

PowerLines

November 2022

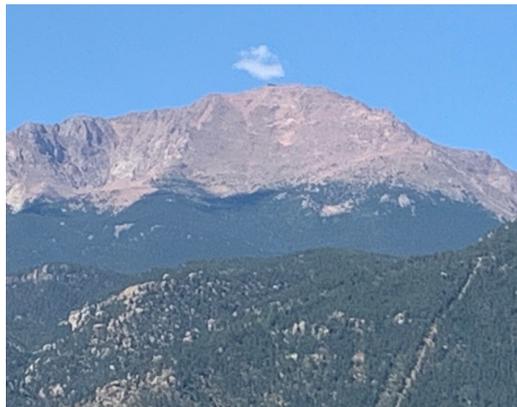
Happy Thanksgiving

I have included a few more pictures from a recent trip to visit our daughters out west, this time from the Rockies. It is hard to believe the calendar has already turned to November, but we are well into fall weather already. Please stay safe during the extended harvest season.

Please see the included article that contains more detail about capital credits. Your board voted earlier this year to return nearly \$1.2 million to members that were receiving service during the 1998-2002 period. This return of member equity is a unique feature of cooperatives.

November has two important holidays, Veteran's Day, and Thanksgiving. Please take time to reflect on the sacrifice our veterans have made over the years, as well as giving thanks for the plentiful bounty we enjoy with our families and friends.

A year ago, in this column, I mentioned that a rise in wholesale natural gas price was causing wholesale electric market price increases (generally, the marginal price in the wholesale electric market in the Midwest tracks natural gas prices). During 2022, EIEC was minimally impacted because Prairie Power, Inc. (PPI), our generation and transmission co-op provider, has a variety of generation resources (coal, natural gas, wind, solar, and market contracts) that provided a diverse risk hedge.



Pikes Peak, Colorado
August 2022



The top of Pikes Peak looking at the Rockies
August 2022

We recently received the preliminary PPI 2023 budget which forecasts about a 6.5% year over year increase in wholesale electricity prices, primarily due to an increase in capacity costs from the spring 2022 Midwest market capacity resource auction, along with energy prices that remain elevated due to natural gas prices, and increased transmission delivery charges.

Since wholesale power is only a portion of our total bill, the typical EIEC member, based on the PPI budget forecast, will likely experience a total bill adjustment of less than 4%. Unfortunately, we are all experiencing price pressures in virtually all consumer goods. However, we are fortunate when one compares this to the typical Ameren customer that received a nearly 50% increase this past summer. We will be discussing options with the Board of Directors to help mitigate these projected increases.

On behalf of our employees and the Eastern Illini Board of Directors, we wish you a safe and very Happy Thanksgiving.

Sincerely,

Bob Hunzinger

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- Reese Snider: Climbing Challenge Champ
- Conserve energy while saving on your bill
- Almost \$1.2 million in capital credits to be retired
- Capital credit checks mailed in November
- We salute Eastern Illini Veterans

How do you want to save today?

Co-op Connections® Card



Local Deals
Pharmacy Discounts
Cash Back Online
Hotel Savings

Visit www.connections.coop to register and start saving today.

Capital Credit Checks:

Eastern Illini will be sending out capital credit checks at the end of November. EIEC will be returning almost \$1.2 million to members who had electricity with Eastern Illini between 1998 - 2002.

Your Touchstone Energy®
Cooperative 

Reese Snider: Climbing Challenge Champion

The sun was just coming up when six linemen from Eastern Illini headed out to participate in the annual Lineworker's Safety Rodeo coordinated by the Association of Illinois Electric Cooperatives (AIEC) on Wednesday, Sept. 28 in Springfield, Illinois.

Fourteen teams from 12 electric co-ops, one municipal electric utility, and one team of Lincoln Land Community College (LLCC) linework students participated in the friendly, but fierce competition. The rodeo highlights the skills lineworkers use to work safely and efficiently every day on the job.

Scott Lane, Jaxson Coplea, and Matt McElhoe and Joe Garey, Reese Snider, and Travis Glazik combined for two 3-man teams to represent Eastern Illini at the rodeo. They competed against teams from across Illinois in events using skills that focus on agility, speed, and accuracy. While these skills are part of the judging criteria, above all, participants are judged on safe work practices.

The six Eastern Illini employees competed in four team and five individual events: a 40-foot climb, hurt man rescue, H-structure obstacle course, a surprise written exam for the mystery event, and a head-to-head climbing challenge.



Scores for each event were based on completion time, proper execution of the task and safety. Deductions were made to a team or individual's overall performance score due to mistakes such as slipping when climbing poles, dropping tools, or executing inappropriate procedures.

