated workforce ready to meet the challenges of the future. In 2023 we said goodbye to Paul Vanderholm who retired after 26+ years of service and we welcomed two apprentice linemen, Waylen Butler and Connor Moheng, to the team. We have a great mixture of seasoned veterans as well as relative newcomers eager to hone their skills and enjoy a rewarding career at the cooperative. They are the best at what they do, and our future is bright indeed.

In conclusion, we are proud of the progress we have made over the past year and remain committed to serving you with excellence. The accomplishments we celebrate today are a testament to the hard work and dedication of our employees, the support of our board, and the trust you place in us as members. Together, we are building a brighter future for our cooperative and our community. Thank you for your continued support.

If you have any questions or concerns, please do not hesitate to reach out to us. We are here to serve you.



Phil Kinser
CEO / General Manager



Marilyn Werner
President

ANNUAL MEETING PROGRAM

Thursday * September 5, 2024 * Lenox Community Center at 210 E Dallas Street

5:30p.m. to 6:30 p.m. Registration of Members & Guests
Meal cooked by Taylor County Cattlemen
Vendor Prize Drawings

6:30 p.m. Welcome and Invocation
Meeting Notice – Kay Fast-Deyoe, Secretary
Minutes of 2023 Annual Meeting
Nominating Committee Report
Treasurer's Report
President's Remarks – Marilyn Werner
Guest Speaker – Andrew St John-Executive VP/CEO of CIPCO
Manager's Report – Phil Kinser
Report of Election Results
Adjournment
Drawing for **FREE ELECTRICITY PRIZES**

ATTENDANCE GIFT:
\$10 CREDIT ON MEMBERS' ELECTRIC BILL

GRAND PRIZE:
1 YEAR FREE ELECTRICITY*

2ND PRIZE:
6 MONTHS FREE ELECTRICITY*

Southwest Iowa Rural Electric Cooperative Annual Meeting of Members - September 3, 2023

The Annual Meeting of the Members of Southwest Iowa Rural Electric Cooperative was held at the Lenox Community Center in Lenox, Iowa at 6:30 p.m., on the 7th day of September, 2023.

The meeting was called to order by Marilyn Werner, President of the Cooperative, who presided as Chair, and Ken Peppmeier, Secretary of the Cooperative, acted as Secretary of the meeting and kept the minutes thereof.

Chair Werner introduced the guests in attendance at the meeting: Tom Shipley - State Senator; Dave Deyoe - State House Representative; Amanda James - Sullivan & Ward, P.C.; Jack Stephens - past Director; Holi Weston - Farmers Electric; Paul Hofman - Central Iowa Power Cooperative; and John Allen - past employee. She thanked Taylor County Cattlemen for grilling steaks for the meal.

An invocation was offered by Ken Peppmeier and followed by the recitation of the Pledge of Allegiance.

The Chair stated that the members who had registered at the door had been checked, and that a quorum was present for the transaction of business. She stated that it would be in order for the registration to be accepted in lieu of roll call, whereupon a motion was duly made, seconded and carried, to accept the members' registration at the door in lieu of roll call. A list of the members who registered in attendance at the meeting is attached to these minutes and made a part hereof by reference.

Secretary Peppmeier then presented a copy of the Notice of the meeting, together with proof of the mailing thereof to all members of the Cooperative, and such Notice and proof were ordered to be annexed to the minutes of this meeting.

The Chair stated that the next order of business was the election of three Directors for a term of three years each. She reported that in accordance with the By-Laws, the Board of Directors had appointed from the members of the Cooperative a Nominating Committee consisting of John A. Overholtzer, Chad Ide, Laci Schafer, and John Allen who had nominated the following members as candidates for Director:

THREE YEAR TERM

(Three to be elected)

Region 1 - District No. 2

Kollin O'Day
Marilyn Werner

Region 1 - At-Large

Bonnie Larson
Ken Peppmeier

Region 2 - District No. 6

Steven Eason
Kay Fast
Cole Sunderman

The Report of the Nominating Committee was ordered to be identified by the Secretary and annexed to the minutes of the meeting.

