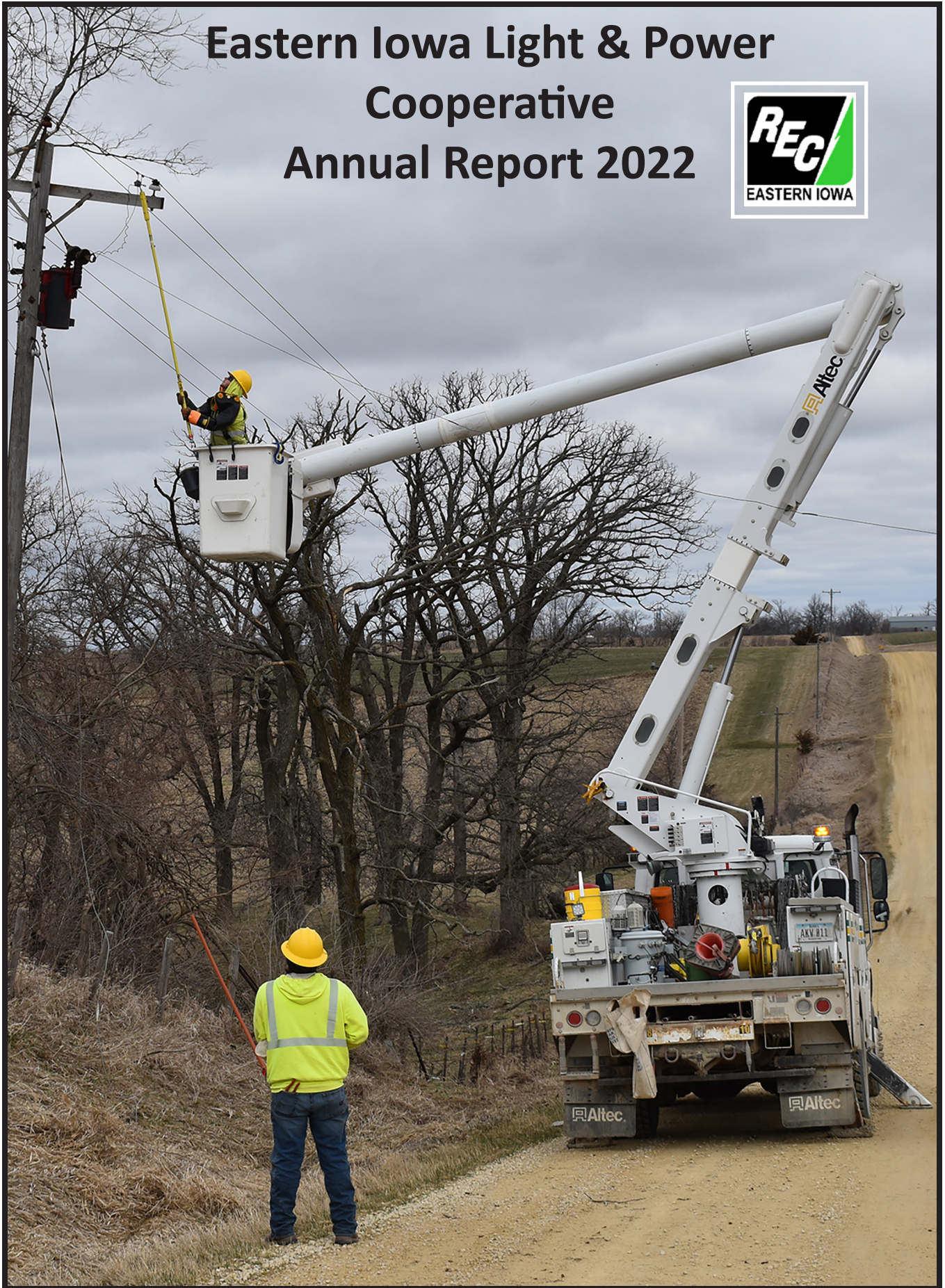


Eastern Iowa Light & Power Cooperative Annual Report 2022





Mission Statement

Eastern Iowa REC is committed to providing safe, reliable and affordable offerings to our members to enhance their quality of life.



For 87 years, Eastern Iowa REC has been working for and with rural consumers to provide quality electric service and enhance the standard of life within our service territory. Eastern Iowa REC serves a diverse membership that includes traditional farm operations, rural housing areas, industrial and commercial developments, and recreational facilities.

