

# Illuminating Our Core Values

**ANNUAL  
REPORT**  
2023



**YOU ARE INVITED**

# 87<sup>TH</sup> ANNUAL MEETING

*Tuesday, March 26, 2024*

**ALBERT LEA HIGH SCHOOL**

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

*(See the back for more details.)*

## FREEBORN MOWER ELECTRIC COOPERATIVE

# 2023 HIGHLIGHTS

*a letter to our members by cooperative leadership*

Freeborn Mower Electric Cooperative (FMEC) is a people-focused electric energy provider. That's what is special about being a cooperative — locally owned with accessible leadership.

Strategic planning is essential because along with our many achievements, there will always be challenges. As part of our 2023 strategic planning process, the board of directors and staff set out to clarify FMEC's core values and stay committed to our mission. Throughout this annual report, we aim to demonstrate this deeply held commitment to our mission and values.

The cooperative business model is deeply rooted in seven guiding principles that have stood the test of time. Providing power to our members' lives depends on first having a solid foundation. These principles served as the touchstones from which we further refined our cooperative's core values for 2023 and the foreseeable future.

We emphasized the strategic planning process in 2023 because we recognize that the electric utility industry is currently immersed in a period of rapid change, faced with new regulatory challenges and evolving technologies. When making decisions within FMEC, discussions start from the cooperative's principles, linking outcomes to our core values and member-owners' best interests.

Service reliability remains a primary focus and is the driving force behind most of our construction projects. Aging equipment and infrastructure were updated. Redundancy routes were added to support multiple ways to energize substations and main feeder powerlines. Overhead powerlines were switched to underground to limit their susceptibility to outages. This work is a continual process to ensure you have electricity to power your life.

However, there are other aspects to the reliability issue, namely new utility rules and legislation aimed at a carbon-free environment. It is important to

*Continued on page 4...*

## MISSION

Freeborn Mower Electric Cooperative is 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

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**INFO@FMEC.COOP**

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*Everything we do must support  
our mission and core values.  
That's the commitment we make  
to our members.*

note that Minnesota's electric industry is already well on its way to a cleaner electric system. Also, we agree that clean energy resources should, and will, play an increasing role in our electricity supply. Yet, for reliability's sake, Minnesota cannot rely on renewable generation to meet consumer demand in the near term. Consumer demand requires continued use of traditional coal and gas-fueled base-load generation sources. This will be especially true during extreme weather events. Time, technology, money, and patience will be needed before huge shifts to renewable sources can occur without threatening grid reliability. The high temperatures and humidity of late August, coupled with low generation output from intermittent generation sources (solar and wind) can be held as an example of stressing the regional electric grid.

To comply with the Environmental Protection Agency's draft rules seems unrealistic. Capturing emissions from coal and gas-powered generation plants requires technology that has long been promised but is not currently widely available. Power plants that cannot meet the new standards for carbon dioxide emissions will be forced to close and make new plants fired by natural gas difficult to permit, site, and construct. The integrity of the electric grid is at stake.

On August 29, the board of directors and management staff met with Minnesota legislators, legislative staff, and representatives from Minnesota Rural Electric Association and Dairyland Power Cooperative. The topic of discussion

was the reliability and integrity of the regional electric grid. Balancing affordability with strong inflationary pressures became increasingly difficult as the year progressed, leading to a rate increase in April. We absorbed the increased operating costs and held off raising rates as long as possible. However, continuing any longer would not have been the sustainable or the fiscally responsible thing to do.

FMEC continued to grow in 2023 as indicated by the statistics included in this annual report. We invite you to browse the pages to discover more about the utility that you own and control.

We thank each of our dedicated employees for making another successful year possible. To our members, thank you for your continued support.

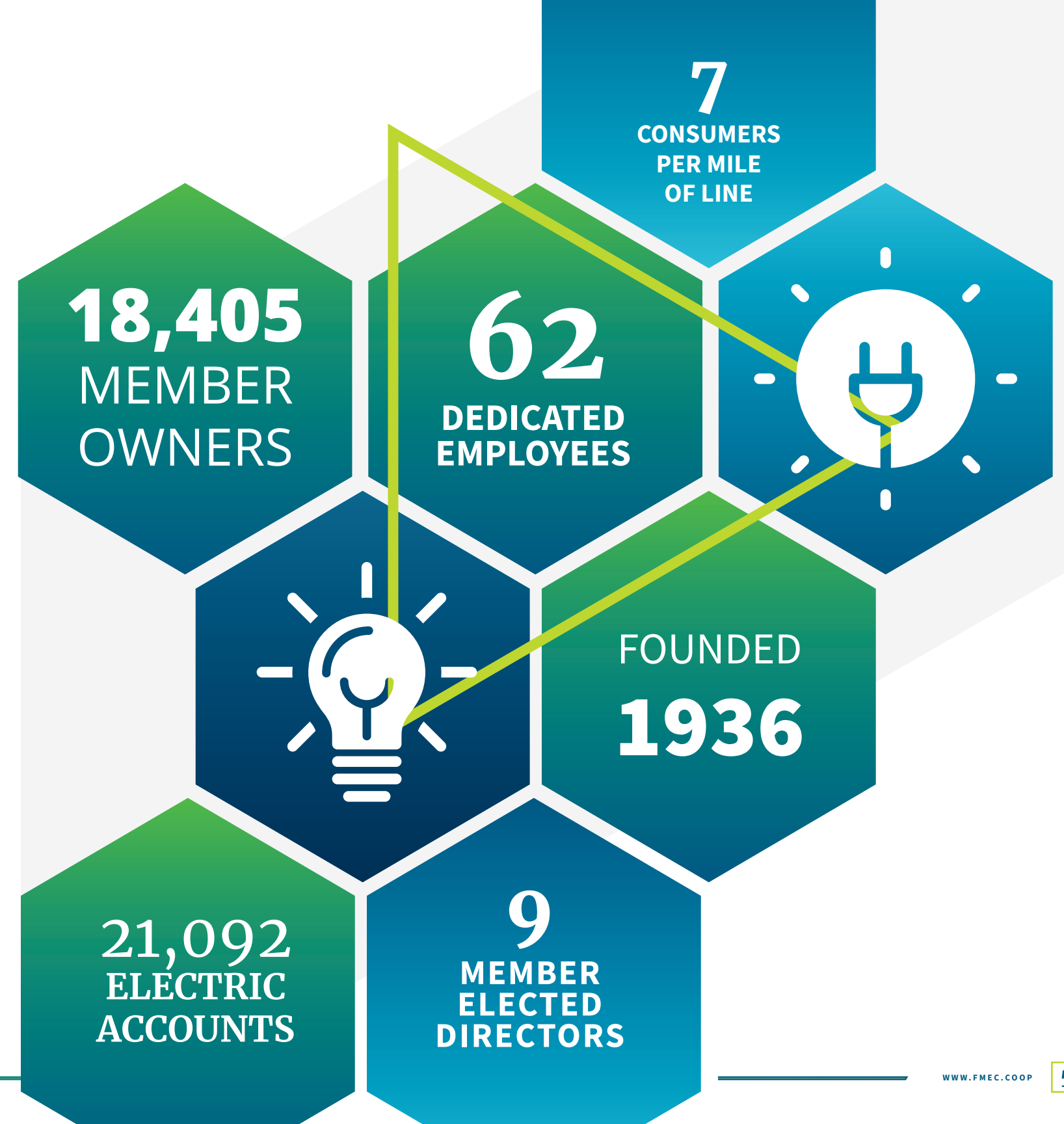
Jim Krueger, President & CEO  
Jack Korman, Board Chair



