
THE COOPERATIVE DIFFERENCE



**MEMBER
OWNED**



**COMMUNITY
INVOLVED**



**SERVICE
DRIVEN**

2022 ANNUAL REPORT

YOU ARE INVITED

86TH ANNUAL MEETING

SATURDAY, APRIL 22, 2023 | ALBERT LEA HIGH SCHOOL

2000 TIGER LANE, ALBERT LEA, MN 56007

REGISTRATION AND BREAKFAST 8:00 A.M. | BUSINESS MEETING 10:00 A.M.

Please bring the registration portion from the back of this report to register at the meeting.

(See the back for more details.)

Living the Cooperative Difference

- LOCAL MEMBER OWNERSHIP
- VOICE THROUGH SELF GOVERNANCE
- MEMBER-ELECTED LEADERSHIP
- ACCESS AND ACCOUNTABILITY
- NOT-FOR-PROFIT OPERATION
- SHARING OF FINANCIAL SUCCESS
- FOCUS ON SERVICE
- COMMUNITY ENGAGEMENT
- ROBUST PARTNERSHIPS

Freeborn Mower Electric Cooperative was organized to bring central station electric service to rural farmers who toiled with back-breaking labor by the dim light of kerosene lamps. They languished behind their city-dwelling neighbors who already benefited from the emerging conveniences, light, and power of electricity. Yet, the original members of our cooperative found a way to better their lives and future. It was the cooperative business model.

Now, more than 86 years later, this electric cooperative is still going strong! We remain deeply rooted in a fundamental dedication to providing quality services for the betterment of our members and their communities.

Throughout this Annual Report, we invite you to review the distinguishing aspects and accomplishments of Freeborn Mower Electric Cooperative.

Learn how *The Cooperative Difference* works for you.

MISSION

Committed to serving our members by providing power to their lives.

VISION

To be the trusted leader providing energy, services, and products.

TAGLINE

People. Power. Possibilities.

CORE VALUES

Integrity

Safety

Quality

Engagement

Teamwork

Community

Service

SEVEN COOPERATIVE PRINCIPLES

Open and Voluntary Membership

Democratic Member Control

Members' Economic Participation

Autonomy and Independence

Education, Training, and Information

Cooperation Among Cooperatives

Concern for Community

WWW.FMEC.COOP
INFO@FMEC.COOP

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*Freeborn Mower Electric Cooperative
is an equal opportunity provider and
employer.*

FREEBORN MOWER ELECTRIC COOPERATIVE
2022 HIGHLIGHTS
a letter to our members by cooperative leadership

It was fortunate that Freeborn Mower Electric Cooperative (FMEC) ended 2021 with strong financials because this helped carry us into the turbulent economy of 2022.

As an electric distribution cooperative, FMEC purchases wholesale electricity from power generation and transmission (G & T) sources. Dairyland Power Cooperative and Alliant Energy are our two wholesale power suppliers. Dairyland is cooperatively owned and Alliant is investor owned. We take the wholesale electricity from the substations and deliver it to the end-users, our FMEC members, via the FMEC distribution system.

Wholesale electricity is our largest annual expense.

Our industry must navigate a constantly changing landscape of shifting expenses, member expectations, new technologies, regulations, and environmental considerations. During 2022, we had a greater reliance on using the Power Cost Adjustment (PCA) to cover increasing wholesale power costs. The PCA is a direct pass-through of these increased costs. The money recouped through the PCA does not pay for anything else locally at our cooperative.

By mid-year, mounting financial pressures prompted FMEC to hire an industry consulting firm to assist us with a comprehensive study of all aspects of expenses and cost recovery.

While we strive for rate stability, it became very apparent that it would be impossible under our existing retail rate structure. Additionally, it is the responsibility of your FMEC leadership team and board of directors to protect the cooperative's financial integrity, service reliability, plant maintenance, and operational safety. It was determined that a change to our retail rate structure would be necessary for 2023.

Just as we had done during the previous year, FMEC absorbed rising costs during 2022. In fact, during the 2021 through 2022 time frame, FMEC absorbed approximately \$2 million in increased wholesale power costs. It would be impossible to continue on this path.

On a positive note, during 2022 we experienced a growth in sales to our existing commercial and industrial accounts, and also welcomed a few new businesses to our membership. This growth, however, has not been enough to offset increased wholesale power costs.

Wholesale electricity costs were not the only inflationary pressure we faced. Fuel for our vehicle fleet and equipment rose aggressively. Price increases in 2022 as compared to 2020 were as follows:

- Poles — increase of 37% to 95% depending on size
- Underground distribution cable per foot — 37%
- Transformers — 50%

In spite of increased costs, we will continue to move forward. Our focus is clearly on enhancing service reliability, safety, and updating the local distribution grid to meet growing demands for electricity. Delivering quality electric service requires significant investment, proactive system maintenance, an ongoing vegetation management program, and a great deal of planning.

