



Linn County
Rural Electric
Cooperative

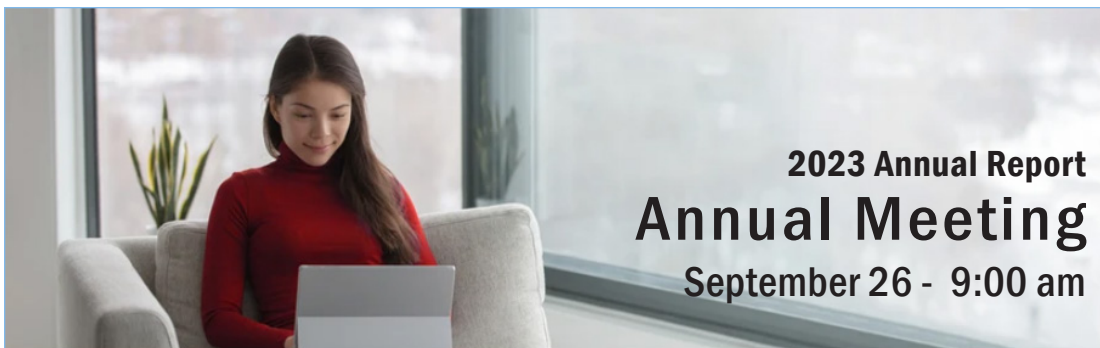
ElectricConnection

A monthly publication for our members



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SEPTEMBER 2024



2023 Annual Report Annual Meeting September 26 - 9:00 am

Join us online for the annual meeting on Thursday, September 26th. You can participate online via Zoom or by phone.

BY ZOOM: Go to www.linncountyrec.com annual meeting page. Use the Join Zoom Meeting link and enter Meeting ID: 885 1100 2260 and Passcode: 457813. The virtual meeting room opens at 8:45 a.m. and the business meeting begins at 9:00 a.m. The meeting will be recorded and available on our YouTube channel.

BY PHONE: Call 1-312-626-6799, enter Meeting ID: 885 1100 2260 Passcode: 457813.

Annual Meeting Agenda

8:45 am Log in available To Virtual Annual Meeting Room

9:00 am Business Meeting Begins

- Report of Nominating Committee
- Reading of Official Notice and Last Year's Minutes
- President & CEO's report
- Election returns

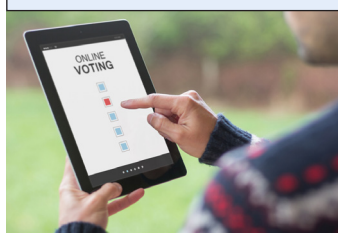
Vote On Smarthub



Vote online through SmartHub! Simply log in to your account and click the "vote now" button. Online voting is available through September 23rd.

Don't have SmartHub? Create an account on our website.

Vote Online



Vote online via the official 2024 Linn County REC Election website. Log in to directvote.net/LCRECIA. Use your member number and election passcode in the top left corner to log in.

Online voting is available through September 23rd.

Vote By Mail



Survey & Ballot Systems (SBS) mailed out ballots August 26th. Mail completed ballots back to SBS in the postage paid return envelope provided.

Mail ballots must be received by SBS no later than September 23rd in order to be valid.

Official Notice of Annual Meeting

The annual meeting of the members of Linn County Rural Electric Cooperative Association, will be held online Thursday, Sept. 26, 2024, at 9:00 am. The online meeting room opens at 8:45 am. Use the web link to access the meeting at www.linncountyrec.com. The purpose of this meeting is to take action on the following matters:

- 1.) As noted in the agenda.
- 2.) The election of two directors of the Cooperative. The bylaws provide that you may vote electronically or by mail. Mail ballots will be sent to you under separate cover, or vote online through SmartHub or www.directvote.net/LCRECIA Aug. 26th through Sept. 23rd.
- 3.) All other business which may come before the meeting or any adjournment or adjournments. In connection with the election of the two directors scheduled for this meeting, the following members have been nominated for directors by a Committee of Nominations appointed by the Board of Directors of the Cooperative pursuant to the bylaws:

Name	District
Ron Behnke	4
Bruce Kruse	4
Rick Miene	4
Jeanna Sager	4

Gary Schropp 6
Jennifer Wenger 6

There were no nominations by petition.

