

PowerLines

August 2020

Drive In Annual Meeting

We look forward to welcoming you to the 2020 Annual Meeting on Saturday, August 8, 2020. Registration begins at 8:30 a.m. and the business meeting begins at 10:00 a.m. We will be holding the meeting at the Harvest Moon Twin Drive-In Theatre located in Gibson City, IL.

When you arrive, you will be greeted by an Eastern Illini employee who will register your attendance, so you will be eligible to receive a \$15 bill credit on your next electric bill. You will also receive a ballot, so you are able to vote regarding the bylaw amendment. Ballot boxes will be located throughout the drive-in, to deposit your ballot.

As you enter the drive-in, feel free to park your vehicle anywhere between the stanchions. The meeting will be broadcast through the HD Digital FM Transmitter, so you can hear the audio through the radio in your vehicle. We ask that you practice social distancing. If you exit your vehicle, please wear a mask.

When the State of Illinois entered Phase 4 of the Restore Illinois plan, EIEC reopened the lobby in Paxton. We ask that you practice social distancing and wear a mask when entering the building.

We encourage members to use technology to handle business with the co-op. Here are some ways to pay without coming in to the EIEC office.

- Call our 24/7 IVR payment number: 1-888-836-2352.

- Mail in your payment to EIEC: P.O. Box 84, Paxton, IL 60957.

- Log into your SmartHub account and click "Make Payment".
- Visit www.eiec.coop and under the tab My Account, select Payment Options and click "Pay Now". You will need your account number and last name or business name to process a payment.
- There is another option that is available on our website under the tab My Account. Please select Payment Options and download the Automatic Payment Plan form.



**MESSAGE FROM
THE PRESIDENT**

During the pandemic, Eastern Illini waived late fees for members and did not disconnect anyone for non-payment. We anticipate disconnects for non-payment will resume in early August. If you are experiencing financial difficulty we encourage you to call us at 1-800-824-5102, Monday through Friday from 7:00 a.m. until 4:00 p.m., so we can set up a payment arrangement with you.

We would like to thank you for your commitment and continued support. These have been challenging times for all of us and will likely continue for a while. Please know that we are totally committed to providing safe and reliable electric service to members every day. We look forward to seeing you at the annual meeting on Saturday, August 8.

Sincerely,

Bob Hunzinger

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- Board Chairman and CEO Report
- 2020 Annual Meeting: August 8

**RECEIVE A
\$15 BILL CREDIT
FOR ATTENDING
THE ANNUAL
MEETING**

**ANNUAL MEETING
SATURDAY
AUGUST 8**

**HARVEST MOON
TWIN DRIVE-IN THEATRE
GIBSON CITY, IL**

**8:30 a.m. REGISTRATION
10:00 a.m. BUSINESS MEETING**

Churches & Businesses:

To receive the \$15 BILL CREDIT at the annual meeting, any person representing a business or other organization (*non-residential*) must present a letter from the proper officials of that entity (*preferably on company letterhead*) designating that person as the official representative.

Your Touchstone Energy[®]
Cooperative 

2020 Annual Meeting: August 8



Tom Schlatter, Chatsworth
District 2



Kevin Moore, Hoopeston
District 5



Lauri Quick, Tolono
District 9

Board of Director's Election

Eastern Illini Electric Cooperative's Board of Directors is made up of cooperative members just like you. They are tasked with setting the policies and guidelines that Eastern Illini's management team then carries out. Each year, three of the nine positions on the board are up for election. Board terms are for three years. In 2020, Directors will be elected in Directorate Districts 2, 5, & 9.

