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Southwest lines

A monthly publication for members of Southwest Iowa Rural Electric Cooperative

April 2023

Iowa's Rural Electric Cooperatives Advocate for Regulatory Clarity during 2023 "REC Day on the Hill"



Pictured left to right: Tim Pfeiffer, SWAIREC's Member Service Director; Sarah Newton, SWIAREC Director of Finance/Administrative Services; Deena Moore, SWIAREC Board Member; Marilyn Werner, SWIAREC Board President; Phil Kinser, SWIAREC General Manager/CEO; Alan Spencer, SWIAREC Board Member.

More than 200 employees and elected directors from Iowa's locally owned rural electric cooperatives (RECs) convened at the Iowa Capitol on March 15 to advocate for important issues during the annual "REC Day on the Hill" event. "Our annual advocacy day at the capitol is a valuable opportunity to meet face-to-face with our elected officials and share a local perspective on issues that impact rural Iowa and rural economic development," remarked Roger Solomonson, board president of the Iowa Association of Electric Cooperatives (IAEC).

Representatives from Southwest Iowa REC joined the statewide advocacy effort. "We appreciated the opportunity to gather at the Iowa Capitol to meet with our elected officials and advocate on issues that are important to rural electric cooperatives and it's member-consumers" said Phil Kinser, CEO/General Manager of Southwest Iowa REC.

Specifically, advocates asked elected officials to support legislation that clarifies the authority and governance of local electric co-op boards. We believe locally elected co-op boards should have authority to set rates and fees for electric service. Member-consumers approving rates and fees that they themselves would pay is perhaps the most effective "check and balance" possible.

Additionally, co-op representatives discussed the dangers of electric service deregulation and how it would negatively impact rural Iowa businesses and communities. Service territory protections have been in place for more than 40 years in Iowa to ensure that citizens in sparsely populated areas have access to reliable and affordable power. In fact, electric cooperatives were formed in the 1930s and 40s because the investor-owned utilities at the time refused to serve unprofitable rural areas.

Advocates also educated legislators on the benefits of the cooperative business model, including local ownership, cost-based rates and democratic governance. Several electric cooperatives displayed booths in the rotunda which provided information on topics including economic development, electric vehicles, digital metering advancements, investments in technology, safety innovations, energy efficiency efforts and vegetation management work.

Learn more about the legislative priorities of Iowa's electric cooperatives and Iowa Rural Power grassroots advocacy at www.iaruralpower.org.

Administrative Professional's Day is April 26th

Thanks to Southwest Iowa REC's Customer Service Representatives, Accountants, and Director of Finance. Your hard work doesn't go unnoticed. Thank you for all that you do!



Pictured: Denise Hallquist, Kylee Fleharty, Cacey Quick, Suzy Olson, Sarah Newton, and Marilyn Rubel.

CEO's COMMENTS:

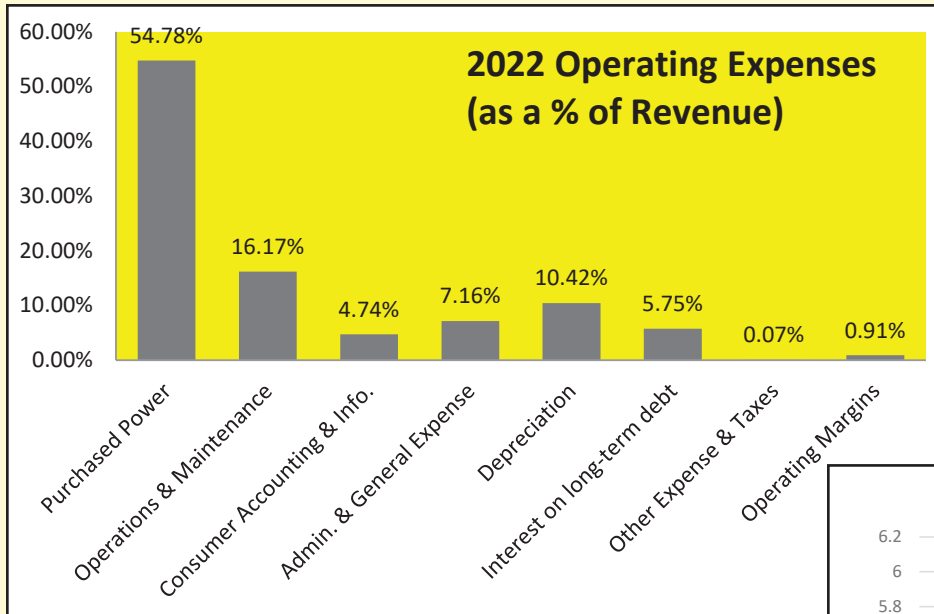
Cooperative Audit Completed for 2022

Power Costs Trending Higher – Cost of Service Study Being Completed in 2023 –
Supply Chain Issues Moderate – Inflation Remains Persistent