Dated September 1, 2024

Jeanna Sager
Jeanna Sager, Secretary

2023 YEAR IN REVIEW

A Message To Our Members

We are pleased to present the Linn County REC Annual Report for the year 2023. The past year has been a period of growth and challenges, and we are proud to share our progress and achievements.

Financial Performance:

In 2023, our operating revenue reached \$66 million, marking an 8% increase from 2022. This growth was primarily due to our April 2023 rate increase and strategic efforts to increase kilowatt-hour sales. Power costs went up by 0.51% to \$35.4 million. Our operating margin after fixed charges grew to \$5.5 million, which is a \$2.9 million increase compared to 2022 and allowed us to meet our lender requirements.

In addition, our Board of Directors decided to return \$1,000,000 in capital credits to our members. If you received service from us in 2023, you will have a bill credit on your September bill statement based on your usage during that calendar year.

Growth & Investment:

The number of new services installed in 2023 totaled 899, down from 961 in 2022. The total Linn County REC services at the end of 2023 reached 33,863. Our cooperative continues to make strategic investments in the system to address development, new services, and reliability efforts. Notably, in 2023, 96% of the cooperative's capital expenditures were allocated to line



Gary Schropp
President



Terry Sullivan
General Manager/CEO

construction, new services, and substation enhancements, with the remaining amount spent on equipment. The total capital spent in 2023 amounted to \$11.2 million.

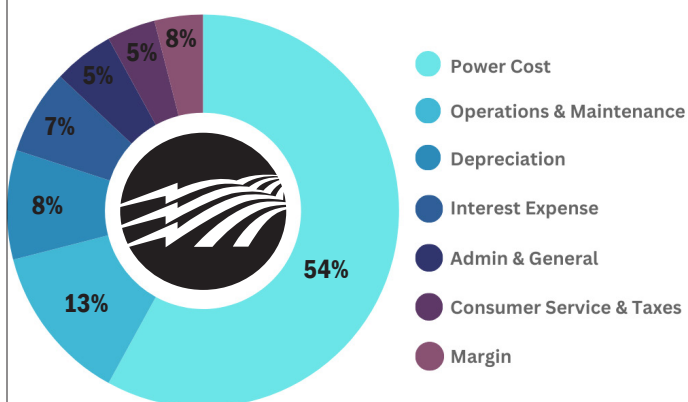
In 2023, we had 69,000 consumer hours of outage out of a total of over 290 million hours. The average outage lasted 71 minutes. The largest causes of outages for the cooperative were wind, trees, lighting, and animals. We have been proactive in our efforts to minimize outages, implementing measures such as system maintenance, tree trimming, and animal guard programs. These initiatives are a testament to our commitment to providing reliable power supply.

Looking Ahead:

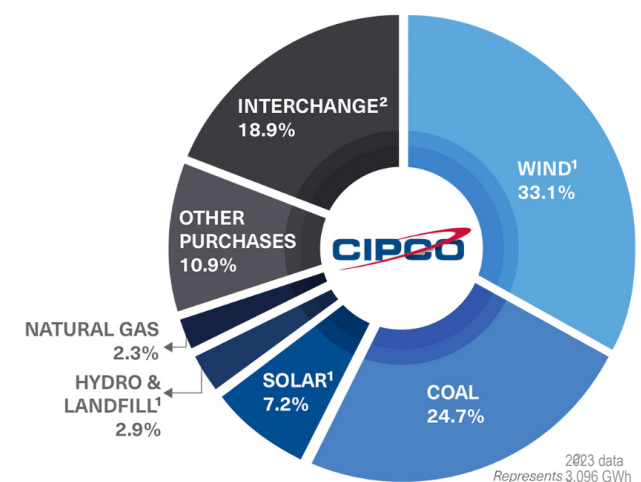
We are committed to continuous improvement and are focused on enhancing our services and operations to meet the evolving needs of our members and community.

We look forward to another year of growth and progress in serving our community.

