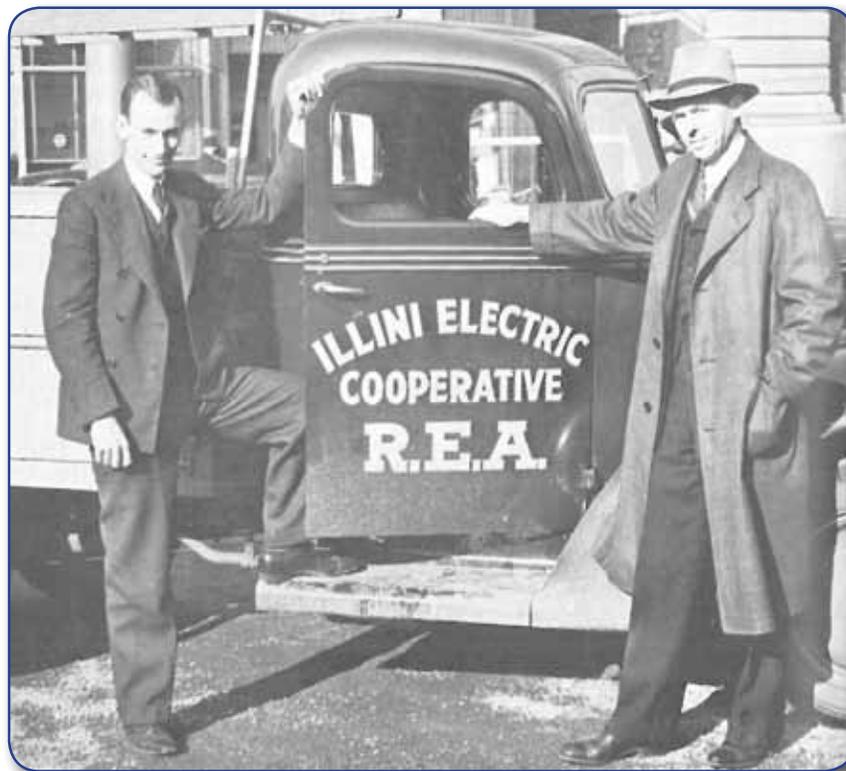




Eastern Illini  
Electric  
Cooperative

**REA**

**Celebrating 75 years of service to our member/owners, and 25 years of service as Eastern Illini Electric Cooperative.**



**2012 Annual Meeting Program | Annual Report**

**Thursday, June 14, 2012  
Paxton-Buckley-Loda Junior/Senior High School**

A Touchstone Energy® Cooperative 

# Schedule of Events

3 – 7 p.m. **Annual Meeting Registration** – \$25 bill credit

## Activities and Events

Gene Trimble Band	Bucket truck demonstrations
Inflatable activities	Kid's activities
Energy Wise exhibits	Oscar the Talking Robot
Appliance display	Commemorative gift

4 – 7 p.m. **Dinner** catered by Niemerg's Catering (Snacks will also be available in the courtyard.)

**Seminars** (See the next page for the complete seminar schedule.)

7 p.m. **Business Meeting**

- Call to Order
- National Anthem
- Pledge of Allegiance
- Invocation
- Quorum Determination
- Notice and Proof of Mailing
- Secretary's Report (2011 Annual Meeting minutes with approval)
- Treasurer's Report (with approval)
- Executive Report
- Director Election
- Questions from Floor
- Unfinished Business
- New Business
- Adjournment

*Eastern Illinois Power Co-op celebrated the 100th anniversary of Ford County in 1959.*



# Seminar Schedule



*Early co-op “farm women” gather near Dewey, Ill. to shop for lamps and bulbs in 1939.*

## Room 604 – Energy Wise Living Tips

- 4 p.m. **Maximizing comfort while minimizing cost**  
Brian Kumer, Thermal Imaging Systems
- 4:45 p.m. **Renewable from the ground up – Geothermal Systems**  
Jeff Hurst, Connor Supply
- 5:30 p.m. **Maximizing comfort while minimizing cost**  
Brian Kumer, Thermal Imaging Systems
- 6:15 p.m. **Renewable from the ground up – Geothermal Systems**  
Jeff Hurst, Connor Supply