The Eastern Iowa REC rural service area covers all or portions of 12 counties, stretching along the Mississippi River, from Sabula in the north to Burlington in the south and west to Iowa City. Eastern Iowa REC has service centers in DeWitt, Lone Tree and Wapello. The headquarters office complex is located in Wilton.

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President and CEO's Report

It is our privilege to present the 2022 Eastern Iowa Light and Power Cooperative Annual Report to the membership.

As we reflect on 2022, we saw the organization and our communities moving forward out of the shadow of the COVID-19 pandemic and adapting to the new social and business environments.

Overall, the Cooperative enjoyed another successful year and has once again fulfilled its commitment to providing safe, reliable and affordable service. This positive evaluation is based on the organization's financial performance in 2022 and as measured against our self-imposed goals.

The Cooperative continues to meet its financial responsibilities and is positioned to maintain this positive financial stance as we move forward.

For 2022, operating revenues were \$65 million. This represents an increase of 11.7% over the prior year, driven largely by a rate increase starting in April 2022. Kilowatt sales increased from 578,764,000 kWh in 2021 to 604,582,000 kWh in 2022, up 4.5%.

Operating expenses were \$62.5 million in 2022. Operating margins after fixed costs for 2022 were \$2.5 million. Combined with non-operating margins, interest income and capital credits of \$1.4 million, the net operating margins for 2022 were \$3.9 million.

The Cooperative also

returned \$4.5 million in patronage capital to members as authorized by the board of directors.

Your Cooperative purchases its power from Central Iowa Power Cooperative (CIPCO). Along with the other 12 electric cooperatives and associations that are part of CIPCO, Eastern Iowa REC has been involved in negotiations with CIPCO

regarding a new wholesale power contract.

This process took a considerable amount of time as we worked to find an agreement that met the needs of CIPCO and all the distribution cooperatives involved.

We are happy to report a new, long-term wholesale power contract was signed in 2022. It provides security for CIPCO in the form of long-term power purchase agreements, and it provides flexibility for the distribution cooperatives to meet the ever-changing needs of our members.

Another important project completed in 2022 was the review and revision of the organization's Strategic Corporate Plan (SCP). The SCP provides the philosophical pillars upon which the Cooperative builds its operation.

These five pillars are: safety, member focus, engagement, performance and technology.

The safety pillar includes providing a safe source of electricity to our members, but also encouraging a culture of safety amongst our employees.

Member focus involves researching and implementing different aspects of our business that are most beneficial to our members.

The fifth cooperative principle is "education, training and information." Engagement is part of this principle. We are always looking for ways to engage and communicate with the membership.



Thomas C. Hotz
President



Kirk W. Trede
CEO

to the membership

Performance involves enhancing our core business through operational efficiencies, maintaining sound infrastructure and protecting assets to enhance long-term cooperative success.

Finally, technology involves maximizing the use of our existing systems and looking ahead to see what new technological options will enhance and improve our service in the future.

Our five main strategic goals can be found on the inside back cover of this report.

A copy of our Strategic Corporate Plan Summary can be found online at www.easterniowa.com/my-coop/.

You may have noticed local, state and national headlines warning of impending power outages based on regional utility reports and forecasts. You may also remember how extreme cold weather impacted availability of electricity, including the February 2021 polar vortex outages in Texas and load shedding in Tennessee and the Carolinas during Winter Storm Elliott around Christmas in 2022.

Iowans aren't accustomed to these types of news reports about potential outages based on energy supply.

Eastern Iowa REC, as a locally owned electric cooperative, is committed to providing members with reliable electric service around-the-clock. Iowa's electric cooperatives rely on an "all-of-the-above" generation strategy, includ-

ing coal, natural gas, hydropower, wind and solar resources. Ensuring reliability involves a portfolio of diverse options to meet consumers' energy needs while also prioritizing our commitment to affordability and environmental responsibility.

Sources of electric generation have changed dramatically over the past 20 years. More renewable energy sources like wind and solar have been integrated into regional power grids, while traditional baseload generation sources like coal and nuclear have been shut down or retired.

Renewable energy is also considered intermittent because the wind doesn't always blow, the sun doesn't always shine, and large-scale battery storage isn't yet feasible. Because of these factors, resources that can be used regardless of weather conditions, such as coal, nuclear, hydro and natural gas, are still critical to ensuring reliable, 24/7 generation.