How Your Dollar Is Spent



A Balanced Portfolio of Energy Sources



¹ CIPCO invests in the development of renewable energy projects in several ways. We operate six small-scale solar arrays near communities we serve and retain the renewable energy certificates associated with each. We also contract with energy producers for the electricity output from wind, solar, hydro, and methane gas from a landfill (converted into electricity). CIPCO cannot claim these resources as renewable within our supply portfolio as we have either sold to third parties or do not receive the renewable attributes associated with the electricity produced from these renewable power sources. By selling these attributes (RECs), we not only support other organizations in meeting their renewable energy goals, we also generate revenue to help us lower our wholesale power rate to our 12 Member-owner distribution cooperatives and 15 municipalities.

² A percentage of market purchases exist within the portfolio to meet additional supply needs not covered by existing contracts or CIPCO-produced generation. Weather volatility and unplanned operational events at power plants may also impact market purchases.

Meet The Candidates

Districts 4 and 6 are up for election this year. Voting is available online or by paper ballot until September 23rd. All members may cast a vote regardless of the district you reside in. Due to space limitations, full candidate biographies are available at www.linncountyrec.com.

District 4: Ron Behnke

What strengths would you bring to our board if elected?

- Practical, fact-based engineering mindset with 36 years of industrial experience planning for growth, executing projects, optimizing equipment, procedures, and people's skills to maximize business results.
- 25 years of experience leading structured Continuous Improvement/ Operational Excellence activities that identify and eliminate losses to improve quality, safety, reliability, cost, and morale.
- 15 years of experience in industrial maintenance and reliability improvement building global preventative and predictive maintenance programs, optimizing spare parts strategies, and developing contingency plans to ensure uninterrupted operation.



District 4: Jeanna Sager

What strengths would you bring to our board if re-elected?

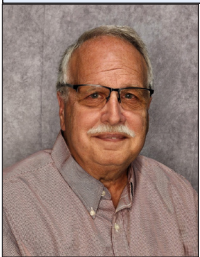
"My strengths as Board Secretary include being committed to representing our members, being prepared, and understanding how issues may affect not only the budget but the members and Linn County REC. I have attended numerous classes, seminars, and conferences offered by our state (IAEC) and the national associations (NRECA). I have completed my Credentialed Cooperative Director (CCD) & Board Leadership Certificate (BLC). I've learned from experts, networked with other directors, and represented our cooperative as a delegate."



District 4: Bruce Kruse

What strengths would you bring to our board if elected?

"Understanding of electrical distribution and metering. Prior to my broadcast engineer career, I spent four years as an Evening Utility Worker at Interstate Power Company in Dubuque, IA."



District 4: Rick Miene

What strengths would you bring to our board if elected?

"I have vast experience at so many levels of construction with over 30 years in the trades. I work with payroll, budgets, tax planning, profit and loss situations, insurance needs, bonding, and contracts. I understand the challenges of the labor and economic situation that we are facing. I have a great rapport with my employees and customers."

I have been involved firsthand with REC from new construction power service needs, remodeling power service needs, site development projects, repair work, and have been hired to clear and maintain power line right of ways by REC. I have had a broad and excellent experience with Linn County REC, and I would like to help continue that great experience for others."



District 6: Gary Schropp

What strengths would you bring to our board if re-elected?

"The strengths I bring to the board are;

- 1) Continually participating in education on electric utility issues and leadership skill training through NRECA (National Rural Electric Cooperative Association);
- 2) Previous utility work experience;
- 3) Commitment to serve our cooperative members and the community; and,
- 4) Listening to all the information and applying good decision-making skills."



District 6: Jennifer Wenger

What strengths would you bring to our board if elected?

"I am eager to participate in the REC and use my passion, drive, and ambition to make the REC better for all member-owners. I am a team player who will strive to contribute to the cooperative's mission. I have a financial background and understand the importance of taking the REC's fiduciary responsibility seriously. I believe that strong communication skills and ability to form and foster new relationships will allow me to create new and lasting relationships with the existing board members, as well as all members-owners. My creative mindset will allow me to bring a new perspective and focused curiosity to the board. Combined with strong listening skills, the new and diverse skillset I would bring would allow continued and increasing success of the board's mission and to each member-owner of the Linn County REC."



Assets & Liabilities

Linn County Rural Electric Cooperative Association and Subsidiary,
Marion, IA Consolidated Balance Sheets, December 31, 2023 and 2022.

