



FRANKLIN RURAL ELECTRIC COOPERATIVE

1560 Highway 65 · PO Box 437 · Hampton, IA 50441-0437
Phone (641) 456-2557 · Fax (641) 456-5183

October 31, 2022

Dear Franklin REC Member,

During the August 2022 board meeting the Board of Directors made the tough decision to increase Franklin REC's (FREC) monthly Facility Charge effective January 1, 2023. Discussions on this topic spanned multiple board meetings and many factors were considered when making this decision.

The Facility Charge aids FREC in covering the cooperative's fixed costs such as poles, wires, insurance, equipment, etc. to provide our members with reliable service. As with all goods across the country the electric utility industry is facing the same inflationary pressures as everyone else, thus causing the need for a rate adjustment.

We understand this is a tough economic climate for everyone, which is why we do not take this decision lightly. There are multiple ways FREC is working to keep costs down such as, working with neighboring electric cooperatives to share services, investing in technology to improve reliability and efficiency, assisting members in energy efficiency technology, and much more.

Included in this mailing is the Iowa Utilities Board official rate increase letter, Frequently Asked Questions that includes ways to save and information for those on a fixed income, and an insert to ask us any questions whether it's about rates or the electric utility industry in general. No matter the topic or how hard the question may be, we want to hear from you. Answers to those questions will be posted on our Facebook page, FREC website, and monthly newsletter found in your bill.

As always, you are free to contact us with any questions you may have at the information provided in our letterhead, send us an email at contact-frec@franklinrec.coop, via text 641.456.6466, in the mail to our PO Box, or drop off your questions at the office.

Thank you for being a member and we look forward to hearing from you soon!

Cooperatively Yours,

Franklin REC

Notice of Rate Increase

October 31, 2022

Dear Member:

On August 23, 2022, Franklin Rural Electric Cooperative's Board of Directors approved an adjustment in charges affecting prices for electric service that you receive. The changes will apply to your usage beginning January 1, 2023.

The increase in annual revenues will be approximately \$249,175 or 3.24%.

The rate adjustment only applies to the Facility Charge, while all other rates remain the same. Although the effect of the increase on your bill will vary depending upon your designated revenue class, the primary classes affected are as follows:

<u>Customer Class</u>	<u>Current Facility Charge</u>	+	<u>Increase</u>	=	<u>New Facility Charge</u>
Regular Farm & Home Single-Phase	\$42.00		\$10.00		\$52.00
Small Commercial Multi-Phase	\$75.00		\$20.00		\$95.00
Industrial Multi-Phase	\$210.00		\$50.00		\$260.00
Electric/Storage Heat	\$5.00		\$0.00		\$5.00
Yard Light	\$9.50		\$0.00		\$9.50
Street Lighting	\$30.00		\$0.00		\$30.00

A written explanation of current rate schedules and charges is available without charge from our local business office. If you have any questions, please contact us.

Sincerely,

Gordon Greimann,
Board President

Garrett Thompson,
Chief Executive Officer

Frequently Asked Questions

Franklin Rural Electric Cooperative 2023 Rate Adjustment

Q. Why is Franklin REC raising rates?

A. It's no secret that inflation is an issue here in the United States and the electric industry is not immune to that. We have seen significant increases in material cost and availability over the last two years. According to the Bureau of Labor Statistics, \$100 of goods in April 2020 (when the last rate adjustment took place) cost \$115.56 in July 2022. In addition, part of our commitment to our members is to ensure fiscal responsibility so that we can meet all of our financial obligations. This includes performing annual budgets as well as 10-year financial forecasts.

Among other items, our forecasting models considered the following:

- *Higher material and fuel costs*
- *Aging grid*
- *Regulations* – Government regulations often require costly changes for compliance.

Taking into consideration all factors, not just those listed above, our models found that an increase was necessary.

Q. What is Franklin REC doing to keep costs down?

A. Franklin REC (FREC) works with other cooperatives along with our power suppliers, Corn Belt Power Cooperative and Basin Electric Power Cooperative, on improving efficiency and sharing resources to mitigate rising costs. For our members this means we are ensuring future power supply, investing in new technology to improve efficiency and reliability, assisting consumers as they invest in energy-efficient technology, and using alternative energy options whenever they are more cost-effective.