In accordance with the EIEC Cooperative bylaws, Article 3.6: The Board of Directors shall appoint a Credentials Committee comprised of five (5) members to be selected by the Board of Directors of the Cooperative whose duty shall be to review the qualifications of all candidates who have filed nominating petitions, to determine their eligibility to serve as Directors of the Cooperative. On Tuesday, April 21, 2020, the Credentials Committee met via Go To Meeting and reviewed the qualifications of Thomas Schlatter of Chatsworth, District 2; Kevin Moore of Hoopeston, District 5; and Lauri Quick of Tolono, District 9 who had each filed nominating petitions. No other candidates filed petitions. After reviewing the petitions, affidavits, and qualifications, the Credentials Committee determined that all candidates are eligible to serve as directors of Eastern Illini Electric Cooperative.

The bylaw amendment will be voted on at the EIEC annual meeting on Saturday, August 8, 2020.

Proposed bylaw amendment up for vote by Eastern Illini Electric Cooperative members:

The Board of Directors of Eastern Illini Electric Cooperative is proposing a bylaw amendment at this year's annual meeting. The proposed change is to Article 3.3 Director Qualifications:

ARTICLE 3.3 DIRECTOR QUALIFICATIONS

A person shall not be eligible to become or remain a director of the Cooperative unless he or she is a bona fide member of the Cooperative receiving service from the Cooperative at his or her principal residential abode.

CURRENT BYLAW WORDING:

In addition, a person cannot become a director if he or she either in his or her own right or through a joint membership is in any way employed by, or has more than a minor financial interest in, any enterprise which operates electrical facilities, competes to a material degree with the Cooperative, or a business selling electric energy or merchandise to the Cooperative, or a business substantially engaged in selling electrical facilities, fixtures or supplies to the members of the Cooperative.

PROPOSED UPDATE TO BYLAW WORDING:

In addition, a person cannot become a director if he or she either in his or her own right or **directly or indirectly** through a joint membership, **spousal or civil union relationship, is an employee or former employee (who was employed by the Cooperative within five years prior to the subject director election) of the Cooperative;** or is in any way employed **in a managerial capacity with,** or has more than a minor financial interest in, any enterprise which operates electrical facilities, competes to a material degree with the Cooperative, or a business selling electric energy or merchandise to the Cooperative, or a business substantially engaged in selling electrical facilities, **materials,** fixtures or supplies to the members of the co-op.

ANNUAL MEETING: SATURDAY, AUGUST 8, 2020

Eastern Illini 2019 Financial Report

BALANCE SHEET December 31, 2019

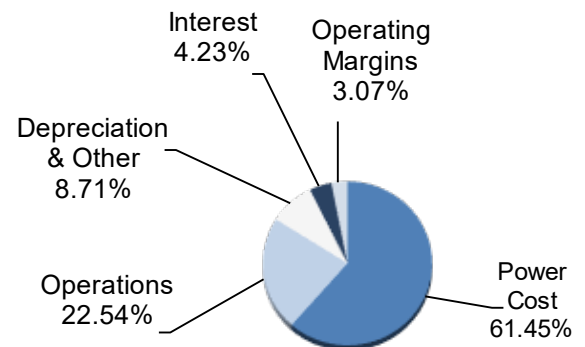
ASSETS	2019	2018	2017
UTILITY PLANT			
Cost of Electric Plant	\$109,358,353	\$107,127,871	\$104,965,182
Less: accumulated depreciation	47,851,078	45,949,868	43,827,121
Net Utility Plant	\$61,507,275	\$61,178,003	\$61,138,061
CURRENT & OTHER ASSETS			
Cash-general	\$617,316	\$561,924	\$468,175
Investments	19,606,874	19,065,508	18,531,729
Accounts receivable, net	3,142,926	2,085,403	3,101,600
Materials and supplies	631,152	628,961	498,128
Prepaid and other assets	851,502	856,418	1,029,132
Total Assets	\$86,357,045	\$84,376,217	\$84,766,825
MEMBERS' EQUITY & LIABILITIES			
Membership fees & other equities	\$4,516,643	\$4,381,765	\$3,799,702
Patronage capital	32,934,207	31,623,280	30,382,552
Operating margins	1,099,715	1,420,225	1,405,822
Non-operating margins	4,384,735	4,428,477	4,410,856
Long-term debt	\$34,050,280	\$33,158,946	\$33,050,959
CURRENT & OTHER LIABILITIES			
Accounts payable & accrued expenses	\$3,526,407	\$2,897,963	\$3,884,387
Notes payable - Line of Credit	0	961,405	2,455,434
Consumers' deposits & prepayments	470,220	460,480	468,710
Other non-current liabilities	5,374,838	5,043,676	4,908,403
Total Members' Equity & Liability	\$86,357,045	\$84,376,217	\$84,766,825