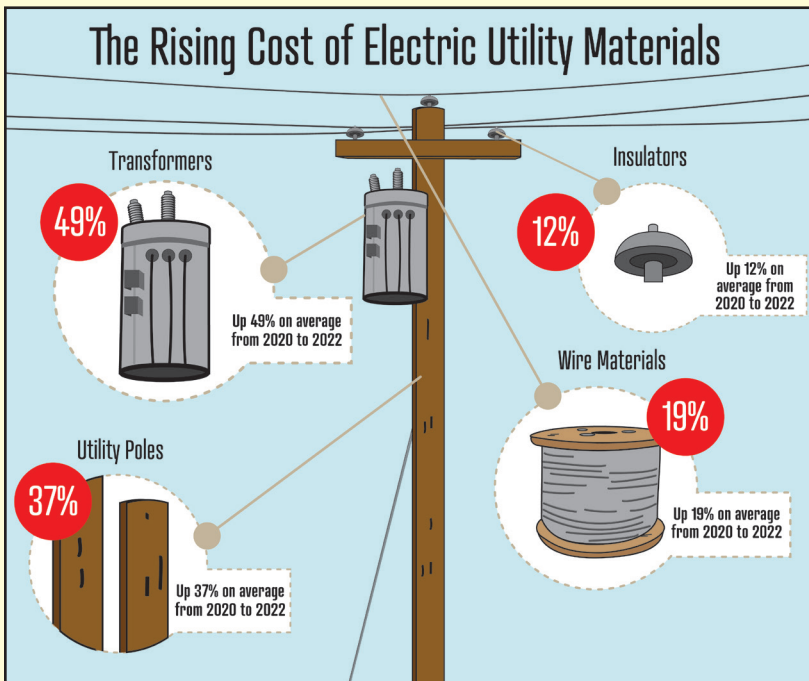
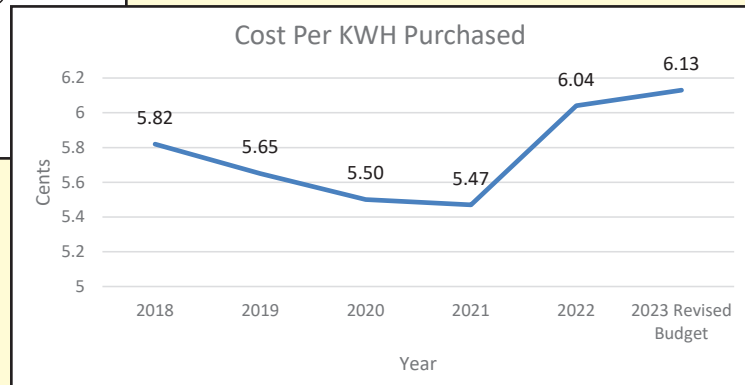


Phil Kinser

The annual, independent financial audit of your cooperative's 2022 records was recently completed by the firm CliftonLarsonAllen LLP resulting in a clean, favorable audit opinion. The financial performance of your Cooperative in 2022 was good and we were able to exceed all the requirements placed upon us by our lenders. Kilowatt-hour sales were 1.60% below budget but 3.02% more than 2021. Operating costs were \$112,194 below budget (excluding purchased power) and operating margins exceeded budget by \$51,059. Member equity decreased from 45.38% in 2021 to 43.69% at the end of 2022 and \$370,105 of member patronage capital was refunded during the year. The following chart shows where the money we collected from you was spent in 2022:



The Operating Budget for 2023 does not include an increase in the base price you pay for your electricity. A Cost-of-Service Study is being conducted currently and the results of that may indicate the need for an increase and/or realignment of prices which could take place later this year or early in 2024. The cost of wholesale power we purchase from Central Iowa Power Cooperative (CIPCO) was projected to be higher as we developed our 2023 budget. With updated market pricing, we now expect the price to be like 2022. In 2022, the average PCA (power cost adjustment) applied (excluding electric heat sales) was (\$.00151) per kilo-watt hour resulting in member electric bill credits of \$134,237 which helped to lower your overall cost of electricity. The following chart shows the downward, then leveling off, and now increasing cost of purchased power from 2018-2022 and the revised budgeted cost for 2023.



Combined kilo-watt hour sales for January and February this year were 10.80% below budget due to milder winter temperatures. Weather, hot or cold, is the most significant variable affecting energy use for most of our member-owners. Our line crews have been concentrating on finishing construction projects started in 2022, line inspection and maintenance, mapping updates, new and upgraded services and vegetation management. The 2023 Operating Budget includes \$2.75 million in electric system upgrades and improvements to be completed by our line crews. These upgrades and improvements are part of our 2021-2024 Construction Work Plan. We have also budgeted \$2.17 million for ongoing operations and maintenance programs including vegetation management, pole inspection, transformer and breaker maintenance, and general line maintenance. The new LED security light program was well received in 2022 with 336 lights installed on the system. All our programs are designed to continue to provide you with safe and reliable electric service.

