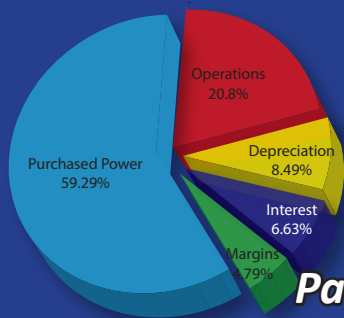


PowerLines

A monthly publication for member/owners of Eastern Illini Electric Cooperative

June 2013

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Attention

Businesses and churches:

To receive the \$25 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.

Please call us at 800-824-5102 if you have questions about this identification process.

Official Notice

Eastern Illini Electric Co-op's Annual Meeting of Members

Thursday, June 13, 2013

Paxton-Buckley-Loda (PBL) Junior/Senior High School, Paxton, Illinois

Notice is hereby given that the 26th Annual Meeting of Members of Eastern Illini Electric Cooperative will be held on Thursday, June 13, 2013, at 7 p.m., at the PBL Junior/Senior High School, 700 West Orleans Street in Paxton, Illinois. Registration will begin at 3 p.m. and will close at 7 p.m. The meeting will be called to order at 7 p.m. and action will be taken on the following:

1. The reports of officers, directors and President/CEO.
2. The election of three directors (one each from Directorate Districts 1, 7 and 8). In connection with the election of directors, the following candidates have been nominated: Harold Loy, Beaverville, for Directorate District 1; Kay Horsch, Dewey, for Directorate District 7; and Herb Aden, Newman, for Directorate District 8.
3. To consider and transact all other business which may properly come before said meeting or any adjournment or adjournments thereof.

Dated at Paxton, Illinois, this 30th day of May 2013.

Bradley J. Ludwig
Secretary



330 W. Ottawa | Paxton, IL 60957
www.eiec.coop | info@eiec.coop
800-824-5102

A Touchstone Energy[®] Cooperative

Reasons to attend the annual meeting

\$25 bill credit

A free meal

Board election

Kids activities

Engaging seminars

Live band

Financial Summary

This financial information represents Eastern Illini's operations for the fiscal years ended December 31, 2012 and 2011. 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.

Operating Statistics

	2012	2011
Total kWh purchased	246,898,274	256,179,475
Total kWh sold	225,651,460	235,757,034
Average number of members	13,686	13,706
Average monthly kWh use	1,374	1,433
Average revenue per kWh sold	\$0.141	\$0.137
Average cost per kWh purchased	\$0.077	\$0.075

Revenue and Expenses

	2012	2011
Total operating revenue	\$31,860,308	\$32,387,847
Operating Expenses		
Cost of power	\$18,891,386	\$19,143,715
Operations and maintenance	3,071,676	3,362,324
Consumer accounts	646,329	630,225
Customer service and information	703,473	722,048
Administrative and general	2,154,109	1,990,369
Depreciation	2,705,043	2,624,310
Interest expense	2,111,682	2,216,703
Other deductions	49,181	47,261
Total Operating Expense	\$30,332,879	\$30,736,955
Operating margins (loss)	1,527,429	1,650,892
Non-operating margins (loss)	1,401,462	1,494,596
Income or (loss) from investments	(118,439)	(580,143)
Net Margins for the Year	\$2,810,452	\$2,565,345

Eastern Illini Services Corporation

	2012	2011
Operating revenues	\$38,246	\$39,438
Operating expenses	49,943	15,893
Net Operating Income	\$(11,697)	\$23,545
Income or (loss) from equity investments	\$(122,790)	\$(377,729)
Other	16,048	6,878
Income or (loss) from discontinued operations	0	(232,835)
Net Income (Loss)	\$(118,439)	\$(580,141)