The Chair then appointed Mary Overholtzer, John Overholtzer, John Allen, Cindy Allen, Joe Kernan, Lisa Kernan, and Fred and Sheri Berggren Inspectors of Election. The ballots were delivered to the Inspectors, who proceeded to count the same.

Upon motion duly made, seconded and carried, the reading of the minutes of the Annual Meeting of the Members of Southwest Iowa Rural Electric Cooperative held on September 8, 2022 were waived. The minutes were thereupon declared approved and were ordered to be filed in the records of the Cooperative.

The annual report of the President was presented. Copies of the President's report had been distributed to the members and appeared in the Annual Meeting program. President Werner introduced the directors and their spouses. Following discussion, the annual report of the President was directed to be filed in the records of the Cooperative.

The annual report of the Treasurer was presented. The members had received copies of the Treasurer's report, in the form of the balance sheet and statement of revenue and expense for the year ending 2022, both of which were published in the Annual Meeting program distributed to the members. Following discussion, the annual report of the Treasurer was approved and directed to be filed in the records of the Cooperative.

General Manager Phil Kinser introduced Aubrey Reed of Mount Ayr, the Cooperative's representative on the NRECA Youth Tour in Washington, D.C., and she gave a presentation on her trip and thanked the Cooperative for sending her.

The annual report of Manager Kinser was presented. After presentation, the report was directed to be filed in the records of the Cooperative. Mr. Kinser introduced the employees of the Cooperative and commented on the length of service of the employees.

The Chair then introduced Attorney Amanda James to present the Certificate of Inspectors. The Certificate of Inspectors of Election was then presented and read, certifying that the following members, having received the highest number of votes cast, had been duly elected as Directors of the Cooperative to hold office for the term specified, and until their successors shall have been duly elected and qualified:

THREE YEAR TERM

Region 1 - District No. 2

Marilyn Werner

Region 2 - District No. 6

Kay Fast

Region 1 - At-Large

Bonnie Larson

The Chair directed the Secretary to annex the Certificate of the Inspectors of Election to the minutes of the meeting, and thereupon declared the above members duly elected directors of the Cooperative to hold office for the term specified, and until their successors shall have been elected and qualified.

Meal was provided by Taylor County Cattlemen prior to the meeting.

Each registered member received a door prize of \$10.00 credit on member's electric bill and participated in a drawing for Grand Prize of one-year free electricity and second prize of six-months free electricity.

Nominee Bio's



Wyatt Mobley:
Region 1 – District 1

Wyatt Mobley lives with his wife Josie on their farm near Diagonal Iowa. They have 2 children Cole and Kerrigan as well as one grandson Luke. The family owns/operates Mobley Angus and bulls for sale as well as row crop and hay. During his free time, he likes to spend with family and traveling to cattle shows to help the kids participate in cattle shows. They show in the local and national shows as much as they can.



Jason Smith:
Region 1 – District 1

Jason lives one and a half miles south of Diagonal and works for Southern Iowa Rural Water Association and farms as well.

Jason is on the Farm Bureau Board, Ringgold County FSA Board, Eagle Lake Board and is also a member of the Diagonal Lions Club. In his spare time, Jason enjoys spending time with family and friends. His hobbies include hunting and fishing



Adam Gottemoeller:
Region 1 – District 3

Adam, Heather, and their four children moved to Mt. Ayr in 2020. Adam is the District Conservationist at the Ringgold County USDA Service Center where he provides technical and financial assistance to farmers and landowners for the installation of conservation practices. In his free time, Adam enjoys coaching his kids in whatever sport happens to be in season and being outdoors.



Dale Walkup:
Region 1 – District 3

Dale and his wife, Sharon, live on a farm east of Redding. Their family includes daughters Amy and Ann, and son James. Dale and Sharon have six grandchildren. The Walkups have a corn/bean row crop farming operation and a cow/calf herd. Dale is currently a Ringgold County Conservation Board member, Clinton Township Trustee, Treasurer of Redding Frontier Days, and a member of Redding United Methodist Church. He has served on the REC Board of Directors since 1980. He is also Southwest Iowa REC's representative on the Central Iowa Power Cooperative (CIPCO) board, our power supplier.