Supply chain issues have moderated somewhat, and we have mostly been able to acquire the materials we need to operate but inflation is still a concern, and the

cost of materials continues to be high. Fleet purchases for digger derricks, basket trucks, and line trucks are still taking significant lead times to acquire and fuel costs are still high. As always, if you anticipate needing a line extension or service upgrade, please involve us early in the process so we can be sure to meet your needs.

Electricity remains a good value and I am proud of the entire team at Southwest Iowa REC for providing exceptional service to our members while working to keep costs in check. Although inflation and supply chain issues are largely out of our control, we will continue to do our best to support our members now and in the future.

How electric utility regulations benefit rural Iowans

By Ethan Hohenadel, Director of Regulatory Affairs for the Iowa Association of Electric Cooperatives

During the 2023 Iowa Legislative Session, proposals have been introduced with the intent to deregulate electric service territories in Iowa. Iowa's electric cooperatives are concerned about the negative economic impacts of deregulation for rural Iowans because we know firsthand how exclusive service territories provide stability. Exclusive service territories also provide consistency and reliability through a utility's obligation to serve its assigned service territory. I'd like to provide some background on how rural Iowans benefit from these regulations.

In 1976, the Iowa Legislature passed Senate File 1258 which created assigned electric service territories. The legislation's goal was "to encourage the development of coordinated statewide electric service at retail, to eliminate or avoid unnecessary duplication of electric utility facilities, and to promote economical, efficient, and adequate electric service to the public."

Let's break this down. First, the Iowa Legislature desired a coordinated statewide retail electric service system ready to serve Iowans. This was accomplished with SF 1258 by ensuring that every square foot of Iowa had an electric utility obligated to provide electric service upon request. This means electricity is available to every Iowan no matter where they chose to live, work, vacation or adventure.

Second, the Iowa Legislature wanted to eliminate or avoid unnecessary duplication of electric utility facilities. SF 1258 achieved this by assigning a single electric utility to serve within the assigned service territory. This means that only one set of substations, power lines, and transformers are installed to serve every home and business in a service territory. Imagine the cluttered landscape of several sets of equipment in your community if multiple utilities provided electric service.

Finally, the Iowa Legislature set out to promote economical, efficient and adequate electric service to the public. SF 1258 promoted economic electric service by reducing potential expenses related to duplication of electric facilities. Additionally, the legislation promoted efficiency by reducing the electric facilities installed and by establishing service territories based upon existing facilities already installed.

Although the Iowa Legislature didn't set out to increase reliability by creating assigned service territories, SF 1258 accomplished that as well. According to a 2021 utility report published by the highly respected law firm Wilkinson Barker Knauer, LLP, "Deregulation may make power cheaper for some major electricity buyers like Big Tech, but it increases costs for the average consumer, all while sacrificing reliability. In fact, nine out of ten states in the continental United States with the highest utility costs have fully restructured markets with retail choice. Deregulation proponents also claim that the approach is clean and green. In reality, these restructured models offer little incentive for the kind of large-scale investment in clean energy technology that we'll need to meet the demands of a changing climate."

Additionally, a recent investigation on electric deregulation by The New York Times concluded that on average, residents living in a deregulated market pay \$40 more per month for electricity.

For over 45 years, Iowa's assigned service territory laws have reinforced reliable and affordable electric utility service. Efforts to weaken or eliminate these laws will only harm rural Iowans.



Ethan Hohenadel

Help us Find these Former Members

We are looking for the following former members of the cooperative. Last month, we showed names listed A-J and this month we are showing names K-Z. These members have patronage checks at our offices. If the member is deceased, we would like to have a family member contact us with estate information so we can refund their patronage. Thank you for your help.