## Room 606 – more Energy Wise Living Tips

- 4 p.m. **Watts up? Lighting made simple**  
Carol Timms, Educational Dividends
- 4:45 p.m. **Gaining comfort and savings with insulation**  
Sam Stoller, Illiana Insulation
- 5:30 p.m. **Watts up? Lighting made simple**  
Carol Timms, Educational Dividends
- 6:15 p.m. **Gaining comfort and savings with insulation**  
Sam Stoller, Illiana Insulation

## Room 608 – General Interest

- 4 p.m. **The Co-op Connections Card – your ticket to big savings**  
Nancy Nixon, Association of Illinois Electric Cooperatives
- 4:45 p.m. **Celebrating Flag Day – an historical look at American flags**  
Justin Kneeland, flag enthusiast
- 5:30 p.m. **The Co-op Connections Card – your ticket to big savings**  
Nancy Nixon, Association of Illinois Electric Cooperatives
- 6:15 p.m. **Celebrating Flag Day – an historical look at American flags**  
Justin Kneeland, flag enthusiast

## Room 610 – Celebrating 75 years of service

- 3–7 p.m. **Interactive displays highlighting electric cooperative history**

### *COVER PHOTOS*

*Front Cover: A new service truck arrives at Illini Electric Co-op in 1938. Co-op Manager Vernon Green (left) and board member Burdette Griffith (right) pose with the truck.*

*Back Cover: Apprentice lineman Rick Riblet (left) and serviceman Mike Batte (right) stand beside a co-op bucket truck.*

# Executive Report

On behalf of Eastern Illini's Board of Directors and employees, we would like to welcome you to the 2012 Annual Meeting of Members! This meeting is extra special because we are celebrating 75 years of providing electricity to the under served rural communities in east central Illinois, and the 25th anniversary of the consolidation that led to the creation of Eastern Illini Electric Cooperative.

Eastern Illini is a unique business in that we are a cooperative. We are owned by you – our member/owners. We are very excited about the current state of your cooperative, and what the future holds.

## Financial Goals

Eastern Illini Electric Cooperative completed another good year from a financial perspective. All of the creditor requirements were met and we moved a few steps closer to meeting our long-term financial goals, as established by the Board of Directors.

## Power Supply

The construction of the Prairie State Generating Campus in Lively Grove, Illinois, is nearly complete and both units (800 MW each) are producing and delivering power to the electric grid. The plant is utilizing Illinois coal from a new coal mine that is located just hundreds of feet from the power plant itself. This provides huge efficiencies because there is virtually no cost for transporting the coal. Prairie Power, Inc., our generation and transmission cooperative, is receiving 130 MW of power from the plant.

The construction of the Pioneer Trails Wind Farm, located just east of Paxton, was completed last fall and the wind farm is fully operational. Prairie Power is receiving 20 MW of power from that resource.

## Cost of Service Study

We recently completed a "Cost of Service" study in order to determine the equitability of our electric rates between consumer rate classes. The Board is continuing its study of the report details and will be developing rate strategies that may be implemented so that future rate increases, which are inevitable from time to time, will not have a huge impact on you in any one year.

## Carbon Legislation/Regulation

We are continuing to express our concerns to Congressional leaders because of the likelihood that carbon legislation, or more likely EPA regulations, will be implemented in the near future. If this is done radically and without appropriate thought of the cost ramifications, it could have a devastating effect on the entire country. We may be calling on you to help with additional grassroots efforts to express your concerns, if the likelihood of big increases escalates.

## Capital Credits

Last year, your Board of Directors authorized payment of \$656,127 in capital credits for the years 1972 and 1973. The funds were distributed in 2011 to the extent that those members could be located. The board is currently evaluating our ability to make additional capital credit payments in 2012. A plan has been established that will gradually move the cooperative to a 25-year rotation schedule for such payments.

*Oscar the Talking Robot leads a parade during the 2011 Annual Meeting.*

### **Succession Planning**

Over time, we have reduced our workforce to 59 employees. We continue to utilize efficiency measures and technology to accommodate the reduction without reducing the level of service to you, our member/owners. The average age of our work force is 48 and our employees average an amazing 18 years of service each. Twenty-two percent of our employees are likely to retire in the next five years.