The Cooperative is not against renewable energy. We support including renewable energy as one part of the "all of the above" energy policy that pursues a diverse energy mix to ensure a reliable, affordable and responsible electricity supply.

Your Cooperative works with those exploring renewable energy projects to make certain they have an unbiased view of the pros and cons, and fully understand

the costs, responsibilities and potential energy savings.

Unlike water or gas, electricity cannot be effectively stored in large quantities at this time. Electricity must be consumed the instant it is generated, which requires supply to be kept in constant balance with demand.

That's where regional grid organizations provide incredible value; they constantly monitor electric demand regionally and manage available electric generation resources to maintain an equal balance.

Lawmakers and other entities managing the ongoing energy transition must recognize the need for time, invest in technology development and be inclusive of various energy sources to maintain reliability and affordability.

A resilient and reliable electric grid that affordably keeps the lights on is essential to daily life.

When the Cooperative was founded 87 years ago, electricity in eastern Iowa was a luxury for the rural residents. Today, electricity is a necessary, vital part of our lives. The organization recognizes this and strives to fulfill its commitment to our community, which is powering the lives of our members and empowering the communities we serve.

Thomas C. Hotz
President

Kirk W. Trede
CEO

Wholesale Power Report

By: Gary W. Kester

(Kester represents Eastern Iowa Light and Power Cooperative on the Central Iowa Power Cooperative (CIPCO) Board of Directors. CIPCO is the electric power supplier for Eastern Iowa REC and 13 other member-owned electric cooperatives and associations in Iowa.)

In 2022, the American electric utility industry raised significant concerns about the stability of our electric grid amid rising calls for the early closure of dispatchable generation sources.

Dispatchable generation, namely from fossil fuel resources, can be fired up and dispatched to the grid on demand at the request of power grid operators, according to market needs. In 2022, our power supplier, Central Iowa Power Cooperative (CIPCO), continued to study ways in which it could reduce the risk of purchasing energy in a volatile market and bridge the resource gap left by the early closure of Duane Arnold Energy Center in 2020.

To do this, CIPCO won't be able to rely on the dwindling dispatchable generation supply across the industry in the next decade, but rather seek out new, intermittent renewable energy assets to meet this need.

The stability of the grid and the ability of regional grid operators to meet power demands were put to the test not once, but twice in 2022, when the Mid-Continent Independent System Operator (MISO) forecasted potential capacity shortfalls during both the summer and winter months.

MISO warned of a potential summer peak electricity demand of 124 GW, or 5 GW more than what was projected to be available, prompting CIPCO and its Member-owned

cooperatives to stress the importance of energy efficient practices among its members like you.

Later in the year as many of us were readying for the holidays, we faced Winter Storm Elliott, a "bomb cyclone" of intense wind, snow and frigid temperatures that settled in across Iowa over the course of several days.

The skyrocketing demand during those times sent energy market prices soaring. The electric industry's reaction to two instances of extreme weather over the course of one year underscored the value of an "all-of-the-above" strategy that includes coal generation as one of many options during times of intense demand. Using all its available resources--including coal--CIPCO met all capacity requirements set



Gary W. Kester

forth by MISO.

CIPCO's commitment to reliability led to a system-wide outage rate of 0.34 hours per consumer. For 2022, Eastern Iowa Light and Power Cooperative's was 0.10 hours per members.

Despite volatile energy costs in 2022, both Standard & Poor's and Fitch Ratings maintained CIPCO's 'A' ratings which confirm CIPCO's financial strength. CIPCO remains dedicated to sound financial practices that allow margins to be returned to its members in the form of patronage, a key component of the cooperative business model. In 2022, CIPCO returned patronage totaling \$1,716,321 to Eastern Iowa Light & Power Cooperative.

As a CIPCO director, I'm committed to guiding the organization through the industry challenges we anticipate in the coming years. I'm confident CIPCO is well-positioned to navigate these challenges, allowing both CIPCO and Eastern Iowa Light and Power Cooperative to thrive. As a member, you can rest assured your electricity needs will be met now and in the years to come with safe, reliable and cost-effective power when you need it most.



Safety is a central focus

All good businesses prioritize safety in the workplace and protect employees from harm. By implementing safety measures, companies can reduce the risk of injury or illness for their workers, keeping them safe and healthy. When employees feel safe and valued, they are more likely to feel positive about their workplace and their job. This can lead to higher morale, better job satisfaction, and increased productivity.