Weather is a leading cause of unplanned outages. Our vegetation management rotation addresses areas where trees, limbs, and rapidly growing shrubs may threaten the continuity of electric service. FMEC maintained vegetation along 200 miles of overhead power lines in 2022. Vegetation management is vital for service reliability and public safety.

About 800 members throughout the Taopi, Albert Lea, and London area were without power due to powerful storms and a tornado that struck late in the evening on April 12. Taopi

was hardest hit and suffered horrendous damage. Thirty-nine members in Taopi lost power, twelve of which were not able to have power readily restored due to the destruction of buildings and electric feeder lines.

Scheduled power outages are the leading cause of service interruption for our members. Although inconvenient, these planned outages are necessary to make system upgrades and repairs that will improve service reliability. FMEC makes every effort to contact the members who will be affected prior to the outage occurring. Please be sure we have your updated contact information on file.

FMEC did successfully complete several construction projects throughout 2022.

We also conducted an online Member Satisfaction Survey late in the year. A recap of survey findings is printed in this report. FMEC remains committed to serving our members by providing power to their lives and being their trusted leader in providing energy information and services.

We thank our members for their continued support of FMEC. On behalf of your cooperative's leaders, it is our goal to live out *The Cooperative Difference* every day.

Cooperatively,



Jim Krueger
Chief Executive Officer



Jack Korman
Board Chair

FACTS IN NUMBERS

FOUNDED
1936

ALBERT LEA, MN
HEADQUARTERS



17,788
MEMBER OWNERS

24

SUBSTATIONS



2,949 TOTAL MILES OF LINE
1,667 MILES OF OVERHEAD LINE
1,282 MILES OF UNDERGROUND LINE



NINE
MEMBER-ELECTED
DIRECTORS



21,170
ACCOUNTS

17,805
RESIDENTIAL

2,916
SMALL COMMERCIAL

31
LARGE COMMERCIAL

7

CONSUMERS
PER MILE



1,235
SQUARE MILE
SERVICE AREA



“These statistics capture the
scale and dynamic nature of the
electric distribution utility that
you own and control.”

– Jim Krueger, President & CEO



SIXTY-TWO
DEDICATED EMPLOYEES



137,665
TOTAL HOURS WORKED

RESIDENTIAL AND
FARM EFFICIENCY REBATES

49,519
KILOWATT HOUR SAVINGS

6,396,013
CONTROLLED WATER HEATERS
2,259



85 **ACSI**
SCORE
AN EXCELLENT
MEMBER
SATISFACTION
SCORE



**You're not a customer, you're
a cooperative member and
an owner of FMEC.**

Local Member Ownership
— *that's the Cooperative Difference*



MEMBER SATISFACTION

How do we know how well we are meeting our service goals? We ask for member input. We listen. While we always welcome your comments, questions, and suggestions, we also periodically take the pulse of our cooperative membership through formal surveying techniques. Past surveys, as well as the one completed in 2022, show that trust is the most important driver of member satisfaction. Members trust that their electric cooperative is making the proper decisions and doing so for the correct reasons. Additionally, they must feel that the cooperative will deliver what is promised to the best of its ability.

We are constantly striving to improve our service and enhance responsiveness to our members. In late 2022, we conducted an online survey of 2,181 residential members. This was the first year that all the survey data was collected online. We gathered very detailed information focusing on a variety of areas.

The survey followed the model of the American Consumer Satisfaction Index (ACSI) survey and the data points were compared to those of previous studies to assess

changes in numerous benchmarks. We also obtained very valuable comments and questions from our members. This information not only provides an assessment of overall member satisfaction, but also performance trends. We will use this information as a guide to refining our approach to services and setting priorities for action. Thank you to all who participated.

REMAINING STRONG

Members gave us an ACSI score of 85. This satisfaction score is considered to be excellent and is also identical to that attained in our 2020 member survey.

The mean overall satisfaction rating was 8.83 on a 10-point scale, with 71% of respondents giving a top rating of 9 or 10. This is consistent with the 2018 and 2020 studies and an improvement compared to the study conducted in 2016. Mean ratings for 17 of 18 performance attributes were evaluated at or above 4.0 on a 5-point scale. Another nine attributes received mean ratings of approximately 4.5 or higher, the “excellent” threshold.

Additionally, the scores for six other performance attributes had improved from the 2020 survey, while no attributes had decreased during the past two years.

