

2023 Annual Report



BALLOT ENCLOSED

YOU'RE INVITED!

Please join us for our

ANNUAL MEETING DRIVE-THROUGH

Monday, Sept. 9, 2024

1:30 – 6:30 p.m.

Allamakee-Clayton Electric Cooperative Headquarters

Director elections for Districts B and C will occur via mail or can be dropped off during the drive-through service at the Cooperative on Monday, September 9, 2024, from 1:30 p.m. to 6:30 p.m. Employees and directors will greet you, provide people in the vehicle with a hot to-go meal (while they last), and give you your annual meeting gift. In addition, the Co-op will enter all attendees into a drawing for a bill credit.



JEFF BRADLEY
PRESIDENT



HOLLEE MCCORMICK
EVP | GENERAL
MANAGER

PRESIDENT AND GENERAL MANAGER REPORT

For 85 years, Allamakee-Clayton Electric Cooperative has stood by its principles to deliver safe, reliable and affordable electricity to our member-consumers. Every day our staff comes to the office committed to working tirelessly on behalf of our members and the communities we proudly serve.

This past year was no different. I am proud to report we maintained a 99.98% overall reliability rate. That means our members only had roughly 73.86 minutes of outage time per year. I am elated to say we moved forward in deploying fiber internet in Waukon and rural Allamakee County. This resource will be a game-changer for maintaining a vibrant business district as well as be a much-needed resource for the residents. We continued to improve our infrastructure, by adding distribution line and making updates to our existing equipment. We also continued to provide support for our members and our communities. And we did all this without having any work time lost due to injury. That is the accomplishment we strive for every day – everyone home safe!

We keep our members at the heart of our decisions. It's why having our annual meeting is crucial to our success. You, our members, chose your representatives on our Board of Directors through our annual meeting voting process. Our members are why we've chosen to continue the tradition of hosting a drive-through meeting, because that's overwhelmingly what our members want. In fact, last year's survey said 67.5% prefer the drive-through. We are looking forward to welcoming and interacting with every individual who drives through our facility on September 9.



▼ DEALING WITH INCREASED COSTS

We're living in an era of dramatic price increases. Unfortunately, the electric utility world is not immune to these increases.

In 2023, ACEC implemented its first rate increase since 2020. The increase came after your Board of Directors authorized rate specialists at Star Energy Services to do a Cost-of-Service study. From those results, the Board approved new rates, which were projected to have an overall increase of 8% or \$1,335,000 in revenue.

Raising rates is not something we take lightly. However, with the increasing costs of operating as well as maintenance to continue to provide reliable power, it was necessary. In 2020, a 40-foot pole cost \$221.80. Just three years later, that same pole cost \$531.55, an increase of 139.7%. Underground wire cost \$1.83 per foot in 2020. In 2023, it cost \$3.42, an increase of 86.9%. Even the cost to maintain our vehicles has increased. A digger derrick truck ordered in 2020 cost \$257,000. In 2023, that same vehicle cost \$359,000, an increase of 39.7%. Unfortunately, those costs continue to rise as we look to the future.

Allamakee-Clayton will continue to balance the need to make necessary investments in our distribution system while also working to reduce expenses and keep the cost to our members as low as possible.

▼ BRINGING FIBER TO WAUKON

This year was a big year for AC Skyways, a division of ACEC. We began our venture into fiber internet

in March 2020, when we received our first Empower Rural Iowa Broadband Grant. From there, we began laying fiber, activating our first fiber customer in December of 2021.

In 2023, our focus was on the second and third phases of our Waukon project. Phase 2 involved laying fiber in downtown along Main Street, as well as extending north to the Allamakee County Courthouse and south to Veterans Memorial Hospital. This year, we started installing those services. We also trenched in Phase 3, which added another 800 drops in the north side of Waukon.

At year-end, we are pleased to report we have 584 total fiber internet customers. We also drastically increased our VoIP (voice over internet protocol) subscribers. We look forward to concluding the Waukon and rural Allamakee projects in 2024, bringing the gold standard of internet service to the entire city of Waukon and the rural areas of Allamakee County.

▼ SUPPORTING OUR COMMUNITIES AND MEMBERS

Our focus has been and will continue to be our members and the communities they live, work and play in. We give back to our members and Northeast Iowa in a variety of ways. This year, we participated in the inaugural Cooperative Day of Service in October, as a part of Cooperative Month. Annually, our staff donates over 1,000 hours of volunteer time to coaching youth athletics, as volunteer firefighters or EMTs or through local churches.

One area we're really proud of is our work with the local economic

developers and area chambers of commerce. Utilizing our ACEC Revolving Loan Fund, we were able to assist the Hawkeye Fire Department complete the funding needed for their new Hawkeye Fire & Rescue Association Fire Station.

Our support extends to meeting with our members. For the second year, we hosted our Member Appreciation Picnic in June. It's events like these when you're able to meet with the members that make you appreciate what you do. We also welcomed well over 240 people during our Annual Meeting. It really is a pleasure to get to greet each participant individually. We also chatted with countless people at the various county fairs and other community events.

One of our favorite tasks is having an opportunity to support the youth in our communities. This year, we sent two students to Washington D.C. as a part of the National Rural Electric Association Youth Tour. In addition, one student was selected to be our Iowa representative for the National Youth Leadership Council. We also awarded six students with a scholarship to pursue a career in an electrical field.