At Eastern Iowa REC, safety is the number one priority for employees, but it is even more important for Cooperative line personnel. The job of electric utility lineworkers consistently ranks as one of the most dangerous jobs in America.

In 2022, the Cooperative completed its certification under the Rural Electric Safety Achievement Program (RESAP). This program was developed by the National Ru-

ral Electric Cooperative Association, Federated Rural Electric Insurance Exchange and the country's statewide electric cooperative associations like the Iowa Association of Electric Cooperatives (IAEC). It is a meaningful tool and a highly valued means to help individual organizations reach their safety improvement goals.

Achieving the RESAP certification involved the Cooperative conducting a self-evaluation of its procedures, policies, training practices, vehicles and equipment to make sure they are up-to-date and aligned with industry standards.

A team from the IAEC then conducted a thorough on-site visit of all Cooperative service centers. The team inspected vehicles and equipment. Personal equipment used by lineworkers, like their climbing belts and other safety ma-



Jim Wolfe, Iowa Association of Electric Cooperatives job training and safety instructor (left), presented Kirk Trede, CEO, with a certificate recognizing the Cooperative's completion of the Rural Electric Safety Achievement Program during the November, 2022 safety meeting.

terial, was also scrutinized. The inspection team also looked at Cooperative facilities to ensure materials and supplies were safely stored.

Following the on-site inspection, the IAEC team issued the Cooperative a report and provided feedback on ways the organization could continue to improve its safety program.

RESAP is an ongoing pro-



Lance Talbott, journeyman lineworker, lowers the training mannequin during the pole top rescue training held Sept. 13, 2022.



Eastern Iowa REC safety training includes monthly meetings and training exercises with Iowa Association of Electric Cooperative job training and safety instructors like Matt Pociask (center) who briefed line personnel on the pole top rescue training exercise procedure.

Safety is an essential organizational value

gram. The on-site inspections are done every three years. In the years in between, the Cooperative will continue to monitor its performance measures to ensure the organization meets the benchmarks and safety goals.

Eastern Iowa REC recognizes that the safety of all cooperative employees is of paramount importance to the success and sustainability of the Cooperative. We hold safety as an essential organizational value. The need to complete a job efficiently should never take priority over the need to perform it safely. Participation in RESAP is just part of the organization's comprehensive safety program.

The Cooperative holds monthly safety meetings where employees receive safety training and instruction. These meetings also provide a time where employees can discuss situations that come up during the course of their work to ensure the proper safety practices are being followed.

Using safe work practices and being ready to render aid, if a fellow lineworker is injured or has made contact with a high voltage line, is a vital part of their job for lineworkers.

Part of the regular safety training, all Cooperative lineworkers complete a pole top rescue exercise. These training sessions are conducted annually with Cooperative line personnel. All lineworkers practice "rescuing" a life-size train-



As part of Eastern Iowa REC's safety training, Cooperative employees, including Chris Grunder, work order coordinator, practiced the proper technique for using a fire extinguisher as part of the July, 2022 Safety Meetings. The training was supervised by Iowa Association of Electric Cooperatives Director of Safety & Loss Control Scott Meinecke.

ing mannequin which was secured to the top of a pole.

The training mannequin shows the lineworker what it would be like to handle another worker who is unconscious or unresponsive.

Similar training is also done to practice rescuing victims from aerial baskets, as well as escaping from an aerial basket should a truck become disabled with the boom extended.

A lineworker could be severely burned by making contact with an energized line. This could render the worker unconscious, not breathing and possibly with no heartbeat. In either a pole top or basket rescue situation, the rescuer has approximately four minutes to get the injured person to the ground and start to administer first aid.

In the event of an accident, the lineworker must know what to do and be able to react quickly to any situ-

ation. The training Cooperative lineworkers do ensures they are ready should they need to react to an emergency situation.

The overall goal of the Cooperative's commitment to safety is to make certain no one gets hurt and everyone returns home safely every day.



Cardiopulmonary Resuscitation (CPR) training is offered to all Eastern Iowa REC employees as part of the organization's safety program. Michelle Walker, division manager of administrative services, practices CPR and using an automated external defibrillator (AED).

2022 Year In Review

Adaptation is an important part of life today. The world is changing on multiple fronts and keeping up with these changes is crucial for an organization to continue to be successful. Eastern Iowa REC is diligently working to evolve its operations and processes to keep up with our changing industry. In 2022, these adaptations could be found on several fronts.

