

ANNUAL MEETING OF THE MEMBERS OF THE EASTERN IOWA LIGHT AND POWER COOPERATIVE

The 89th Annual Meeting of the Members of Eastern Iowa Light and Power Cooperative was held at the Mississippi Valley Fairgrounds, Davenport, Iowa, on Thursday, September 5, 2024, at 1:15 P.M., Central Daylight Savings time.

Prior to the business meeting, the following public officials and representatives of public officials were introduced: Kyle Cottrill, representative for U.S. Senator Charles Grassley; Joe Krenzelok, District Director for U.S. Representative Mariannette Miller-Meeks; Chris Cournoyer, Senator District 35; Kerry Gruenhagen, Senator District 41; Mark Lofgren, Senator District 48; Tom Determann, House District 69; Norlin Mommsen, House District 70; Kay Pence, candidate for House District 70; Dan Gosa, candidate for House District 81; and Tracy Jones, candidate for House District 94.

The meeting was called to order by President Kathrine Wunderlich. An invocation was given by Director Bill Petersen and special guests were introduced by President Wunderlich. Those special attendees were Paul Heineman, Central Iowa Power Cooperative (CIPCO) Board President; Dan Burns from CIPCO; Ethan Hohenadel from Iowa Association of Electric Cooperatives (IAEC); Kenny VandenBerge, IAEC President; and Kris Dolan from National Rural Utilities Cooperative Finance Corporation.

The 2024 Youth Tour Winner, Teghan Bell, was introduced by Jim Williams. Ms. Bell provided an overview on her participation in the national youth conference held in Washington, D.C. She shared highlights of her experience and presented photos from the trip.

Jim Williams introduced Cooperative line foreperson Andy Koopmann, who volunteered in the National Rural Electric Cooperatives Association's International Program. Foreperson Koopmann joined 13 other electric cooperative employees from Iowa and Minnesota to extend electric lines and services to a mountain village in Guatemala. He shared a video and highlights of his experience from the trip.

President Wunderlich appointed the Cooperative counsel, Steven T. Hunter, to function as Recording Secretary for the meeting. A quorum was recorded with 774 members registered at the meeting.

President Wunderlich then called upon Kurt Olson, Secretary, to read the official notice and minutes of the last annual meeting held September 7, 2023. The notice was mailed to all members of the Cooperative at least 10 days prior to the meeting. A motion was made and seconded to dispense with the reading of the minutes of the 88th Annual Meeting. Motion carried.

The next order of business was the announcement and certification of the members elected as Directors at the recent District Meetings held in July and August 2024. Secretary Olson announced and certified the Directors so elected to three-year terms of office were as follows:

District No. 1, July 29, 2024, DeWitt, Iowa, Aubrey "Lee" Cartwright;

District No. 2, July 24, 2024, Tipton, Iowa, Denise Timmerman;

District No. 3, July 25, 2024, Durant, Iowa, Gary Bruns;

District No. 4, August 5, 2024, Lone Tree, Iowa, Ken Purdy;

District No. 5, August 6, 2024, Mediapolis, Iowa, Gary Kester.

The President then called upon Treasurer Michael Bixler to provide the Treasurer's report.

The Treasurer reported the Statement of Operations for 2023 showed operating revenue was \$64.6 million, operating expenses were \$59.1 million, and the total net margins were \$5.9 million. The 2023 total net margins included a CIPCO patronage allocation of \$2.8 million, with \$1.2 million deferred for 15 years.

As of December 31, 2023, the balance sheet showed the total utility plant increased by \$10.2 million, and the ending total utility plant was \$224.2 million. Treasurer Bixler reported the increase in total utility plant represented the Cooperative's continued investment in its system to provide safe, reliable power.

Total equity increased by \$3.3 million in 2023, ending at \$97.2 million. Equity as a percentage of assets finished 2023 at 48.1% and is in line with the goals of the Cooperative and its lenders.

