

DECEMBER 2024

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ELECTRIC COOPERATIVE LIVING

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AN ALL-THE-ABOVE ENERGY STRATEGY AND WHY IT MATTERS

BY GARRETT THOMPSON



The culmination of our all-the-above series lies within this month's article. The key points have been shared throughout our series, but with this article, I am

concentrating on the specific reasons why Franklin REC subscribes to an all-the-above energy strategy.

The most important part of my job as CEO is ensuring each of our employees returns home safely. The second most important part of my job is to ensure a reliable and affordable flow of electricity to your home, farm or business.

Today, I am more concerned than ever about the future of our shared electric grid and our ability to provide the reliable and affordable service consumers expect. Our electric grid is amid extensive change. Changes in supply, demand and extreme weather conditions are stressing the limits of energy reliability.

Demand for electricity is outpacing supply from our generation fleet.

Residential and commercial energy use is expected to increase at an unprecedented pace as our nation becomes more electrified as large data centers are added and AI continues to grow. While a tremendous amount of renewable energy has been added in the Southwest Power Pool (SPP) region, which provides significant environmental benefits, renewable energy is not always available. Franklin REC works with Corn Belt Power Cooperative (Corn Belt Power), our power supplier, and SPP, our regional transmission organization, to ensure your lights stay on.

However, the reality is that we need more dispatchable generation for those times when the wind isn't blowing, and the sun isn't shining. Many of our current generators are aging or nearing retirement, and we also need to expand transmission to connect new generators to the grid. This expansion is crucial not only for enhancing grid security but also for ensuring that lower-cost energy reaches consumers.

Grid alerts: Why do they happen?

In the past, there were only a few weeks during the hottest days of summer or coldest days of winter when SPP risked an energy shortfall. Now, SPP is issuing grid alerts throughout the summer and winter. Our risk of having inadequate supply to meet demand has greatly increased, and grid emergencies are likely to occur more frequently, last longer, and have a more significant impact on our lives and our communities.

Our region is increasingly reliant on variable resources. Variable resources are generation types, often renewable energy, that vary in how much power they can provide due to reliance on as-available fuel. While these resources provide environmental and cost benefits when available, they also pose a challenge for grid operators when they are not. Solar power is dependent on the time of day and year, and it is reduced by cloud cover or low sunlight. And, in

Iowa, snow and ice covering solar panels in the winter months decrease solar generation.

Wind power depends on weather patterns, which can shift wildly, and can be at risk when wind speeds are too high to operate safely. Hydropower is reduced during times of drought or in extreme freezing conditions.

Long story short, renewable energy output can vary widely. For instance, in just four hours, we have seen wind power go from providing over 16,000 megawatts (MW) of energy to less than 2,200 MW.

We also experienced a period in June 2023 when only 110 MW of the available 32,000 MW was available at that time in the SPP region. To put it in perspective, during that period in June 2023, 0.3% of the entire wind capacity in SPP's footprint was able to generate electricity.

While a wind farm may have a nameplate capacity of 250 MW, we can only consistently rely on about 30% of that output over time. Solar generation in our region performs similarly, typically achieving around 20% of its nameplate capacity on average. This percentage tends to be higher during the summer months but can drop significantly during the winter.

A coal or natural gas-fired power generation unit can be relied on approximately 90% of the time. I present these statistics not to diminish the value of wind and solar but to provide a realistic understanding of their current capabilities.

Unfortunately, we can't rely on wind and solar energy all the time. When we tap variable energy resources, such as wind and solar, we must have baseload generation sources in place as a backup. We need to ensure the lights, heating and cooling systems, businesses and farms have power. Simply put, many times on the hottest and coldest days of the year, we can't rely on wind or solar.



