

## **Frequently Asked Questions**

### **Franklin Rural Electric Cooperative 2025 Rate Adjustment**

#### **Q. Why is Franklin REC raising electric rates?**

- A.** It's no secret that inflation has been an issue over the last four (4) years and the electric industry has not been immune to that. We continue to see significant increases in material and equipment costs, as well as the increase in rates from our electric generation suppliers.

In addition, part of our commitment to our members is to ensure fiscal responsibility so we can meet all our financial obligations. Over the past year, Franklin REC management team and board of directors have been working with a professional engineering and rate making firm to develop a 10-year financial forecast for the cooperative. This Cost of Service Study, also known as a Rate Study, creates various scenarios with our existing data, while also comparing the trends of the industry.

**Taking into consideration all factors, not just those listed above, our Rate Study found that an increase was necessary to meet our financial obligations.**

#### **Q. How does Franklin REC determine a 5.27% rate increase is necessary?**

- A.** This is a great question! Many different facets of Franklin REC's operations are taken into consideration when performing a Rate Study which ultimately leads to the rate increase. We factor in things such as rising material costs, projected equipment replacement schedules, rise in insurance premiums, the rate at which capital credits are paid, any big line improvement projects due to be performed in the coming years, etc...

Another driving force is the financial policies set by the Board of Directors. Franklin REC has policies in place to help guide management on the board's expectations for the financial performance of the cooperative. These policies are reviewed every couple of years and compared to other cooperatives across the state of Iowa and nation. Moreover, Franklin REC's lenders require us to meet certain financial ratios every year. If we were to dip below those stated ratios, Franklin REC would incur penalties and would lose access to very low and competitive interest rates. Lastly, the policies in place have a long term outlook with the goal of securing the long term viability of Franklin REC as a standalone electric cooperative, owned by our members.

#### **Q. Why is Franklin REC implementing rate increases over multiple years? Why not charge the full 5.27% from the beginning?**

- A.** To ease the financial impact on members, the board decided to phase the increase over multiple years rather than applying the full 5.27% increase at once.

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

- A.** Franklin REC works in conjunction with distribution 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.

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### **Q. How do I know that I'm getting a good and valuable service from Franklin REC?**

**A.** That's another excellent question, and it's important to consider the value you receive.

Over the past 20 years, the average residential electric bill for Franklin REC members has increased by just 1.3% per year. To put this into perspective, the average annual inflation rate during this time was 2.59% (Source: bls.gov). This means your electric bill has grown at less than half the rate of inflation— while delivering consistently high-quality service year after year.

Reliability is another critical measure of value. Over the last five years, Franklin REC has achieved a reliability rating of 99.96%, as calculated by the Iowa Utility Commission standards. This near-perfect reliability highlights our unwavering commitment to keeping your power on.

At Franklin REC, we believe the combination of affordability and reliability emphasizes the exceptional value we provide to our members. We're more than just an electric provider—we're a cooperative dedicated to putting your best interests first and ensuring that dependable power is always there when you need it.

### **Q. When will the rate increase take effect?**

**A.** The increase will apply to usage beginning February 1, 2025. This will be reflected on the bill you will receive in March 2025.

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

**A.** There are a number of things you can do:

- 1) Consider adopting more energy-efficient practices. Franklin REC offers *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 and energy tracker system to view your usage online in real time.
- 3) Take advantage of FREC's energy efficiency rebate program.

### **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  
100 1<sup>st</sup> Street NW, Suite 140  
Mason City, IA 50401  
641-423-7766 or 800-873-1899

#### **Floyd County**

Outreach Center  
404 N. Jackson Street  
Charles City, IA 50616  
641-228-2893

#### **Franklin County**

Outreach Center  
123 1<sup>st</sup> Avenue SW  
Hampton, IA 50441  
641-456-3431

#### **Hardin County**

Family Development  
637 S Oak Street  
Iowa Falls, IA 50126  
641-648-5036

#### **Wright County**

Upper DM Opportunity  
221 West Broadway  
Eagle Grove, IA 50533  
515-448-3704