HOW YOUR ELECTRIC DOLLAR WAS SPENT

	2019	2018	2017
Wholesale power cost	61.45%	60.81%	61.32%
Operations	22.54%	21.93%	21.32%
Depreciation & other	8.71%	8.87%	8.95%
Interest	4.23%	4.31%	4.36%
Operating margins	3.07%	4.07%	4.06%

STATEMENT OF REVENUE AND EXPENSE for the year ended December 31, 2019

	2019	2018	2017
Total operating revenue	\$35,834,123	\$34,914,192	\$34,656,490
Operating expenses:			
Cost of power	\$22,020,805	\$21,232,653	\$21,251,200
Operations and maintenance expenses	4,436,434	4,063,337	3,816,614
Total operating expense	\$34,734,408	\$33,493,967	\$33,250,668
Operating margins (loss)	\$1,099,715	\$1,420,225	\$1,405,822
Non-operating margins (loss)	\$1,550,382	\$1,595,673	\$1,578,022
Income or (loss) from equity investments	27,044	25,495	25,525
Net margins (loss) for the year	\$2,677,141	\$3,041,393	\$3,009,369



OPERATING STATISTICS

Operating Statistics	2019	2018	2017
Total kWh purchased	267,551,710	268,722,045	254,553,654
Total kWh sold	247,708,315	249,757,627	233,910,415
Average number of consumers served	13,455	13,490	13,581
Average kWh usage per month per consumer	1,534	1,543	1,435
Average revenue per kWh sold to consumers	\$0.1447	\$0.1398	\$0.1482
Average cost per kWh purchased	\$0.082	\$0.079	\$0.083

EASTERN ILLINI ELECTRIC COOPERATIVE SUMMARY

Board Chairman and CEO Report



Tom Schlatter

Board Chairman



Bob Hunzinger

President/CEO

As a member-owned cooperative, we are dedicated to providing you – our members – with reliable electricity and excellent service. Our employees live in this area, just like you, and we are dedicated to improving the quality of life in rural east central Illinois. We would like to provide a few highlights from the past year:

SAFETY

Our driving and continual focus for the cooperative is the safety of our employees, our members, and the general public. The commitment to safety is reflected in the support of our Board of Directors, management, and our employees. The main portion of our safety goal each year is to experience zero lost time incidents. We did not achieve that goal in 2019, as we experienced three lost time events. In the latter part of 2019, we made an organizational change to further emphasize employee safety and safe practices. For 2020, our safety goal remains to experience zero lost time incidents.

COMMUNITY INVOLVEMENT

Eastern Illini is not just in the business of selling electricity. We are also working to improve the quality of life for our members and our communities. This year marked the third year of our Empowering Education Grant Program which provided \$20,000 to 40 deserving teachers throughout our communities to help fund engaging projects for their students. Eastern Illini co-sponsored three Farm Safety Clinics with the Champaign County Farm Bureau. Eastern Illini also partnered with the Carle Center

for Rural Health and Farm Safety for several safety days held in the EIEC service territory. More than 1,000 students have benefited from seeing the EIEC farm safety display at their school or at safety demonstrations.