▼ POWERING ON

It is no secret that the electricity industry is faced with many changes and challenges in the future. However, with an engaged Board of Directors and sharp, committed staff, we believe the future is bright for Allamakee-Clayton Electric Cooperative and for our members. We look forward to welcoming you at our annual meeting drive-through on Monday, September 9.

2023 DAIRYLAND DIRECTOR REPORT

Safety first for a sustainable future



A Touchstone Energy® Cooperative 

The safe, reliable and cost-competitive delivery of electricity to all members when and where they need it is a complex process. Allamakee-Clayton Electric Cooperative is one of 24 distribution cooperative members of our wholesale power provider Dairyland Power Cooperative (La Crosse, Wis.). Dairyland also provides power to 27 municipal utilities in its four-state service territory of Wisconsin, Minnesota, Iowa and Illinois. As ACEC's director representative to Dairyland, I am pleased to recap highlights from the past year.

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. Dairyland prioritizes projects that will strengthen reliability, reduce carbon emissions and support more renewable generation. Since 2014, Dairyland has retired 579 megawatts (MW) of coal and is exploring the viability of emerging technologies, including pumped storage hydro, small modular nuclear reactors and long-duration battery storage.

There are 161 renewable generation projects dependent upon the completion of the Cardinal-Hickory Creek transmission line between Dubuque County, Iowa, and Middleton, Wis. (up from 115 projects last year). Dairyland, ATC and ITC Midwest are co-owners of the project. Last December, the eastern half of the 102-mile line was energized with the remainder of the project expected to be in service later this year.

Last year, Dairyland won a competitive bid from the Midcontinent Independent System Operator (MISO) to develop, own and operate a 345 kV line from the Mississippi River near Alma, Wis., to the Tremval substation (Blair, Wis.). The Alma-Blair Transmission Project will foster the delivery of renewable energy and strengthen regional reliability.

These projects are critical pieces for a lower-carbon future, however 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 – we advocate on our members' behalf both at the state and federal levels. The federal environmental review process must be updated to be more efficient, reduce costs and give more certainty to electric cooperatives working to secure safe, reliable and clean energy.

To ensure reliability and efficiency, Dairyland's John P. Madgett (JPM) Station (Alma, Wis.) underwent a 10-week outage in Spring 2023 when employees and more than 200 business partners completed a turbine overall and precipitator upgrade. The precipitator collects fly ash from the coal combustion process, 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.

JPM is critical to regional reliability and financially beneficial to members by providing power when and where it is needed. 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 on Aug. 23 2023, of 1,177.5 MW.

Throughout MISO's footprint, wind and solar provided 16 percent of all the electricity generated in 2023. The balance was covered by natural gas (39 percent), coal (28 percent), and other (3 percent - hydro, diesel, biomass, storage, demand response resources).

▼ GROWTH & GRANTS

Dairyland's Economic Development team works with member cooperatives to support innovation and load growth through business and community development opportunities. In 2023, the Dairyland system had 28 new projects, totaling 15 MW, and secured more than \$4 million in economic development funding on behalf of its members.

Additionally, Dairyland was awarded more than \$20 million in grant funding to support middle-mile infrastructure, a microgrid project and long-duration energy storage project.

A \$5.7 million U.S. Department of Energy (DOE) grant will strengthen grid resilience by bringing long-duration energy storage opportunities to rural communities, beginning with a battery project site in Allamakee County to serve ACEC members. The Invinity Energy Systems vanadium flow battery (VFB) is capable of discharging 700 kilowatts (kW) to 3.6 MW of electricity for up to 20 hours. Dairyland was one of five cooperatives included in the

National Renewables Cooperative Organization (NRCO) grant application for part of \$325 million in federal funding from the DOE's Office of Clean Energy Demonstrations (OCED).

Through the USDA's Empowering Rural America (New ERA) program, Dairyland submitted a Letter of Interest proposing 1,700 MW of renewable energy generation (four wind and eight solar projects with ties to battery storage), which would reduce Dairyland's CO2 profile by more than 70 percent if the projects achieve commercial operation. As part of the Inflation Reduction Act, New ERA is a \$9.7 billion program to reduce greenhouse gases and deploy renewable energy. It represents the largest investment in rural electrification since President Franklin D. Roosevelt signed the Rural Electrification Act into law in 1936.

▼ FINANCIAL STRENGTH

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 (S&P).

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. 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.

▼ COMMUNITY

In 2023, Dairyland focused Cooperative Contributions toward its member cooperatives by donating up to \$1,000 to an organization of their choice in each of the 24 members' service territories. Dairyland also coordinated a Day of Service event in October to kick-off National Co-op Month. More than 120 volunteers participated in six community service projects throughout Dairyland's service territory that included highway clean-ups over 10+ miles, painting all sorts of surfaces, replacing exterior lighting, clearing brush and trails, seal-coating a village basketball court, organizing shelves

and shop areas, moving light poles at a baseball field and renovating a youth ballfield. ACEC was proud to participate in the day.

As your representative on the Dairyland Board of Directors, I assure you the Board meets every month with you – our members – top of mind. We bring the voices of our cooperatives to Dairyland and make sure decisions made in the best interest of the entire system will keep the lights on for



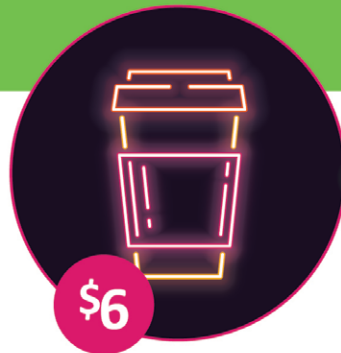
you and your community.

