

JULY 2026

iowa

ELECTRIC COOPERATIVE LIVING



Easing the summer peak

Where your power dollar goes

Ice cream recipes

WHERE YOUR POWER DOLLAR ACTUALLY GOES

BY GARRETT THOMPSON



One of the most common questions we hear is simple: “Where does my electric bill actually go?”

It’s a fair question, and an important one. As a member-owned electric cooperative, our goal is to be transparent about how your dollars are used. Every dollar you pay stays focused on one thing:

delivering safe, reliable, and affordable electricity to you and your neighbors.

To illustrate this commitment, we’ve included a simple breakdown of how each dollar is used, based on our 2025 financial data.

Breaking down the power dollar

For every dollar Franklin REC collects:

- **\$0.60** goes to **power supply costs** (the cost of purchasing electricity from our wholesale power provider)
- **\$0.12** goes to **operations and maintenance** (maintaining power lines, equipment, and responding to outages)
- **\$0.10** goes to **administrative and general expenses** (business operations, technology and support services)
- **\$0.07** goes to **depreciation** (reinvesting in aging infrastructure to keep our system strong)
- **\$0.04** goes to **long-term debt** (financing the construction and improvement of electric facilities)
- **\$0.04** goes to **customer service** (billing, member support and account services)
- **-\$0.04** comes from **non-operating margins** (interest income and other sources that help offset costs)
- **\$0.07** is retained as operating margins (which stay in the cooperative and are ultimately returned to members over time)

What this means for you

The biggest takeaway is this: about 60% of your electric bill is the cost of power itself. That’s the amount we pay to bring electricity onto our system. While we work hard to control the costs we can, a large share of your bill is influenced by broader market forces, infrastructure investments and regional reliability requirements.

The remaining portion covers everything it takes to deliver that

power safely and reliably. From maintaining miles of line to restoring service during storms, to investing in the system so it’s ready for the future.

Why balance matters

When you look at this breakdown, it becomes clear that there’s no single lever to dramatically lower costs without affecting reliability or long-term performance.

That’s why we take what we often call an “all-of-the-above” approach when it comes to managing your electric service.

- We focus on controlling local costs wherever possible.
- We invest in system reliability and resilience.
- We work with our wholesale power provider to ensure a diverse and dependable energy supply.
- And we stay engaged in policy discussions to help support a balanced and practical energy future.

Each piece matters. Focusing too heavily on one at the expense of others can lead to unintended consequences, whether that’s higher long-term costs or reduced reliability.

Your cooperative at work

At the end of the day, every dollar is working on your behalf. Because we’re a cooperative, we’re not driven by outside shareholders. Any margins we generate are either reinvested in the system or returned to members over time as capital credits.

Our job is to manage your cooperative responsibly, keeping rates as affordable as possible while making the right investments to ensure your lights stay on, not just today, but for years to come.

That’s a responsibility we take seriously, and one we’re proud to carry forward.

Garrett Thompson is the general manager/CEO of Franklin REC.

FROM YOUR BOARDROOM

During the May meeting, Franklin REC directors considered the following:

- Approved work orders and special equipment capitalization of \$12,395.24
- Appointed voting delegate and alternate for Iowa Association of Electric Cooperative district election
- Approved 2025 patronage allocation
- Approved 2026 patronage retirement
- Approved estate patronage retirement



Office

1560 Highway 65 • P.O. Box 437
Hampton, IA 50441

Office Hours

Monday-Friday 6:30 a.m.-3:00 p.m.
Closed Saturdays, Sundays and holidays

Telephone Number

641-456-2557
Calls answered 24/7

Secure Pay-by-Phone Number

1-855-940-3953

Website

www.franklinrec.coop

This institution is an equal opportunity provider.

FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION

ITEM	THIS YEAR			
1. Operating Revenue and Patronage Capital	9,349,726.04		19. Other Deductions	0.00 0.00%
2. Power Production Expense	0.00		20. Total Cost of Electric Service (12 thru 19)	9,199,164.73 98.00%
3. Cost of Purchased Power	5,647,668.64	60.00%	21. Patronage Capital & Operating Margins (1 minus 20)	150,561.31 2.00%
4. Transmission Expense	0.00	0.00%	22. Non Operating Margins - Interest	-77,380.44 -1.00%
5. Regional Market Expense	0.00	0.00%	23. Allowance for Funds Used During Construction	0.00 0.00%
6. Distribution Expense - Operation	556,732.09	6.00%	24. Income (Loss) from Equity Investments	0.00 0.00%
7. Distribution Expense - Maintenance	550,961.89	6.00%	25. Non Operating Margins - Other	48,152.74 1.00%
8. Customer Accounts Expense	152,265.92	2.00%	26. Generation and Transmission Capital Credits	543,457.00 6.00%
9. Customer Service and Informational Expense	206,857.72	2.00%	27. Other Capital Credits and Patronage Dividends	31,720.79 0.00%
10. Sales Expense	40,861.06	0.00%	28. Extraordinary Items	0.00 0.00%
11. Administrative and General Expense	975,795.26	10.00%	29. Patronage Capital or Margins (21 thru 28)	696,511.40 7.00%
12. Total Operation & Maintenance Expense (2 thru 11)	8,131,142.58	87.00%	Operating - Margin	725,739.10
13. Depreciation & Amortization Expense	671,435.68	7.00%	Non Operating - Margin	-29,227.70
14. Tax Expense - Property & Gross Receipts	0.00	0.00%	Times Interest Earned Ratio - Operating	1.38
15. Tax Expense - Other	0.00	0.00%	Times Interest Earned Ratio - Net	2.76
16. Interest on Long-Term Debt	396,427.40	4.00%	Times Interest Earned Ratio - Modified	1.31
17. Interest Charged to Construction - Credit	0.00	0.00%		
18. Interest Expense - Other	159.07	0.00%		