ASSETS	2023	2022
UTILITY PLANT		
Electrical Plant in Service	\$196,923,816	\$187,121,446
Construction Work in Progress	<u>5,415,814</u>	<u>3,601,894</u>
Total	202,339,630	190,723,340
Less Accumulated Provision for Depreciation	<u>(51,323,279)</u>	<u>(50,927,101)</u>
Net Utility Plant	151,016,351	139,796,239
INVESTMENTS		
Investments in Assoc. Organizations	35,257,806	33,643,627
Non-Utility Property	1,152,446	1,224,715
Other Investments	<u>964,500</u>	<u>829,427</u>
Total Investments	37,374,752	35,697,769
CURRENT ASSETS		
Cash and Cash Equivalents	1,698,782	2,260,227
Accounts Receivable, Net	6,682,241	6,744,514
Materials and Supplies Inventory	11,114,519	7,497,903
Prepaid Expenses	324,346	324,431
Other Current and Accrued Assets	<u>50,001</u>	<u>49,537</u>
Total Current Assets	<u>19,869,889</u>	<u>16,876,612</u>
Total Assets	<u>\$208,260,992</u>	<u>\$192,370,620</u>
EQUITIES AND LIABILITIES		
EQUITIES		
Patronage Capital	\$16,574,296	\$11,126,976
Other Equities	<u>73,367,509</u>	<u>69,935,636</u>
Total Equities	89,941,805	81,062,612
LONG-TERM DEBT (LESS CURRENT MATURITIES)	106,279,397	99,280,805
ACCUMULATED PROVISIONS FOR PENSIONS AND BENEFITS	227,599	195,076
CURRENT LIABILITIES		
Current Maturities of		
Long-Term Debt	5,237,000	4,590,000
Accounts Payable	2,915,901	3,653,190
Consumer Deposits	214,645	202,585
Other Current and Accrued Liabilities	<u>1,621,073</u>	<u>1,577,063</u>
Current Portion of Deferred Credits	-	-
Total Current Liabilities	9,988,619	10,022,838
DEFERRED CREDITS (LESS CURRENT PORTION)	<u>1,823,572</u>	<u>1,809,289</u>
Total Equities and Liabilities	<u>\$208,260,992</u>	<u>\$192,370,620</u>

Consolidated Statements of Revenue & Expenses

Linn County Rural Electric Cooperative Association and Subsidiary,
Marion, IA Consolidated Statements of Operations and Patronage
Capital for the years ended, December 31, 2023 and 2022.

	2023	2022
OPERATING REVENUES	\$66,080,294	\$61,130,350
OPERATING EXPENSES		
Cost of Power	35,409,554	35,227,860
Distribution Expense - Operations	5,403,324	5,185,447
Distribution Expense - Maintenance	3,236,585	2,721,319
Consumer Account Expense	1,463,986	1,331,687
Sales Expense	887,776	690,610
Administrative and General Expense	3,180,354	3,020,459
Depreciation Expense	5,495,468	5,309,041
Taxes	921,909	907,188
Other Deductions	<u>3,745</u>	<u>6,503</u>
Total Operating Expenses	<u>56,002,701</u>	<u>54,400,114</u>
OPERATING MARGINS BEFORE FIXED CHARGES	10,077,593	6,730,236
INTEREST EXPENSE		
Long-Term Debt	4,522,858	4,163,204
Other	<u>18,396</u>	<u>9,974</u>
Total Interest Expense	<u>4,541,254</u>	<u>4,173,178</u>
OPERATING MARGINS AFTER FIXED CHARGES	5,536,339	2,557,058
GENERATION AND TRANSMISSION AND OTHER CAPITAL CREDITS	<u>3,187,435</u>	<u>1,282,429</u>
NET OPERATING MARGINS	8,723,774	3,839,487
NON-OPERATING MARGINS		
Interest Income	233,396	228,663
Other Non-Operating Margins	213,354	904,881
Gain (Loss) from Equity Investments	<u>(875)</u>	<u>(752)</u>
Total Non-Operating Margins	<u>445,875</u>	<u>1,132,792</u>
NET MARGINS	\$9,169,649	\$4,972,279

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