

InTouch

WITH MEMBERS OF  FRANKLIN RURAL ELECTRIC COOPERATIVE

January 2022

Your Touchstone Energy® Cooperative 



A WORD FROM



Garrett Thompson
Chief Executive Officer

A brief discussion on rate setting

Inflation is a term used in the news almost every day in recent months and is heavy on the minds of most Americans. At Franklin REC (FREC), we thought it would be a good opportunity to share how electric rates are established and how our rates compare to other household goods. As you can imagine, rate setting is a very strenuous process with many moving pieces. The following information is a high overview and doesn't include all the necessary steps.

I want to begin by saying that FREC is not planning any rate changes or adjustments in the foreseeable future. This article is for informational purposes only. Second, we are a not-for-profit organization, which means our rate setting is largely based on our costs and not a desired margin (or net income). Third, FREC

is contractually obligated to meet certain financial ratios to keep its not-for-profit status and comply with loan agreements.

The bulk of developing a rate is based on a Cost-of-Service Study (COSS). A COSS is the necessary tool for appraising and determining electric rates. Technology and industry changes are enlarging the scope and use of a COSS, which is due to the increasing presence of distributed energy resources and/or to accommodate customers' expectations of having more control over their usage and utility bills. This process is often performed by an independent third party, such as Power System Engineering, which has provided the below detailed definition of a COSS.

Cost-of-Service Study: The COSS is aimed at identifying each rate classes cost responsibility for the revenue requirement.

Employ industry-accepted and regulatory commission-approved methodologies to ensure the fair and non-discriminatory allocation of the revenue requirements.

Integrate electric usage data for greater precision in assigning peak and time-sensitive costs responsibility.

Assess cross-class (inter-class) subsidization occurring under present rate schedules.

Provide bundled and unbundled cost data needed by retail, wholesale, and vertically integrated utilities.

Provide clear information on unit costs to help evaluate rate designs.

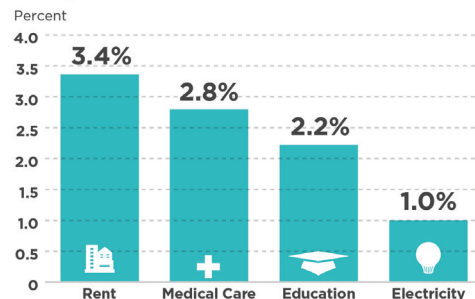
Provide cost analysis to help evaluate line extension, and other policies.

In summary, the goal of electric cooperative rate setting is to make it as fair and equitable as possible for every single member on the cooperative lines. FREC strives to keep rates low without sacrificing the reliability and safety of our equipment, employees, and members. When compared to other household goods electricity is a great buy!

ELECTRICITY REMAINS A GOOD VALUE

The cost of powering your home rises slowly when compared to other common expenses. Looking at price increases over the last five years, it's easy to see electricity remains a good value!

Average Annual Price Increase 2015-2020



Sources: U.S. Bureau of Labor Statistics
Consumer Price Index



Franklin REC employees spread holiday cheer this year by delivering nearly 400 Christmas cards to assisted living and nursing homes in our service territory.

MEMBERS vs REC: What is YOUR responsibility?

With the flip of a switch, electricity illuminates our lives. While it's important to understand how you receive electricity, it's equally important to know the parts of your electrical service that you own and are responsible for when damage occurs or maintenance is needed.

Your electric cooperative provides electricity to numerous points of service at homes, businesses, and organizations. We build and maintain overhead and underground power lines and manage the equipment needed to provide you with safe, reliable power – but we don't own or maintain the power lines that run from your meter pole to your home or building. Those lines belong to the property owner and are the owner's responsibility to have repairs or improvements made when needed.



The power line running from the meter pole to serve a building is owned by the property owner, not the cooperative. That means co-op members also own any service disconnect and breakers that extend from the meter to their property. Your electric cooperative does not provide service or maintenance on this equipment.

What do members own?

