

# PowerLines

June 2017

## Eastern Illini Electric Cooperative 2017 Annual Meeting

### Schedule of Events

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

#### **Activities and Events**

|                   |                             |
|-------------------|-----------------------------|
| Inflatables       | Petting zoo                 |
| Miniature golf    | Marvin Lee Band             |
| Engaging seminars | Bucket truck demonstrations |

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

**Seminars** - schedule on page 2

7 p.m. **Business Meeting**

- Call to Order
- National Anthem
- Pledge of Allegiance
- Invocation
- Quorum determination
- Notice and proof of mailing
- 2016 meeting minutes (with approval)
- Financial Report (with approval) .....page 3
- Executive Report .....page 4
- Director election
- Questions from floor
- Unfinished business
- New business
- Adjournment
- Door Prizes (multiple \$30 and \$80 prizes)

### Directions

The PBL Junior/Senior High School is in Paxton. To get there from Route 9 (Ottawa Street) head north on Cherry Street (near Hardee's) approximately five blocks, then turn west (left) on Orleans Street. Registration is at the north end of the school.

### **In this issue:**

Annual Meeting Events  
Financial Report  
Executive Report  
Annual Meeting Activities

### **How do you want to save today?**

Co-op Connections® Card



Pharmacy discounts  
Cash Back Mall  
Healthy Savings  
Coupons.com  
Appliance rebates

Visit [www.connections.coop](http://www.connections.coop) to  
get your card and start saving.

### **Churches & Businesses**

To receive the \$25 attendance 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

# Annual Meeting: Activities and Events

## Seminars

Each seminar session will be offered at 4 p.m., 5 p.m., and 6 p.m.

### **Room 604 - From Pumpkins to Seeds**

At the Great Pumpkin Patch, Mac Condill, helps lead a team that takes great interest in providing beautiful surroundings in which to educate their guests about the Cucurbit family. Hear from Mac as he shares the story of their 300 varieties of pumpkins, squash and gourds from over 30 countries around the world!

### **Room 605 - Hats for any Occasion**

Pat Milchuck, of Simply Pat's Hats, has always had a passion for millinery. She harnesses that passion with her special approach to every hat she makes. Each hat is unique. Every design is distinctive. And each hat tells its own story. Pat's hats are worn at the Kentucky Derby and around the world!

### **Room 608 - Modern Quilting**

Donna Lee, Modern Quilter & co-founder of Bloomington-Normal Modern Quilt Guild, will give a trunk show of modern quilts and explain the difference between modern and traditional quilts. See bright colors and original designs in her presentation!

### **Room 609 - Tree Trimming & Chainsaw Safety, Tips & Tricks**

Have you ever been frustrated while working with your chainsaw? Don Gerdes, Eastern Illini Electric Cooperative's Right-of-Way Specialist and resident chainsaw expert, will offer safety tips and other tidbits to help you take control of your saw, and trim your trees the right way!

### **Room 610 - Q&A with the Present/CEO**

Here's your chance to chat with the boss! Bob Hunzinger, Eastern Illini Electric Cooperative's President/CEO, will be available to answer your questions. You'll also be able to view some exhibits to learn more about the cooperative, and find easy ways to lower your energy bills.

## Business Meeting Prize Drawings

As we celebrate our 30th anniversary, and the 80th anniversary of our two original cooperatives, we are excited to give away \$30 and \$80 door prizes for members that attend the business portion of our annual meeting at 7 p.m. You must be present throughout the business meeting to win!

## Antique Truck

Our recently renovated antique digger truck will be on display during the annual meeting. This truck was used by the co-op in the 1950s. Through a mostly employee-funded project, the truck has been restored to its original glory.



# Annual Meeting: Financial Report

This financial information represents Eastern Illini's operations for the fiscal years ended December 31, 2016, 2015 and 2014. 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

| Assets                                 | 2016          | 2015         | 2014         |
|--|---------------|--------------|--------------|
| Cost of electric plant                 | \$102,426,069 | \$98,592,187 | \$94,209,393 |
| Less: accumulated depreciation         | 41,892,375    | 39,995,883   | 38,556,515   |
| Net Utility Plant                      | \$60,533,694  | \$58,596,304 | \$55,652,878 |
| Cash - general                         | \$601,479     | \$582,648    | \$346,522    |
| Investments                            | 18,265,490    | 18,396,789   | 18,449,797   |
| Accounts receivables, net              | 2,541,860     | 2,281,731    | 2,526,729    |
| Materials and supplies                 | 605,829       | 710,208      | 595,383      |
| Prepaid and other current assets       | 811,008       | 779,410      | 747,158      |
| Total Assets                           | \$83,359,360  | \$81,347,090 | \$78,318,467 |
| <b>Members' Equity and Liabilities</b> |               |              |              |
| Membership fees & other equities       | \$3,245,137   | \$3,051,516  | \$2,552,716  |
| Patronage capital                      | 29,128,966    | 27,957,019   | 28,165,946   |
| Operating margins                      | 1,406,670     | 1,443,814    | 1,406,857    |
| Non-operating margins                  | 4,415,272     | 4,303,343    | 2,807,309    |
| Long-term debt                         | 35,069,651    | 36,576,918   | 35,295,434   |
| Accounts payable                       | 3,367,918     | 3,058,952    | 3,251,109    |
| Notes Payable - Line of Credit         | 1,408,151     | -            | -            |
| Deposits & prepayments                 | 471,660       | 478,850      | 502,440      |
| Other non-current liabilities          | 4,845,935     | 4,476,678    | 4,336,656    |
| Total Members' Equity & Liabilities    | \$83,359,360  | \$81,347,090 | \$78,318,467 |