JEFF BRADLEY
ACEC BOARD
PRESIDENT
DAIRYLAND POWER
BOARD DIRECTOR

Where Do You Find Value?

Did you know the average daily cost of electricity is \$4.57, or about \$140 per month?

Electricity fuels our daily life essentials, from heating/cooling equipment to entertainment devices and appliances. Think of how vital power is compared to other everyday purchases. **That's real value.**



Morning To-Go Latte



Fast-Food Combo Lunch



All-Day Power

Sources: Energy Information Administration, MoneyGeek and CNET

DISTRICT B CANDIDATES

▼ JEFF BRADLEY

Wadena, Iowa
Westfield Township

A rural Wadena resident, Jeff is a self-employed realtor, broker/owner of Volga River Realty. He is the past treasurer for the city of Fayette and the NE Iowa Board of Realtors. He was the co-owner of the Elgin Echo, Fayette Leader and Ossian Bee newspapers before starting his realty business in 2010. Jeff and Janell have been members of ACEC since 1989.

Jeff has served on the ACEC board for seven years and has been on the Dairyland Power Cooperative board for three years. Jeff is the past treasurer for the City of Fayette and the NE Iowa Board of Realtors. He and his wife, Janell, have three children and one grandson.

"Change is a constant in today's energy industry. What seems simple, providing safe, reliable, affordable power, is anything but simple," Jeff said. "We subscribe to an all of the above approach when it comes to generation. We are seeing more renewables enter the mix but baseload is still required when the sun doesn't shine and the wind doesn't blow and it's 20 below zero."

Jeff believes the ACEC board needs to take a long-range view as they provide governance and financial oversight to ACEC. "Long range plans include adding fiber to areas of the service territory, utilizing grant money where appropriate, looking for new load growth opportunities and using the revolving loan fund to spur economic development. Finally, we want to make sure our employees come home every day safely. It's an honor to serve on the



board, and I thank our members for their support."

▼ LORI EGAN

Waukon, Iowa
Ludlow Township

Lori Egan and her husband Mark have been members of ACEC since 2003, living in rural Waukon. She is the current Allamakee County Energy District Chair, having served in that role since 2023. She has also been on the Northeast Iowa Area Agency on Aging Advisory Board since 2020. She previously served on the Board of Directors for the Howard, Allamakee, Clayton and Winneshiek County DECAT for five years.

With her experience serving on several boards, Lori believes she has a strong skillset that would be beneficial to the ACEC Board. "Throughout my career, I have developed skills in leadership, strategic planning, mitigation efforts, financial management and service planning, which I believe will align well with the responsibilities and challenges of an REC board position," she said. "I am particularly drawn to the Co-op's mission of providing reliable and affordable electricity while prioritizing member interests and community well-being."

In looking to the future, Lori believes members expect the board to look into maintaining affordable rates, looking for alternative and renewable energy options and no price gouging. "I am also very interested in contributing to the Co-op's efforts to expand renewable energy adoption and community outreach/education to increase the adoption of clean energy methods by members."

"Thank you for considering me for a



position on the Board of Directors," she said. "I am excited about the possibility of contributing to the continued success and growth of ACEC!"

DISTRICT C CANDIDATES

▼ NELSON CONVERSE

Postville, Iowa
Franklin Township

A member of ACEC since 1985, Nelson has served one three-year term on the Board, having been elected in 2021. He is currently serving on the Franklin Township committee. He and his wife, Twila, live in rural Postville.

"I've enjoyed being a director for the past three years and have met a lot of great people and look forward to serving another term," he said. "In the last three years I have learned a lot about the Co-op's goal to provide electricity to our customers. During this time of developing new ways of providing electricity to our customers, it's important that the directors and management of ACEC ensure the electricity we provide is safe, economical and reliable."

Nelson would also like to see the Co-op continue to develop new ways to serve its members. "Members should expect the most economic, safe electricity possible. As a board member and a paying customer, I look forward to maintaining the history of this cooperative to put customers first. This co-op has also been involved in developing a better information



DISTRICT C CANDIDATES

highway for our customers. I've had the pleasure to be involved with the development of our underground fiber networks in northeast Iowa and also maintaining the other internet services developed before my first term."

Nelson believes the key to future success is in looking at all the different ways to develop safe and reliable energy. He said "developing electrical innovations that will keep our power on now and into the future are critically important, and it's my concern that financial responsibility is maintained."

▼ JARED FUNK

**Elkader, Iowa
Read Township**

A rural Elkader resident, Jared Funk has been a member of ACEC since 2018. Jared has 15 years of experience primarily working with agriculture and commercial loans in the banking industry. He is the current vice president of Fidelity Bank and Trust. He also operates a side business buying and selling antique coins and currency. He and his wife Ariell have two daughters.

Jared is a current board member for the Central Community School District and serves as the vice president of the Elkader Childcare and Learning Center. He is a past board member for the Elkader Golf and Country Club.

Jared has previously served on the nominating committee and believes his background in finance would be useful, especially when looking over rate increases. "There has been a lot of talk about the rate of increases in electrical each year. I understand that it is reasonable to accept some increase,



however, I feel members expect the staff and the board to plan enough for the future to keep any cost increases in line with our national CPI," he said.

Jared also has his eye on renewable energy options. "In a world that seems to be demanding more energy each and every year, I think a renewable energy source is something we are always going to need to pursue," he said. "I believe whatever the source may be for renewable energy that it needs to be cost effective. I like how solar has been sold in the area with a breakdown on how long it takes to recoup your investment."