Not surprisingly, the cost of electricity was noted to be the biggest concern for Freeborn Mower Electric Cooperative members. We fully understand this and are doing what we can to hold the line on expenses under our local control.

Trust is important in
a member-owned
and member-
controlled electric
cooperative. It's
essential to our living
out The Cooperative
Difference.



Information Technology

Leveraging the cooperative network to enhance the use of technology.

ADAPTING TO THE NEEDS OF OUR MEMBERS

— that's the Cooperative Difference

MEMBER SERVICE

IN-PERSON

3366 BRIDGE AVENUE
ALBERT LEA MN 56007

Please feel free to stop into our office with your bill payment, questions, or concerns. That's why we're here!

ON THE PHONE

(507) 373-6421 | (800) 734-6421

For your convenience, we utilize the Cooperative Response Center (CRC) for outage reporting. Just call either of the regular FMEC numbers and your call will automatically be switched to the professionals at this call and dispatch center.

ONLINE

www.fmec.coop



We also serve you through technology. Visit our website or social media channels for 24-hour access to a broad range of information and forms.

You can also take advantage of 24-7 account access and all that SmartHub provides.

- Pay your bill
- Monitor your kWh usage
- Set electric usage alerts
- Outage map
- and more

It's easy to set up your free SmartHub log-in.



SIGN UP TODAY!

Enrolling in **SmartHub** is easy and free! Visit www.fmec.coop or scan the QR code to register.

Our friendly and knowledgeable staff at Freeborn Mower Electric Cooperative is ready to serve you. Call, email, or stop by our local office — you can always talk to a person at FMEC. We are proud to power your lives.

ACCESS AND ACCOUNTABILITY
— that's the Cooperative Difference



Cooperative Relations

MEMBER CALLS 27,500

SMARTHUB USERS 7,732

AUTOPAY ACCOUNTS 6,692

PAPERLESS USERS 5,392

WEBSITE VISITS 118,774

OUTAGE CENTER VISITS 4,752

FACEBOOK FOLLOWERS 3,694



FMEC is governed by a Board of Directors elected by and from the cooperative membership. With members in charge, decisions are made with you in mind.

MEMBER ELECTED LEADERSHIP
— that's the Cooperative Difference

GOVERNANCE BY MEMBERS

Freeborn Mower Electric Cooperative is governed by nine directors who have been elected by their fellow member-owners to represent their District. Board members are elected to serve a three-year term.



Dennis Anderson
District 1, Hartland / Vice Chair



Jay Neitzell
District 2, Hollandale



Steve Garbisch
District 3, Brownsdale / Treasurer



Richard Schaufler
District 4, Grand Meadow



Frank Fryer
District 5, Lyle / Secretary



Joe Pacovsky
District 6, Hayward



Jack Korman
District 7, Alden / Chair



William Trygstad
District 8, Albert Lea



Larry Irvine
District 9, Albert Lea

Freeborn Mower Electric Cooperative is a democratically controlled business. It is governed by local people that are elected by you and your fellow cooperative members. With members in charge, you can feel confident that Board decisions are made in the best interest of you and your community.

The Board of Directors is responsible for setting policies and rates, fiduciary responsibilities, determining strategic priorities, and providing overall guidance for implementation by the cooperative's management.

CREDENTIALLED COOPERATIVE DIRECTOR

Credentialed Cooperative Director (CCD) certification program provides electric cooperative directors with the foundation of knowledge needed to effectively provide leadership in the electric utility field. The CCD program is offered through Minnesota Rural Electric Cooperative Association (MREA). All FMEC Directors are credentialed.

WHO IS MY DIRECTOR?

Your Director is shown on your billing statement in the top right under your account number.

FINANCIAL HIGHLIGHTS

Freeborn Mower Electric Cooperative (FMEC) is committed to the careful use of the financial resources provided by our member-owners through the payment of electric statements. It is the cooperative's fiscal responsibility to maintain integrity, transparency, and accountability in all financial matters.

TOTAL ASSETS \$146.8 MILLION

TOTAL EQUITY \$43.1 MILLION

TOTAL REVENUE \$60.7 MILLION

We're proud to report that total assets have been increasing steadily each year due to our continuous investment in utility plant. The assets also include the new building which became our headquarters in 2021. Our equity has also increased by more than \$1.5 million even with the retirement of \$849,294 of Capital Credits during 2022.

