

PowerLines

June 2018

Eastern Illini Electric Cooperative

2018 ANNUAL MEETING

June 7, 2018



Schedule of Events

3 P.M. - 7 P.M. ANNUAL MEETING REGISTRATION

\$25 BILL CREDIT
ANTIQUE TRUCK DISPLAY
BUCKET TRUCK DEMONSTRATIONS
BOUNCE HOUSE
INFLATABLE OBSTACLE COURSE
MARVIN LEE BAND
MINIATURE GOLF
PETTING ZOO
SEMINARS

3 P.M. - 7 P.M. DINNER BY NIEMERG'S CATERING SNACKS AND ICE CREAM IN THE COURTYARD

7 P.M. BUSINESS MEETING
CALL TO ORDER
NATIONAL ANTHEM
PLEDGE OF ALLEGIANCE
INVOCATION
QUORUM DETERMINATION
RECOGNITION OF GUESTS
NOTICE AND PROOF OF MAILING
2017 MEETING MINUTES
TREASURER'S REPORT
CHAIRMAN AND CEO REPORT
DIRECTOR ELECTION
QUESTIONS FROM THE FLOOR
UNFINISHED BUSINESS
NEW BUSINESS
ADJOURNMENT
DOOR PRIZES (Ten \$100 bills)

DIRECTIONS: The PBL Junior/Senior High School is located 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. We look forward to seeing you on Thursday, June 7 at the EIEC Annual Meeting.

In this issue:

- Annual Meeting Events
- Financial Report
- Chairman and President Report
- Annual Meeting Activities



SmartHub is your online and app portal to:

View and pay your bill
Report an outage
Track your electric use
Update your account info

Visit www.eiec.coop to get started!

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: Schedule of Seminars

TOPIC: CONSERVATION POLICE AND THE PRIVATE LAND OWNER

SPEAKER: **MATT VIVERITO AND HANK,**
CONSERVATION POLICE OFFICER
ILLINOIS DEPARTMENT OF NATURAL RESOURCES

LOCATION: ROOM 604



TOPIC: TIPS AND TECHNIQUES FOR FELLING AND CUTTING TREES

SPEAKER: **DON GERDES,** EIEC FORESTRY AND
RIGHT-OF-WAY SPECIALIST

LOCATION: ROOM 605



TOPIC: SUCCULENTS WITH STYLE: GROWING SASSY SUCCULENTS IN CONTAINERS

SPEAKER: **MARY DICKINSON,** MASTER GARDENER
UNIVERSITY OF ILLINOIS EXTENSION

LOCATION: ROOM 608

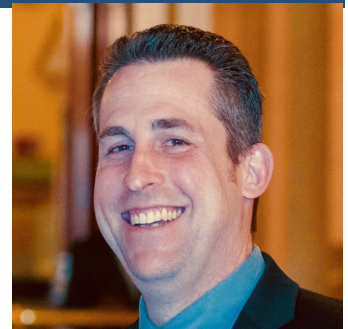


TOPIC: GIVING YOU THE TOOLS TO ACHIEVE THE AMERICAN DREAM

SPEAKER: **ROBERT BAREN,** STATE OF ILLINOIS
OFFICE OF THE TREASURER

LOCATION: ROOM 609

Stop by the Illinois Treasurer's table and search the unclaimed property database



TOPIC: THE INS AND OUTS OF CAPITAL CREDITS

We will show a short video and offer a brief overview about Capital Credits. There will be plenty of time to address your individual questions.