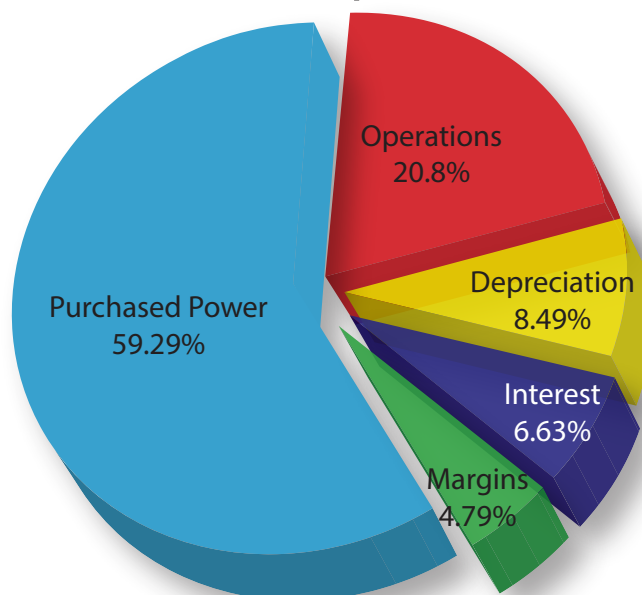
Balance Sheet

Assets	2012	2011
Cost of electric plant	\$89,484,087	\$86,939,613
Less: accumulated depreciation	34,896,586	33,493,071
Net Utility Plant	\$54,587,501	\$53,446,542
Cash - general	\$274,289	\$143,016
Investments	16,272,410	18,180,107
Accounts receivables, net	3,275,624	3,307,145
Materials and supplies	657,093	702,014
Prepaid and other current assets	843,799	743,510
Total Assets	\$75,910,716	\$76,522,334

Members' Equity and Liabilities

Membership fees & other equities	\$1,158,793	\$129,489
Patronage capital	28,359,153	28,675,266
Operating margins	1,527,429	1,650,891
Non-operating margins	(897,627)	(2,180,650)
Long-term debt to CFC	37,754,353	40,543,549
Accounts payables	2,953,819	2,773,518
Deposits & prepayments	530,835	534,600
Other non-current liabilities	4,523,961	4,395,671
Total Members' Equity & Liabilities	\$75,910,716	\$76,522,334

2012 Expenses



Executive Report

Despite low kWh sales, Eastern Illini Electric Co-op ends 2012 on a positive note.

Financial Goals

Even though sales were down in 2012 (due to the extremely mild temperatures for most of the year) we were able to meet all of our financial goals. The main reason for that is we received some significant credits from our wholesale power provider, Prairie Power, Inc. (PPI) because their expenses were lower than they had budgeted. In fact, our financial condition is solid enough that our creditors are happy and we've been able to achieve the maximum interest rate discounts on all of our loans.

Unbundling of Bills

In an effort to be more transparent in how and why we charge what we do, we recently "unbundled" your electric bill. Now our distribution charges are listed separately from our electric supply charges which allows us to show the energy charge as a separate item. Your reaction to the new bill format has been quite positive so far.

Many of you have erroneously received notices from Alternate Retail Energy Suppliers (ARES). These ARES can now offer just the energy portion of electric bills to customers of investor owned utilities. While they can't offer their services to you, we wanted you to know that the actual energy portion is just one component of your electric bill, and ours is actually lower than the ARES offerings that we have seen.

Rate Adjustments

Based on the results of a recent cost of service study, we have slightly adjusted our electric rates. The main reasons for the rate adjustment were

to better align our fixed costs with our base charge and to make sure that no rate classes were subsidizing other rate classes.

Power Supply

Our main source of power comes from the Prairie State Generating Plant in Washington County, Illinois. The plant is operating at full capacity and provides just over 60 percent of our electricity needs.

PPI is continually looking for additional pieces for our power supply portfolio. One possible addition now under consideration is a natural gas power plant. Even though natural gas prices are creeping up, the plant could be a viable option for us and would introduce more diversity in the types of energy used to produce our power.

All of our power supply decisions are based on securing long-term electricity for you, at the best possible pricing. While short-term pricing can fluctuate dramatically, we believe a long-term approach is the wisest way to offer you rate stability for the next 50 years.

Margins and Capital Credits

At the end of each year we look at how much money we spent on providing you with electric service compared to how much we collected. In our cooperative business model the difference is called margins.