Revenue increased by \$6.2 million, however expenses, including wholesale power cost, increased by \$7.5 million. During the year, extremely high wholesale power costs and other inflationary pressures were challenging. In order to pay for these costs, power cost adjustments (PCA) were added to members' accounts during the year. The PCA is a mechanism to adjust revenue on a month-to-month basis without changing the base retail rate structure. The PCA serves as a pass-through of changes in wholesale power costs, up or down, providing timely cost recovery. Although FMEC experienced increasing costs during 2022, net margins for the year were \$2.6 million, which was only \$30,000 under budget.

Audited financial statements are available upon request for cooperative members.

WHERE YOUR DOLLAR GOES

COST OF POWER



OPERATING EXPENSES



DEPRECIATION



INTEREST



OPERATING MARGINS



LOAD PROFILE

LARGE COMMERCIAL



SMALL COMMERCIAL



RESIDENTIAL



OPERATING ON A NOT-FOR-PROFIT BASIS

A significant aspect of The Cooperative Difference is that Freeborn Mower Electric Cooperative operates on a not-for-profit basis.

As a member-owner, you benefit from our emphasis on service, rather than on making a profit. Ours is a greatly different business model than that of investor-owned utilities (IOUs). In an IOU, business decisions are made to include an annual return of profits to shareholders. These shareholders don't need to reside locally, nor even use the IOU's services. Their involvement is purely investment and profit-based.

Contrast that with our cooperative which is owned locally by the members using the cooperative's services. Of course, to remain fiscally sound, not only must we cover all expenses, but also generate enough revenue in reserve to allow for smooth operation and necessary reinvestment into the business. The generated revenue that exceeds expenses is called margins.

When you became a cooperative member, you were assigned a Capital Credit account. As you pay your electric bills, Freeborn Mower Electric Cooperative (FMEC) tracks your electric consumption and the patronage revenue received from your account. The cooperative allocates your portion of margins to your individual Capital Credits account based on your electric consumption.

From the time the Capital Credits are allocated until they are returned, or what we refer to as retired, the funds are used to strengthen FMEC and reduce the need to borrow funds. Each year, the board of directors determines if the cooperative's financial position will allow for the retirement of Capital Credits, the amount, and the method by which Capital Credits are retired.

The cooperative business model is purposely oriented toward service, not generating profit.

NOT-FOR-PROFIT
— *that's the Cooperative Difference*



491,592,000
KILOWATTS SOLD



\$42.4 MILLION
COST OF POWER



\$1.6 MILLION
OPERATING MARGINS



\$2.6 MILLION
NET MARGINS

CAPITAL CREDITS

In 2022, Freeborn Mower Electric Cooperative (FMEC) retired \$849,294 of Capital Credits to our member-owners.

The general retirement of Capital Credits was made during the month of October, celebrated as National Co-op Month. Capital Credits were applied as bill credits to qualifying members. Checks were issued to former FMEC members.

A member who has terminated service with FMEC no longer receives additional Capital Credit allocations. However, the member's account will remain until it has been retired in full. In order to disburse Capital Credits by check, it is important to keep your current address on file with the cooperative, even if you move off FMEC lines. In the case of a member's death, Capital Credits become part of the deceased member's estate.



Members share in margins through the retirement of Capital Credits.

SHARING IN FINANCIAL SUCCESS
— that's the Cooperative Difference

Finance

OPERATIONS HIGHLIGHTS

We focus on what we do best — powering lives. Each day, every day, 24/7/365.

Freeborn Mower Electric Cooperative (FMEC) is an electric distribution cooperative. As such, we serve as the retail marketer of energy purchased from generation and transmission sources. We do so by focusing on safety, service reliability, affordability, and security so that our members will have the electricity they need to grow and prosper, today and in the future.

Throughout the year, we have continued with our construction work plans, line maintenance projects, physical plant and technology upgrades, and ongoing vegetation management. These efforts work in conjunction to enhance our local power grid and our delivery of vital electric service.



CONSTRUCTION

- 366 projects designed/staked/inspected
- 15 miles of line (single phase)rebuilt
- 11 miles of line (three phase)rebuilt
- 1 mile of aging underground line (single phase) replaced
- 96 new services installed
- 105 member system improvements

MAINTENANCE

- 750 miles of line patrolled for hazards
- 512 animal guards installed
- 2,579 poles tested, 45 identified for replacement
- 289 tree clearing service orders completed
- 200 miles of right-of-way cleared
- 14 parcels mowed and sprayed
- 376 LED security lights installed

RENEWABLES

- 119 member-owned renewable resources on our system
- Total renewable energy capacity of 2,296 kW



Operations

Our goal is to provide safe and reliable electric service to meet today's needs and those of the future.

