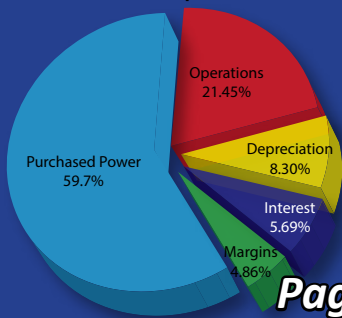


PowerLines

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

June 2014

Inside:



Page 2

Financial summary

PLUS:

Annual meeting activities
Seminar schedule
Executive report
Director election
By the numbers
Proxy ballot

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.

Official Notice

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

Thursday, June 12, 2014

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

Notice is hereby given that the 27th Annual Meeting of Members of Eastern Illini Electric Cooperative will be held on Thursday, June 12, 2014, 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 2, 5 and 9).
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 29th day of May 2014.

Bradley J. Ludwig
Secretary

Reasons to attend the annual meeting

\$25 bill credit

A free meal

Live band

Kids' activities

Engaging seminars

A talking robot



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800-824-5102

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Cooperative

Financial Summary

This financial information represents Eastern Illini's operations for the fiscal years ended December 31, 2013 and 2012. 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

	2013	2012
Total kWh purchased	260,558,090	246,898,274
Total kWh sold	240,538,280	225,651,460
Average number of members	13,626	13,686
Average monthly kWh use	1,471	1,374
Average revenue per kWh sold	\$0.138	\$0.141
Average cost per kWh purchased	\$0.076	\$0.077

Revenue and Expenses

	2013	2012
Total operating revenue	\$33,276,659	\$31,860,308
Operating Expenses		
Cost of power	\$19,865,426	\$18,891,386
Operations and maintenance	3,606,867	3,071,676
Consumer accounts	665,610	646,329
Customer service and information	719,721	703,473
Administrative and general	2,087,961	2,154,109
Depreciation	2,761,615	2,705,043
Interest expense	1,893,776	2,111,682
Other deductions	58,815	49,181
Total Operating Expense	\$31,659,791	\$30,332,879
Operating margins	1,616,868	1,527,429
Non-operating margins	1,925,475	1,401,462
Income or (loss) from investments	115,426	(118,439)
Net Margins for the Year	\$3,657,769	\$2,810,452

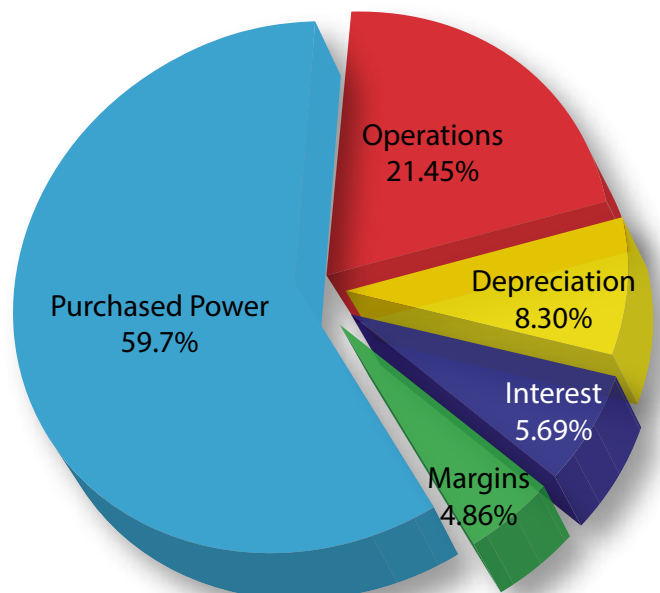
Eastern Illini Services Corporation

	2013	2012
Operating revenues	\$40,776	\$38,246
Operating expenses	19,392	49,943
Net Operating Income	\$21,384	\$(11,697)
Income or (loss) from equity investments	\$108,699	\$(122,790)
Other	(14,658)	16,048
Income or (loss) from discontinued operations	0	0
Net Income (Loss)	\$115,425	\$(118,439)

Balance Sheet

Assets	2013	2012
Cost of electric plant	\$92,075,867	\$89,484,087
Less: accumulated depreciation	36,783,870	34,896,586
Net Utility Plant	\$55,291,997	\$54,587,501
Cash - general	\$219,803	\$274,289
Investments	17,457,264	16,272,410
Accounts receivables, net	2,748,010	3,275,624
Materials and supplies	647,719	657,093
Prepaid and other current assets	648,478	843,799
Total Assets	\$77,013,271	\$75,910,716
Members' Equity and Liabilities		
Membership fees & other equities	\$2,228,182	\$1,158,793
Patronage capital	28,111,637	28,359,153
Operating margins	1,616,868	1,527,429
Non-operating margins	1,143,275	(897,627)
Long-term debt	36,006,879	37,754,353
Accounts payables	3,210,211	2,953,819
Deposits & prepayments	515,255	530,835
Other non-current liabilities	4,180,964	4,523,961
Total Members' Equity & Liabilities	\$77,013,271	\$75,910,716