The Cooperative adopted its marketing program to be managed internally. The program focuses on Beneficial Electrification (BE) incentives which promote choosing electric options to replace fossil fuel alternatives for water heating and home heating and improve the quality of life for Cooperative members.

Beneficial Electrification



The Cooperative's marketing program includes both commercial and residential rebates.

Residential rebates are available for air-source and geothermal heat pumps, heat pump dryers, heat/energy recovery ventilation, level II electric vehicle chargers, water heaters, weatherization, outdoor battery-operated equipment and the Premier Home rebate.

Complete details and rebate forms can be found on the Eastern Iowa REC website, www.easterniowa.com.

Another adaptation came as the Cooperative moved forward with business activities following the COVID-19 pandemic. To ensure the health and safety of Cooperative members and employees, all service center lobbies were closed during the height of the pandemic.

All Eastern Iowa REC service center lobbies are now open to the public by appointment only. Also, to better serve our members, payment kiosks were installed in the vestibules of each area office. Billing matters continue to be handled through the member service representatives. Eastern Iowa REC members can call 1-800-728-1242 for any inquiries or to make an appointment with Cooperative personnel.

The kiosks are available for use by Cooperative members from 6 a.m. to 10 p.m. each day. These kiosks offer another avenue for making payments. Bill payments can be made at the kiosks by check, cash, debit card, VISA, Mastercard or Discover. Money orders are not accepted at the kiosks. Bill payments made using the kiosks are immediately processed.

Cooperative members are



Payment kiosks have been installed in the vestibule of each Eastern Iowa REC service center. The kiosks are available daily from 6 a.m. to 10 p.m.

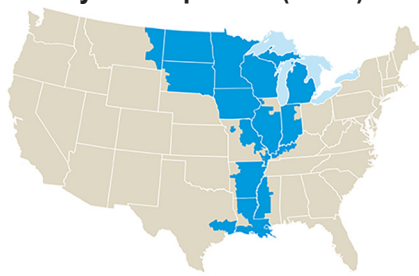
2022 Year In Review

also encouraged to use the SmartHub® portal to access their account, report power outages and pay bills. More information about SmartHub® is available at www.easterniowa.com.

At a regional level, the Cooperative had to adapt to potential power generation shortages resulting from extreme weather events, combined with increased demand for electricity and a potential reduction in electric generation resources. These could intermittently affect Eastern Iowa REC members.

Under normal conditions, members can anticipate the strong reliability they have come to expect from Eastern Iowa REC. However, in certain extreme conditions, the Midcontinent Independent System Operator (MISO), may be forced to initiate temporary controlled load curtailments.

Midcontinent Independent System Operator (MISO)



MISO has alerted utilities that during periods of extremely hot or cold temperatures there is a higher risk of energy emergencies. These potential shortfalls are due to several factors including a significant increase in electric usage and power plants that are closing faster than

new, dispatchable sources of generation can replace them. The growing number of wind and solar resources in Iowa greatly assist in overall energy production, but they only provide intermittent power.

MISO acts like an air traffic controller of the electric grid to manage real-time generation within its footprint across the middle U.S. and parts of Canada, including about 90% of Iowa, and ensures electric supply and demand are balanced.

Eastern Iowa REC's power supplier, Central Iowa Power Cooperative (CIPCO), participates in MISO to buy and sell generation as needed.

While the threat of load curtailments remains with us, the Cooperative has developed plans to deal with the situation should it arise.

Eastern Iowa REC also continued with efforts to improve its distribution system throughout 2022.

On June 9, 2022, a crane was used to hoist the new



A crane was used to hoist the new Chapel Hill Substation transformer into place June 9, 2022. The new 63,000-pound transformer was needed because the transmission line feeding the substation had been upgraded from 69 kV to 161 kV. The Chapel Hill Substation is located in Scott County, north of Buffalo.

2022 Year In Review



Manager of Operation Technology Tim Iossi (right) provided Rep. Mariannette Miller-Meeks with a demonstration of some of the automated technology used by Eastern Iowa REC. Rep. Miller-Meeks visited the Cooperative's Wilton service center April 18, 2022.

Chapel Hill Substation transformer into place. The new 63,000-pound transformer is needed because the transmission line feeding the substation was upgraded from 69 kV to 161 kV. The Chapel Hill Substation is located in Scott County, north of Buffalo.