▼ ANITA GRUNDER

**Clayton, Iowa
Clayton Township**

Anita Grunder is a resident of Clayton and has been a member of the REC since 1984. She also operates a duplex Airbnb in Clayton. She is the current vice president of the Garnavillo Emergency Services, having been an active EMT for over 10 years. Anita is a dedicated volunteer, having supported the Girl Scouts, Clayton Ridge Community Schools and has served on the Clayton City Council.

Having been a dealer at the Casino Queen Marquette for 24 years and being an EMT for over a decade, Anita said she's been able to connect with the community. "I understand the basic energy needs of our community from both a resident and as a small business owner and am interested in ensuring that energy costs remain low to support the most vulnerable of our community," she said. "As a retiree, I understand



the needs of many older adults in our community, living on fixed incomes."

As a director, Anita would like to pursue more opportunities for renewable energy. "I care about our environment and want to ensure that we have a healthy Earth long into the future," she said. "I am interested in learning more and supporting efforts to identify and bring in federal funding to our community to help support renewable energy. Rural communities like ours haven't always received as much funding as larger communities and I'd like to see that change. I think our members expect the electric cooperative to give them the best service at the best price while considering long term impacts to our environment."

▼ JERRY KELEHER

**Elkader, Iowa
Boardman Township**

Jerry Keleher has been a member of the ACEC Board of Directors for the past six years, having been elected in 2018. During his time on the board, he has completed the continuing education course Credentialed Cooperative Certificate through the National Rural Electric Cooperative Association, as well as the Board Leadership Certificate. He is the current District 3 representative of the Iowa Association of Electric Cooperatives. Jerry has been an ACEC member since 2011.

Jerry has over 40 years of experience in the agricultural retail cooperative business, currently employed by Farmers Win Cooperative. He also



Jerry Keleher continued on page 8

DISTRICT C CANDIDATES

Jerry Keleher continued from page 7

belongs to the Farm Bureau and St. Joseph Catholic Church, along with serving on the Central Community Hospital Foundation Board of Directors. He was elected as trustee for the Boardman Township and is a member of the Iowa Corn and Soybean Associations. He has two children and three grandchildren.

Jerry believes his past and current work experiences help him focus on bringing the seven cooperative principles to the forefront. "As a director, I strive to do what is best for the shareholder patrons and promoting the Four Pillars that include safe, reliable, affordable and dedicated services to serve my friends, family and neighbors who collectively own the electrical cooperative," he said.

Jerry is committed to ensuring all ACEC employees prioritize safety as a core value. "The strength of Allamakee-Clayton Electric Cooperative continues to be our talented employees," he said. "I sincerely appreciate your consideration and support in the upcoming annual election."

37
NUMBER OF
EMPLOYEES



9,980
ELECTRIC
METERS

GET TO KNOW ALLAMAKEE-CLAYTON ELECTRIC

NINE
MEMBER-ELECTED
DIRECTORS



Jeff Bradley
president



Michael Gibbs
vice president



Cindy Heffern
secretary-
treasurer



Roger Arthur
director



Nelson
Converse
director



Greg
Formanek
director



Jerry Keleher
director

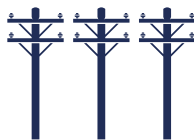


Al Steffens
director



Brice Wood
director

TOTAL MEMBER
REBATES
\$153,021



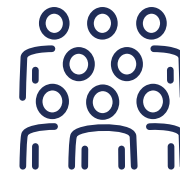
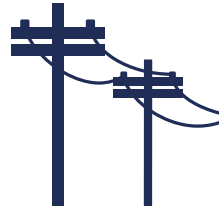
MEMBERS/
MILE OF LINE
3.95



1. Open and Voluntary Membership
2. Democratic Member Control
3. Members' Economic Participation
4. Autonomy and Independence
5. Education, Training, and Information
6. Cooperation Among Cooperatives
7. Concern for Community

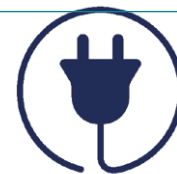
TOTAL MILES
of LINE:

2,524.22



7,145
MEMBERS

284 MEMBER-
OWNED
GENERATION SYSTEMS



12,626
Average kwh
use per month by
RESIDENTIAL MEMBERS

NOMINATING COMMITTEE

Thank you for helping select candidates for the board!

Each year, the ACEC Board of Directors appoints a nominating committee to select candidates to run for the board of directors. This year's Nominating Committee gathered in early June to select director candidates to run for election in September 2024. Thank you for your service!



Thank you to the nominating committee, who recently assisted with the board nomination process. Pictured are, front row, from left—**Brian Houlihan**, Harpers Ferry; **Dean Fritz**, Hawkeye; **Justin Grove**, Monona; **Matt Henkes**, Luana. Back row—**Gary Grimm**, Harpers Ferry; **Randy Helgerson**, Elgin; **Rickey Blietz**, McGregor; **Tim Bruhler**, Hawkeye.