Q. Why are you only changing the facility charge?

A. The facility charge supports FREC in covering our fixed costs. It helps insure we can fix and maintain the poles, wires, meters, insulators, and so on that serve your property. As mentioned above, one of the main drivers in our forecasting models is the rising cost of materials and fuel. Both materials and fuel are expenses we incur every month (i.e., fixed cost), regardless of how much electricity is used by our membership. The co-op has seen and endured these inflationary prices as long as possible, however, we are unable to sustain the rates as they are with the current market conditions.

Q. Is this rate change mostly because of the new metering system installed in July 2022?

A. No. Our new metering system is set to be depreciated over many years. Which means, only a small portion of the entire cost is expensed every month and doesn't have as big of an impact on the annual financials.

Q. How does Franklin REC determine the amount of funds, or income, the cooperative needs?

A. This is a great question. FREC has policies in place that help guide management on the boards' expectations for the financial performance of the cooperative. These policies are reviewed

every couple of years and compared to other cooperatives across the nation. Also, FREC's lenders require us to meet certain financial ratios every year. If we were to dip below those stated ratios, FREC would incur penalties and would lose access to lower interest rates.

Q. When will the rate increase take effect?

A. The increase will apply to your usage beginning on Jan. 1, 2023. This is the bill you will receive in Feb. 2023.

Q. Is there anything I can do to help lower my bill?

A. There are a number of things members can do to help: 1) consider adopting more energy-efficient practices, and remember that we offer *free energy assessments* in which our member service advisor will come to your home, assess your usage, and offer suggestions for savings; 2) use SmartHub, our free, web-based bill payment system and energy tracker to *view your usage online*; 3) take advantage of energy efficiency rebates; and 4) if you have an electric water heater, contact us to participate in load management, in which the power to your water heater would be interrupted during peak energy use time.

Q. I'm on a fixed income. Where can I seek payment assistance?

A. There are many local agencies that provide assistance throughout the year for those in need. Contact the agency in your county for more information:

Butler County

Community Action
219 North Mather
Clarksville, IA 50619
319-278-4606

Cerro Gordo County

Family Resource Center
1190 Briarstone Dr., SW
Mason City, IA 50401
641-423-7766 or 800-873-1899

Floyd County

North IA Comm Action
603 Beck
Charles City, IA 50616
641-228-2893

Franklin County

Outreach Center
123 1st Avenue SW
Hampton, IA 50441
641-456-3431

Hardin County

Resource Center
637 S Oak St.
Iowa Falls, IA 50126
641-648-5036

Wright County

Upper DM Opportunity
221 W. Broadway
Eagle Grove, IA 50633
515-448-3704

WE WANT TO HEAR FROM YOU!

Franklin REC would like to answer any questions regarding the Facility Charge adjustment taking effect January 1, 2023. Your question(s) relating to rates will be answered by either a Board Member or the General Manager in the coming weeks. If you have questions unrelated to rates, we would be happy to respond to those as well. Please use the contact methods outlined below and look for our responses on the Franklin REC Facebook page, in our monthly newsletter, and our website. **All questions must be received by November 14, 2022!**

Contact methods: Phone: 641.456.2557; E-mail: contact-frec@franklinrec.coop; Text: 641.456.6466; QR Code: Below

You may also write your questions below and mail back or drop off at the REC office.



WE WANT TO HEAR FROM YOU!

Franklin REC would like to answer any questions regarding the Facility Charge adjustment taking effect January 1, 2023. Your question(s) relating to rates will be answered by either a Board Member or the General Manager in the coming weeks. If you have questions unrelated to rates, we would be happy to respond to those as well. Please use the contact methods outlined below and look for our responses on the Franklin REC Facebook page, in our monthly newsletter, and our website. **All questions must be received by November 14, 2022!**

Contact methods: Phone: 641.456.2557; E-mail: contact-frec@franklinrec.coop; Text: 641.456.6466; QR Code: Below

You may also write your questions below and mail back or drop off at the REC office.



WE WANT TO HEAR FROM YOU!

Franklin REC would like to answer any questions regarding the Facility Charge adjustment taking effect January 1, 2023. Your question(s) relating to rates will be answered by either a Board Member or the General Manager in the coming weeks. If you have questions unrelated to rates, we would be happy to respond to those as well. Please use the contact methods outlined below and look for our responses on the Franklin REC Facebook page, in our monthly newsletter, and our website. **All questions must be received by November 14, 2022!**

Contact methods: Phone: 641.456.2557; E-mail: contact-frec@franklinrec.coop; Text: 641.456.6466; QR Code: Below

You may also write your questions below and mail back or drop off at the REC office.

