

Understanding Patronage

The moment you began receiving power from Franklin REC you became a member-owner of the cooperative. As a member-owner you accumulate equity in the cooperative as you use electricity, which is returned to you through the cooperative's patronage cycle.

For this reason, the cooperative's electric rates are established to secure funds to pay operating cost, meet all fiscal responsibilities and provide an emergency reserve for the cooperative. As a not-for-profit cooperative, your elected board of directors annually evaluates the profit margins and returns all revenues to you, our member-owner, by way of patronage allocation.

After reviewing the operative revenues for 2022, the Franklin REC board of directors approved to allocate \$551,723.17. This will ensure the cooperative is financially sound while continuously investing in the strength of our power grid and providing the highest quality of service to our member-owners. This allocated amount will be retired (paid to our member-owners) when the board of directors determines the cooperative's financial condition permits. Franklin REC's goal is to return allocations on a 20-year patronage retirement cycle.

For 2023, Franklin REC's patronage refund total, the amount returned to our member-owners from our patronage cycle, is \$376,000. This is the combination of the remaining patronage balance of 2003 and portions of 2004 and 2022.

Franklin REC exists to ensure your needs are met and to not make a profit. That is the cooperative difference!

What does Patronage mean to You?

Patronage Allocation: When referencing your bill, your membership's allocation margin for 2022 electrical usage is listed on the top left of your bill, near the circle. This amount will not match the credit applied to your account, because only a portion of your 2022 patronage will be refunded this year. This allows the cooperative to remain financially viable for future operations. The difference between the allocated amount and the patronage refund credit applied to this month's bill will be returned to you during the cooperative's targeted 20-year patronage cycle.

Patronage Refund Applied: While continuing to examine your bill, you will notice the credit applied to your account as line item "PATRONAGE REFUND APPLIED". This credit is comprised of the remaining 2003 allocation and a portion of 2004 and 2022 allocations. If your membership consists of multiple accounts, all patronage refund credits will be applied to the primary membership account. If during 2022 an account under your membership was disconnected or transferred, you will receive patronage from this location up until the disconnect or transfer date. The refunded portion of the patronage allocation on the inactive account(s) will be calculated into the credit received on your membership's primary account on the current month's statement. If your membership is inactive, you will be issued a check for the retired balance, you will continue to be issued checks until the account balance is zero.

Please call us at 641-456-2557 if you have any questions regarding your patronage allocation.