Each year we spend millions of dollars on maintaining our local electric system so we can continue to provide you with safe and reliable electricity. We use some of those margins to pay for the maintenance so we don't have to take out so much in loans. When our financial condition allows it, we also pay some of those

margins back to our member/owners in the form of capital credit payments.

In 2012, we retired almost \$1.7 million in capital credits. Of that retirement, we were able to locate and mail out checks worth about \$1 million to member/owners that received electricity from us between 1974-1978. Paying member/owners back for their previous investments in the cooperative is one of the great benefits of being not only a customer, but also a member/owner of a local, not-for-profit cooperative.

Moving forward, our goal is to get to a 25-year payback cycle for capital credits. Basically what that means is that once you have been a member/owner for 25 years, you can expect to get money paid back to you based on how much electricity you have previously used.

CEO Transition

After serving Eastern Illini member/owners for 40 years (the last 30 years as President/CEO), Dave Champion has announced his retirement from the cooperative, effective at the end of this year. A nationwide search for a highly qualified person to fill the position has been put in place by your Board of Directors. The new President/CEO will be announced in late November.

While Dave will be sorely missed, his tremendous dedication to all of the member/owners and employees of Eastern Illini should be applauded. His retirement is much deserved.

Lastly, please consider attending your annual meeting on June 13 in Paxton.

Marion Chesnut
Board Chairman

Dave Champion
President/CEO

Annual meeting events and activities

Schedule

- 3 - 7 p.m. **Registration**
- 3 - 7 p.m. **Kids Games & Activities**
- 4 - 7 p.m. **Seminars (see schedule to the right)**
- 4 - 7 p.m. **Complimentary Meal**
- 7 p.m. **Business Meeting**
- 7:30 p.m. **Adjournment**

Seminars

- Room 604 Energy Wise Living**
 4 & 5:30 p.m. Comfort, Moisture and Efficiency
 4:45 & 6:15 p.m. Comfort and Savings w/ Insulation
- Room 606 Renewable Energy Options**
 4 & 5:30 p.m. Renewable Energy from the Ground
 4:45 & 6:15 p.m. Wind and Solar Solutions
- Room 608 Lifestyle**
 4 p.m. Contagious Plant Containers
 4:45 & 6:15 p.m. Drug Awareness and Prevention
 5:30 p.m. The Right Plants for the Right Place
- Room 610 Emerging Electric Environment**
 4, 5 & 6 p.m. Unbundled Bill and Rate Adjustment

Sample Ballot

EASTERN ILLINI ELECTRIC COOPERATIVE

June 13, 2013

Paxton, Illinois

For Director from (vote for one)
 Directorate District 1 Harold Loy
 (3-year term) Beaverville

For Director from (vote for one)
 Directorate District 7 Kay Horsch
 (3-year term) Dewey

For Director from (vote for one)
 Directorate District 8 Herb Aden
 (3-year term) Newman

After reviewing the bylaws, petitions, affidavits, and qualifications of the potential candidates, the Eastern Illini Electric Cooperative 2013 Credentials Committee has determined that the above candidates are eligible to serve as directors of Eastern Illini Electric Cooperative.

Directions

PBL Jr./Sr. High School is in Paxton. To get there, go north on Cherry St. (near Hardees) from Route 9 (Ottawa St.). Go several blocks, then turn left on Orleans St. to the school. Registration is at the north part of the complex.

Annual Report

The information listed here is a summary of the annual report. The complete 2013 Eastern Illini Electric Cooperative Annual Meeting Program/Annual Report will be available at the annual meeting on June 13 and online.

Proxy

Eastern Illini Electric Cooperative's 2013 Annual Meeting of Members

As a member of Eastern Illini Electric Cooperative, an Illinois Corporation, I, the undersigned, hereby appoint _____ my proxy to vote in my stead at the 2013 Annual Meeting of Members to be held at the Paxton-Buckly-Loda Junior/Senior High School, Paxton, Illinois, on June 13, 2013. This proxy is unlimited as to matters on which it may be voted.

_____ Date

_____ Signature of Member Giving Proxy

Name: _____

Address: _____

Under the bylaws, no member may vote as a proxy for more than three members and the presence of a member at the meeting revokes a proxy heretofore given.