Adam Boswell:
Region 2 – District 5

Adam lives in northern Adams County with his wife Megan, and their five children. He farms with his father and operates their family construction and real estate businesses where he has worked for over twenty years. Adam currently serves as an advisory board member at Southwest Iowa Egg Cooperative and sits on the board of directors for the Corning Community School District.



Dana Morgan:
Region 2 – District 7

Dana and wife Dena live near Corning. They have 3 children, Addison, Jack, and Harper. Dana works at New Balance Commodities in Nodaway. He is also the owner of Morgan Land & Cattle Company and is the past President of the Adams County Cattlemen. Dana has served on the REC Board since 2014. He enjoys working with the board, management, & members to guide the co-op.



Deena Moore:
Region 2 – District 5

Deena and her husband Corey live on a farm near Corning, Iowa. They have 3 daughters Mikayla, (husband Zac), Kennedy, and Joslynn. Deena has a Bachelor of Arts degree from the University of Iowa and is currently employed as a paralegal for Engel & Maharry, PLC in Corning. She enjoys serving on the Southwest Iowa REC Board and utilizing cooperative principles while serving the coop and its members. Since 2021, she has also been serving on the Board of Directors for the Iowa Association of Electric Cooperatives (IAEC) and is currently an officer of the board, the Secretary/Treasurer. Deena has become a credentialed director by completing the National Rural Electric Cooperative Association's Director program by studying the 5 core electric utility courses. She is also continuing her education with their Board Leadership Certificate program. Deena is also an active member of her church in Corning, occasionally can be found onstage at the Corning Opera House and serves on the Adams Community Events Committee. She spends her free time kayaking, camping, horseback riding, and especially enjoys those rare moments when all three girls are home together.



Brandon Bruning:
Region 2 – District 7

Brandon and his wife, Nicole, live with their two daughters on their farm north of Villisca. He obtained a degree in Construction Management from Kirkwood. After several years of farming and working off the farm, farming is his primary role. Along with row crops and hay, Brandon enjoys his cow/calf operation, with calving season being his favorite. He enjoys working and being able to do so by fixing and building all things, on the farm. During his downtime, Brandon enjoys time with his friends and family and listening to music.

*Win 1 Year FREE Electricity

Attend your Cooperative's Annual Meeting for the opportunity to win the grand prize – **1 year's worth of FREE electricity!** At the conclusion of the meeting, one lucky member's name will be drawn. That member will receive the monthly availability charge and up to 1,000 kilowatt/hours per month FREE for 1 year.

If that's not reason enough to attend - another lucky member's name will be drawn for the second grand prize – **6 months worth of FREE electricity.** That member will receive the monthly service availability charge and up to 1,000 kilowatt/hours per month free for 6 months.

Make plans to join us for an enjoyable evening and the chance to win 1 year or 6 months worth of FREE electricity!

NOTE: Winners must be members of Southwest Iowa Rural Electric Cooperative, be registered and present at the Annual Meeting at the time of the drawing. Credit will be given for actual usage up to 1,000 kilowatt/hours per month with no carryover of kWh's allowed. Credit will be given in consecutive months starting with usage beginning on October 1st.

Southwest Iowa Rural Electric Cooperative Board of Directors and employees are NOT eligible to win.



Financial Report - December 31, 2023

BALANCE SHEET

| ASSETS | 12-31-23 | 12-31-22 |
|-------------------------------------|---------------------|---------------------|
| ELECTRIC PLANT | | |
| Electric plant in service | \$52,393,604 | \$50,709,788 |
| Construction work in progress | \$1,939,547 | \$1,924,932 |
| Less: Accumulated depreciation | <u>(18,579,838)</u> | <u>(17,862,277)</u> |
| Electric Plant (net) | 35,753,313 | 34,772,443 |
| OTHER ASSETS AND INVESTMENTS | 4,207,298 | 4,052,900 |
| CURRENT ASSETS | | |
| Cash and cash equivalents | 893,896 | 700,652 |
| Accounts receivable (net) | 1,247,268 | 1,537,534 |
| Materials and supplies | 1,292,183 | 1,361,172 |
| Current Portion of notes receivable | 69,261 | 67,803 |
| Other current and accrued assets | <u>72,364</u> | <u>70,212</u> |
| | 3,574,972 | 3,737,373 |
| DEFERRED CHARGES | 950,106 | 27,215 |
| | <u>\$44,485,689</u> | <u>\$42,589,931</u> |