Treasurer Bixler reported in 2024 the Cooperative is planning to refund approximately \$2.7 million in patronage capital. This is made possible by the

Cooperative's strong financial performance and position. The Cooperative revolves capital credits on a 15-year rotation with a long-term goal to maintain the first in, first out cycle, as well as provide payments to members during the most recent year. He announced the payments and credits made this year are for those who were Cooperative members during 2008, 2009 and 2023.

Treasurer Bixler said the Board also feels it is important to provide members with up-to-date financial information. Financials as of June 30, 2024, compared to December 31, 2023, were included in the October 2024, issue of the *Current News*. Members were encouraged to review.

Copies of the audit report for the year ended December 31, 2023, were made available at the meeting for review.

President Wunderlich officially welcomed members to the 89th Annual Meeting of Eastern Iowa REC.

President Wunderlich welcomed the three new members to the Cooperative's board of directors and thanked outgoing directors Glenn McCulloh, Michael Moes and Bill Petersen for their many years of service to the Cooperative.

President Wunderlich stated the election of fellow Cooperative members to serve on the board of directors is a demonstration of the second principle of cooperative business "democratic member control." President Wunderlich said the Cooperative has an open nomination process where any member can seek election to the board by obtaining fifteen signatures of members from within their district and their name will then appear on the ballot. She said any member who meets the qualifications to serve as a director, set out in the Cooperative's Articles of Incorporation, can run for election.

The Cooperative had another successful year, overcoming numerous challenges, but through its dedication, innovation, and teamwork, the Cooperative remains positioned for continued success.

Tornadoes went through the Cooperative's service territory in the early spring of 2024, as well as more storms and flooding throughout the summer. President Wunderlich commended the Cooperative's personnel for keeping outages to a minimum and restoring service as quickly and safely as possible.

The Cooperative continues to meet its financial benchmarks despite external challenges and the pressures of inflation. President Wunderlich highlighted rising costs,

explaining that large basket trucks, once \$250,000 now cost nearly \$400,000; large substation transformers had cost \$500,000, now cost \$1.6 million; and the price of a typical power pole tripled from \$200 to \$600. She noted that while the Cooperative has done its best to absorb the increases, a rate adjustment will unfortunately be necessary in the near future.

President Wunderlich stated the Cooperative will continue investing in technologies to build a more resilient system. She said the Cooperative is looking to incorporate new technology and new systems to enhance power reliability and optimize the overall distribution system. These initiatives will not only improve service reliability but also empower members to take greater control of their energy usage.

President Wunderlich indicated the SmartHub app is one way to do this. The app serves as a member's portal to their account offering a means to pay bills, report outages, and monitor energy usage. She said the residential consumer analytic function of the app can provide detailed reports of how members are using energy.

The Cooperative is governed by seven core principles, the seventh being "concern for community." President Wunderlich highlighted how the Cooperative supports this principle in a variety of ways. She reported this past summer the Cooperative participated in four county fairs, where Cooperative personnel operated a live line safety display, discussed the power restoration process, demonstrated tools and safety equipment used by line workers, and shared information about the Cooperative's rebate program, SmartHub and other initiatives.

Cooperative personnel bring the Louie the Lightning Bug safety program to schools and volunteer for other programs in area schools. The Cooperative also supports area students through its scholarship program and sponsors a high school student each year for the Youth Tour in Washington, D.C.. During the tour, students learn about the cooperative business model, meet with legislators and tour historic sites around our nation's capital.

President Wunderlich shared the Cooperative supports numerous community programs and events through donations. She noted a donation request form is available on the Cooperative's website.

President Wunderlich thanked the Cooperative's employees for their hard work and commitment to excellence before introducing CEO Kirk Trede for his report.

CEO Trede thanked the membership for helping to celebrate the Cooperative's 89th Annual Meeting and addressed the impact of inflation on the Cooperative's business. He highlighted the dramatic increase in truck and material prices in recent years. He noted these pressures, combined with the Cooperative coming to the end of its rate cycle, indicate the time is near for a rate adjustment. His presentation illustrated that many of the Cooperative's supplies have doubled or tripled in price. While not all increases are this severe, across the economy, the average prices have risen by over 20% compared to a few years ago.

