

# Straight talk about... the cooperative difference



## REC Day On The Hill

On March 17th, myself and five directors from Hawkeye REC headed for Des Moines to join over 200 electric cooperative employees and directors from across the state for the Iowa Association of Electric Cooperative's REC Day on the Hill. Our mission was to meet with our area legislators and discuss pending legislative bills impacting electric cooperatives and to ask them to "do no harm" with new legislation that would increase our operating costs.

I have greatly appreciated the support that Hawkeye REC and our state's electric cooperatives have received from our state elected officials. The State of Iowa has used an incentive or "carrot" based approach to increase renewable energy, increase energy efficiency and conservation. This has been done rather than state mandates or using a "stick" approach.

The most significant piece of legislation impacting our state's electric industry this session was introduced by local Representative Brian Quirk. He authored a nuclear siting bill allowing Iowa's electric utilities the ability to research and evaluate all available gen-

our future energy resources. Hopefully, Governor Culver will sign this legislation.

As I stated at the Hawkeye REC Annual Meeting, our energy future is going to be directed by state and federal legislation. I very much encourage all of Hawkeye REC's members to get engaged in our legislative process and to make your opinions heard to your elected officials.

## Hawkeye REC Building Project

Hawkeye REC's Annual Meeting gave me the opportunity to review our corporate needs to design, build and finance a new cooperative headquarters.

Our current headquarters was built in 1941 and it's been remodeled and renovated countless times to meet the needs of our membership. It has compliance issues with the Americans with Disabilities Act and Homeland Security. It's inefficient with minimal wall insulation and five independent heating and cooling systems. It is also inefficient from a workflow and operational standpoint. Add to that leaky roof problems and a deteriorating foundation, you can understand it's a priority.

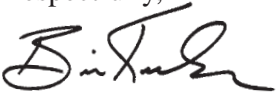
A new headquarters will help us better serve our members' needs, while continuing to meet new industry standards. Today, Hawkeye REC has access to low interest federal loans from the Rural Utilities Service to finance the construction. With the actions going on in Washington, funding for the RUS program could be substantially reduced or even eliminated in the future. Building costs today are very competitive and we have been told that a 10-15% savings can be attained by building today.



The efficiencies gained from a new headquarters will also allow us to incorporate new technologies to reduce future operating costs by reducing employee numbers through natural attrition. Building a new headquarters will not have a negative impact on your electric rates. The construction budget has been established at \$5.5 million and will be financed over a 35-year period at interest rates estimated at less than 5 percent. Our existing facility will continue to require improvements, replacements and band-aid repairs that will burden the cooperative from both an expense and operational efficiency standpoint.

The board has directed our building committee to use the existing headquarters site. This also reduces construction costs by incorporating the existing pole yard, and eliminates additional land acquisition and new infrastructure costs associated with a new site.

If you have questions on our project, I welcome your calls, personal visits and e-mails and will continue to keep you informed on our progress through our newsletter.

Respectfully,  
  
Brian Krambeer, CEO



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eration opportunities in providing safe, reliable, affordable baseload generation in an environmentally friendly manner. We thanked Representative Quirk for introducing this legislation that simply keeps all doors open for investigating