LIABILITIES AND MEMBERS EQUITY

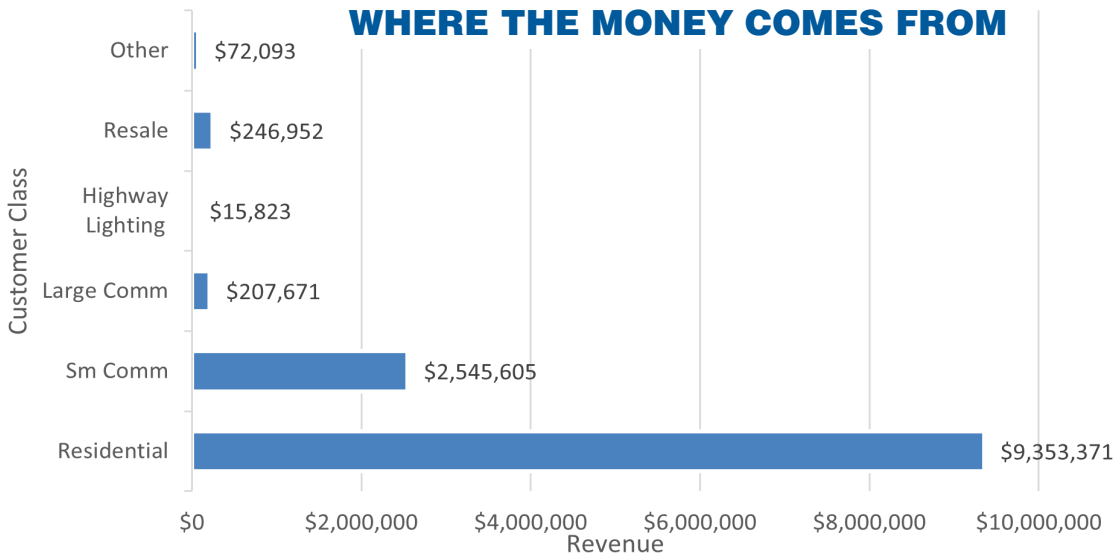
| | | |
|--------------------------------------------------|---------------------|---------------------|
| LIABILITIES AND MEMBERS' EQUITY | | |
| EQUITIES AND MARGINS | | |
| Patronage capital | \$7,942,449 | \$7,681,133 |
| Other equities | <u>11,180,296</u> | <u>10,926,843</u> |
| | 19,122,745 | 18,607,976 |
| LONG-TERM DEBT, Net of Current Maturities | 21,150,428 | 20,196,951 |
| CURRENT LIABILITIES | | |
| Accounts payable | 739,113 | 1,267,542 |
| Current Maturities of long-term debt | 1,038,838 | 994,951 |
| Notes Payable - line of credit | 1,400,000 | 425,000 |
| Other current and accrued liabilities | <u>823,722</u> | <u>879,408</u> |
| | 4,001,673 | 3,566,901 |
| DEFERRED CREDITS | 210,843 | 218,103 |
| | <u>\$44,485,689</u> | <u>\$42,589,931</u> |