SPEAKER: **GAYLE FORD,** EIEC ACCOUNTANT

LOCATION: ROOM 610



Annual Meeting: Financial Report

BALANCE SHEET December 31, 2017

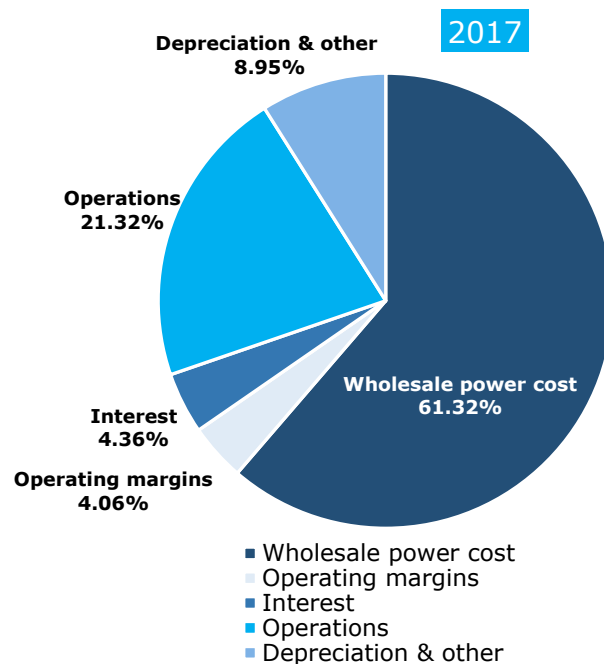
ASSETS	2017	2016	2015
UTILITY PLANT			
Cost of electric plant	\$104,965,182	\$102,426,069	\$98,592,187
Less: accumulated depreciation	43,827,121	41,892,375	39,995,883
Net Utility Plant	\$61,138,061	\$60,533,694	\$58,596,304
CURRENT & OTHER ASSETS			
Cash-general	\$468,175	\$601,479	\$582,648
Investments	18,531,729	18,265,490	18,396,789
Accounts receivable, net	3,101,600	2,541,860	2,281,731
Materials and supplies	498,128	605,829	710,208
Prepaid and other assets	1,029,132	811,008	779,410
Total Assets	\$84,766,825	\$83,359,360	\$81,347,090
MEMBERS' EQUITY AND LIABILITIES			
Membership fees & other equities	\$3,799,702	\$3,245,137	\$3,051,516
Patronage capital	30,382,552	29,128,966	27,957,019
Operating margins	1,405,822	1,406,670	1,443,814
Non-operating margins	4,410,856	4,415,272	4,303,343
Long-term debt	\$33,050,959	\$35,069,651	\$36,576,918
CURRENT & OTHER LIABILITIES			
Accounts payable & accrued expenses	\$3,884,387	\$3,367,918	\$3,058,952
Notes payable - Line of Credit	2,455,434	1,408,151	-
Consumers' deposits & prepayments	468,710	471,660	478,850
Other non-current liabilities	4,908,403	4,845,935	4,476,678
Total Members' Equity and Liability	\$84,766,825	\$83,359,360	\$81,347,090

HOW YOUR ELECTRIC DOLLAR WAS SPENT

	2017	2016	2015
Wholesale power cost	61.32%	59.33%	60.24%
Operations	21.32%	22.68%	21.84%
Depreciation & other	8.95%	8.91%	8.54%
Interest	4.36%	4.86%	5.11%
Operating margins	4.06%	4.22%	4.27%

STATEMENT OF REVENUE AND EXPENSE for the year ended December 31, 2017

	2017	2016	2015
Total operating revenue	\$34,656,490	\$33,346,076	\$33,800,521
Operating Expenses:			
Cost of power	\$21,251,200	\$19,784,606	\$20,362,091
Operations and maintenance expenses	3,816,614	4,110,107	3,980,108
Consumer accounts expense	687,037	663,382	680,488
Customer service and information expense	645,101	659,956	651,192
Administrative and general expense	2,108,208	2,059,694	2,010,440
Depreciation	3,100,068	2,969,286	2,885,270
Interest expense	1,511,004	1,621,685	1,727,027
Other deductions	131,436	70,690	60,090
Total operating expense	\$33,250,668	\$31,939,406	\$32,356,706
Operating margins (loss)	\$1,405,822	\$1,406,670	\$1,443,815
Non-operating margins (loss)	\$1,578,022	\$1,588,603	\$1,514,531
Income or (loss) from equity investments	25,525	19,359	(18,497)
Net margins (loss) for the year	\$3,009,369	\$3,014,632	\$2,939,849