MEMBER SATISFACTION

EIEC employees and Directors take pride in providing the service level our members deserve and expect. Each October, we include a survey with our billing. This survey typically covers topics such as member service, employee professionalism, rates, programs, and reliability. We also include questions to calculate an American Customer Satisfaction Index (ACSI) score. In 2019, our overall survey results were very good, and we received an ACSI score of 88 (out of 100)! This score places us in the top 15 percent of cooperatives across the nation. We are proud of the level of service that we provide and are constantly looking for ways to improve.

FINANCIAL UPDATE

2019 was a good financial year for your cooperative. Operating margins totaled nearly \$1.1 million, with total operating revenues of \$35.8 million. These margins are in addition to a \$539,000 pre-payment to PPI at the end of the year to reduce 2020 power cost for members.

Total equity for the year ended at 49.7 percent while distribution equity was 40.2 percent which is within our benchmark target range. Our debt service coverage metric exceeded our lender's requirements. These two factors allow us to optimize our borrowing costs.

MARGINS AND CAPITAL CREDITS

Each year, we review our revenue

collected compared to our expenses in providing electric service to you. A positive difference is like profit, but for a not-for-profit cooperative it is referred to as operating margins. These margins are then allocated as capital credits to be returned to you at a future date.

Our Board of Directors previously set a goal of returning margins back to our members on a 25-year cycle. We will achieve this goal in 2020. In 2019, we retired over \$1.5 million in capital credits to members who received electric service in 1992 and 1993. For 2020, we are budgeting a retirement of \$781,000 for the years of 1994 and 1995. Your Board members will be reviewing the magnitude of capital credits to be returned to members for 2021 and future years at their strategic planning session later this year. This return of your equity, or prior investment in EIEC, is one of the unique benefits of membership in a local, not-for-profit cooperative.

RATES

Through 2019, EIEC had not had a distribution rate adjustment since April 2013. Effective March 2020, member facility charges increased slightly in all service classifications. We also pass along any price adjustments from our wholesale power provider as necessary, in the power cost adjustment portion of our billing. Our wholesale power costs reflect the capacity, energy, and transmission portions of electricity pricing delivered to the EIEC metering points. For 2019, PPI average cost to members was 4.3 percent below budget.

Board Chairman and CEO Report

A recent cost of service and a revenue study indicated the need for a slight overall revenue increase (1% based on gross revenue) in the near term. With the help of an outside rate consultant, we are in the process of completing a rate study, which will help to determine the level of future changes in our fixed cost components (monthly base charge and a possible future demand charge component) while reviewing the appropriate level for energy (kWh) charges. We expect to implement these changes beginning in March 2021. However, the Board has the discretion to adjust any planned rate changes given the current economic circumstances, along with consideration of the 2020 financial performance of the Cooperative.

TECHNOLOGY

As the technology around us continues to change, we are always on the lookout for technology that will allow us to better serve you. Our online and smart phone account portal – SmartHub – continues to evolve. SmartHub lets you easily and conveniently pay your bill, view your electric use history, report an outage, and includes texting options. You can sign up for your FREE SmartHub account by visiting our website at www.eiec.coop. We continue to embrace technology in our daily operations and member services, using programs and analytics to assist with automated service orders, mapping, system analysis, staking, outage management, and many other applications that encourage member engagement.

POWER SUPPLY

About 60 percent of our power is provided by the Prairie State Generating Campus coal-fired power plant, located in Washington County, Illinois. Our wholesale power provider, Prairie Power Inc. (PPI), owns 130 MW of this facility, along with various other natural gas fired generation units. On the renewable front, PPI has two solar panel arrays

and a portion of wind energy provided by the Pioneer Trail wind farm near Paxton. PPI also contracts for power supply in the Midcontinent Independent System Operator (MISO) market. PPI is continually monitoring existing and future market trends in balancing the decision of owning or contracting for future generation resources, to provide you with supply diversity and a stable long-term portfolio.