PATRONAGE ALLOCATED TO MEMBERS

Your Franklin County REC board of directors approved this year's patronage allocation and retirement, which is reflected on your July bill statement. As an electric cooperative, Franklin REC operates under a unique business model that puts members first, and that includes how we handle profits. These "profits" are put into action through patronage allocation and patronage retirement.

What is patronage allocation?

Because Franklin REC is a cooperative, any remaining margins after covering operating expenses and financial obligations are not considered profits in the traditional sense. Instead, those margins are allocated back to members as patronage capital based on how much electricity their service location used throughout the year.

These allocations are recorded on your account but are not immediately available. Instead, Franklin REC retires a certain percentage of the prior

year, plus remaining patronage from approximately 20 years ago to our members through a bill credit. Think of patronage allocations as a bank CD. You invest your money for a certain period of time, then once the cycle date expires the funds are given back to you.

The Franklin REC patronage allocation for 2025 is \$258,707.78.

What is patronage retirement?

Eventually, allocated funds are retired, meaning they're paid back to members. Annually, the board of directors reviews the cooperative's financial health and determines if a percentage of the allocated margins can be returned to you.

The retirement of patronage for 2026 includes electricity purchased by members from 2006, 2007, and a percentage of 2025. The remaining allocated balance is held to ensure the financial stability of Franklin REC and our financial commitments are

met to continue to provide reliable electricity to you.

The Franklin REC 2026 patronage retirement is \$244,638.82.

This includes part of the 2025 patronage allocation, balance of 2006 patronage allocation, and 67.2% of 2007 patronage allocation.

Why does my bill show a different amount credited than allocated?

The allocation is the total amount of money your membership is keeping in your "patronage bank." The retired amount is the percentage of margins the board of directors sees fit to give back to our membership. This year it includes electricity purchased in 2006, 2007 and a portion of 2025.

If you move off Franklin REC lines, it is important to keep your mailing address updated, as patronage capital may continue to be retired and returned to you for approximately 20 years after your final bill.

NEW LINE ADDED TO YOUR BILL

Beginning with your July statement, you will notice a new line item added to your Franklin REC bill. This change can be found in the "Detail of Charges" section under each respective meter.

Over the next several months, Franklin REC will be sharing additional information through bill inserts, social media, our website and other communications to help explain what the addition of the "Demand Charge" to our bill structure means for members. At this time, the new line item is intended to provide you with more information and greater insight into your individual usage patterns.

As always, if you have questions, please do not hesitate to contact the Franklin REC office at 641-456-2557.

FREQUENTLY ASKED QUESTIONS

Q: What is demand? Demand is the amount of energy used at a specific time at a service location. The unit of measure is kilowatt (kW).

Q: What is the difference between the energy charge and the demand charge? The energy charge is based on the total amount of electricity used at your service over the billing period and is measured in kilowatt-hours (kWh). The demand charge is based on the highest level of electricity used during the billing period, typically measured over a 15- or 60-minute interval.

Q: When will demand charges begin? A final implementation date has not yet been determined.

Details of Charges

Meter Number: 342505976		
Facility Charge		57.50
Energy Charge	837 kWh @ 0.13635	114.12
Energy Cost Adjustment	837 kWh @ 0.0068	5.69
Demand Charge	10.915 kW @ 0.00	0.00
04/28/2026 10:40:00		

Franklin REC is continuing to evaluate rate design, billing processes and member education efforts to help ensure any future transition to demand billing is as smooth and understandable as possible.

Q: Why is demand on my bill if I'm not being charged yet?

To help you, our members, better understand individual usage patterns, Franklin REC began displaying demand information on bills starting in July 2026. This allows time to become familiar with understanding demand before any potential future demand charges are implemented.

Q: Why is Franklin REC introducing demand billing?

Franklin REC is billed by our wholesale power supplier, Corn Belt Power Cooperative, based on the energy consumed by cooperative members as well as the peak demand our system had on the electric grid. By transitioning to demand billing, the cooperative better aligns each member's cost of service to reflect how Franklin REC is billed.

