

## 2026 Board President and CEO/General Manager's Report

Dear Member-Owners,

It's the time of year again that we will have our 88<sup>th</sup> Annual Meeting on Wednesday, August 26<sup>th</sup> at 1:00PM at the Brooklyn headquarters, 320 Industrial Dr., Brooklyn, IA. As has been advertised, this will be a Business Only Annual Meeting with all voting members receiving a \$5.00 bill credit and a chance to win one of four grand prizes of \$250.00 bill credits each.

On Friday June 26<sup>th</sup>, we had our 4<sup>th</sup> Member Appreciation Meal that was held in District 1. The Reinig Toledo Civic Center was a beautiful facility for this event. We had so many people compliment on the venue and food. We had Spanky's Catering from the Tama Sale Barn provide some delicious food and helped us serve. These events are a wonderful way to show our appreciation for our member-owners while supporting the local community and being involved within our members' districts. We have been able to enjoy great conversations in all four districts now and are looking forward to starting the rotation over next year.

This year, our scholarship committee had 12 total applications from upcoming High School graduates. Once again, they thoroughly read them all and were able to choose eight regular scholarships and two lineman scholarships to award this year. The recipients were spread across our service territory and were in the following school districts: Belle Plaine, BGM, HLV, Iowa Valley, Keota, Mid-Prairie, Sigourney, and Williamsburg.

Our operations department has been busy with our many maintenance programs that help ensure reliability, including our pole testing program. We go out for bids for our programs, and we are currently in a three-year agreement with SBS Inspections, Inc. This year they came in and tested our Vining REC, Koszta REC, and Victor REC substations. Overall, they tested 4,050 poles and we had a 7.3% reject rate which amounts to 297 poles to change out. They also test the grounding on our system for good maintenance practice, while testing 1,438 grounds and needing to clean, repair, and/or replace 198 of them to keep our multi grounded system in proper order. Again this year, we are focusing on moving some lines out of the private right-of-way and relocating them into the public right-of-way. Bringing them closer to the roadway enables easier maintenance and quicker outage restoration. This also can help with having less vegetation management costs.

Speaking on costs, we are constantly looking at ways to change maintenance programs to create cost savings without jeopardizing any reliability. This is a "what have we done in the past and how can we make it better in the future," type approach. This is not letting a program continue just because this is the way we have always done it. In the past, I have spoken about rising costs in our industry and they are still in a very volatile position. It is a very capital-intensive industry, and those costs are not coming down. The only positive outcome is that the lead times are starting to get better on some materials we use and vehicle fleet. It is still a challenge to budget for the next year when certain items are multiple years out.

In the past year, we finished up our revenue requirement study and our cost-of-service study. From those studies, we implemented new rate designs May 1, 2026, by adding demand components in the residential and three-phase regular rates to stay more equally in line with three-phase large power. Demand is the rate at which electricity is used at a specific moment, measured in kilowatts (kW), this can be compared to a car's speedometer. Energy or consumption is the total amount of electricity used over a period of time, measured in kilowatt-hours (kWh), similar to a car's odometer. High demand requires utilities to be prepared to supply that power, leading to higher infrastructure costs and, consequently, higher demand charges on the bill. Spreading your electrical usage throughout the day helps lower demand. With the volatile economic factors that we must deal with today, we are doing revenue requirement studies annually and with our last study completed in July, our financials are looking steady.

As a member-owner of T.I.P. Rural Electric Cooperative, we are here for you and remain committed to our mission of striving to provide safe, reliable electricity at a competitive cost and will pursue excellence in technology, service and member relations, for the benefit of our members and the communities we serve.

*Jerry Henning, Board President*

*Scott Long, CEO/General Manager*