ACEC EMPLOYEES

Josh Abbott
Lead Lineman

Sam Ash
Equipment Technician

Tim Bauch
Line Superintendent

Kelly Blockhus
*Broadband
Technology Specialist*

Jeff Cox
Line Crew Foreman

Aandi Deering
Staking Engineer

Jason Donnelly
First Class Lineman

Travis Erickson
First Class Lineman

Blair Everman
First Class Lineman

Sam Freitag
Apprentice Lineman

Steve Gehling
*Lead Equipment
Technician*

Susan Goodman
Engineering Supervisor

Ben Grangaard
First Class Lineman

Andrew Henderson
First Class Lineman

Regan Jacobson
Accountant

Ryan Jaster
Apprentice Lineman

Kim Kloke
*Consumer Accounts
Representative |
FirstCall*

Jason Leonhart
Lead Lineman

Staci Malcom
*Skyways | Member
Service Representative*

Matt Marting
IT Specialist

Josh Mitchell
System Forester

Doug Moose
*Custodian |
Warehouse
Coordinator*

Jason Nefzger
Lead Lineman

Brad Pecinovsky
*Compliance & Training
Coordinator*

Jack Regan
Hot Line Foreman

Ben Schulmeister
*Fleet Services &
Equipment Technician*

Donna Schultz
*Cashier | Collections
Representative*

Brent Schutte
First Class Lineman

Darrin Smith
*Broadband
Technology Specialist*

Stacy Stock
*Operations &
Engineering
Coordinator*

Jo Suckow
Data Processing Clerk

Teri Wagner
*Accounting Assistant |
Executive Services
Coordinator*

MANAGEMENT STAFF



Hollee McCormick
Executive Vice
President |
General Manager



Jennifer Achenbach
Manager | Marketing
& Communications



David Decker
Director | Finance
& Administrative
Services



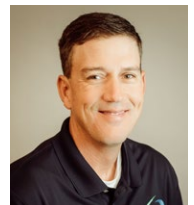
Brenda Hackman
Manager | Economic
Development
& Community
Relations



Jeni Kolsrud
Manager | Information
Technology



Jason Troendle
Director |
Operations &
Engineering



Ryan Wagner
Manager | Member
Services

584 Fiber Customers 327.5 Miles of Fiber
 1,254 Internet Customers 152 Miles of Fiber Scheduled for 2024
 \$8M in Grant Funding

2023 OUTAGE SUMMARY

MONTH	OUTAGES	MEMBERS	MINUTES
January	6	98	9,019
February	1	18	2,394
March	22	523	84,173
April	20	778	114,324
May	8	172	12,105
June	22	538	70,533
July	15	156	27,431
August	10	1,034	117,966
September	17	1,632	183,909
October	17	138	17,748
November	12	64	8,929
December	2	15	2,025

At the heart of everything we do, we strive to provide our members with safe, reliable electric service. Unfortunately, there are circumstances when our members do suffer outages.

In order to provide better reliability, the Co-op buries electric lines each year. This helps reduce weather-related

WHAT'S CAUSING OUTAGES?



PLANNED
7%



ANIMALS
14%



TREES
25%



WEATHER
10%



PUBLIC
7%



OTHER
12%



EQUIPMENT
13%



UNKNOWN
12%

outages. Yet again, tree-related outages were the leading cause of interruptions in 2023. This proves again why it's important to maintain a vegetation management schedule to manage trees along the right of way.

We are proud to report ACEC's overall reliability rate is 99.98%!



PLUGGED IN: Electric Vehicle Update

Number of miles driven in 2023:

4,025



Helping EV Drivers Tackle Electric Vehicle Range Anxiety

WHERE CAN I CHARGE?

Visit www.CHARGE.coop
for locations of our CHARGE EV stations



CHARGETM
POWERED BY CO-OPS



POWERING ON THE FUTURE OF FIBER

AC Skyways, the internet division of Allamakee-Clayton Electric Cooperative, saw a big year of progress in 2023.

Skyways began offering state-of-the-art satellite internet service in 2005. By 2014, we were morphing into wireless internet. But the future is fiber. Fiber provides a better streaming product, and we are pleased to be able to provide this product to the City of Waukon and the surrounding areas of rural Allamakee County.

In 2023, our focus shifted to Phase 2 and Phase 3 of our Waukon project. Phase 2 involved Main Street, making sure the downtown businesses had fiber internet available to them by the end of the summer. In late fall, we began Phase 3, which brought 836 “passings” to the north side of town.

At the end of the year, we are pleased to report we now have 584 fiber subscribers, up over 200 subscribers for the year. Of our subscribers, 342 are also ACEC members (58.6%) while 242 are non-members (41.4%).

This year also saw a boom in the number of customers who subscribed to our Voice over Internet Protocol (VoIP) phone service. At the beginning of the year, we had less than 50 subscribers. By the end of 2023, we had increased that number by over 100. Truly, the future is limitless for AC Skyways.



The Skyways department includes, from left - Matt Marting, Staci Malcom, Kelly Blockhus, Darrin Smith.

ECONOMIC DEVELOPMENT



Small businesses are at the heart of our local communities. That's why we provide various resources to help members and businesses in our service footprint continue to thrive. We work with city and county economic developers to provide complimentary resources to what they already offer.

One thing that separates Co-ops from other forms of business is our core principle of Concern for Communities. We show this through the various ways we support the development of businesses. Our ACEC Revolving Loan Fund (RLF) provides low-interest USDA loans to assist with economic and community development projects in Northeast Iowa. The fund's priorities include job creation and retention, diversification of the local economy and public infrastructure upgrades to improve the health, safety, and/or medical care of rural residents. The USDA Rural Economic Development Loan (REDLG) program provides funding for rural projects through local utility organizations. Local utilities, in turn, pass through the loans to businesses for projects that will create and retain employment in rural areas.

In 2023, we were pleased to be able to assist the Hawkeye Fire and Rescue Association with an ACEC Revolving Loan Fund for \$100,000 for the completion of their new fire station.