We have developed and implemented a Succession Plan which is working to identify areas in which each employee might need additional training for them to be prepared to compete for advancement to specific positions of interest for that employee. We encourage employees to take advantage of opportunities for advancement within the organization. We are confident that this plan will help assure continuity within the Cooperative as these changes take place.

### **The Mission**

You may have noticed that we are not utilizing as many subsidiary operations as we have in the past. We are refocusing our efforts toward our core mission: "To provide premium-quality, economically priced electricity and other related services to our member/owners and communities."



Thank you for giving us the opportunity to serve you.

We hope you enjoy all of the activities today, as well as your complimentary meal. Also, don't forget to pick up your commemorative gift as you leave the meeting.

*Marion Chesnut  
Chairman of the Board*

*Dave Champion, President/CEO*



# EIEC Board of Directors

Eastern Illini Electric Cooperative's Board of Directors is an elected group of co-op members - just like you. They are tasked with setting the policies and guidelines that Eastern Illini's management team then carries out. Pictured with the board members below are attorney Guy Hall (back row, far left) and President/CEO Dave Champion (back row, far right).



6



**Harold Loy**  
District 1  
*Beaverville*  
20 years of service



**Tom Schlatter**  
Vice Chairman  
District 2  
*Chatsworth*  
6 years of service



**Steve Meenen**  
Assistant Secretary  
District 3  
*Melvin*  
6 years of service



**Bruce Ristow**  
District 4  
*Cissna Park*  
6 years of service



**Marion Chesnut**  
Board Chairman  
District 5  
*Rossville*  
27 years of service



**Brad Ludwig**  
Secretary/Treasurer  
District 6  
*Fithian*  
27 years of service



**Kay Horsch**  
District 7  
*Dewey*  
11 years of service



**Herb Aden**  
District 8  
*Newman*  
33 years of service



**Jay Hageman**  
District 9  
*Fairmount*  
10 years of service

# Director Election

## Directorate District 3 Candidate Steve Meenen



Steve Meenen was elected as a director in 2006. He received the National Rural Electric Cooperative Association Credentialed Certification in 2008.

Meenen and his wife, Kimberly, reside near Melvin in Ford County.

## Directorate District 4 Candidate Bruce Ristow



Bruce Ristow was elected as a director in 2006. He received the National Rural Electric Cooperative Association Credentialed Certification in 2008.

Ristow and his wife, Pam, reside near Cissna Park in Iroquois County.

## Directorate District 6 Candidate Brad Ludwig



Brad Ludwig was elected as a director of Eastern Illinois Power Cooperative in 1985 and has served on the Board since consolidation. He received the National Rural Electric Cooperative Association (NRECA) Professional Directors Certification in 1990. He received the NRECA Credentialed Certification and the NRECA Board Leadership Certificate in 1998.

Ludwig and his wife, Sally, reside near Collison in Vermilion County.



*The first President of Illini Electric Co-op., C.V. Swanson (2nd from right), reads a congratulatory message as his home was energized for the first time in 1938. This was the last time he used his kerosene lamp.*

# 2011 Meeting Minutes

## Minutes of Eastern Illini's Twenty-Fourth Annual Meeting of Members, June 9, 2011

The Twenty-Fourth Annual Meeting of Members of Eastern Illini Electric Cooperative, Inc. was held at Paxton-Buckley-Loda Junior/Senior High School, 700 West Orleans Street, Paxton, Illinois on Thursday, June 9, 2011, at 7 p.m. The meeting was called to order by the Chairman of the Board Harold M. Loy, who presided and acted as Chairman. Secretary of the Board, Brad Ludwig, acted as Secretary of the meeting and kept the minutes thereof.

### CALL TO ORDER

The Chairman announced that the registration staff had informed him that there were 919 members present in person or by proxy, and that the attendance being in excess of 100 members, as required by the bylaws to constitute a quorum, the Chairman announced that a quorum was in attendance and he declared the meeting to be duly constituted to transact business.

### INVOCATION

Director Jay Hageman delivered the invocation.

### PRESENTATION OF COLORS AND PLEDGE OF ALLEGIANCE

The presentation of colors was conducted by Troop 29 of the Boy Scouts of America, Paxton, Illinois, followed by the recitation of the Pledge of Allegiance led by Jarod Clark, a Boy Scout from Gibson City.