STATEMENTS OF REVENUE AND EXPENSE

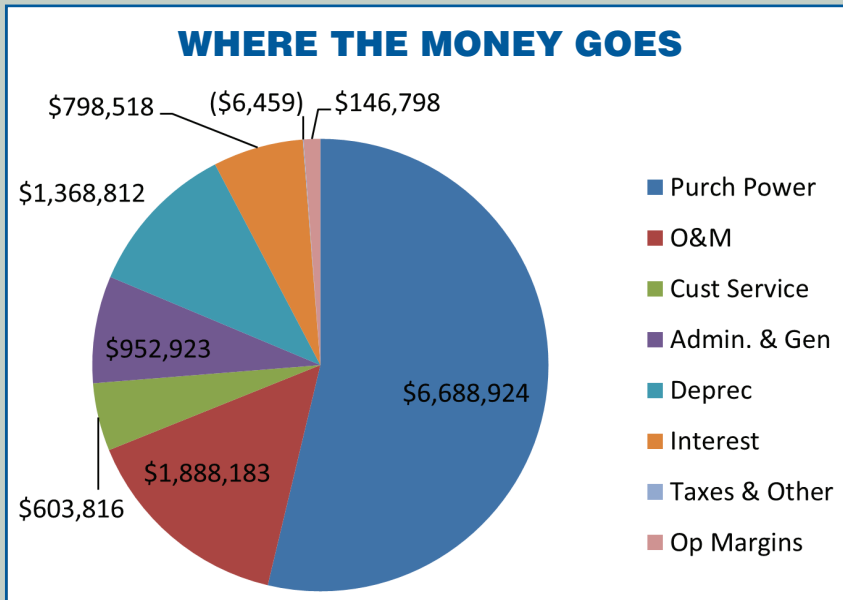
| | | |
|--------------------------------------------------|------------------|------------------|
| OPERATING REVENUE | \$12,441,515 | \$12,808,231 |
| OPERATING EXPENSES | | |
| Cost of power | 6,688,924 | 7,015,755 |
| Distribution expenses - operations & maintenance | 1,888,183 | 2,071,490 |
| Consumer accounting/information/assistance | 603,816 | 607,600 |
| Administrative and general expense | 952,923 | 916,678 |
| Interest on long-term debt | 798,518 | 739,283 |
| Taxes and other deductions | (6,459) | 5,893 |
| Depreciation and amortization | <u>1,368,812</u> | <u>1,335,197</u> |
| | 12,294,717 | 12,691,896 |
| Operating margins before patronage allocations | 146,798 | 116,335 |
| DEFERRED PATRONAGE ALLOCATIONS (non-cash) | 625,673 | 297,020 |
| Net Operating Margin | 772,471 | 413,355 |
| NONOPERATING MARGINS | 122,766 | 145,105 |
| NET MARGINS | <u>\$895,237</u> | <u>\$558,460</u> |