**Jim Krueger**  
Chief Executive Officer



**Jack Korman**  
Board Chair





# Grassroots Leadership

*Freeborn Mower Electric Cooperative is a democratically controlled business. It is governed by local people who 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.*



**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



**Matt Maras**  
District 6, Hayward



**Jack Korman**  
District 7, Alden / Chair



**Bill Trygstad**  
District 8, Albert Lea



**Larry Irvine**  
District 9, Albert Lea

Freeborn Mower Electric Cooperative is governed by a nine-member board who have been elected by the fellow members of their district. Board members are elected to serve a three-year term. District elections are staggered to provide continuity in leadership year to year.

FMEC is a local and democratically controlled entity, so you can have confidence that board actions are taken to support our cooperative's mission and values.

The board of directors is responsible for setting policies and retail rates, fiduciary responsibilities, strategic planning and setting priorities, and providing overall guidance for implementation by the CEO and the cooperative's management team.

The Credentialed Cooperative Director (CCD) certification program provides electric cooperative directors with the foundation of knowledge needed to provide effective leadership in the fast-paced electric utility industry. The CCD program is offered through the Minnesota Rural Electric Association. In 2023 two Freeborn Mower directors, Jay Neitzell and Richard Schaufler, completed the coursework and attained the CCD certification. Currently, all nine directors are certified.

**WHAT IS MY DISTRICT NUMBER?**  
Your director's name is shown on your billing statement in the top right under your account number.



*FMEC Directors and staff with MN State Legislators at MREA's Legislator Day at the Capitol.*

Your cooperative leaders take every opportunity to meet with Minnesota legislators and discuss energy-related topics and industry concerns. Legislators visited Freeborn Mower Electric Cooperative in August for a productive exchange of ideas and information. Brent Ridge, President and CEO of wholesale power supplier Dairyland Power Cooperative, explained its electric generation and transmission priorities, emphasizing the integrity of the electricity grid.

What happens in St. Paul directly affects our cooperative and therefore our members. Actions taken during the 2023 Minnesota Legislative Session set the stage for 2024. One of the most concerning steps taken was the "Carbon Free by 2040" bill that passed last session. This has prompted the Minnesota Rural Electric Association's legislative energy committees to focus on proposals to better align the permitting process with the demands of the clean energy transition mandates. As utilities work out how to comply with the 2040 carbon free mandate, we expect the current moratorium on building new nuclear facilities in Minnesota

will be a discussion item. Minnesota's electric cooperatives take the stand that we need all available tools in our toolbox when working to provide reliable power across the state. While some legislators advocate for more prescriptive requirements for how utilities decarbonize the electrical grid, Minnesota's electric cooperatives firmly believe that it should be experts at utilities who should decide how we will reach 2040 carbon free compliance.

Grid reliability has long been a foremost priority for electric cooperatives. The Midwest Independent System Operator (MISO), is an independent and non-profit entity charged with balancing and managing the flow of electricity across 15 states and Manitoba, Canada. In 2023, to ensure the adequate reliability of generation resources year around, MISO changed its requirements for power providers, including Dairyland Power. This, in turn, necessitated FMEC to modify its load management program.



CORE VALUE:  
**COMMUNITY**

Freeborn Mower Electric Cooperative stands as a beacon of commitment to its core value: community. Recognizing the profound impact a strong community has on the well-being of its members, FMEC actively engages in a range of programs designed to uplift and empower local communities.

FMEC's dedication to community transcends the provision of reliable electric services. The cooperative actively invests in programs that address the unique needs of local residents, ensuring that the community not only survives but thrives.



**PARTNERSHIPS FOR  
COMMUNITY ADVANCEMENT**

A new electric vehicle charging station was built in historic downtown Albert Lea as a result of a partnership between FMEC, Dairyland Power Cooperative, and the City of Albert Lea. The ZEF Energy Level 2 charger is located in an area with views of Fountain Lake and close to food, shopping, and entertainment.