We look forward to offering continued support to businesses and communities. For more information go to: acrec.com/economic-development.

JOIN TODAY!

OPERATION ROUND UP

WHAT IS OPERATION ROUND UP?

Operation Round Up supports local organizations by collecting money from members who sign up to have their electrical bill rounded up to the next dollar.

EXAMPLES OF ORGANIZATIONS THAT COULD RECEIVE FUNDS

- Fire Departments
- Libraries
- Community Projects
- Student Programs
- Community & School Support Programs



HOW MUCH IS COLLECTED?

The average account contributes \$6 a year. The most a member could contribute is \$11.88 (99¢ a month).



To round up your electric bill and support your local communities, complete the form at www.acrec.com/OperationRoundUp.



SMALL CHANGE
THAT CHANGES LIVES

— OPERATION ROUND UP —



FIRSTCALL EMERGENCY MEDICAL SYSTEM



Constant care, even when you're not there. That's the power of the ACEC FirstCall Emergency Medical System. For nearly 30 years, Allamakee-Clayton REC has provided the emergency alert system, previously known as the MainStreet Messenger.

FirstCall clients wear a pendant around their necks or on their wrist. With a push of a button, they can summon help from a trained emergency response operator, available 24 hours a day, 7 days a week. When a call is received, the operators check in with the customer. If it is a non-emergency situation, the operator contacts the list of responders the client has approved. In an emergency, they'll contact 911.

The service provides independence to the clients while also providing the support family members are looking for.

In his March 1994 ACEC News column, then-ACEC General Manager Larry Reed said, "A MainStreet Messenger client recently requested Cooperative Response Center assistance when he experienced difficulty breathing. EMTs arrived to find his home filled with gas fumes from a leaking kitchen range. Another client awoke to find a



house guest in a weakened condition from a case of overnight flu. She used her Messenger to summon help for her friend. Several others regularly experience mobility problems, and the Messenger service brings a helping hand to their side."

Darla Dewitte is a former ACEC employee who worked with FirstCall clients. Today, she proudly wears a FirstCall pendant in her home. She said often during her time at the Co-op, people would comment that they love the service offered but they don't need it yet.

"Sometimes I suggest to them 'If you

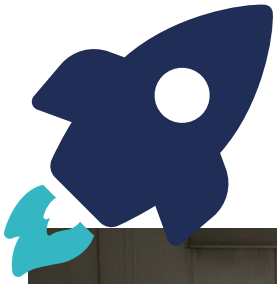
need it, it's too late.' The trick is to have the ability to get help before you need it," she said.

To learn more about the FirstCall Emergency Response System, visit <https://www.acrec.com/first-call-emergency-response-system> or call Kim at 888-788-1551.

ACEC POWERING OUR COMMUNITIES

Nothing brings us more joy than interacting with our members



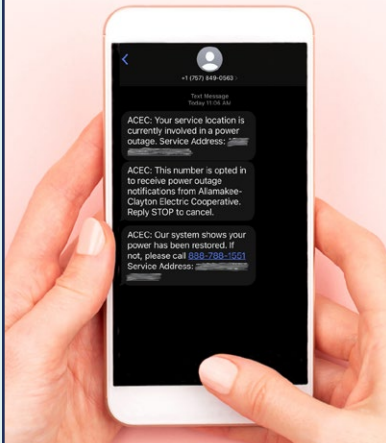


OUR MISSION –

Allamakee-Clayton Electric Cooperative is dedicated to enhancing the quality of life for our members, partners, and neighbors by providing safe, reliable, and affordable electric services and other innovative solutions.



OUTAGE ALERTS



Have you signed up for our power outage notification text message system? Any member can opt-in to the text messaging program for FREE. Text messages will notify members of any outages and at what location(s), as well as when the power is expected to be restored. A final message will be sent once power is back on.

To register, go to www.acrec.com and click on outages in the top right portion of the website. You will need your account number to register. If you have any questions, please contact ACEC at 563-864-7611.

Follow our social media for the latest updates and outages.