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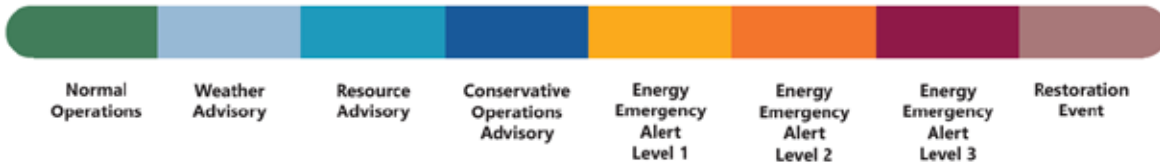
1-855-940-3953

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OUR GOAL IS TO REDUCE THE AMOUNT OF TIME SPP IS UNDER GRID ALERTS



Between 2019 and 2023, the SPP region experienced 3,234 hours of grid advisories and alerts due to tight operating conditions.

During these times, SPP relies most heavily on dispatchable generation: power sources that have available fuel and can be quickly adjusted to meet the needs of the power grid. Dispatchable power plants – coal and natural gas – can be turned on or off, or their power output can be increased or decreased on demand allowing them to provide more electricity when demand is high or less when demand is low.

What are we doing to mitigate risk?

SPP, Corn Belt Power and Franklin REC must plan for times of extreme power use. We do that in the form of what we call reserve margins. Reserves are resources that are held back, standing by to provide additional energy when needed. Reserve margins are the amount of unused available generating capability of an electric power system (during

peak demand for a utility system) as a percentage of total capability needed to meet peak demand. These margins are shrinking in SPP and across the country.

Tighter reserve margins mean there's less room for error when we experience unexpected events or emergencies, increasing the risk of forced outages.

We continue to work with policymakers and regulators on a state and federal level for a sensible all-of-the-above generation approach.

The ongoing energy transition must recognize the need for time and technology development while including all energy sources to maintain reliability and affordability. A resilient and reliable electric grid that affordably keeps the lights on is the cornerstone of our rural economy.

Electric cooperative families and businesses rightfully expect the lights to stay on at a price they can afford. To maintain the reliability of your power supply, we must adopt an all-the-above strategy that includes renewable energy and dependable resources we have come to rely on such as coal, natural gas, nuclear and hydropower. This diverse energy mix is essential to meeting those expectations day in and day out.

Our mission remains the same. We are here to provide you with safe, reliable and affordable electricity that is also environmentally responsible. We will continue to advocate on your behalf and do everything we can to continue to live up to that mission.

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

FRANKLIN REC PROUDLY SUPPORTS COMMUNITY EVENTS



As 2024 comes to a close, we want to take a moment to reflect on the incredible community we are honored to serve. This year, Franklin REC had the privilege of supporting our service territory in many ways, and we hope the positive impact has reached both our members and the broader community. From organizing safety demonstrations to hosting highway cleanups, blood drives and food drives, we have sought to make a meaningful difference.

Our involvement extended to volunteering at the Franklin County Fair and we also had the pleasure of partnering with local organizations to place park benches across Franklin County parks.

In November, we hosted our annual Light Up the Night event, where families enjoy the beautiful holiday lights at Band Shell Park until the new year. This tradition brings a festive spirit to our community, and we are grateful to all who join us in celebrating. Another tradition that holds a special place in our hearts is writing hundreds of Christmas cards for residents of assisted living and nursing homes within our service territory. This small gesture reminds us of the importance of connection, especially during the holiday season.

We sincerely appreciate the community we serve and are grateful for the opportunity to continue enhancing the lives of those around us. Thank you for allowing us to be a part of your lives, and we look forward to another year of making a positive difference together.

FROM YOUR BOARD ROOM

During the October meeting, Franklin REC directors:

- Approved work orders and special equipment capitalization of \$73,287.70
- Accepted submission of Tax Forms 990, 990T and IA 1120
- Accepted Encompass IA1120 tax form
- Approved 2025 patronage estate discount rate
- Approved solar field maintenance change

FRANKLIN REC'S LINEMAN POWER PLAYER OF THE WEEK

This season, Franklin REC proudly highlighted outstanding local football players through its "Lineman Power Player of the Week" program. Each week, the program recognized a standout lineman who made big-impact plays and showcased remarkable strength and skill on the field.

These players, often the backbone of their teams, were celebrated for their power, determination and teamwork – the same qualities Franklin REC's linemen display in their daily work.