### NATIONAL ANTHEM

Eastern Illini employee Susan Brown led the National Anthem.

### INTRODUCTION OF GUESTS

Special guests of the Cooperative who attended the meeting were announced, including The Honorable Senator Shane Cultra and The Honorable Representative Jason Barickman of the Illinois General Assembly. Representative Barickman spoke to the crowd for several minutes. Senator Cultra had attended earlier in the day but was not present during the business meeting.

### READING OF NOTICE OF MEETING AND PROOF OF MAILING

Chairman Harold Loy read the official Notice of the meeting and the Affidavit of Mailing of said Notice. The Chairman directed the Secretary to annex to the minutes of this meeting a copy of the Notice together with the Affidavit of Mailing by the Board Secretary, Brad Ludwig.

### APPROVAL OF MINUTES – 2010 ANNUAL MEETING

The minutes of the Twenty-Third Annual Meeting of Members held June 10, 2010, as printed in the 2011 Annual Report/Annual Meeting program distributed to all members, were presented for consideration. Member Robert Apperson made a motion that the rules be suspended, that the reading of the minutes of the Annual Meeting held June 10, 2010, be waived, and that the minutes be approved as presented in the official Annual Report of this meeting. His motion was seconded by Member Pat McCullough and unanimously carried.

### REPORT OF TREASURER

Chairman Loy informed the membership that since the Treasurer's Report was contained in the official Annual Report there would be no oral report describing the amounts set forth therein. He also noted that the report was posted on the Cooperative's website. However, questions about the report could be asked. The Treasurer's Report included operating statistics, the balance sheet for the years ending December 31, 2010 and December 31, 2009, respectively, consolidated statements of revenues and expenses of the Cooperative and its subsidiaries for those two (2) years, as well as other information.

The balance sheet reflected the following information for 2010:

Net Utility Plant	\$52,316,817
Total Assets	74,000,687
Long Term Debt	38,141,918
Total Members' Equity and Liabilities	74,000,687

Thereafter, the financial reporting period was concluded and Chairman Loy entertained a motion to accept the Treasurer's Report. A motion to accept the Treasurer's Report was made by Member Gene Merkel. The motion was seconded by Member Robert Apperson and was unanimously approved.

## EXECUTIVE REPORT

Chairman Loy and President/CEO Champion indicated that the condition of the Cooperative for the prior year was noted in a written Executive Report included as part of the official Annual Report of the Meeting. In addition, that report was mailed to all members. It was indicated that those executives would respond to questions from the floor after the conclusion of further meeting business.

## ELECTION OF DIRECTORS

Chairman Loy announced that the next item of business would be the election of Directors and called upon Attorney Guy Hall to conduct that election. Mr. Hall announced that all the candidates were shown on the program and thanked all those who participated and voted. He noted that three candidates had been serving the Cooperative as incumbents and seek reelection. Their positions were not contested and the Credentials Committee found them to meet the qualifications for election. A brief summary of the candidates' experience was included in the program. Mr. Hall noted that since there were no nominees other than those reviewed and approved by the Credentials Committee, the membership could waive the written ballot and elect the nominees who had filed petitions pursuant to Section 2.5 of the bylaws of the Cooperative. Mr. Hall then entertained a motion to waive the written ballot and elect the nominees approved by the Credentials Committee. Thereafter, there was motion by Member Alan Good, which was duly seconded by Member Ron Lantz to waive the written ballot and elect the nominees, Marion Chesnut, Jay Hageman and Thomas Schlatter. The motion was carried by a voice vote, and the nominees were duly elected by unanimous vote of the membership.

## QUESTIONS FROM THE FLOOR

Chairman Loy and President/CEO Champion entertained questions from the floor regarding the operations of the Cooperative. There was inquiry about carbon regulations pending in Washington, D.C. With regard to the climate change matters, President/CEO Champion indicated that this Cooperative and other cooperatives meet with legislators and their staffers in Washington, D.C. each year to address issues of concern.

It was noted that legislation has been proposed, but it is currently stalled. However, the U.S. Environmental Protection Agency does have authority to act on the subject. It was pointed out that there are cards in the room that can be sent to Congress if a member wishes to voice his or her concerns about carbon dioxide issues. Restrictions proposed are expected to be unreasonable and unfair to states whose citizens and businesses rely upon coal. Glenn English, the CEO of NRECA, has advised cooperatives to prepare members for potential rate increases associated with carbon reduction legislation or regulations.