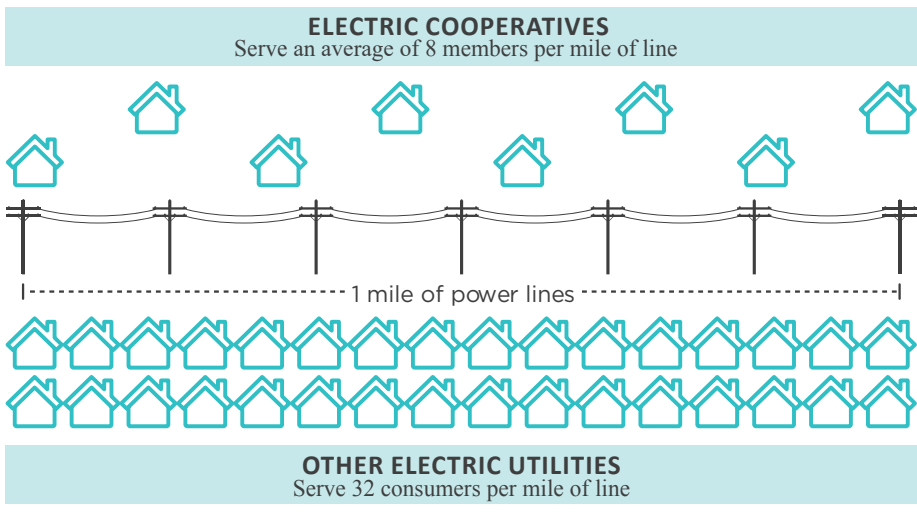
- Service lines from meter pole to property
- Service disconnect breakers on meter pole
- Double throw switch on meter pole (used for a standby generator)
- Breaker boxes or switches inside the property

What does your electric cooperative own?

- Distribution power lines and poles
- Transformers, switches, and all equipment in the distribution service
- Meters and meter sockets (metal housing) on service poles

GOING THE EXTRA MILE

Electric co-ops maintain more miles of power lines per consumer than other electric utilities. Even though we power fewer consumers on our lines compared to other utilities, we'll always go the extra mile for you, the consumer-members we proudly serve.



Are you wasting your money on

DIRT?



Dirty air filters cause a heating and cooling system to work harder and break down faster. That's because unfiltered dust and grime works into critical parts, creating friction that causes unnecessary wear and, eventually, failure.

How does a dirty air filter cost you?

- Reduces air flow in the home, leading to up to 15 percent higher operating costs
- Leads to costly duct cleaning or replacement
- Lowers system efficiency

To avoid these expenses, change filters monthly when your heating and cooling system's in regular use. Discuss cleaning the unit and ductwork with your heating and cooling service professional.

Learn more ways to save at www.energysavers.gov.

Source: High Performance HVAC, U.S. Department of Energy



- Dependents of cooperative members are eligible to apply for a \$1,000 Basin Electric Power Cooperative scholarship for tuition at a two-year or four-year college. Contact your electric cooperative for information.
- Corn Belt Power Cooperative partners with Northwest Iowa Community College (NWICC) in Sheldon, Iowa, to offer four \$500 scholarships. Recipients must be students at NWICC studying Industrial and Commercial Wiring, Powerline, or Powerline Technology. Contact Sheila Van Engen, 800-352-4907 ext. 246, or svanengen@nwicc.edu. Application deadline is March 1, 2022.
- Corn Belt Power also partners with Iowa Lakes Community College in Estherville, Iowa, to offer one \$500 scholarship for students enrolled in the Wind Energy and Turbine Technology program. For more information, contact Institutional Advancement, 712-362-0450 ext. 0491, or institutionaladvancement@iowalakes.edu. Application deadline is March 1, 2022.

Visit our website for additional information on scholarship opportunities.

Need a new electric water heater for the new year?

Contact us for information on the Marathon--offering durability, lightweight design, and a limited lifetime tank warranty for original purchaser.

Generous rebate available!



Marathon
WATER HEATERS

Are portable space heaters efficient for my home? By Abby Berry

Small space heaters are meant to do just that: heat a small space. But many people use portable space heaters to heat their entire home, which can take a toll on energy bills.

If you're using a space heater to compensate for problems in your home, like inadequate insulation, drafty windows and exterior doors, or an inefficient heating system, space heaters are not a practical solution. Your best bet is to improve the overall efficiency of your home with insulation, caulking, and weather stripping.