Financial Report - December 31, 2023

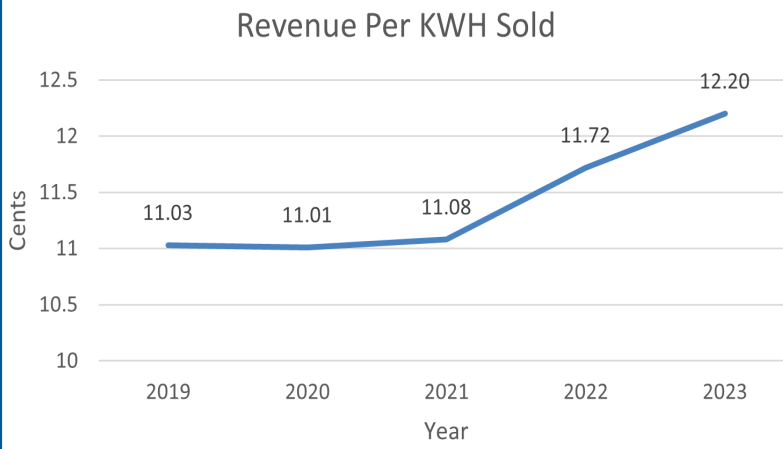
WHERE THE MONEY COMES FROM



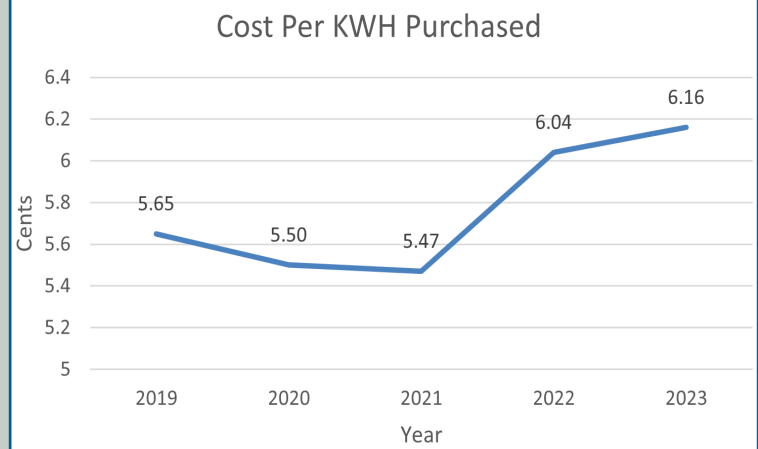
WHERE THE MONEY GOES



Revenue Per KWH Sold



Cost Per KWH Purchased



Introducing

Mount Ayr Employees



Justin Murphy
21 Years
Operations
Manager



Kylee Fleharty
3 Years
Customer Service
Representative



Sarah Newton
10 Years
Director of Finance/
Administrative Services



Cacey Quick
5 Years
Accountant



Waylon Butler
1 Year
Apprentice
Lineman



Tanner Rinehart
16 Years
Line Foreman



Nathan Weeda
19 Years
Lineman



Connor Giles
4 Years
Lineman



David Head
12 Years
Lineman



Cody Stackhouse
5 Years
Lineman



Steven Grace
5 Years
Apprentice
Lineman



Eric Hensley
3 Years
Member Service
Technician

Stanton Employees



Denise Hallquist
47 Years
Customer Service
Representative



Marilyn Rubel
37 Years
Accountant



Tim Pfeiffer
17 Years
Director of Member
Services



Scott Geer
37 Years
Line Foreman



Luke Brockshus
4 Years
Apprentice Lineman



Shayne Larson
12 Years
Lineman



Brady Williams
3 Years
Lineman



Connor Moheng
1 Year
Apprentice Lineman

Board of Directors



Marilyn Werner
31 Years
President



Mark Herzberg
14 Years
Vice President



Kay Fast-Deyoe
7 Years
Secretary



Alan Spencer
2 Years
Director



Terry Barnes
5 Years
Director



Deena Moore
9 Years
Director



Dana Morgan
10 Years
Director



Jason Smith
9 Years
Treasurer



Dale Walkup
44 Years
Director



Bonnie Larson
1 Year
Director

Corning Employees



Phil Kinser
36 Years
CEO / General Manager



Suzy Olson
5 Years
Administrative Assistant



Les Helvie
22 Years
Line Foreman



Lucas Dalton
7 Years
Lineman



JD Hitt
3 Years
Lineman



Brycen Wallace
3 Years
Lineman



Dustin Smith
5 Years
Lineman

2023 Power Supply Report: Powering Progress Together

By: Dale Walkup, Representative on the CIPCO Board of Directors



As the energy landscape continues to shift around us, I'm happy to report that our cooperative renewed our long-term commitment to Central Iowa Power Cooperative (CIPCO) by signing a new wholesale power contract. Negotiations lasted several years until CIPCO and its Member-owner electric cooperatives came to an agreement on the updated terms that provide a framework to integrate new technologies and serve as a foundation for critical long-term resource decisions while maintaining flexibility.

Although 2023 began amid a backdrop of economic uncertainty, persistent inflation, and ongoing supply-chain disruptions, the wholesale power markets somewhat calmed and CIPCO's financial results reflected a year of strong performance and competitive rates. CIPCO is proud to maintain competitive rates that, today, remain below rates charged to Southwest Iowa REC more than 10 years ago.