RELIABILITY

Our distribution system performed well this year, resulting in an average available reliability of 99.984 percent (excluding major storms and transmission supply outages). Even with the inclusion of major storm events and transmission supplier outages, our average available reliability was 99.94 percent. We continue to monitor and upgrade our system to maintain the high level of service you've come to expect. Power from PPI is delivered through the Ameren 69 kV transmission system. Annually, nearly one-third of our member's average outage time is a result of outages on the Ameren system that impact EIEC power substations. We continue to work with Ameren and PPI to improve their service and reliability.

CHALLENGES

Rural areas in general are experiencing population decline and a lack of adequate job opportunities, along with inadequate Internet access. The EIEC territory experiences similar trends, which leads to flat or minimal energy sales growth. We continue to actively monitor the State of Illinois' renewable initiatives, primarily for wind and solar. All members share in the cost of cooperative assets and annual expenses. Any loss of kWh sales and revenue resulting from member owned generation (such as solar) may have to be recovered from the total membership.

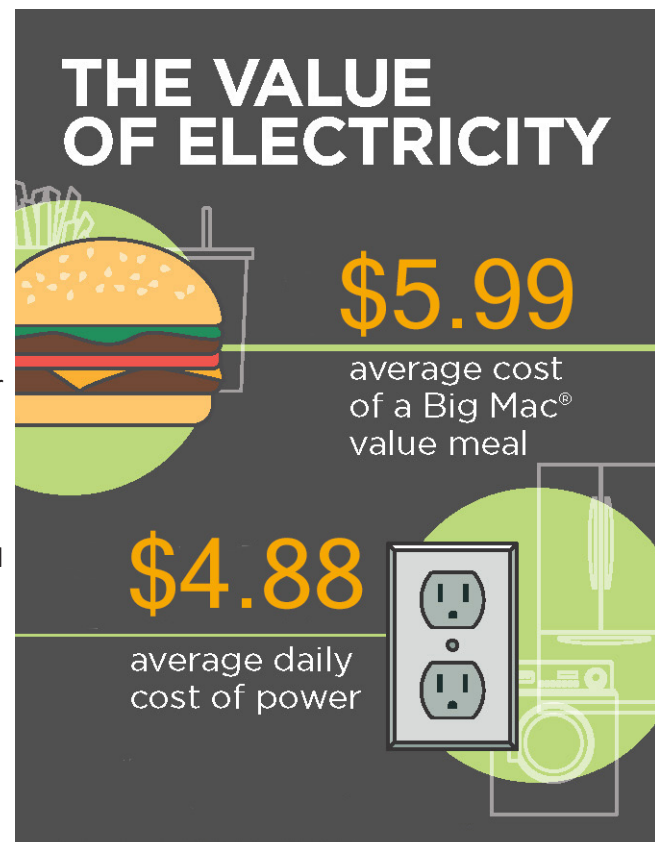
OPPORTUNITIES

Most of the recent additions in energy sales in our territory have been driven from existing member expansions of grain, livestock, and other agricultural related businesses. We continue to work with our members to optimize the value they receive from electric service.

In late 2019, we signed an agreement for a pilot project with a wireless broadband provider that has plans to offer services in a large portion of our geographic territory. Our hope is that this agreement can lead to future broadband access for much of our membership.

We are in our 83rd year operating a successful electric distribution cooperative, and we appreciate the confidence that you have placed in us and our employees to represent your interests.

We hope you have enjoyed this brief recap of our 2019 performance. Thank you for the opportunity to serve you.



EASTERN ILLINI ELECTRIC COOPERATIVE
INVITES YOU TO THE

2020 ANNUAL MEETING

SATURDAY, AUGUST 8, 2020

8:30 A.M. REGISTRATION

10:00 A.M. BUSINESS MEETING

HARVEST MOON

TWIN DRIVE-IN THEATRE

1175 S SANGAMON AVE.
GIBSON CITY



Eastern Illini
Electric
Cooperative

- Receive a **\$15 BILL CREDIT** for attending
- Get an update on the co-op
- Vote on the bylaw amendment
- Listen to the business meeting from the comfort of your vehicle