FOCUS ON SERVICE

— *that's the Cooperative Difference*



Energy Solutions

HELPING YOU SAVE MONEY AND ENERGY

Freeborn Mower Electric Cooperative (FMEC) offers numerous incentives for the purchase and installation of energy-efficient appliances and equipment in their homes. There are also specific rebates designed for agricultural, commercial, and industrial equipment. Our Energy Solutions Department is available to help you determine beneficial energy-efficient equipment upgrades. Details on home appliance rebates are posted on our website: www.fmec.coop

ENERGY MANAGEMENT

- 2,259 systems controlled under load management
- 21,000 kW total load controlled
- A total of 49,519 incentive rebates were paid in 2022 for a total of \$512,359. This equates to an estimated savings of 6,396,013 kWh.

Grant and rebate funding is provided through a collaborative program between FMEC and Dairyland Power Cooperative.



COMMUNITY ENGAGEMENT

Grassroots strength demands involvement at the local community level. Cooperative organizations, including FMEC, have both social and economic dimensions. The cornerstone ethical values of Honesty, Openness, Social Responsibility, and Caring for Others, help design FMEC’s policies and programs of community support. Together we achieve more.

Freeborn Mower Electric Cooperative (FMEC) is a Touchstone Energy® cooperative, part of a national brand that celebrates and promotes The Cooperative Difference.

Throughout the year, FMEC participated in numerous community events. Employees have also been involved with local organizations and their initiatives such as United Way, Salvation Army, Kiwanis, Workforce Development, Chambers of Commerce, and the Albert Lea Economic Development Agency (ALEDA).

Activities have included parades, a Back-to-School supply drive, collecting discarded holiday light strings for a sheltered workshop, an EV Car Club, a member-contributed photo calendar, Albert Lea Safety Night, and more.



YOUTH TOUR

For more than 50 years, electric cooperatives have sponsored the annual Rural Electric Youth Tour. High school students are selected for a trip to Washington, D.C. to experience a firsthand look at how government works. The event combines leadership training, history, and fun. Youth Tour attendees spend a day on Capitol Hill visiting with our Senators and Representatives, witnessing the profound grandeur of monuments to our most celebrated leaders, reflecting on the true cost of freedom by eyeing row upon row of white crosses at Arlington Cemetery, and experiencing what life was like on George Washington’s beloved Mount Vernon plantation. This exciting opportunity is organized and coordinated by the National Rural Electric Cooperative Association (NRECA) and Minnesota Rural Electric Cooperative (MREA).

2022 TOUR PARTICIPANTS

- Carrie Warmka – Emmons
- Karley Guenther - Alden

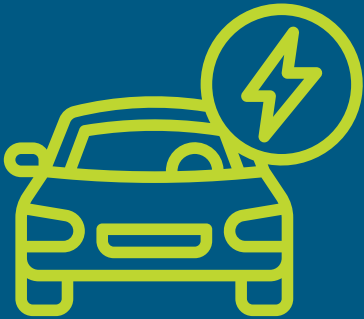
CHARGE EV NETWORK

Freeborn Mower Electric Cooperative (FMEC) is part of a network of electric cooperatives that have created regional electric vehicle (EV) charging infrastructure across Wisconsin, Illinois, Iowa, and Minnesota named CHARGE EV, LLC. The group is planning for future growth in the electric vehicle market and wants to alleviate “range anxiety,” a concern some people have about traveling in an EV without a place to charge. The CHARGE EV infrastructure is designed to support member investments in electric vehicles and includes member education regarding installing home EV chargers.



CHARGEDUP

Freeborn Mower Electric Cooperative (FMEC) held a ChargedUP event at our headquarters parking lot for members to learn about the features of electric vehicles, electric bikes, and electric lawn and garden tools.



SAFETY

For our employees and the public, safety is imperative. We provide safety information and programs throughout the year.



FMEC meets its members where they are, participating and assisting in building a strong sense of community.

COMMUNITY ENGAGEMENT — that’s the Cooperative Difference

OPERATION ROUND UP®

Grants totaling \$146,905.58 were made to 201 local charitable organizations and non-profit entities in 2022.

In fewer than 20 years since the program’s inception, Freeborn Mower Electric Cooperative (FMEC) members have generously provided in excess of \$1 million in local support through the program. This remarkable achievement occurred with the third quarter Operation Round Up® awards.

Operation Round Up® highlights the effectiveness of people working together to achieve benefits for the greater good. The program is a non-profit initiative administered by a five-member Board of Trustees and operates separately from FMEC. There is no comingling of funds with FMEC.

Member contributions of only a few cents each month are used to fund a wide variety of initiatives and improvements that strengthen our local communities. Funding comes from the automatic rounding up of FMEC members’ electric bills to the next nearest whole dollar amount, with the difference automatically pooled for the Operation Round Up® program.