2023 Financial Highlights - BALANCE SHEET

As of December 31

ASSETS

ELECTRIC PLANT

In service

Under construction

Total electric plant

Less accumulated depreciation

Electric plant, net

OTHER PROPERTY AND INVESTMENTS

Investments in associated companies

Non-utility property, net

Restricted investments, net

Total other property and investments

CURRENT ASSETS

Cash and cash equivalents

Restricted cash

Accounts receivable, net of allowances

Broadband grants receivable

Material and supplies

Prepayments

Interest receivable

Total current assets

DEFERRED DEBITS

TOTAL ASSETS

EQUITIES AND LIABILITIES

EQUITIES

Memberships

Patronage capital

Other equities

Total equities

LONG-TERM DEBT, LESS CURRENT MATURITIES

POST RETIREMENT BENEFITS

CURRENT LIABILITIES

Current maturities of long-term debt

Line of credit

Accounts payable trade

Accounts payable construction

Customer deposits

Taxes accrued

Post retirement benefits

Other

Total current liabilities

DEFERRED CREDITS

TOTAL EQUITIES AND LIABILITIES

	<u>2023</u>	<u>2022</u>
	\$73,013,096	\$69,142,531
	597,332	1,188,767
	<u>73,610,428</u>	<u>70,331,298</u>
	<u>29,158,077</u>	<u>27,346,579</u>
	44,452,351	42,984,719
	12,513,889	12,063,209
	8,282,536	6,644,058
	<u>2,491,520</u>	<u>1,163,673</u>
	23,287,945	19,870,940
	64,058	73,200
	661,911	501,405
	2,203,297	2,195,363
	240,573	41,744
	1,661,441	1,405,830
	371,738	391,107
	<u>23,391</u>	<u>23,534</u>
	5,226,409	4,632,183
	37,647	8,337
	<u>\$73,004,352</u>	<u>\$67,496,179</u>
	\$490	\$490
	14,069,661	14,175,302
	<u>13,376,447</u>	<u>13,168,119</u>
	27,446,598	27,343,911
	37,320,586	32,463,447
	946,458	906,948
	2,335,127	2,037,369
	2,668,722	2,038,957
	1,098,480	1,277,818
	0	0
	79,021	76,782
	249,437	243,327
	35,550	32,256
	<u>532,562</u>	<u>561,580</u>
	6,998,899	6,268,089
	<u>291,811</u>	<u>513,784</u>
	<u>\$73,004,352</u>	<u>\$67,496,179</u>

Reprinting or use of any information in this report is strictly forbidden without permission of the Cooperative.

2022 Financial Highlights - STATEMENT OF OPERATIONS As of December 31

	<u>2023</u>	<u>2022</u>
OPERATING REVENUES	\$22,170,703	\$21,568,929
OPERATING EXPENSES		
Cost of power	11,741,089	11,930,774
Distribution - operations	1,551,255	1,428,096
Distribution - maintenance	2,340,779	2,068,018
Customer accounts	469,753	469,717
Customer service and informational	468,763	457,865
Administrative and general	1,494,488	1,379,090
Depreciation	2,215,060	2,142,639
Taxes	0	0
Interest on long-term debt	1,079,111	982,883
Other	219,854	89,433
Total operating expenses	<u>21,580,152</u>	<u>20,948,515</u>
OPERATING MARGIN BEFORE CAPITAL CREDITS	590,551	620,414
GENERATION AND TRANSMISSION AND OTHER COOPERATIVE CAPITAL CREDITS	783,880	616,333
NET OPERATING MARGIN	<u>1,374,431</u>	<u>1,236,747</u>
NONOPERATING MARGIN (LOSS)		
Interest income	111,040	110,487
Gain (loss) from equity investments	2,486	34,209
Other nonoperating margin (loss)	<u>-806,597</u>	<u>-617,286</u>
Total nonoperating margin (loss)	<u>-693,071</u>	<u>-472,590</u>
NET MARGIN	<u>\$681,360</u>	<u>\$764,157</u>

Independent Auditor's Report

EideBaily, LLP

Certified Public Accountants & Consultants

The Members

Allamakee-Clayton Electric Cooperative, Inc.
Postville, Iowa

We have audited, in accordance with auditing standards generally accepted in the United States of America, the balance sheets of Allamakee-Clayton Electric Cooperative, Inc. as of December 31, 2023, and the related statements of operations, equities and cash flows (not presented herein) for the year then ended, and in our report, dated February 19, 2024, we expressed an unmodified opinion on those financial statements. In our opinion, the information set forth in the accompanying condensed financial statements is fairly stated in all material respects in relation to the financial statements from which it has been derived. Complete financial statements are on file at the Cooperative's office.

February 19, 2024
Sioux Falls, South Dakota

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COMPARATIVE OPERATING STATISTICS

	<u>2023</u>	<u>2022</u>
Number of Members Billed	9,977	9,933
Total Miles of Line Energized	2,524	2,523
Number of Substations	16	16
Total kWhrs Purchased	151,696,635	155,238,436
Total kWhrs Used by All Members	143,338,181	148,356,361
Total kWhrs Unaccounted For	8,358,454	6,882,075
Percent of Line Loss	5.5%	4.4%
Average Monthly kWhrs Used Per Member	1,197	1,245
Average Cost Per kWhr Per Member Per Month	\$15.14	\$14.35
Average Monthly Bill	\$181.23	\$178.63
Average Cost Per kWhr of Purchased Power	\$7.74	\$7.69
Total Cost of Purchased Power	\$11,741,089	\$11,930,774
Total Annual Operating Revenue	\$22,170,703	\$21,568,929
Average Plant Investment Per Member	\$7,378	\$7,081
Deferred Patronage Dividends Refunded this Year	\$587,000	\$594,449
Deferred Patronage Dividends Refunded to Date	\$19,763,682	\$19,176,682

ANNUAL MEETING OF THE MEMBERS

MEETING MINUTES

September 11, 2023

The 85th Annual Meeting of the members of the Allamakee-Clayton Electric Cooperative, Inc., was held at Allamakee Clayton Electric Cooperative headquarters, Postville, Iowa, as a drive-through event. The Annual Meeting drive-through event began at 1:30 P.M. and lasted until 6:30 P.M. on Monday, September 11, 2023. Members entered at the main entrance of the Cooperative's headquarters where they were greeted by members of ACEC's Board of Directors and were guided around into the garage where they were then greeted by ACEC employees. Members remained in their vehicles to vote, register for a prize, and receive a gift and hot-to-go meal. This year the prizes were awarded in the form of a bill credit on their next bill dated October 5, 2023. Two 5-year solar panel subscriptions were also awarded to two members of the Cooperative.

Allamakee-Clayton Electric Cooperative conducted the election of directors via a drive-through event where they could vote in person from their vehicle or vote ahead of time through mail ballot vote. All reports were videotaped and available on the Cooperative's website at acrec.com.

The By-Laws permit voting for the Director election by mail. Further, the By-Laws provide that to the extent members vote by mail, such votes count toward the quorum requirement for the election. Thus, the Board determined that the quorum had been met and the election was completed without an in-person meeting.