Maybe your home is energy efficient but you're cold-natured and want a specific room to be cozier. In this case, a space heater may work for your needs. A good comparison is ceiling fans; we use ceiling fans in the summer to cool people, not rooms. A space heater can be used in a similar way during winter months. Only use a

space heater in small spaces that you're occupying and make sure the heater is properly sized for the space.

A word about safety: the U.S. Consumer Product Safety Commission estimates more than 25,000 residential fires are associated with the use of space heaters every year, resulting in more than 300 deaths. If you use a space heater, purchase a newer model that includes the most current safety features and carries the Underwriter's Laboratory (UL) label. Choose a thermostatically controlled heater to avoid energy waste and overheating, and place the heater on a level surface

away from foot traffic when in use. Always keep children and pets away from space heaters.

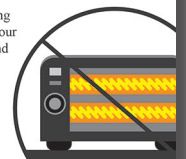
If you're looking for alternative ways to save energy and increase comfort in your home, be sure to contact us.



TIPS TO DITCH THE SPACE HEATER

Space heaters are energy hogs, and older models can be extremely dangerous. This winter, ditch the space heater and try these alternative solutions to stay cozy.

- Use an electric blanket to keep warm during the night.
- Caulk and weatherstrip around all windows and doors to prevent heat loss.
- Consider adding insulation to your attic and around duct work.



Franklin REC 2022 Annual Meeting Nominating Committee Notice

It shall be the duty of the Board of Directors to appoint, not less than thirty (30) days nor more than one hundred twenty (120) days before the date of a meeting of the members at which Directors are to be elected, committees on nominations consisting of at least three (3) persons. At least one (1) nominating committee member is to be selected from each district from which a director is to be elected. No officer or member of the Board shall be appointed a member of the committee. The committee shall prepare and post at the principal office of the Association at least thirty (30) days before the meeting a list of nominations for Directors.

Such nominations shall be made by districts as herein prescribed to succeed the Directors whose terms will expire at the meeting of members for which such nominations are made, and the members so nominated shall be bona fide residents of the district from which they are nominated. Any fifteen (15) or more members may take other nomination in writing over their signatures not less than twenty (20) days prior to the meeting and the secretary shall post the same at the place where the list of nominations made by the committee is posted.

Nominees made by Petition must satisfy the same eligibility requirements as nominees selected by the committee on nominations. The secretary shall mail with the notice of meeting a statement of the number of directors to be elected and showing separately the list of nominations made by the committee on nominations and the nominations made by petition, if any.

Plan to join us April 5 for Franklin REC's annual meeting!

INTouch® is published monthly for members of Franklin Rural Electric Cooperative
1560 Highway 65 • PO Box 437 • Hampton, IA 50441
PHONES: 641.456.2557 • FAX: 641.456.5183
OFFICE HOURS: Mon. - Fri., 7 a.m. to 4 p.m.
GENERAL MANAGER: Garrett Thompson • EDITOR: Anne Gardiner, CCC

Light Up the Night

The grand, inaugural Light Up the Night created a memorable evening, beginning with a dazzling lighted parade traveling through downtown Hampton to Band Shell Park, where the tree lighting and other activities were held.

Mr. and Mrs. Claus kicked off the park events by announcing Eric Craighton Construction Co. as the parade float winner. Next, a countdown took place to the lighting of the 20-foot Christmas tree. The park remained lit through Dec. 22, 2021, for all to enjoy, brightening holiday spirits.

Thank you to all who attended! Franklin REC cannot wait to host Light Up the Night 2022.



December 2021 storms

In one week in December 2021, we experienced an ice storm with slippery roads, followed by extreme winds and a tornado, leaving severe damage and nearly one-third of our membership without power. During both storms, it was less than 48 hours from the initial outage phone call to the final power restoration by our Franklin REC line crew.

During the second storm, Grundy County REC, Grundy Center, and Farmers Electric Cooperative, Greenfield, helped our line crew remove trees from



lines and replace almost 30 broken poles in our effort to restore power.



In addition, Butler County REC, Allison, assisted with installing new utility poles in the days following the storm.

Thank you to our membership for your patience and understanding during the outages. We are proud to serve you.

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smart choices

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This institution is an equal opportunity provider and employer.