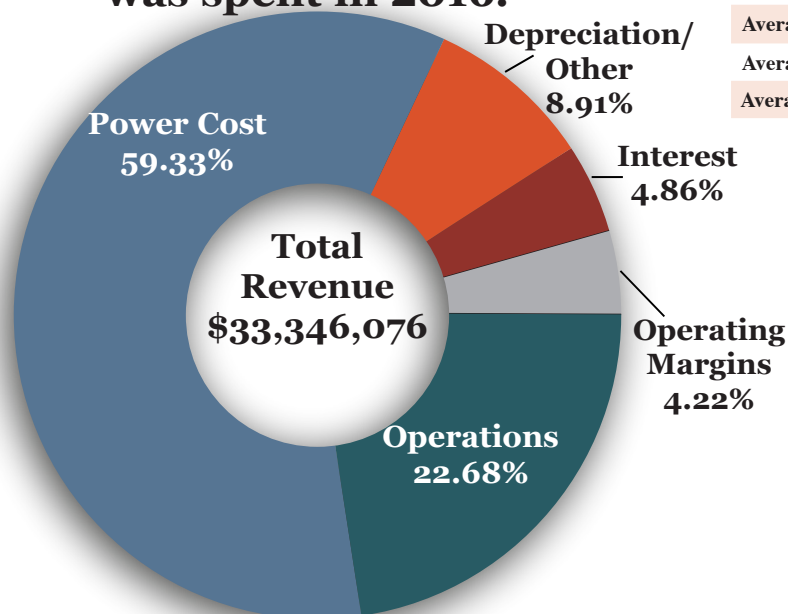
## Revenue and Expenses

|                                   | 2016         | 2015         | 2014         |
|-----------------------------------|--------------|--------------|--------------|
| Total operating revenue           | \$33,346,076 | \$33,800,521 | \$34,963,250 |
| <b>Operating Expenses</b>         |              |              |              |
| Cost of power                     | \$19,784,606 | \$20,362,091 | \$21,794,595 |
| Operations and maintenance        | 4,110,107    | 3,980,108    | 3,804,814    |
| Consumer accounts                 | 663,382      | 680,488      | 689,395      |
| Customer service and information  | 659,956      | 651,192      | 644,626      |
| Administrative and general        | 2,059,694    | 2,010,440    | 1,973,859    |
| Depreciation                      | 2,969,286    | 2,885,270    | 2,830,730    |
| Interest expense                  | 1,621,685    | 1,727,027    | 1,754,626    |
| Other deductions                  | 70,690       | 60,090       | 63,748       |
| Total Operating Expense           | \$31,939,406 | \$32,356,706 | \$33,556,393 |
| Operating margins                 | 1,406,670    | 1,443,815    | 1,406,857    |
| Non-operating margins             | 1,588,603    | 1,514,531    | 1,693,153    |
| Income or (loss) from investments | 19,359       | (18,497)     | (29,120)     |
| Net Margins for the Year          | \$3,014,632  | \$2,939,849  | \$3,070,890  |

## Operating Statistics

|                                | 2016        | 2015        | 2014        |
|--------------------------------|-------------|-------------|-------------|
| Total kWh purchased            | 259,085,868 | 255,342,023 | 268,777,930 |
| Total kWh sold                 | 238,870,083 | 234,948,109 | 247,462,085 |
| Average number of accounts     | 13,501      | 13,510      | 13,545      |
| Average monthly kWh use        | 1,474       | 1,449       | 1,522       |
| Average revenue per kWh sold   | \$0.1396    | \$0.144     | \$0.141     |
| Average cost per kWh purchased | \$0.076     | \$0.080     | \$0.081     |

**How your electric dollar  
was spent in 2016.**



**Eastern Illini  
Electric  
Cooperative**

# Annual Meeting: Executive Report

## **Please make plans to attend your annual meeting on June 8!**

In 2017, EIEC, as a member-owned cooperative, is recognizing its 30th year since consolidation, and the 80th year since the founding of both of its forerunner cooperatives, Illini Electric and Eastern Illinois Power. This is an impressive history of improving the quality of life for you - our member/owners.

By forming cooperatives such as these, and providing service to areas where for-profit companies would not, cooperatives have forged a strong bond with their member/owners. We are proud of this heritage and work hard to continue the tradition of service that defines us as a cooperative organization.

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. We are proud to inform you that our EIEC was recognized as one of only six cooperatives in Illinois to receive the Safety Leadership Award from our statewide cooperative organization in 2016. Please join us in ensuring you are taking action to remain safe in your daily activities.