CEO Trede said inflation has impacted the Cooperative's ability to cover costs with its existing rates. He said the Cooperative's TIER, a ratio that shows how the Cooperative is covering its interest expense with its revenue is still above its minimum target but is falling. He said the rate adjustment will likely occur within the next year and will most likely be an increase of 5% to 7%.

Generation capacity is a large concern for the Cooperative's area and will be for the foreseeable future. CEO Trede presented a slide illustrating the national generation portfolio in 2023 and the predictions for 2033. He stated generation types remain relatively stable during that time, such as natural gas, nuclear and hydro, but coal is projected to be reduced by about 20%, and use of renewables is anticipated to almost double.

CEO Trede said to maintain the stability of the electric grid, a balance must be maintained between the amount of power available and the amount of power needed. CEO Trede stated CIPCO, the Cooperative's power supplier, is subject to the Midcontinent Independent System Operator (MISO) operating footprint. He explained MISO is a regional system operation entity that manages the reliability and stability of the electric grid while also creating and managing the energy market in the Cooperative's area. He emphasized MISO's role in system reliability is to ensure sufficient energy generation capacity to meet regional electric demands. CEO Trede stated unfortunately the MISO area is at risk for capacity shortfalls during peak load periods.

CEO Trede addressed the challenges that arise when the demand for power outpaces the amount available. He highlighted the concern of insufficient generation to meet electrical demand. There are several reasons, including increased demand caused by new loads in the area, however, a large contributor is the closing of nuclear and coal

facilities. CEO Trede acknowledged renewable resources have a place in the Cooperative's portfolio, but noted they are not dispatchable and may not be available when needed.

CEO Trede explained when capacity issues arise, the Cooperative begins reducing its load. This process starts with requests for some commercial accounts to reduce load, followed by asking members to voluntarily reduce their energy consumption. CEO Trede said the final step is interruption of power via the Cooperative's Firm Load Interruption Program. CEO Trede stated this summer, the Cooperative received two max generation alerts and one alert where some commercial accounts had to reduce load.

CEO Trede reported a Firm Load Interruption occurs when the Cooperative is required to reduce member load. In such cases, the Cooperative will interrupt power on a rotating basis across a predetermined list of circuits, with each interruption lasting 30 to 60 minutes. He stated the Cooperative would continue these interruptions as necessary to meet MISO's requirements until permission is granted to resume normal operations.

CEO Trede reported the Cooperative would utilize its website, social media, and any contact information provided by members to communicate interruptions. He also noted other utilities in the area would reduce load, so members may see related alerts in the news.


CEO Trede discussed member participation in the Cooperative's governance, emphasizing the open and accessible nomination process for its board of directors. He explained any member residing within a specific district who collects 15 signatures is eligible to appear on the ballot for director elections.

CEO Trede highlighted the transparency of the Cooperative, noting its website provides board meeting highlights, board policies, annual reports, a strategic plan summary, board minutes, director election information, annual audit information, articles of incorporation, bylaws, rate summary, tariffs, the Cooperative's principles and the CIPCO power portfolio. The website provides members with all the information they need to have a transparent view of the Cooperative, from strategic planning, to finances, to the boardroom.

Jim Williams introduced the guest speaker, Bryan Singletary, who brings 40 years of experience in the electric utilities industry. Singletary provided insights on the future of the electric utility sector from a cooperative perspective and facilitated a panel

discussion with directors. The panel explored the challenges posed by the changes in the electric utility business and their impact on the Cooperative and its members.

President Wunderlich opened up the meeting to old business and new business. There being no old business or new business, a drawing was held for prizes and the meeting was adjourned.


Kathy Wunderlich, President


Steven T. Hunter, Recording Secretary of the Meeting