**COMMITMENT TO FOSTERING  
AGRICULTURE IN THE AREA**

FMEC was inducted into the Agriculture Hall of Fame at the Freeborn County Fair for its long-term commitment to supporting the local agriculture industry. The recognition harkens back to farmers organizing together in 1936 to bring themselves the help of the “wired hand” of electricity.



**MEMBER ENGAGEMENT  
AND APPRECIATION EVENTS**

Members enjoyed our Holiday Open House held December 15, 2023, in our office lobby. Our employees enjoyed mingling with members, discussing rural electricity from years past, and providing helpful information and services. Holiday specs transformed tree lights into unique shapes, creating a joyful atmosphere of laughter.

**Operation Round Up®**

Grants totaling \$107,394 were made to 205 local non-profit entities in our service territory during 2023. Since the inception of Operation Round Up® at FMEC, a grand total of \$1,162,668 has been generated to support local communities' livability, safety, and vitality. Undeniably, this infusion of money provides a significant impact and highlights the effectiveness of people working together to achieve benefits for the greater good.

Operation Round Up is a voluntary, opt-out program. Member contributions are determined by rounding up the monthly electric bill to the next whole dollar amount. This creates a tax-deductible donation that is pooled into the Operation Round Up fund. The funds are overseen by the program’s Board of Trustees and kept separate from FMEC funds. The December billing statement shows a yearly total of an individual member’s tax-deductible contribution. The trustees review applications and determine grant awards on a quarterly basis. Applications are available from our website or office.

Thank you to our participating members who are strengthening our local communities.

**Sandy Forstner**  
Chairperson



**Darrell Ingvaldson**  
Vice-Chair



**Brenda Wichmann**  
Secretary



**Joni Osmundson**  
Treasurer



**Rhonda Allison**  
Board Member



**COMMUNITY  
CELEBRATIONS**

In 2023, FMEC participated in a variety of outreach events and community celebrations including Albert Lea’s Santa Cruise, various parades, Wind Down Wednesdays, and youth education. Being active in community events like these reinforces the close ties the cooperative has with the communities we serve.



**SUSTAINABILITY  
EFFORTS**

During the holiday season, a bin was available for collecting discarded strings of lights. These were donated to a sheltered workshop to be dismantled and components recycled.



**SUPPORT FOR  
THOSE IN NEED**

In 2023, FMEC facilitated a Back-to-School supply drive in August and September. School supplies donated by employees and members were divided between schools in Freeborn and Mower counties.



# Cooperatives Grow Tomorrow's Leaders

Electric cooperatives serve as fertile ground for growing tomorrow's leaders through providing educational scholarships and sponsorship to the prestigious National Rural Electric Cooperative Association's Youth Tour.



**\$39,250**  
**IN SCHOLARSHIPS**  
**HAS BEEN**  
**AWARDED**  
**BY FMEC**

## Local Scholarships

As part of our community involvement and outreach efforts, Freeborn Mower Electric Cooperative offers a variety of scholarship opportunities to our members. Our hope is that by supporting local students, we're making a long-term investment in the prosperity of the communities we serve.

### Congratulations to our 2023 recipients:

#### 2023 LUCK OF THE DRAW SCHOLARSHIPS

During the FMEC Annual Meeting, these students were randomly selected from a pool of applicants to receive a \$1,000 scholarship for higher education.

- Madison Lea, Blooming Prairie
- Ava Jensen, Albert Lea
- Jenna Schmidt, Alden
- Haven Carlson, Blooming Prairie
- Kyle Honstad, Alden
- Tanner Conn, Albert Lea
- Paul Hillman, Albert Lea
- Jaya Stout, Albert Lea
- Kate Greenfield, Alden
- Kaitlyn Klocke, Albert Lea
- Cameron Nesbitt, Grand Meadow

#### RIVERLAND COMMUNITY COLLEGE SCHOLARSHIPS

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

- Maggie Bruns, Blooming Prairie
- Nicole Mayer, Albert Lea
- William Gillette, Brownsdale
- Lucas Ravenhorst, Hollandale
- McKenna Sager, LeRoy
- Ashton Thelen, Alden
- Madison Thurnau, Ellendale
- Wayde Pederson, Lyle
- Katelyn Uthke, Albert Lea
- Joseph Kotzenmacher, Albert Lea
- Deloris Payne, Grand Meadow

#### LINEWORKER SCHOLARSHIPS

These scholarships help support the supply of professional lineworkers available to electric cooperatives and our industry. Electric lineworkers construct, maintain, repair, and restore utility power lines, both overhead and underground. They must receive training through a certified technical college program. FMEC awarded \$1,000 to each student pursuing a career in this essential trade.

- Ryker Erickson, Alden
- Tucker Varpness, Garvin

*Funding for scholarships comes from forfeited Capital Credits in accordance with state statutes. In this way, these funds are being returned to the communities from which they were generated.*



## YOUTH TOUR

Albert Lea High School student Jaylee Waters represented FMEC as part of the Minnesota student delegation to Washington, D.C., for the National Rural Electric Cooperative Association's 2023 Youth Tour. The students joined with others representing electric cooperatives nationwide for a premiere learning and leadership experience. They met with members of Congress and learned firsthand about politics, community development, and the cooperative business model. Included in the event were tours of a variety of sites and museums.

Congratulations to Jaylee Waters for being selected by her fellow Minnesota student delegates to represent our state on NRECA's Youth Leadership Council. It is a great honor to be elected for this distinguished leadership position. We are proud to have an area student excel in this cooperative experience.