Throughout the season, Franklin REC honored these powerhouse athletes for their dedication and contributions to their teams. The program brought well-deserved attention to the vital role linemen play in football and within our local sports community.



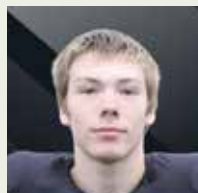
Maddon Evans
Hampton-Dumont
CAL Bulldogs



Josh Wohlford
Hampton-Dumont
CAL Bulldogs



Chase Johnson
Hampton-Dumont
CAL Bulldogs



Trevor Bailey
Iowa Falls-Alden
Cadets



Brooks Hickman
Iowa Falls-Alden
Cadets



Carter Roder
AGWSR Cougars



Clayton VanLoh
AGWSR Cougars



Braydon Smit
West Fork Warhawks



Parker Sheriff
West Fork Warhawks

CONGRATULATIONS, AUSTIN NEFF!



Lineman Austin Neff is celebrating three years of dedicated service with Franklin REC. Since joining

the team, Austin has played a key role in maintaining reliable power for members, demonstrating his strong work ethic and commitment to safety. His expertise and positive attitude have made him a valued member of the cooperative, and Franklin REC is proud to recognize his contributions.

THANK YOU FOR MAKING LIGHT UP THE NIGHT SHINE BRIGHT



Franklin REC would like to extend a sincere thank you to everyone who helped make this year's Light Up the Night a glowing success! From the festive atmosphere to the joyful spirit shared by all, we couldn't have done it without the incredible support and participation of the entire community. Your contributions and involvement brought the event to life, and we are truly grateful.

We wish you a wonderful holiday season and invite you to continue enjoying the lighted display at the park, which will shine brightly until the new year. We look forward to celebrating with you again next year!

MAY YOUR HOLIDAYS BE MERRY AND BRIGHT

Franklin REC office will be closed Dec. 24-25 to celebrate the Christmas holiday. If you experience an interruption in service, contact our office at 641-456-2557. To make a payment toward your electric bill, call 855-940-3953.

FRANKLIN REC 2025 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.



Save the Date!

Your 2025 Franklin REC annual meeting will be held Tuesday, April 1, 2025.

BECOME A VOICE FOR YOUR COMMUNITY: JOIN FRANKLIN REC'S BOARD OF DIRECTORS

The success of Franklin REC rests on the leadership and commitment of its board of directors. These dedicated individuals serve as the backbone of our cooperative, making decisions that shape our future and ensure our members receive reliable, affordable energy. The role of a board director is challenging but deeply rewarding, providing an opportunity to represent the interests of your fellow members and play an active role in the growth and development of our community.

What does a director do?

Directors are responsible for attending monthly meetings, where they discuss and vote on important issues that affect the cooperative. In addition, they are involved in long-term strategic planning, financial oversight, rate setting and policy formation. Directors must stay informed about industry

trends and challenges, often attending conferences and reading reports to gain a deeper understanding of the policies and issues the cooperative faces.

Responsibilities include:

- **Risk mitigation:** Ensuring the cooperative navigates potential challenges effectively.
- **Financial oversight:** Setting budgets, monitoring financial health and making key financial decisions.
- **Strategic planning:** Shaping the future of the cooperative through careful, long-term planning.
- **Political advocacy:** Lobbying state and national leaders to represent the interests of our members.
- **Member representation:** Understanding and addressing member expectations and needs.

Being a director means being at the forefront of the cooperative movement, advocating for our members and promoting the values that make our organization strong.

Why become a director?

Serving on the Franklin REC board of directors is not just about overseeing operations – it's about driving the cooperative forward. Directors play a critical role in the strategic vision, from planning infrastructure projects to ensuring the cooperative remains resilient in a constantly changing energy landscape.

You'll also have the unique opportunity to represent the voices of your neighbors and fellow members, ensuring their concerns are addressed at the highest level. It's a way to give back to the community, gain leadership experience and be part of something meaningful.



Franklin REC

A Touchstone Energy® Cooperative



IOWA ELECTRIC COOPERATIVE LIVING

The magazine
for members of
Iowa's electric
cooperatives.

December 2024

Visit our website at www.franklinrec.coop



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