During 2022, Eastern Iowa REC employees and directors met with the state and federal legislators who represent our area to advocate for the best interest of our members. Through these efforts, we work to promote energy policies that are balanced and common sense-based, which will keep costs to electric cooperatives low so that we may continue to provide power that is safe, reliable, affordable and environmentally friendly.

Members of the Eastern Iowa REC Board of Directors and Staff traveled to Des Moines to meet with legisla-

tors for the annual REC Day on the Hill event in March. In May, U.S. Rep. Mariannette Miller-Meeks visited the Cooperative's Wilton service center. The congresswoman toured the facility and met with a group of Cooperative employees and directors.

While the U.S. Senate was

on its Memorial Day recess, Senator Charles Grassley visited the Cooperative's Wilton Service Center June 1. During the meeting, the Senator answered questions and discussed a variety of issues with Eastern Iowa REC employees and directors.

Cooperative directors and staff also regularly meet with state lawmakers to maintain a direct line of communication between the legislators who represent our area and Eastern Iowa REC officials.



Cooperative Director Glenn McCulloh (right) greeted Sen. Chris Cournoyer at the Eastern Iowa REC legislative meeting Dec. 8, 2022.



While the U.S. Senate was on its 2022 Memorial Day recess, Sen. Charles Grassley visited the Cooperative's Wilton Service Center June 1. During the meeting, the Senator answered questions and discussed a variety of issues with Eastern Iowa REC employees and directors.

Financial Reports

Comparative Balance Sheet

ASSETS	2022	2021
Utility Plant:		
Total Electric Plant	\$192,299,236	\$182,294,221
Construction Work In Progress	21,748,447	23,211,148
Total	214,047,683	205,505,369
Less Accumulated Depreciation and Amort.	(74,169,647)	(71,390,266)
Net Utility Plant	\$139,878,036	\$134,115,103
Investments:		
Investments in Associated Organizations	\$31,238,318	\$32,011,258
Nonutility Property, Net	260,859	260,859
Other Investments	1,386,172	573,530
Total Investments	\$32,885,349	\$32,845,647
Current Assets:		
Cash and Cash Equivalents	\$4,913,022	\$7,164,104
Accounts Receivable	7,576,075	6,083,310
Inventories	3,395,358	2,699,486
Other Current and Accrued Assets	310,047	124,673
Total Current Assets	\$16,194,502	\$16,071,573
Other Assets:		
Deferred Debits	\$3,528,569	\$4,882,368
TOTAL ASSETS	\$192,486,456	\$187,914,691
EQUITIES AND LIABILITIES		
Equities:		
Membership Fees	\$186,070	\$185,780
Patronage Capital	38,879,071	41,271,125
Other Equities	54,911,517	53,074,174
Total Members' Equity	\$93,976,658	\$94,531,079
Long-Term Debt	\$85,806,365	\$81,171,011
Current Liabilities:		
Current Maturities of Long-Term Debt	\$3,852,201	\$3,967,525
Notes Payable	---	175,363
Accounts Payable	4,749,073	4,108,925
Other Accrued Liabilities	2,013,164	1,834,675
Total Current Liabilities	\$10,614,438	\$10,086,488
Deferred Credits	\$2,088,995	\$2,126,113
TOTAL EQUITIES & LIABILITIES	\$192,486,456	\$187,914,691

Patronage

The Eastern Iowa Light & Power Cooperative Board of Directors approved a patronage retirement in 2022 for Cooperative members receiving service in 2005, 2006, 2007 and 2021.

\$4,451,838

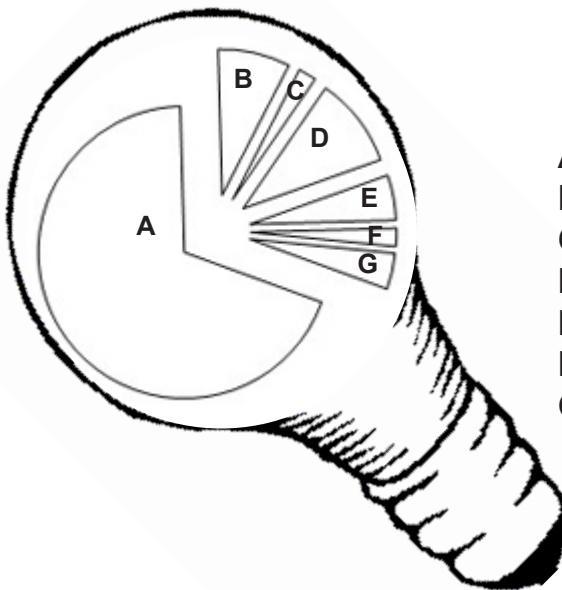
will be returned in patronage for those years.