CORE VALUE:  
**ENGAGEMENT**

At Freeborn Mower Electric Cooperative, we firmly believe that engaged employees and members are the key to success. Engaged employees foster innovation, efficiency, and a culture of continuous improvement. Engaged members provide valuable insights, creating a dynamic partnership that ensures we meet community needs with transparency and accountability.

Engagement forms the foundation of our cooperative's resilience, adaptability, and overall success. We are dedicated to fostering a culture of engagement, where open communication and collaboration flourish, guiding us towards a brighter future for our communities.

FMEC believes in being responsive to our members' needs and concerns. This leads us to make choices that promote transparency, increase efficiency, build relationships, and improve member engagement.

In 2023, our cooperative focused on employee training, technology investments, and an improved billing design for our members. These efforts allow us to enhance our service and improve our valued members' experience.

There was an increase in all forms of member interaction during 2023 compared to the previous year. Accessibility to FMEC is a critical component of the cooperative business model. We welcome our interactions with our members and strive to provide prompt, knowledgeable, and professional service.

**MEMBER CALLS** 61,761

**SMARTHUB USERS** 8,323

**AUTOPAY ACCOUNTS** 7,090

**PAPERLESS USERS** 5,802

**WEBSITE VISITS** 51,642

**FACEBOOK FOLLOWERS** 3,860



CORE VALUE:  
**INTEGRITY**

Upholding the highest standards of transparency and ethical conduct, we prioritize long-term member interests over short-term gains. Our fiscally responsible decisions and sound financial practices not only safeguard the cooperative's economic health but also contribute to community prosperity.

With integrity as our guiding principle, we navigate the complexities of cooperative management, ensuring the reliable delivery of electricity while honoring the trust our members place in us.

# FINANCIAL HIGHLIGHTS

At Freeborn Mower Electric Cooperative, your economic participation defines our cooperative membership, guiding us to prudently utilize the resources you provide. The 2023 financial performance underscores the success of this commitment, reinforcing our financial stability.

A continuous investment in utility plant infrastructure led to a steady increase in Total Assets, signaling our dedication to maintaining a robust and reliable power infrastructure. Despite the retirement of approximately \$645,000 in capital credits, equity increased by more than \$3.9 million, a clear indication of our careful financial management.

Financially, FMEC navigated a nearly \$1.0 million decrease in revenue through strategic reductions in power costs and overall expenses, amounting to \$1.8 million. FMEC concluded the year with margins exceeding budget by \$2.2 million, a testament to our commitment to financial responsibility.

Looking ahead, our focus remains on diligently managing costs to alleviate rate impacts on members, aligning with our cooperative values. This ensures the continued provision of reliable and affordable services. For those seeking detailed financial insights, our Audited Financial Statements are available upon request, emphasizing transparency and member awareness.

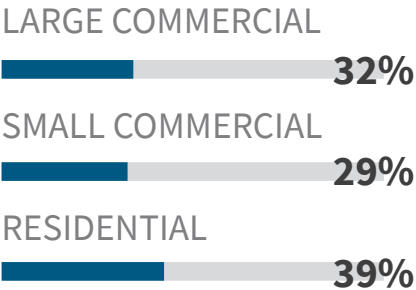
TOTAL ASSETS \$150.8 MILLION

TOTAL EQUITY \$47 MILLION

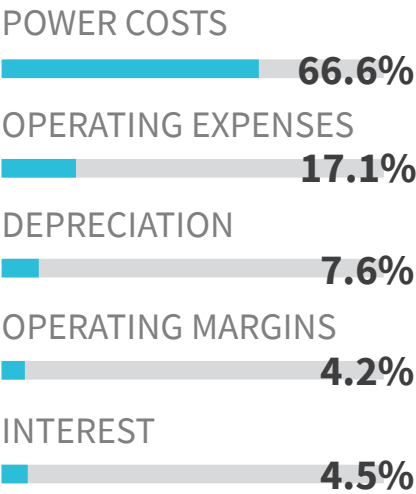
TOTAL REVENUE \$59.8 MILLION



## LOAD PROFILE



## WHERE YOUR DOLLAR GOES



## \$645,000 in Capital Credits Retired in 2023

A vital component of the cooperative business model is operating on a not-for-profit basis. This is accomplished through our system of Capital Credits. Capital Credits are a tangible representation of how FMEC members share in the cooperative’s financial success.

In our cooperative, revenue that exceeds expenses (called margins) is allocated to the members as Capital Credits. Each member is assigned a unique Capital Credit account. FMEC tracks each member’s purchase of electricity and the patronage revenue that they have generated for the cooperative. Before the retirement (return to members) of Capital Credits, the funds financially strengthen the cooperative and reduce the need to borrow funds. Annually, 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.

Current qualifying members received a Capital Credit disbursement as a credit on their October billing statement. Former members who have terminated their electric service and had a Capital Credit retirement due received a check. Capital Credit accounts remain until retired in full. Capital Credits become part of a deceased member’s estate.

KILLOWATTS SOLD  
486,097,000

ELECTRIC REVENUE  
\$59,791,000

COST OF POWER  
\$39,827,000

OPERATING MARGINS  
\$2,532,000

NET MARGINS  
\$4,645,000

CAPITAL CREDITS  
\$645,000



## CORE VALUE: TEAMWORK

At Freeborn Mower Electric Cooperative, teamwork is not just a value; it's a commitment to each other, our members, and the communities we serve. From lineworkers to office staff, from management to field technicians, we understand that our individual strengths are multiplied when we work together. By sharing resources, knowledge, and expertise, we create an environment that enhances our ability to meet the challenges of the electric utility industry.

The significance of teamwork at FMEC extends beyond the boundaries of our physical headquarters through the collaborative efforts of our community partners, stakeholders, and the larger cooperative network.