OPERATION ROUND UP®

\$1 MILLION



DONATED

(since the program's inception in 2003)

The monthly contribution could be as little as a penny, but never more than ninety-nine cents. The average donation per member, per year, is around \$6.00 and is tax deductible.

Operation Round Up® is a voluntary, opt-out program. Applications are reviewed and awards are made quarterly. Applications are available online or from our office.

THANK YOU TO OUR ORU BOARD OF TRUSTEES:

Sandy Forstner, Chairperson
Darrell Ingvaldson, Vice-Chair
Brenda Wichmann, Secretary
Joni Osmundson, Treasurer
Rhonda Allison, Board Member

LOCAL SCHOLARSHIPS

One of the many ways Freeborn Mower Electric Cooperative (FMEC) demonstrates its commitment to community is by offering a variety of scholarship opportunities. These scholarships are funded by unclaimed Capital Credits in accordance with state statutes.

Congratulations to our 2022 recipients

2022 LUCK OF THE DRAW SCHOLARSHIPS

During the March 26th Annual Meeting, these ten students were selected at random from a pool of applicants to receive a \$1,000 scholarship for the Fall Semester.

- Taya Jeffrey, Albert Lea
- Logan Hajek, Glenville
- Vayda Stadheim, Albert Lea
- Isaac Beck, Rose Creek
- Weston Dahl, Albert Lea
- Bailey Johnson, Adams
- Brianna Tucke, LeRoy
- Lindsey Bizjak, Albert Lea
- Cai Nelson, Glenville
- Bayley Halvorsen, Emmons

RIVERLAND COMMUNITY COLLEGE SCHOLARSHIPS

Scholarships are awarded to children of FMEC members and adult FMEC members furthering their education at Riverland Community College.

Fall 2022:

- Nancy Fernandez
- Harrison Hanna
- Jasmine Hanson
- Carter Newman
- Burke Cichosz

Spring 2023:

- Maggie Bruns
- Nicole Mayer

Riverland Community College Workforce Development Scholarships :

- Wayde Pederson (Freeborn County)
- Hailey Wiener (Mower County)

LINEWORKER SCHOLARSHIPS

Electrical lineworkers construct, maintain, repair, and restore utility electric power lines, both overhead and underground. They must have professional training through a certified technical college program. FMEC awarded \$1,000 to each of these students pursuing this essential trade.

- Aaron Rocklin, Albert Lea
- Dawson Dahlum, Glenville
- Payton Fristedt, Blooming Prairie
- Garrett Lahann, Austin



By supporting local students, we are making a long-term investment in the prosperity of the communities we serve.

FMEC RECOGNIZED AS A 5-STAR CO-OP

The National Rural Electric Cooperative Association (NRECA) designated Freeborn Mower Electric Cooperative (FMEC) a 5-Star Co-op for the second consecutive year in 2022.

A 5-Star Co-op encourages its members to learn about federal, state, and local elections. It empowers its members to make independent, educated decisions about voting for the future of their cooperative and community. In a nonpartisan way, a 5-Star Co-op also engages with elected officials to provide education about the cooperative business structure and advocate for issues on behalf of the electric cooperative membership.

FMEC has a long history of working with State Legislators and Congressional officials to provide education and input on policy directions and regulations that will be in the best interest of local electric ratepayers.



“Thank you for your commitment to the Co-ops Vote program by becoming a 5-Star Co-op! The effort you and your employees have put into the program is a stellar example of your Commitment to Community, to ensure that rural America’s voices are heard. . . . Co-ops Vote is about more than voting — it’s about engaging in the political life of your community. The political interests of a co-op are, by definition, the interests of its membership.”

– Excerpted from the award announcement letter to Jim Krueger from Jim Matheson, CEO – National Rural Electric Cooperative Association



“FMEC plays a vital role in the communities we serve. Ensuring a reliable and safe supply of electricity is of utmost importance. As a member-owned and member-governed utility, we are well situated to bring important energy-related issues before lawmakers. We thank our lawmakers and industry representatives for participating in fruitful discussions and an important exchange of perspectives..”

– Jim Krueger, President & CEO

A tradition of Cooperation Among Cooperatives is found on the regional, state, and national levels.

ROBUST PARTNERSHIPS
— *that’s the Cooperative Difference*

COOPERATIVE NETWORK

There are many ways that electric cooperatives work together to support our mission.

We rely on these powerful partnerships:

MINNESOTA RURAL ELECTRIC ASSOCIATION
The Minnesota Rural Electric Association (MREA) represents electric cooperatives in the state of Minnesota. MREA fosters unity among and provides service to all of Minnesota’s 50 electric cooperatives. The association serves as a leading voice influencing energy policy. It also provides education, training, and leadership development opportunities.