Since the cooperative is not-for-profit, we work to be financially responsible with our members' investment into the cooperative. Demand billed from

Corn Belt Power Cooperative costs are driven by how much electricity is being used at the same time across Franklin REC's entire electric distribution system. Demand billing helps more accurately align electric costs with each member's impact on the system.

Q: Where can I see and monitor my demand?

Monitor demand usage through Franklin REC's SmartHub app or by logging into SmartHub through the Franklin REC website. A link to SmartHub can be found at the top of the homepage at www.franklinrec.coop.

Q: What are ways I can reduce my demand?

One of the best ways to reduce demand is to spread the use of high-energy appliances throughout the day rather than running them all at the same time. Appliances such as ovens, dryers, dishwashers, microwaves, electric heat and shop equipment can quickly increase demand when used simultaneously.

Ensuring your location is energy efficient, while an initial investment, can provide returns that will continue to pay out for many years. Plus, Franklin REC offers a wide variety of energy-efficiency rebates for our members.

REMINDER: LIMITED OFFICE HOURS DURING COUNTY FAIR

As a reminder, Franklin REC's office will have limited hours on July 16 and 17 as our team participates in the Franklin County Fair.

We invite you to stop by the Ice Cream Parlor in Pleasant Hill on Thursday and Friday morning, where Franklin REC

employees will be serving ice cream. Be sure to redeem your co-op ice cream voucher and take a moment to visit with our team.

While the office will be operating on a limited schedule, our commitment to reliable service remains unchanged.

For outage or service needs, please call 641-456-2557.

Crews will remain on standby, and phones will be answered 24/7 to assist our members.



YEAR-ROUND MAINTENANCE HELPS ENSURE RELIABILITY

BY SCOTT HAGENSON



Winter is over and summer is upon us. Franklin REC line crews had a good winter with minimal outages. Crews were able to patrol every mile of Franklin REC distribution lines across all nine substations on our system. Several issues were discovered during our maintenance; the crews use a reporting system that allows us to record where maintenance work is needed once the temperatures and weather allowed. By early spring, all noted issues have been resolved.

We are now in the summer construction season, building new lines and replacing aging structures according to our work plan. In July, the cooperative's annual three-week line breaker maintenance program will begin. This entails 80 line breakers being removed, tested and maintained, then reinstalled. These breakers are important to the safety and the reliability of our system.

Tree maintenance and removal remains at the forefront of member-related service issues. The cooperative continues to work with our members to trim or remove potentially

problematic vegetation. To help tackle persistent problem areas, Franklin REC contracts with a third-party organization to clear undergrowth near the power lines and poles.

Currently, crews are rebuilding six miles of single-phase power lines north of Thornton and Swaledale. This large project will carry on for the rest of the summer. The rebuild consists of replacing original poles and equipment with new aluminum conductors and utility poles spaced closer together. Upgrades like this increase reliability of service to members and ensure we stay diligent on providing the best value of service to our members.

Requests for overhead-to-underground conversions continue to increase through the years, and our crew now handles approximately 10 to 15 annually. Common reasons for transitioning to underground service can be due to increased service loads, new construction or safety concerns. If you are planning any changes to your grain handling facilities or new construction, please give us a call to determine whether any service work is necessary.

As always, with summer storms, please report any service disruptions or issues



to our office. Reporting problems such as trees or blinking lights allows our crews to repair your service prior to a disruption. Informing Franklin REC allows our crew to safely repair in excellent weather conditions prior to a storm or wind-related outage.

Contact our office with any questions or concerns regarding the service we provide.

Thank you to all the members who are willing to help our crew in times of need. We have the best members at Franklin REC.

Scott Hagenson is the line superintendent for Franklin County REC.

CELEBRATING YEARS OF SERVICE

Congratulations to cooperative employees Cole Marzen and Tessa Haller on their work anniversaries this month.

First Class Lineman Cole Marzen has been part of the cooperative line crew since 2020. His leadership is recognized by the entire crew, as he works alongside team members to support safe and efficient operations. Cole plays a key role in maintaining the

system and responding to outages, helping to ensure reliable service for the members we serve.

Consumer Accountant Tessa Haller is celebrating two years with the cooperative, where she is responsible for billing members and processing payments. Her role supports the cooperative's daily financial operations and helps ensure accounts are maintained accurately and efficiently.



COLE MARZEN



TESSA HALLER

We thank both Cole and Tessa for their continued dedication to the cooperative and the members we serve.



A Touchstone Energy® Cooperative

IOWA ELECTRIC COOPERATIVE LIVING

The magazine
for members of
Iowa's electric
cooperatives

July 2026

Visit our website at www.franklinrec.coop



SAFETY

IS THE BACKBONE OF RELIABILITY

Safety is **#1** at your **Touchstone Energy® cooperative**. This commitment to provide electrical safety has always been our priority so we can deliver reliable energy and peace of mind. That's why safety runs through everything we do.