As your representative on the CIPCO Board of Directors, I was involved in discussions around the challenges we expected to come from the Environmental Protection Agency's Greenhouse Gas Standards and Guidelines for Fossil Fuel-Fired Power Plants, released in April this year. As expected, this barrage of new EPA rules ignores our nation's ongoing electric reliability challenges and is the wrong approach at a critical time in our nation's energy future. Additionally, these rules push additional essential "always available" generating resources such as coal off the grid just as the nation is depending on electricity to power more of the U.S. economy.

On behalf of its Member-owners, CIPCO stands united with its cooperative and industry peers to challenge detrimental regulations and advocate for sensible energy policies. Intermittent generation resources such as wind and solar are a valuable and growing portion of CIPCO's energy mix, but coal and natural gas generators are critical to preserve reliability, minimize emissions and keep electricity rates at an affordable level for Southwest Iowa REC and its Member-owners.

Severe weather events underscored the need for a robust transmission system in 2023. On March 31, a widespread tornado outbreak swept through the eastern part of Iowa, causing 23 system outages and 47 damaged transmission structures for CIPCO. In August, CIPCO reached a new all-time peak demand of 675 MW during a period of sustained high temperatures. I'm pleased to report that CIPCO met all its generation requirements as requested by the Midwest Independent System Operator (MISO) and did not need to call on any of its Member-owners to shed load.

Despite these events and others, CIPCO maintained an overall outage rate of 0.209 hours per customer, one of the best years for reliability in CIPCO's history. For 2023, Southwest Iowa REC's was 0.26 hours per Member-owner.

In 2023, both Standard & Poor's and Fitch Ratings maintained CIPCO's 'A' ratings which confirm CIPCO's financial strength.

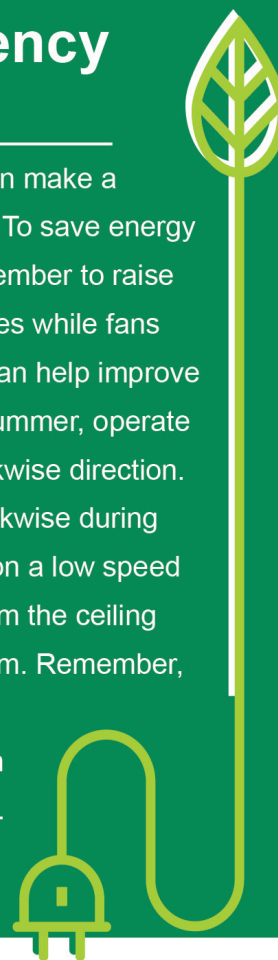
CIPCO remains dedicated to sound financial practices that allow margins to be returned to its members in the form of patronage, a key component of the cooperative business model. In 2023, CIPCO returned patronage totaling \$283,690 to Southwest Iowa REC.

I can assure you that the CIPCO Board, member CEOs and the CIPCO management team are focused on finding solutions that balance the reliable, affordable and sustainable energy our Member-owners expect and deserve. No matter the complex issues before us, cooperative solutions are the answer.

Energy Efficiency Tip of the Month

Did you know ceiling fans can make a room feel 4 degrees cooler? To save energy through ceiling fan use, remember to raise your thermostat a few degrees while fans are turned on. Ceiling fans can help improve comfort year-round. In the summer, operate ceiling fans in a counterclockwise direction. Reverse the direction to clockwise during winter months and set fans on a low speed so warm air can circulate from the ceiling to the lower levels of the room. Remember, ceiling fans cool people, not spaces. Be sure to turn them off when you leave the room.

Source: Dept. of Energy



Corning
1801 Grove Ave., Corning, IA 50841

Mount Ayr
1502 W. South St., Mount Ayr, IA 50854

Stanton
415 Broad Ave., Stanton, IA 51573

Phone Number: (888) 220-4869

Southwest Iowa REC is an equal opportunity provider and employer.

Board of Directors

Marilyn Werner, President
Mark Herzberg, Vice President
Kay Fast-Deyoe, Secretary
Jason Smith, Treasurer

Alan Spencer
Dana Morgan
Bonnie Larson

Deena Moore
Terry Barnes
Dale Walkup

Phil Kinser, CEO