OPERATING STATISTICS

Operating Statistics	2017	2016	2015
Total kWh purchased	254,553,654	259,085,868	255,342,023
Total kWh sold	233,910,415	238,870,083	234,948,109
Average number consumers served	13,581	13,501	13,510
Average kWh usage per month per consumer	1,435	1,474	1,449
Average revenue per kWh sold to consumers	\$0.1482	\$0.1396	\$0.1439
Average cost per kWh purchased	\$0.083	\$0.076	\$0.080



Board Chairman and CEO Report

On behalf of Eastern Illini's Board of Directors and employees, we would like to welcome you to the 2018 Annual Meeting of Members!

Thank you for attending your annual meeting. We hope you enjoy the day with your family, take advantage of the activities and food, and learn a little more about how EIEC is much different than other utilities.

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 2017.

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 2017, our overall survey results were very good, and we again 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, and we are constantly looking for ways to improve.

FINANCIAL UPDATE

2017 was a good financial year for your cooperative. Operating margins totaled slightly above \$1.4 million, with total operating revenues of \$34.7 million. These margins are in addition to \$0.65 million prepayment made to our power supplier at year end to reduce 2018 wholesale power supply costs. Equity for the year ended at 47.2% which is slightly above our benchmark target. 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. This difference is similar to profit, but for a not-for-profit cooperative it is referred to as operating margins. The margins try to balance internally generated operating cash (dollars we collect from your monthly electric bills) with capital provided from long-term borrowings (loans). These margins are then allocated as capital credits to be returned to you 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 2017, we retired nearly \$1.6 million in capital credits to members who received electric service in 1986, 1987, and 1988. For 2018, we are budgeting a retirement of over \$1.6 million for the years of 1989, 1990, and one 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 distribution rate adjustment since April 2013. There is no increase budgeted in our distribution rate for 2018. Our projections for total revenue needs the next few years is also stable, barring any catastrophic events. However, we do pass along any increases from our wholesale power provided 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. In 2018, we have initiated a cost of service study. This study will help determine our future total revenue requirements, along with reviewing the fairness of the allocation of costs to our members in the various rate classes.

TECHNOLOGY

As the technology around us continues to change rapidly, 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 more. You can sign up for your FREE SmartHub account by visiting our website at www.eiec.coop.

Board Chairman and CEO Report

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 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 99.96 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 have been discussing this issue with Ameren to jointly seek means to improve their service and reliability. We recently signed an agreement that allows EIEC personnel to operate selective Ameren line switches during outage situations.

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 incentives, primarily for wind and solar. The final rules for this program should be completed during 2018.

A large increase in member-owned solar could present significant challenges to our current business model and rate structure. All members share in the cost of cooperative assets and annual expenses. Any loss of revenue resulting from member owned generation (such as solar) must be re-allocated and recovered from the total membership.

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 service, but also in the business of improving the quality of life for our members. There is still a potential for a large industrial load to materialize in our system in the Tuscola area. We expect a decision on this project's viability in 2018.

We are in our 81st 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 2017 performance. Thank you for the opportunity to serve you



Tom Schlatter
Board Chairman



Bob Hunzinger
President/CEO

EASTERN ILLINI ELECTRIC COOPERATIVE

2018 ANNUAL MEETING

June 7, 2018

PBL Junior/Senior High School

3 p.m. - 7 p.m. Registration and Dinner

7 P.M. Business Meeting



WE'RE ALWAYS ON FOR YOU



Eastern Illini
Electric
Cooperative

\$25 BILL CREDIT FOR ATTENDANCE

DOOR PRIZES: TEN \$100 BILLS

BUCKET TRUCK DEMONSTRATIONS

BUSINESS MEETING

DIRECTOR ELECTION

SEMINARS

BOUNCE HOUSE

PETTING ZOO

INFLATABLE OBSTACLE COURSE

ANTIQUE TRUCK DISPLAY