One member thanked the Cooperative for its improvements. There were no questions in the box provided to members for that purpose.

## UNFINISHED BUSINESS

Chairman Loy called for any additional and unfinished business to be presented. There was no unfinished business presented.

## NEW BUSINESS

Chairman Loy called for any new business to be presented. There was no new business presented.

## ADJOURNMENT

There being no further business to come before the meeting, upon a motion duly made, seconded and unanimously approved, the meeting was adjourned at 7:25 p.m.

*Member/owners of Illini Electric Co-op celebrate the reality of rural electrification at a pole-setting ceremony near Ludlow, Ill. in 1938*



# Financial Summary

## Operating Statistics

	2011	2010
Total kWh purchased	256,179,475	259,607,306
Total kWh sold	235,757,034	244,509,112
Average number of members served	13,706	13,715
Average kWh use per month, per member	1,433	1,486
Average revenue per kWh sold to members	\$0.137	\$0.125
Average cost per kWh purchased	\$0.075	\$0.071

## Revenue and Expense Statement

	2011	2010
Total operating revenue	\$32,387,847	\$30,629,309
<b>Operating Expenses</b>		
Cost of power	\$19,143,715	\$18,348,574
Operations and maintenance expenses	3,362,324	2,955,358
Consumer accounts expense	630,225	610,615
Customer service and information expense	722,048	738,591
Administrative and general expense	1,990,369	1,919,943
Depreciation	2,624,310	2,535,092
Interest expense	2,216,703	2,194,501
Other deductions	47,261	43,154
<b>Total Operating Expense</b>	<b>\$30,736,955</b>	<b>\$29,345,828</b>
Operating margins (loss)	1,650,892	1,283,481
Non-operating margins (loss)	1,494,596	1,031,776
Income or (loss) from equity investments	(580,143)	(108,527)
<b>Net Margins for the Year</b>	<b>\$2,565,345</b>	<b>\$2,206,730</b>

## How your electric dollar was spent in 2011



The enclosed financial information represents Eastern Illini's operations for the fiscal years ended December 31, 2011 and 2010. These reports were taken directly from the Cooperative's books and records which have been audited by the firm of Olsen Thielen & Co., LTD. The American Institute of Certified Public Accountants sets the standards and scope of the audit.

## Balance Sheet

<b>Assets</b>	<b>2011</b>	<b>2010</b>
Cost of electric plant	\$86,939,613	\$84,072,564
Less: accumulated depreciation	33,493,071	31,755,747
Net Utility Plant	\$53,446,542	\$52,316,817
Cash - general	\$143,016	107,314
Investments	18,180,107	16,965,154
Accounts receivables, net	3,307,145	3,173,485
Materials and supplies	702,014	630,667
Prepaid and other current assets	743,510	807,250
Total Assets	\$76,522,334	\$74,000,687
<b>Members' Equity and Liabilities</b>		
Membership fees & other capital	\$129,489	\$(283,387)
Patronage capital	28,675,266	28,188,322
Operating margins	1,650,891	1,283,481
Non-operating margins	(2,180,650)	(3,095,103)
Long-term debt to CFC	\$40,543,549	\$38,141,918
Accounts payables	\$2,773,518	2,839,722
Notes payable - line of credit	0	2,161,671
Consumers' deposits & prepayments	534,600	553,135
Other non-current liabilities	4,395,671	4,210,928
Total Members' Equity & Liabilities	\$76,522,334	\$74,000,687

## Eastern Illini Services Corporation

	<b>2011</b>	<b>2010</b>
Operating revenues	\$1,743,158	\$2,319,975
Operating expenses	1,711,299	2,208,677
Net Operating Income	\$31,859	\$111,298
Income or (loss) from equity investments	\$(377,729)	\$(238,418)
Other	15,126	18,593
Income or (loss) from discontinued operations	(249,397)	0
Net Income (Loss)	\$(580,141)	\$(108,527)



# Eastern Illini Electric Cooperative

A Touchstone Energy<sup>®</sup> Cooperative



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