Electric cooperatives work together to share lessons learned, successful strategies, and best practices. We raise our collective voices and engage in efforts to strengthen our industry and ensure quality service to our cooperative members.

### DAIRYLAND POWER COOPERATIVE

Dairyland Power Cooperative (DPC), based in La Crosse, WI, was created in 1941 to be a wholesale power provider to its member electric cooperatives, including Freeborn Mower Electric Cooperative. In addition to the generation and transmission of wholesale electricity and all that entails, DPC provides various training and education programs, publication and mailing services, load management, energy efficiency promotions, and contact with legislative leaders.

### MINNESOTA RURAL ELECTRIC ASSOCIATION

The Minnesota Rural Electric Association (MREA) is a trade association representing the electric cooperatives in the state of Minnesota. It provides a unifying voice for the cooperatives and serves as a leading voice influencing energy policy. It also provides education, training, and leadership development opportunities.

### NATIONAL RURAL ELECTRIC COOPERATIVE ASSOCIATION

As a national service organization, the National Rural Electric Cooperative Association (NRECA) is dedicated to promoting, supporting, and protecting the national interests of electric cooperatives and the members they serve. It is a strong industry advocate working with Congress, in the development of new leaders, and promoting global development through rural electrification abroad.

### COOPERATIVE EMERGENCY ASSISTANCE

Mutual aid and assistance agreements exist between electric cooperatives to respond to massive storms and disasters with manpower and equipment.

### HEARTLAND SECURITY®

Heartland Security is a subsidiary owned by 13 electric cooperatives, including Freeborn Mower Electric Cooperative. Heartland Security offers personal medical alert devices and a variety of security and monitoring services for homes, commercial establishments, and agricultural facilities. It is committed to delivering long-term value, competitive pricing, exceptional service, and reliable equipment.





# CORE VALUE: QUALITY

At Freeborn Mower Electric Cooperative, our core value of quality propels us towards innovation, efficiency, and continuous improvement. We strive to exceed expectations by embracing new technologies, streamlining internal processes, and providing members with opportunities to use electricity efficiently. We strive for excellence in delivering quality electric service and opportunities to optimize energy consumption, ensuring our members benefit from reliable and cost-effective services. Efficiency is at the forefront of our operations, as we continuously improve internal processes and infrastructure to maximize energy performance. By upholding the core value of quality, we not only meet the current energy needs of our communities but also position ourselves as leaders in sustainable and forward-thinking energy solutions for the future.

## ENERGY SOLUTIONS

We bring you the information and resources you need to make wise energy-use decisions. There are also numerous rebates for installing energy-efficient appliances, lighting, and equipment for residences. Other rebates are available for agricultural, commercial, and industrial installation. These funds are provided through a collaboration between Freeborn Mower Electric Cooperative and Dairyland Power Cooperative.

We’ve streamlined the application process for renewable energy installations using the NOVA Power Portal.



Electric vehicle booth at annual meeting.

## ENERGY SOLUTIONS

- 2,279 systems controlled under load management
- 32 new systems were installed on load management
- 6 new enrollees were added to our Dual Fuel program, totalling 454 participants
- 26 new enrollees were added to our Stored Water Heating program, totalling 1,535 participants
- 55,923 energy efficiency rebates processed, an estimated 6,283,857 kWh in energy savings
- \$473,940 in energy rebates were paid to members for efficiency upgrades

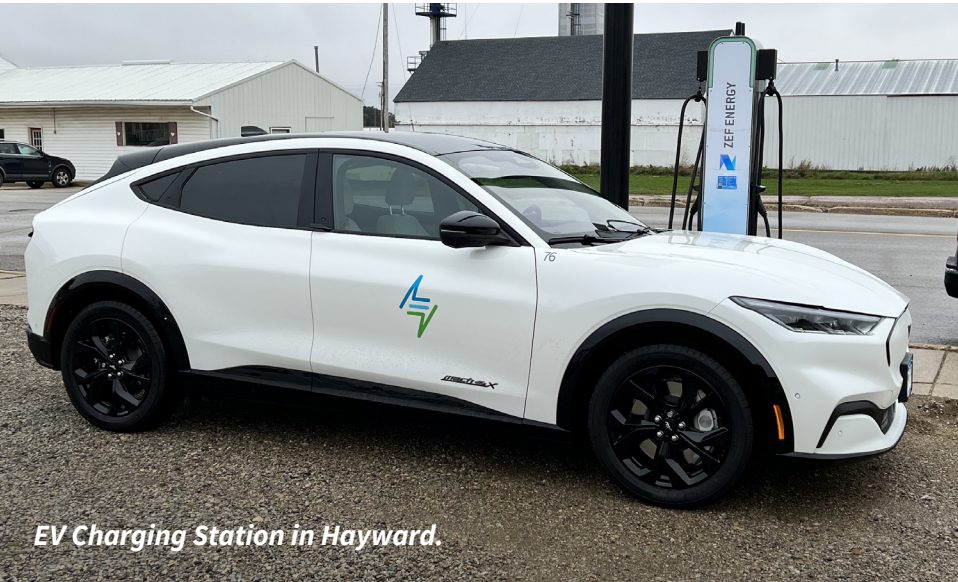
## RENEWABLES

- 5 member-owned wind turbines
- 143 member-owned solar arrays on our system
- Total renewable energy capacity of 3,675 kW

## ELECTRIC VEHICLES AND EQUIPMENT

RECHARGE Albert Lea held an EV Expo and Test Drive on May 6. The event gave the public a chance to take an electric vehicle out for a spin, and get hands-on experience with charging an EV. Design Ready Controls in Albert Lea manufactures EV chargers and provided information about available career opportunities.

Members interested in electric vehicles can learn about EV options and technology through FMEC’s EV Car Club. Let us know if you have questions.