Kirchert, Alan D	Moen, Bruce	Snyder, Kimberly D
Klecker, Mary	Morales, Rudy	Stamps, Dean & Rita
Knott, Leonard and Sundae Nordstrom	Nims, Ron and Virginia	Steele, Donald
La Fon, James	Perrin, Larry	Stielow, Percry
Lappe, Gerald and Hyacinth	Peterson, Alan and Dorine	Stutzman, Scott
Letts, Adam D	Pitt, Marion and Norma J	Sullivan, Samantha
Levi, Patrick	Poush, C.R.	Swanger, Maxine
Lowry, Michele	Preston, Bill JR	Thompson, Kathleen N and Ron J
Marn, Larry	Reel, Josh	Thuman, Carroll E
Mavencam, Josh J	Retland, Lars % Harold Retland	Vertrees, Mrs. George
McCoy, Ralph	Rivers, Michella D	Wallace, Michael A.
McEndree, Nellie and Vern	Rose, Betty	Waltermet, John and Lois
Mckenny, Mike	Ross, Kevin	Ward, Marvin and Elizabeth
McLaren, Eric	Ruch, Leroy and Wava	Waters, Ruth
McManis, Jared A	Ruefer, Don %Don Ruefer Jr	Weaver, Megan and Brady
Means, Tammy	Scarpello, Sam & Carole	Werner, Barry
Means Farms	Scarpello, Rick	Wiese, Jerry %Jeremiah Gavitt
Mercer Community Ce %Karen Saltzman	Schaffer, William	Wise, Brent and Kristen
Meyer, Joyce A	Scheilzwoow, Janet	Wise, Earnest D & Sharon K
Miller, Ben	Schilapia, Jason	Yearington, Jeff
Miller, Douglas A	Shoemaker, William E	
Mills, Tom & Andrea	Slusark, Arthur	
	Smiens, Loren and Elena Brady	



The RECipe

Chicken Spaghetti

This Chicken Spaghetti has a creamy 3-cheese blend of cream cheese, cheddar, and mozzarella! Rotel tomatoes pair perfectly with this creamy cheese sauce that's made from scratch!

Prep time: 15 minutes

Cook Time: 40 minutes

- | | | |
|---|---|---|
| 2 small boneless skinless chicken breasts | 4 Tablespoons flour | 1 cup mozzarella cheese, shredded |
| 2 teaspoons Italian Seasoning | 1 ½ cups chicken broth | red pepper flakes & chopped parsley, to garnish |
| Salt/Pepper | ¾ cup milk | |
| 2 Tablespoons olive oil | 4 oz. cream cheese, softened | |
| 4 Tablespoons butter | 1 cup cheddar cheese, shredded | |
| 1 small yellow onion, diced | 10 oz. diced tomatoes & green chilies (Rotel) | |
| 3 cloves garlic, minced | 8 oz. Thin Spaghetti | |



1. Preheat oven to 400 degrees.

Cook the Chicken (Optional. You may also use cooked chicken.)

1. Slice the chicken in half lengthwise to create 2 thinner slices. Pat dry and season lightly with salt/pepper and Italian seasoning.
2. Heat the olive oil over medium-high heat and sear the chicken on each side for 5-6 minutes. Remove and set aside. Dice into bite-sized pieces once cool enough to handle.

Make the Sauce

1. Reduce heat to medium low. Melt the butter in the same pot and use a silicone spatula to clean the chicken bits from the bottom. This is called "fond" and it gives the sauce a nice flavor.
2. Add the onions and cook until softened, about 4 minutes. Add the garlic and cook for 1 minute.
3. Sprinkle flour over the onions and toss to coat. Cook for 2 minutes, until you can no longer smell flour.
4. Add the chicken broth in splashes to maintain the thickness of the roux. Stir in between each splash. Add the milk next, a little bit at a time. Whisk until combined and smooth.

5. (Now is a good time to start boiling the water for the pasta. Cook it according to package instructions and drain once finished.)
6. Meanwhile, let the sauce simmer and reduce while the pasta water heats up. Add the softened cream cheese and stir continuously until melted and smooth. This is more difficult if the cream cheese is cold.
7. Reduce heat to low and let the base cool a bit. Sprinkle in the shredded cheddar and stir to combine.
8. If you'd like to thin the sauce out at all, add a little bit of the juice from the diced tomatoes, otherwise, drain the juice and add the tomatoes along with the chicken. Stir to combine.
9. Stir in the spaghetti. If you're not using an oven-safe pot, transfer to a lightly greased 9x13 casserole dish.

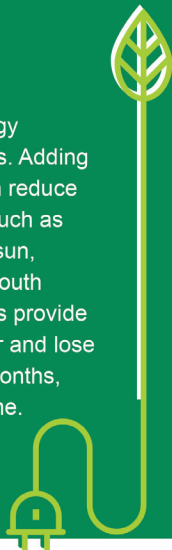
Bake

1. Top with mozzarella cheese and bake uncovered for 15 minutes. If desired, broil it for a few minutes at 475 degrees at the end, watch it closely.
2. Remove from the oven. Garnish with red pepper flakes and fresh Parsley. Serve with a side of Garlic Bread with Cheese.

Energy Efficiency Tip of the Month

This planting season, include energy efficiency in your landscaping plans. Adding shade trees around your home can reduce surrounding air temperatures as much as 6 degrees. To block heat from the sun, plant deciduous trees around the south side of your home. Deciduous trees provide excellent shade during the summer and lose their leaves in the fall and winter months, allowing sunlight to warm your home.

Source: energy.gov



Bravo!

Dear Southwest Iowa REC,
Thank you for all that you do to keep the power on!
We appreciate it!
Stanton 8th grade class



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