The final event of the rodeo was the climbing challenge – a head-to-head event that required lineworkers to climb a 40-foot pole. The fastest speed moved to the next

round; however, participants were automatically disqualified for safety violations, including slips, because speed is secondary to safety.

Reese Snider was named the victor of the climbing challenge. An awards banquet was held at the end of the rodeo and Reese received recognition and a trophy. Congratulations goes out to our lineworkers on their team and individual efforts. Great job guys!



Scott Lane, Jaxson Coplea, and Matt McElhoe



Joe Garey, Reese Snider, and Travis Glazik

KEEP YOUR HOME COMFORTABLE AS THE WEATHER GETS COLDER

Conserve energy while saving on your bill

It won't be long now and fall will turn to winter and outdoor temperatures will drop to single digits. When cold weather hits, energy use often increases. Fortunately, there are ways to cut heating and other energy costs and still keep our homes comfortable as the weather gets colder.

Here are some ways to start conserving energy and electricity at home:

Adjust your day-to-day behaviors

To reduce energy consumption in your home and increase your energy savings, you do not necessarily need to go out and purchase energy efficient products. Energy conservation can be as simple as turning off lights or appliances when you do not need them. You can also minimize the use of energy-intensive appliances by performing household tasks manually, such as hang-drying your clothes or washing dishes by hand. The behavior adjustment that has the highest potential for energy savings is turning down the heat on your thermostat in the winter.

Replace your light bulbs

Traditional incandescent light bulbs consume an excessive amount of electricity and must be replaced more often than their energy efficient alternatives. Consider purchasing light-emitting diode bulbs (LEDs) because they use anywhere from 25-80 percent less electricity and last 3 to 25 times longer than traditional bulbs. Although energy efficient bulbs are more expensive off the shelf, their efficient energy use and longer lifetimes mean that they cost less in the long run.

Use smart power strips

"Phantom loads," or the electricity used by electronics when they are turned off or in standby mode, are a major source of energy waste. In fact, it is estimated that 75% of the energy

used to power household electronics is consumed when they are switched off, which can cost you up to \$200 per year. Smart power strips eliminate the problem of phantom loads by shutting off the power to electronics when they are not in use.

Install a programmable thermostat

A programmable thermostat can be set to automatically turn off or reduce heating and cooling during the times when you are asleep or away. When you install a programmable thermostat, you eliminate wasteful energy use from heating without upgrading your HVAC system. On average, a programmable thermostat can save you \$180 per year.

Purchase energy efficient appliances

On average, appliances are responsible for roughly 13% of total household energy use. When purchasing an appliance, you should pay attention to two numbers: the initial purchase price and the annual operating cost. Although energy efficient appliances might have higher upfront purchase prices, their operating costs are often 9-25% lower than conventional models.

Reduce your water heating expenses

Water heating is a major contributor to your total energy consumption. Other than purchasing an energy efficient water heater, there are three methods of reducing your water heating expenses: you

can simply use less hot water, turn down the thermostat on your water heater, or insulate your water heater and the first six feet of hot and cold-water pipes.

Install energy efficient windows

Windows are a significant source of energy waste - they can add up to 10-25% of your total heating bill. To prevent heat loss through your windows, replace single-pane windows with double-pane products instead.

Upgrade your HVAC system

An HVAC system is composed of heating, ventilation, and air conditioning equipment. Heating alone is responsible for more than 40% of home energy use. ENERGY STAR furnaces are up to 16% more energy efficient than baseline models. This translates to average savings of \$94 per year.

Insulate and weatherize your home.

Insulation plays a key role in lowering your utility bills through retaining heat during the winter. The level of insulation you should install depends on the area of your house. Your attic, walls, floors, basement, and crawlspace are the five main areas where you should consider adding insulation. Weatherizing, or sealing air leaks around your home, is a great way to reduce your heating expenses. Use caulk to seal leaks.



A BENEFIT OF BEING AN EASTERN ILLINI COOPERATIVE MEMBER

Almost \$1.2m to be retired in capital credits

So, what are these things called capital credits? At Eastern Illini you are more than just a customer; you are a member. In fact, you become part owner of Eastern Illini when you receive electricity from us. Because Eastern Illini is an electric cooperative, owned by its members, it does not technically earn profits. Instead, any revenues over and above the cost of doing business are considered “margins.” These margins represent a loan by the membership, and it is used by the cooperative as operating capital. This capital allows Eastern Illini to finance operations and construction, with the intent that this money will be repaid in later years when the cooperative is financially able to do so.

The return of money to members is what the capital credit process is all about. It’s a two-step procedure. First, margins are “allocated” to member accounts.