EV Charging Station in Hayward.

## TECHNOLOGY

Avoiding unnecessary electric use during Peak Alert times is a way to help stabilize our retail electric rates. The more our members add to the system’s peak electric demand, the greater the demand charges billed to FMEC on our wholesale power bill. These demand charges need to be recovered through our retail rate structure. As members of FMEC, it’s important to actively improve participation in avoiding or limiting electric use during Peak Alerts. To improve participation and reduce wholesale power costs, we will continue to create and promote new load-reduction opportunities.



## CORE VALUE: SERVICE

At Freeborn Mower Electric Cooperative, we take pride in powering the lives of our members, recognizing that the services we provide go well beyond the act of delivering electricity. Whether we are constructing a power line to enhance the reliability of our grid or diligently recording your bill payment, every task, no matter how big or small, is approached with a dedication to service.

At FMEC, construction, maintenance, and outage management are integral components of our service commitment. We recognize that reliability is paramount, and through strategic planning, continuous maintenance, and swift outage response, we ensure that our members can always count on us to keep their lights on and their lives powered.

Each year, maintaining a reliable system takes hundreds of hours of planning, maintenance, inspections, and system upgrades. Equally important is our commitment to balancing reliability and affordability with member expectations, which requires a mindset of continuous improvement and looking ahead to anticipate your future needs.

Our 2023 construction work plan represented a nearly \$12 million commitment to reliable electric service. This investment was used to upgrade, enhance, and repair our distribution system in a variety of ways - all of which strengthen our ability to serve you, and provide reliable and affordable electricity.

In addition to our efforts at the distribution level, our power suppliers are working every day to ensure power is there when you need it.



## CONSTRUCTION

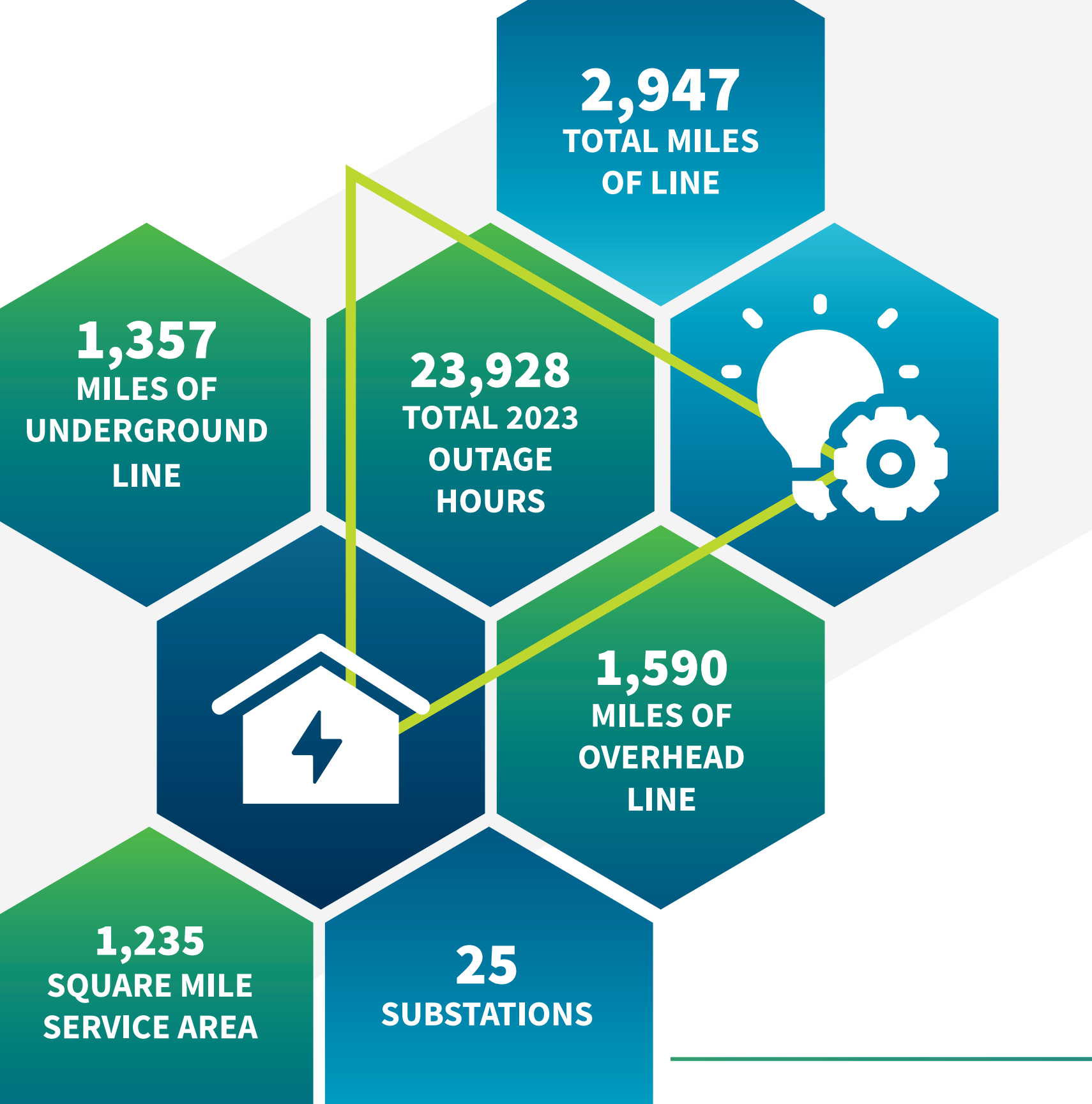
- 425 projects designed/staked/inspected
- 20 miles aging three-phase underground replaced
- 86 new services installed
- 99 member system improvements
- New feeder from Mansfield substation to provide back up service to Emmons
- Constructed a new feeder line to the City of Lyle from the London substation



## MAINTENANCE

- 2,000+ miles of line patrolled for hazards
- 650 animal guards installed
- 3,300 poles tested, 53 identified for replacement
- 200 tree clearing service orders completed
- 205 miles of right-of-way cleared
- 6 problem trees addressed
- 21 parcels mowed and sprayed
- 305 LED security lights installed





Prompt power restoration during outages is essential for minimizing the impact on individuals and businesses. The stability in restoration time for unplanned outages in 2023, with most people having their power back within two hours, highlights the efficiency of our system in place. This quick turnaround time enhances convenience and underscores the commitment to providing reliable services to our communities.