This represents the remainder of the deferred patronage from 2005 and 2006, 80% of the deferred patronage from 2007 and 24% from 2021.

Financial Reports

Comparative Statement of Operations

OPERATING REVENUES	2022	2021
Electric Revenue:		
Residential	40,294,915	36,349,918
Small Commercial	8,531,811	6,954,637
Large Commercial	14,078,775	12,988,176
Public Streets and Buildings	375,506	328,481
Resale	1,481,286	1,335,697
Total Electric Revenue	<u>\$64,762,293</u>	<u>\$57,956,909</u>
Other Operating Revenue:	<u>\$247,106</u>	<u>\$246,474</u>
TOTAL OPERATING REVENUE	<u>\$65,009,399</u>	<u>\$58,203,383</u>
OPERATING EXPENSES		
Cost of Power	\$39,858,864	\$35,732,964
Distribution Expense--Operations	3,463,981	3,158,656
Distribution Expense--Maintenance	4,570,755	4,576,652
Consumer Account Expense	1,056,367	944,527
Customer Service and Information Expenses	150,846	228,812
Sales Expense	102,529	80,254
Administrative and General Expense	4,157,835	3,731,229
Depreciation Expense	6,086,150	5,731,290
Other Deductions	17,848	15,263
TOTAL OPERATING EXPENSES	<u>\$59,447,175</u>	<u>\$54,199,647</u>
Operating Margins before Fixed Charges	5,562,224	4,003,736
Interest on Long-Term Debt	3,000,331	2,749,456
Operating Margins after Fixed Costs	<u>2,561,893</u>	<u>1,254,280</u>
Generation and Transmission and Other Capital Credits	1,189,899	2,190,432
Net Operating Margins	<u>3,751,792</u>	<u>3,444,712</u>
Non-Operating Margins		
Interest Income	108,847	103,914
Equity in Earnings in Associated Companies	(2,018)	(1,523)
Other Non-Operating Margins	49,277	1,899,320
Total Non-Operating Margins	<u>156,106</u>	<u>2,001,711</u>
NET MARGINS	<u>\$3,907,898</u>	<u>\$5,446,423</u>



Your Energy Dollar 2022

A.	Cost of Power	61¢
B.	Depreciation & Amortization	09¢
C.	Consumer Expense	02¢
D.	Operations & Maintenance	12¢
E.	Administrative & General	06¢
F.	Margins	04¢
G.	Interest/Other	05¢