This happens each year to any dollars Eastern Illini doesn’t need to pay expenses. That doesn’t mean you get that money in the year allocated (think of this as a credit to an account we set up for you called capital credits and it is a promise to pay you in the future at some point down the road). Allocated capital credits appear as an entry on the permanent financial records of the co-op and reflect your equity or ownership in EIEC. The next step is what most members are most interested in, and this second step is the “retirement” of dollars or sending out dollars to members. In the second step, we decide how much money we can give back to you the member from your capital credit account. When capital credits are retired, a check is issued and your equity in the cooperative is reduced. We balance the amount paid out with the financial needs of the co-op. Capital credits are a significant source of equity and help to fund the growth and maintenance

of the electric system. Hence, it is a two-step process; first we allocate and then we retire capital credits.

Here are the answers to some common capital credit questions to give you a better understanding of capital credits.



What are capital credits?

Capital credits are a member’s share or portion of margins. Capital credits are calculated by Eastern Illini for everyone who purchased electricity during a year in which the co-op earned excess revenues called margins. No special action is required to start a capital credit account. Your membership with Eastern Illini activates a capital credit account in your name.

How are capital credits calculated?

The amount of capital credits a member earns in a given year is based upon the amount of money or capital contributed to the cooperative through the payment of monthly bills. The more electric service used, the greater your capital credit account.

How are margins calculated?

Margins for capital credits vary from year to year depending upon the success of the cooperative. EIEC’s rates generate enough money to pay operating costs, make payments on loans, and provide an emergency reserve. At the end of each year, we subtract operating expenses from the operating revenue collected during the year. The balance is called an operating “margin”.

How are margins allocated? We allocate margins into a capital credit account based on your share of dollars paid to the co-op during that year. In this step the allocation process is a promise to pay you in the future when the co-op can afford to retire some of the dollars set aside for capital credits.

We calculate your percentage of the total margins and allocate that amount to your account. Capital credits are only allocated during the years in which EIEC earns a margin. The more you paid, the more you get back. Remember the allocation process is a promise to pay you in the future and does not mean you get that money back in that year; distribution of funds in the capital credit account are paid out on an approximate 25-year rotation.

Will I receive a capital credit retirement check every year?

Not necessarily. Each year the Eastern Illini Board of Directors decides on whether to retire some capital credits based on the financial health of the cooperative. When considering a retirement, the board analyzes the financial health of the cooperative and will authorize a retirement amount. During some years the cooperative may experience high construction and power costs or severe storms which may result in the need to spend additional funds. These things might increase costs and decrease member equity causing the board to not retire capital credits. Allocated capital credits are maintained until such time that the board retires them.

Checks will hit the mailboxes in November

What happens to my capital credits when I move off Eastern Illini lines?

Your capital credits remain on the books in your name until they are retired or in other words until they are paid back to you. Payments are made on an approximate 25-year rotation, and that is why it is important that Eastern Illini has your current address.

What does EIEC do with capital credits when they are not retired?

Maintaining and enhancing electric equipment, systems, and lines require large investments in infrastructure. Like all businesses, EIEC must maintain a balance between debt and equity to ensure financial stability. Sometimes, a large amount of money or equity is needed to build the wires and poles and buy power necessary to serve members. To fund this, Eastern Illini borrows money from banks, reinvests member capital, or in some cases does both. By reinvesting your dollars in Eastern Illini, we are able to reduce the funds that must be borrowed from other sources.

Eastern Illini Electric Cooperative will have retired \$16 million when the capital credit checks are mailed out to members in late November. If you received electricity from EIEC in 1998 - 2002, you will receive your capital credit check.

To check to see if you or someone you know has unclaimed capital credits, visit <https://www.eiec.org/capital-credits>. Enter the last name of a current or former Eastern Illini member to see if they might have an unclaimed capital credit balance. If you find your name on the list, give us a call at 800-824-5102.

Contributing capital to Eastern Illini and receiving returns on your contribution is one of the tenets of the cooperative business model. The retirement of capital credits is a tangible demonstration of your ownership in Eastern Illini Electric Cooperative.



Almost **\$1,200,000** will be retired in capital credits

CHECKS will hit the mailboxes in late **NOVEMBER**

Capital credit payments for the years **1998 - 2002**

2022

CAPITAL CREDIT RETIREMENT



VETERANS DAY 2022

**WE SALUTE
YOUR BRAVERY**



- Mike Bristle, National Guard
 - Paul Crutcher, Navy
 - Joe Garey, Army
 - Junior Price, Navy
 - Brad Smith, Marines
-

We're proud of all you've done for our country.