Quickly and safely addressing power outages can help minimize disruptions and keep daily activities and operations running smoothly. The ongoing commitment to promptly restore power demonstrates a commitment to member satisfaction.

## WHAT'S CAUSING OUTAGES?





CORE VALUE:  
**SAFETY**

Prioritizing safety at Freeborn Mower Electric Cooperative is both a moral imperative and a strategic investment. Our commitment to safety reflects our social responsibility, acknowledging the community's trust in us. Whether maintaining infrastructure, responding to emergencies, or adopting new technologies, we uphold the highest safety standards as an integral part of our mission to deliver reliable and responsible electric services.

In addition, creating a secure environment for our employees not only boosts productivity, morale, and job satisfaction but also ensures a more efficient organization capable of better serving our members.



All our employees take part in frequent safety training sessions relating to a variety of situations. The outdoor crews also engage in a daily “tailgate review” to discuss the task at hand and review safety precautions.



When working with energized power lines, our workers must have faith and trust in their fellow employees to be able to react quickly in emergencies. Each year, our lineworkers are tested on their ability to perform a pole-top rescue and administer the proper first aid.



Albert Lea Safety Day was held September 19 at Morin Park. Employees were on hand with safety information, games, and prizes. An FMEC bucket truck was also on display.



At FMEC, being prepared to face emergencies of any kind is vital. Whether in our office, in the community, or while working out in the field, our employees must be able to respond quickly, appropriately, and effectively.

In 2023, FMEC employees participated in fire extinguisher training. Learning and practicing how to properly use fire extinguishers can reduce panic and save precious time during a fire emergency.

# 2023 Dairyland Report

The safe, reliable, and cost-competitive delivery of electricity to all members when and where they need it is a complex process. Freeborn Mower Electric Cooperative is one of 24 distribution cooperative members of Dairyland Power Cooperative based in La Crosse, WI. As your director representative to Dairyland, I am pleased to recap some 2023 highlights.

Dairyland’s generation portfolio is a mix of renewables (solar, wind, hydro, biomass) and always available baseload generation resources, such as natural gas and coal. Projects are prioritized that will strengthen reliability, reduce carbon emissions, and support more renewable generation. Since 2014, Dairyland has retired 579 megawatts (MW) of coal-fired generation.

Dairyland is exploring the viability of emerging technologies, including pumped storage hydro, small modular nuclear reactors, and long-duration battery storage. Additionally, Dairyland was awarded more than \$20 million in grant funding to support middle-mile infrastructure, a microgrid project, and a long-duration energy storage project.

The value of always-available baseload generation was demonstrated during an August heat wave when temperatures, humidity, and electricity demand were high, and wind resources were low. The Dairyland system set an all-time peak load of 1,177.5 MW on Aug. 23, 2023.

We must understand that power plants and transmission lines cannot be constructed overnight. When permitting red tape delays timelines – jeopardizing electric reliability, stalling progress on the clean energy transition, and increasing costs – Dairyland advocates on our members’ behalf both at the state and federal levels.

The Nemadji Trail Energy Center is a proposed 625 MW combined-cycle natural gas plant in Superior, WI, planned in partnership with Minnesota Power and Basin Electric Power Cooperative. It is a critical-capacity resource that will provide reliable power on-demand, in any weather. Construction is planned to begin in 2024, with operation by 2028.

There are an increasing number of renewable generation projects that are dependent on the competition of major transmission line projects currently underway. Fostering the transmission and delivery of renewable energy will strengthen the region’s electrical reliability. The coal-fired John P. Madgett Station in Alma, WI. Underwent a 10-week outage in Spring 2023 to complete a turbine overhaul and precipitator upgrade. The precipitator collects fly ash, which reduces emissions and is sold as an additive to cement and concrete applications. The precipitator upgrade resulted in twice as much fly ash being collected.

Dairyland takes a balanced and measured approach to its financial and competitive strength. The cooperative has earned credit ratings of “A3” with a stable outlook from Moody’s Investors Service and A+ with a stable outlook from Standard and Poor’s. Regionally, Dairyland’s wholesale electricity rates are among the lowest. The 2024 budget was approved with a 1 percent average wholesale rate reduction for Dairyland’s member cooperatives to keep rates stable in 2024 and pursue some extra maintenance/distributed generation projects. Across all 24 member cooperatives, in 2023, Dairyland returned \$11.9 million in power cost and revenue volatility adjustments, and \$5.1 million in capital credits.

In addition to wholesale electric power, Dairyland provides its members with numerous ancillary services and technical expertise.

Just like directors are elected from our membership to govern Freeborn Mower, the same applies to Dairyland Power Cooperative. I have been proud to serve as your representative on the Dairyland Board of Directors.