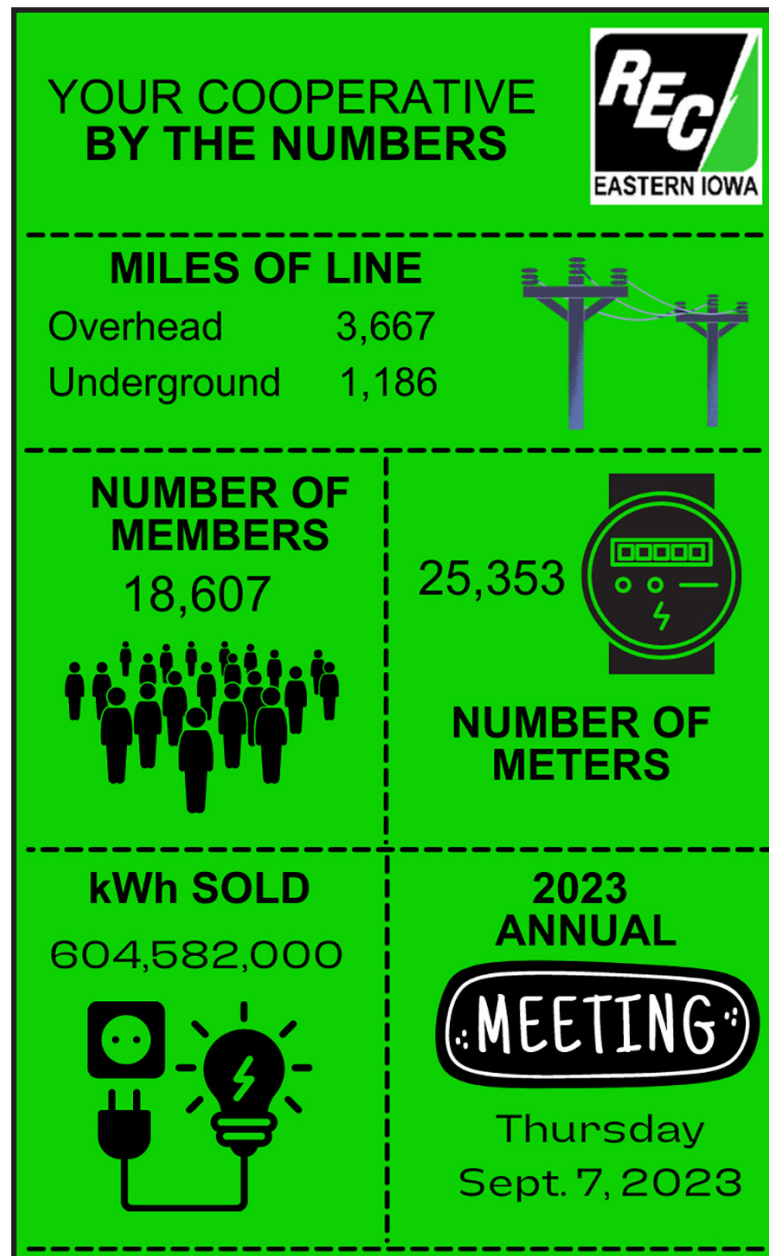
Board of Directors and Staff



The Eastern Iowa REC Board of Directors include, seated from left: Glenn McCulloh, Treasurer Kurt Olson, Vice President Kathy Wunderlich, President Tom Hotz, Secretary Ken Purdy, Assistant Secretary Dan Heater, and Mike Shuger. Standing, from left: Michael Moes, Ron Stover, Henry Bentley, Joel Carstensen, Mike Bixler, Bill Petersen, Gary Kester and Allan Duffe.

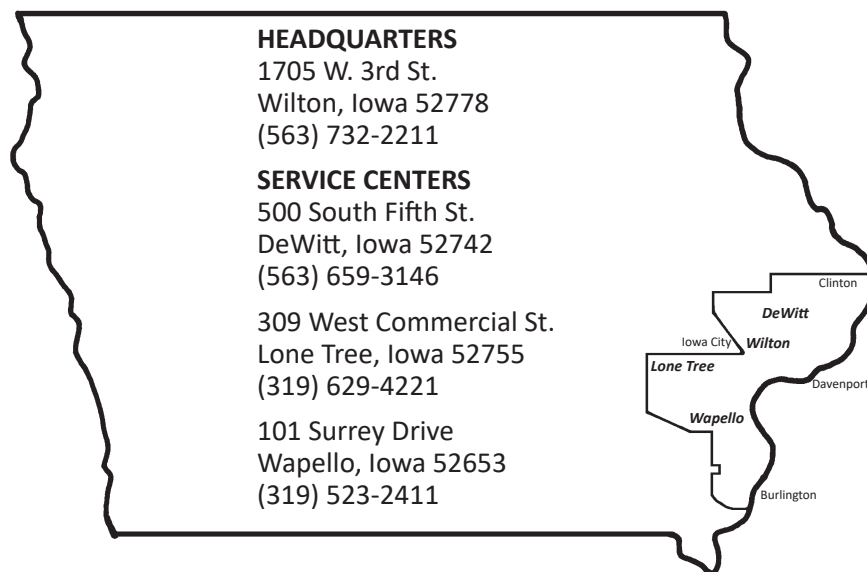


The executive staff for Eastern Iowa REC include, seated from left: Don Roth, division manager of member relations; Michelle Walker, division manager of administrative services; Tim Iossi, manager of operations technology; and David Zorich, division manager of accounting. Standing, from left, are: Lance Kephart, manager of information technology; Brian Schoer, senior project consultant; Dennis Hill, division manager of engineering; and Mark Elder, division manager of operations.



Eastern Iowa REC Strategic Goals

1. Enhance the Cooperative's culture of safety, keeping it as Eastern Iowa REC's #1 priority.
2. Research and leverage new and emerging technologies that impact and affect our business.
3. Create and execute a plan designed to enhance member and employee communication and engagement.
4. Enhance our core business.
5. Develop and implement a technology plan that increases the Cooperative's efficiency of operation, improves reliability and meets the members' increasing service expectations.



Eastern Iowa Light & Power Cooperative

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