Minutes of the annual meeting held September 12, 2022, were included in the booklet mailed to each member of the Cooperative prior to the annual meeting.

In accordance with the By-laws of the Cooperative, the Board of Directors had appointed a Nominating Committee that had met on May 23, 2023, at Postville, Iowa. Nominations for Directors to be elected at this annual meeting were made. George Beardmore, Chairperson of the Nominating Committee, presented the Report of the committee. Mr. Beardmore read the Report to the members, and the Report showed that the following members had been nominated by the committee for the office of Director:

DIRECTOR FOR DISTRICT "A"

Michael Gibbs, Waterville, IA, Center Township

Cindy Heffern, Harpers Ferry, IA, Taylor Township

Randy Hover, Dorchester, IA, French Creek Township

Mark Kruse, Lansing, IA, Lafayette Township

DIRECTOR FOR DISTRICT "C"

Greg Formanek, Farmersburg, IA, Wagner Township

Robert Camp, Elkader, IA, Read Township

Members of the Nominating Committee were appointed Inspectors of the Election.

The Inspectors of Election picked up all ballots from the members who participated in the Annual Meeting drive-through event and took them to the counting room in the building.

After all ballots for the election of Directors had been counted and tabulated, the Certificate of the Inspectors of the Election was presented by George Beardmore, Chairperson of the Nominating Committee. He certified that Michael Gibbs and Cindy Heffern had been elected as Director for District "A" and that Greg Formanek had been elected as Directors for District "C". The persons elected to the board will serve terms to run for three years, or until their successors shall have been elected and shall have qualified. Said Certification was ordered by the Chairperson to be attached to the minutes of this meeting.



IMPORTANT REGISTRATION CARD

Bring this registration card with you to the
ANNUAL MEETING DRIVE-THROUGH

Allamakee-Clayton Electric Cooperative, Inc.

ACEC HEADQUARTERS – Enter at the main entrance
MONDAY, SEPTEMBER 9, 2024
1:30 – 6:30 PM

**PLEASE RETURN THE
ENCLOSED DIRECTOR
BALLOT BY MAIL.**



PRESENT THIS CARD at the drive-through event for your free gift and hot to-go meal while supplies last (must be present). By attending the drive through, you will automatically qualify for a bill credit or a five-year solar panel subscription. Winners will be announced in the October Energy Update bill insert and the October newsletter.

OFFICIAL ANNUAL MEETING NOTICE

Note: MEETING TO BE CONDUCTED VIA A DRIVE-THROUGH

The regular annual meeting of members of the Allamakee-Clayton Electric Cooperative, Inc., will be held via a drive-through event at the Cooperative's headquarters, Postville, Iowa, on Monday, September 9, 2024, between the hours of 1:30 p.m. – 6:30 p.m. to act upon the following:

1. The election of three (3) directors of the Cooperative.

Allamakee-Clayton Electric Cooperative intends to conduct the election of directors via a drive-through event. All reports will be videotaped and available on the cooperative's website at acrec.com.

The Bylaws permit voting for the Director election by mail. Further, the Bylaws provide that to the extent members vote by mail, such votes count toward the quorum requirement for the election. Thus, the Board has determined that the election can be completed without an in-person meeting.

For your information in connection with the election of three (3) directors scheduled for this drive-through event, the committee on nominations, appointed by the board of directors of the Cooperative, according to the by-laws, has nominated six members of the Cooperative as indicated on the enclosed ballot.

PLEASE VOTE BY MAIL: For directors by marking a check ✓ opposite the names of three (3) candidates you wish to vote for. After you have marked your ballot, enclose it in the self-addressed

envelope provided, seal it and return it to the Cooperative's office. Any other type of envelope will be accepted if the member's name is in the upper left corner of the envelope, **BUT TO BE VALID IT MUST BE ADDRESSED TO:**

SECRETARY: Allamakee-Clayton Electric Cooperative
PO Box 715
Postville, IA 52162

CAUTION: Ballots are not valid if mailed in an envelope without your name and return address on same. Mail your ballot so it reaches the Cooperative office before September 9, 2024.

PLEASE: Return your ballot by mail to qualify for a \$25 bill credit. The senders of the 10 mail ballots drawn will receive one of ten \$25 bill credits.


If you have any questions, please contact Allamakee-Clayton Electric Cooperative at 888-788-1551 and let them know you have a question about the annual meeting.

Dated at Postville, Iowa, this 9th day of August 2024.

A handwritten signature in black ink that reads "Cynthia D. Heffern".

Cindy Heffern,
Secretary



PO Box 715
Postville, IA 52162-0715
Your Touchstone Energy® Cooperative 

PRSRT STD
U.S. Postage
PAID
DPC

JOIN US FOR OUR
**ANNUAL MEETING
DRIVE-THROUGH**
Monday, Sept. 9, 2024
1:30 PM – 6:30 PM



DON'T FORGET to tear
off here and bring this card to
register at the drive-through.

Members will enter at the main entrance of the Cooperative's headquarters at 229 Highway 51, Postville, and be guided around into the garage.

You will be greeted by ACEC employees while you remain in your vehicle to vote, register for prizes, and receive a gift and hot to-go meal while supplies last (must be present for a meal). Prizes will be the same amount as in prior years and will be awarded in the form of a credit on your next bill. We will also draw for two 5-year solar panel subscriptions.

Please bring your registration card to be eligible for the drawing!
We hope to see you there!