- Bill Trygstad,  
FMEC’s Dairyland Director

WWW.DAIRYLANDPOWER.COM

# Registration Card

Please bring this card as admission for you and your family to the Annual Meeting of Freeborn Mower Electric Cooperative on Tuesday, March 26, 2024, at Albert Lea High School (2000 Tiger Lane, Albert Lea, MN). Registration and meal begin at 5:00 p.m., followed by bingo at 5:30 p.m., and the business meeting at 6:30 p.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: \_\_\_\_\_

## 2023 ANNUAL MEETING MINUTES APRIL 22, 2023

The morning of April 22, 2023, was blustery and cold. However, 223 members and their families gathered at the Albert Lea High School to participate in the 86th Annual Meeting of Freeborn Mower Electric Cooperative (FMEC). Member-owners started the morning with a breakfast served by HyVee, assisted by Cub Scout Pack #105. Employees interacted with members at displays, games, and information booths. Prior to the business meeting, many families also enjoyed playing bingo in the auditorium.

Following the Pledge of Allegiance, Board Chair Jack Korman called the meeting to order at 10:00 a.m. He welcomed those in attendance and introduced the following Board of Directors.

- |                                 |                              |
|---------------------------------|------------------------------|
| • Dennis Anderson, District 1   | • Larry Irvine, District 9   |
| • Richard Schaufler, District 4 | • Steve Garbisch, District 3 |
| • Bill Trygstad, District 8     | • Joe Pacovsky, District 6   |
| • Jay Neitzell, District 2      | (Absent)                     |
| • Frank Fryer, District 5       |                              |

Additionally, he acknowledged FMEC employees, John Carr from Dairyland Power Cooperative, and FMEC Attorney Steve Hovey.

Pastor Shane Koepke from Grace Lutheran Church provided an Invocation. Holly Babcock, Executive Director for the Albert Lea Convention & Visitor’s Bureau, warmly welcomed attendees, saying, “I applaud FMEC for being a partner in the community.” Board Secretary Frank Fryer stated that the Notice of Meeting was printed in the March publication of County Lines, and the 2022 Annual Report was mailed to every member of the cooperative on March 31, 2023.

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.

Chair Korman then proceeded with the directors’ seating for districts 3, 6, and 9. Steve Garbisch in District 3, Matt Maras in District 6, and Larry Irvine in District 9 were all seated to a three-year term. Joe Pacovsky was thanked for his time and contributions in previously representing members of District 6. The next item of business was the consideration of the 2022 annual meeting minutes. A motion was made and seconded that the reading of the minutes from the 2022 Annual Meeting be dispensed with and approved as presented.

President & CEO Jim Krueger began by honoring four recent retirees. Brad Wood, Natalie Nelson, Deb Kolling, and Larry Underdahl. Their total combined service exceeded 130 years. He also welcomed the employees that joined FMEC within the last year. During his report, President & CEO Jim Krueger delved into the changing legislative landscape and how it is impacting the electric utility industry and FMEC. He explained that FMEC has two suppliers of wholesale power, Alliant Energy and Dairyland Power Cooperative (DPC). Each provides about half of FMEC’s wholesale energy purchases. FMEC is a member-owner of DPC and has representation on its board of directors. He noted, In 2025, all of our wholesale power supply will come from DPC and that high natural gas prices and reduced availability of generation capacity are troubling.

While FMEC ended the year within its financial targets, it also absorbed about \$400,000 in wholesale power costs to reduce the impact on retail electric rates. Even though fuel prices have dropped, they are still higher than two years ago. Increasing interest rates can become an issue for funding capital needs.

Minnesota legislative targets are to be 60% carbon-free by 2030, 90% by 2035, and 100% by 2040. Being utilities build infrastructure to last 30-plus years, baseload power plants will have to remain part of the mix. Krueger stated he believes we will also need to discuss nuclear energy in Minnesota as we all want to do the right thing and move forward.

As FMEC moves forward, there will be smaller, incremental rate increases as mid-2025 will be when all residential rates become

aligned. FMEC has managed two rate schedules for several years since the acquisition of Alliant Service territory.

In 2022 the Cooperative also finalized its strategic plan for the next three years. Our efforts will focus on six specific strategic priorities.

- Financial Strength
- Operational Excellence
- Growth through Economic Development
- Technological Advancements
- Employee and Member Engagement
- Good Governance

Krueger ended his message on a positive note with an acknowledgment of the Operation Round Up Program. In the third quarter of 2022, the program surpassed the \$1 million mark in donations given since its inception in 2003. A special thank you was expressed to members who contributed to the Operation Round Up Program. That small change does make a big difference. The program’s Board of Trustees were also thanked for their time and dedication to spending those dollars wisely.

Chairman Korman then called for any old or new business and asked for any questions from the floor.

Eleven area students were awarded a \$1,000 Luck of the Draw Scholarship towards their post-high school education. These scholarships are funded from forfeited capital credits in accordance with MN statutes. It was also announced that Jaylee Waters, of Albert Lea High School, would represent FMEC as our Electric Cooperative Youth Tour delegate in June.

The event ended with a variety of prize drawings. Chairman Korman then asked for a motion to adjourn the meeting. A motion was made and seconded with adjournment recorded at 10:50 a.m.

Frank Fryer, Secretary



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



**NEW DAY! NEW TIME!**

## **87<sup>TH</sup> ANNUAL MEETING TUESDAY, MARCH 26**

### **Albert Lea High School**

2000 Tiger Lane, Albert Lea, MN

#### **Schedule:**

Registration | Meal 5:00 p.m. – 6:30 p.m.

Bingo 5:30 p.m. – 6:30 p.m.

Business Meeting 6:30 p.m.

#### **After the Meeting - Must Be Present to Win:**

- Presentation of the Youth Tour Award(s)
- Luck of the Draw Scholarship Drawings
- Prize Drawings:  
Cash Prizes, Children's Prizes,  
Adult Prizes

**Bring your registration card from the reverse  
side of this page to register at the meeting.**