NATIONAL RURAL ELECTRIC COOPERATIVE ASSOCIATION
The National Rural Electric Cooperative Association (NRECA) is the national service organization dedicated to promoting, supporting, and protecting the national interests of electric cooperatives and the members they serve. NRECA represents more than 900 member electric cooperatives that serve 1 in 8 people across 56 percent of the country's landmass. NRECA is a strong advocate for cooperatives, helping safeguard the ability to provide safe, reliable, and affordable electric service. It also represents the commitment of industry leaders to the development of new energy technologies. With programs and services promoting global development through rural electrification abroad, NRECA is also changing lives and growing communities around the world.

COOPERATIVE EMERGENCY ASSISTANCE
When massive storms or disasters strike, electric cooperatives know that additional manpower and equipment are available through mutual aid agreements. Emergency assistance provided by other electric cooperatives and utilities is extremely helpful to the restoration of power during emergencies.

HEARTLAND SECURITY®
Heartland Security is a subsidiary owned by 13 rural electric cooperatives, including Freeborn Mower Electric Cooperative, and operates in central, western, and southern Minnesota, and northern Iowa.

More than 8,000 families and businesses trust Heartland Security for their peace of mind. Heartland Security offers a variety of products and systems:

- Home Security Systems
- Business / Commercial Security Systems
- Video Surveillance Systems
- Agricultural Monitoring Systems
- Personal Medical Alert

Committed to delivering long-term value, Heartland Security prides itself on exceptional service, superior and reliable equipment, and competitive pricing.

888-264-6380 | heartlandss.com

2022 DAIRYLAND REPORT: A Shared Vision

Safe, reliable, and sustainable electric power is a shared vision for Dairyland Power and its member cooperatives. To ensure electricity reaches your homes and businesses when you need it, Dairyland Power management and its board of directors consider several factors when making decisions. These include the economic impact on members, technological feasibility, safety, social implications, and environmental responsibility.

Dairyland Power was created in 1941 to be a wholesale power provider to its member electric cooperatives. As a generation and transmission (G & T) cooperative, it sends out electricity via thousands of miles of transmission lines to energize substations. Today, Dairyland Power delivers power to 24 member cooperatives, including Freeborn Mower Electric Cooperative, and 27 municipal utilities in Wisconsin, Minnesota, Iowa, and Illinois.

Among Dairyland Power’s priorities are safety, asset reliability, asset diversification, growth and innovation, and financial and competitive strength. These are priorities shared and supported by FMEC and the other member-owners of Dairyland Power.

Reliable electricity begins at the generation plant and requires a well-maintained transmission system. Dairyland’s crews work year-round to safely rebuild, construct, and upgrade approximately 50 miles of 69 kV transmission lines each year. Each mile takes approximately two weeks to complete and uses roughly 17 poles.

Dairyland supports the Midcontinent Independent System Operator’s (MISO’s) approval of the first set of projects in its Long-Range Transmission Plan. These projects will ensure grid reliability and resilience, along with delivering carbon-free energy. Projects will be located near or along existing transmission or other infrastructure corridors to reduce landowner impacts. MISO is an independent, not-for-profit, member-based organization responsible for keeping electricity flowing reliably and cost-effectively across a large geographic region. MISO manages the flow of high-voltage electricity across 15 U.S. states and the Canadian province of Manitoba. It facilitates one of the world’s largest energy markets with more than \$40 Billion in annual transactions.

A balanced and measured approach is being used in the commitment to reduce Dairyland Power’s carbon intensity 50 percent by 2030 (from 2005 levels). To safely meet the region’s energy needs, we believe that utilities must take an all-of-the-above approach for power plant fuel sources. One fuel type, alone, cannot meet our nation’s energy demands. For example, in 2021, solar represented almost 3 percent of total U.S. electrical generation; wind was 9.2 percent.

As the utility industry lowers its carbon intensity, renewable-enabling natural gas facilities will be crucial to keep the lights on. Throughout MISO’s footprint, wind and solar provided 15 percent of all the electricity generated in 2022. The balance was covered by coal (35%), natural gas

(33%), nuclear (14%), and other (3% noted as hydro, diesel, biomass, storage, and demand response resources.)

Last May, the John P. Madgett coal-fired generating station (Alma, Wis.) set a daily gross generation record of 9,625.34 megawatt-hours (MWh), surpassing the previous record of 9,622.47 MWh set on February 17, 2021, toward the end of the polar vortex.

On December 22, 2022, the Dairyland Power system set a new winter peak demand of 1,038 MW. We were grateful to have fuel available to keep our homes warm during the pre-holiday cold snap.