### ***Member Satisfaction***

EIEC employees and Directors take pride in providing the service

level our members deserve and expect. Each October, we survey each of you. 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, which tracks your overall view of EIEC numerically.

In 2016, our overall survey results were very good, and we received an ACSI score of 89 (out of 100)! This score places us in the top 10 percent of cooperatives across the nation. We are proud of the level of service that we provide you, but are constantly looking for ways to improve.

### ***Financial Goals***

2016 was a good financial year for your cooperative. Operating margins totaled slightly above \$1.4 million on total operating revenues of \$33.3 million. These margins are in addition to a \$480,000 margin rebate paid to members for their December billing based on the prior 11-month pro rata usage. Equity for the year ended at 45.8 percent, which is slightly above our midpoint target. Our debt service coverage was above 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. This difference is similar to profit, but for a not-for-profit cooperative is referred to as operating margins. The margins try to balance internally generated operating cash with

capital provided from long term borrowings. These margins are then allocated as capital credits to be returned to our members at a future date. Our Board of Directors have set a goal of returning margins back to our member/owners on a 25-year cycle. We anticipate reaching this goal in 2020.

In 2016, we retired nearly \$1,623,000 in capital credits to member/owners who received service in 1985 and for half of 1986. For 2017, we are budgeting a retirement of just over \$1,603,000 in capital credits for half of 1986, 1987, and half of 1988.

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***

EIEC has not had a general distribution rate adjustment since April 2013. There is no increase budgeted in our distribution rate for 2017. Our projections for the next few years look to be stable as well, barring catastrophic events. However, we do pass along any increased costs from PPI, as necessary, in the power cost adjustment portion of the billing. PPI costs reflect the capacity, energy, and transmission portions of electricity pricing delivered to the EIEC metering points.

### ***Technology***

EIEC completed our Global Positioning System (GPS) project in 2016 to identify locations of facilities in the field. This will allow our employees more accurate information vs. traditional



mapping. The GPS system will also improve our outage mapping and storm response time. Field personnel continue to progress with utilizing iPads and computers daily.

### **Power Supply**

About 60 percent of our power is provided by the Prairie State 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 around the state. 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 available reliability of 99.98 percent (excluding major storms and transmission supply outages). Even with the inclusion of major storm events and transmission supplier outages, our 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.

### **New Substations**

All three of our newest substations are now fully operational. They are located in the St. Joseph, Loda, and Tolono areas, and are the first new

substations we've constructed since the early 1980s.

### **Pole Testing**

In 2016, we completed our five-year pole testing program which field-tested each of our 92,000 poles in service. During this period, EIEC personnel have installed nearly 6,000 new poles, over half as a replacement of older poles, with the remainder associated with new or rebuilt lines.

The pole replacement program helps to improve reliability since we now have fewer pole failures during high wind or storm conditions.

### **Opportunities**

Most of the recent additions in energy sales in our territory has been driven from existing member expansions of grain, livestock, and other agricultural related businesses. We continue to work with our member/owners to optimize the value they receive from electricity. Cooperatives are not just in the business of selling energy and providing reliability, but also in the business of improving the quality of life for our membership through the various services we offer.

### **Challenges**

The 2016 Presidential election transition will likely have an impact on future actions by the Environmental Protection Agency (EPA), especially relating to the final regulatory rule governing carbon emissions of existing fossil based generation sources, commonly known as the Clean Power Plan. Recent changes in EPA leadership could also impact the timing of other air and water environmental issues that relate to power generation. As always, legal and regulatory battles are likely to delay any immediate or short term impacts.

The Illinois legislature recently passed legislation that will dramatically increase the amount of renewable energy in the state, especially in the form of wind and solar. The large increase in member-owned solar and storage technology improvements could present challenges to our current business model and rate structure.

The lack of an Illinois state budget has minimal direct impact on us, but the larger impact to the members of the rural areas that we serve is yet to be determined. Rural areas in general are experiencing a population decline and a lack of adequate job opportunities.

The electric utility industry is continually evolving and becoming more complicated. One of our challenges is to maintain our system and service to the standards that you expect and deserve. EIEC has an average system density of only three accounts per mile of line in service, with a total of nearly 4,500 miles of energized service lines. Our territory also includes a slightly declining membership base. There is only one co-op in the state of Illinois with a lower density.

We are in our 80th 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've enjoyed this brief recap of our 2016 performance. We take our opportunity to serve you very seriously. Thanks for partnering with us to help power east central Illinois!

Tom Schlatter  
Board President

Bob Hunzinger  
President/CEO



Eastern Illini  
Electric  
Cooperative

# 2017 ANNUAL MEETING

**EARN a \$25  
bill credit!**

**VOTE for  
your directors!**



**Free FOOD  
& FUN!**

**ENGAGING  
seminars!**

**Tons of ENTERTAINMENT for the kids!**



**Please join us at *your* ANNUAL MEETING  
June 8, 2017 | Registration begins at 3PM  
Paxton-Buckley-Loda Junior High School  
Paxton, IL**