Electric cooperatives are not immune to increased fuel prices, early power plant retirements, extensive environmental reviews, state and federal approval and permitting requirements, supply chain constraints, increased equipment costs, and international unrest. Dairyland Power implemented a 5.63 percent average wholesale rate increase in the power sold to its member cooperatives, including FMEC, effective January 1, 2023.

As your FMEC representative on the Dairyland Power board of directors, it has been my privilege to bring your voices to the table, ensuring that we have a shared vision of our energy future.



- Bill Trygstad,
FMEC’s Dairyland Director

REGISTRATION CARD

Please bring this card as admission for you and your family to the Annual Meeting of Freeborn Mower Electric Cooperative on Saturday, April 22, 2023 at Albert Lea High School (2000 Tiger Lane, Albert Lea, MN 56007). Registration and breakfast begin at 8:00 a.m. The business meeting begins at 10:00 a.m. This card will also serve as registration for prize drawings.

Update Your Contact Information: (Please complete this section only if any of your information has changed.)

Email: _____

Mailing Address: _____ City: _____ State: _____ Zip: _____

Property Address: _____ City: _____ State: _____ Zip: _____

Cell Phone: _____ Home Phone: _____

85TH ANNUAL MEETING MINUTES MARCH 26, 2022

The 85th Annual Meeting of the members of Freeborn Mower Electric Cooperative (FMEC) was held at the Albert Lea High School in Albert Lea, Minnesota, on March 26, 2022. Members were also invited to attend virtually via a livestreaming broadcast and could participate in the Live Chat feature.

Following the Natonal Anthem, District 7 Board Chair, Jack Korman called the meeting to order at 10:00 a.m. He welcomed those in attendance and introduced the following FMEC Board of Directors. Additionally, he acknowledged the FMEC employees as well as Attorney Steve Hovey.

- Dennis Anderson, District 1
- Burt Magnuson, District 2
- Steve Garbisch, District 3
- Richard Schaufler, District 4
- Frank Fryer, District 5
- Joe Pacovsky, District 6
- Bill Trygstad, District 8
- Larry Irvine, District 9

Board Secretary Burt Magnuson stated the 2021 Annual Report was mailed to every member of the cooperative on February 28, 2022. According to Article 2, Section 5 of our bylaws, the presence of 50 registered members constitutes a quorum for a meeting of the members. At the start of the meeting, we had exceeded that number, therefore a quorum was present to conduct the general business of the cooperative.

A motion was carried that the reading of the minutes from the 2021 Annual Meeting be dispensed with and approved as presented.

President & CEO Jim Krueger emphasized the many ways that Freeborn Mower Electric Cooperative serves its member-owners by providing power to their lives. He continued to cover operational and financial highlights, legislative involvement, employee retirements and new hires, the 2021 workplan accomplishments, and community involvement initiated by the cooperative. He also spoke about the widespread damage created by tornadoes in December 2021 when severe winds knocked down power lines and poles, uprooted trees, and took out transmission lines resulting in the loss of power at five substations. The result was about 50 broken poles and more than \$200,000 in expenses to restore power.

Krueger noted, “As we move into the new year and beyond, know that we strive to be a modern, adaptable, and forward-looking power provider – a reliable source for electricity and information. Now in our 85th year, we will continue to honor our cooperative’s legacy with a continued focus on service to our member-owners.”

Chairman Korman then called for any old or new business. Hearing none, he moved forward to the seating of the directors.

Jay Neitzell in District 2; Frank Fryer in District 5; and Bill Trygstad in District 8 were all seated to a three-year term.

Special recognition was given to Burt Magnuson for his 15 years of dedicated service and leadership as retiring Director for District 2.

Prior to adjournment, members of the cooperative were encouraged to submit questions. Hearing none, Chairman Jack Korman entertained a motion to adjourn the meeting at 11:00 a.m. The motion was made, seconded, and approved by the members present.

Burt Magnuson, Secretary

Learn more about Dairyland Power Cooperative at www.DairylandPower.com. Also, follow on Facebook, LinkedIn, Twitter, and YouTube.



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President: Jim Krueger, President & CEO
Telephone: (507) 373-6421

86TH ANNUAL MEETING

Saturday, April 22, 2023

ALBERT LEA HIGH SCHOOL

2000 Tiger Lane, Albert Lea, MN 56007

Registration and Breakfast 8:00 a.m.

Business Meeting 10:00 a.m.

- **Visit with Cooperative Staff & Directors**
- **Visit Information Tables**
- **Bingo**
- **Games and Prizes**
- **And More**

Register in-person at the meeting.