2013 Expenses



Annual Meeting Activities

3 – 7 p.m. Annual Meeting Registration - Make sure you register for your \$25 bill credit

Activities and Events

Gene Trimble Band
Bucket truck demonstrations
Inflatables
Miniature golf
Oscar the Talking Robot
Snacks in the courtyard

4 – 7 p.m. Dinner - catered by Niemerg's Catering

Seminars - (see the complete schedule below)

7 p.m. Business Meeting - including board of directors' election and a 2013 recap

7:30 p.m. Adjourn



Seminar Schedule

Each session will be offered three times - at 4 p.m., 5 p.m., and 6 p.m.

Room 604

Gardens, Plants and Pots

Mary Dickinson, University of Illinois Master Gardener

Room 605

The Future of Renewable Energy in Illinois

Dr. David Loomis, Illinois State University Professor of Economics

Room 606

Greater Comfort....Lower Bills

Brian Kumer, President of Thermal Imaging Systems

Room 607

Geothermal....The First Choice in Heating & Cooling

Dave Buss, Certified Geoexchange Designer

Room 608

Recipes: Behind the Scenes of the *Illinois Country Living* Magazine

Valerie Cheatham, Assistant Editor of *Illinois Country Living*

Room 609

Lighting: Everything You've Ever Wanted to Know

Steve Thrash, President of Service Concepts

Get more out of the seminars

This year, each seminar topic will have their own room. You will have a chance to speak with the presenters and view their displays before, during, and after each of the sessions.

This will allow you to get your specific questions answered, and give you a chance to dig a bit deeper in to the topics.

Executive Report

Eastern Illini Electric Cooperative's (EIEC) mission is "to provide premium-quality, economically-priced electricity and other related services to our member/owners and communities."

Note the focus on you, the member/owner, and the communities and areas in which we provide service. EIEC, as a member-owned cooperative, has a more than 75 year history of improving the quality of life for you - our member/owners.

We as consumers sometimes take electricity, and the conveniences it offers, for granted in this fast-paced, technologically driven world we live in. However, just a few generations ago, electricity to rural areas was a novelty. By forming cooperatives such as EIEC, 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.

Financial Goals

Electricity sales, and the associated revenues, were slightly above budget for the year. This was primarily due to higher than budgeted sales in the latter part of the year driven by grain drying load and a cold start to the winter season. This allowed us to meet our financial goals for the year.

Operating margins totaled \$1.62 million on total operating revenues of \$33.3 million. Since the margins were a bit higher than we anticipated, we were able to provide you with bill credits totalling \$500,000 in December. Equity for the year ended at 42.89 percent, which was slightly above our target value of 40 percent. That allowed us to maximize our interest rate discounts on our outstanding loans.

Technology

We've all seen advances in technology in recent years. Our industry is no exception. We now have an online

outage map designed to give you a real-time idea of where - and how severe - outages are occurring. You can access the map by visiting our website at www.eiec.coop. We are also utilizing our Facebook page to provide you with interesting stories and timely updates.

You can also view and pay your bill online or on your mobile device by utilizing SmartHub. Through SmartHub, you can also receive text messages and emails to alert you when you have a bill ready to view.

Power Supply and Reliability

Our main source of power (approximately 65 percent) is provided by the Prairie State coal-fired power plant which is located in Washington County, IL. Our wholesale provider, Prairie Power, Inc. (PPI), owns 130 MW of this facility, along with various other natural gas fired generation units, and a portion of wind energy provided by the Pioneer Trail Wind Farm.

PPI also contracts for power supply in the Midcontinent Independent System Operator (MISO) market. Given the recent volatility of natural gas prices (and as many of you experienced first hand, propane prices) which impacted the electricity market pricing, PPI is continually balancing the decision of owning or contracting for future generation resources, in order to provide supply diversity.

These power supply decisions are based on securing long-term electricity for you at the best possible pricing. As recent natural gas market volatility resulted in short-term price fluctuations, we have charted a course for long-term price stability utilizing a diverse supply mix.

Our distribution system performed well this year, resulting in an available reliability of 99.98% for those situations within our control (excluding major storms and transmission supply outages). We continue to monitor and upgrade our system to maintain the high level of service you've come to expect.

Margins and Capital Credits

Each year, we review our revenue collected compared to our expenses in providing electric service to you. This difference is referred to as margins. The margins try to balance internally generated operating cash with capital provided from long term borrowings. Our Board of Directors have set a policy of returning operating margins back to our member/owners on a 25 year cycle.

In 2013, we were able to refund \$1,146,979 in capital credits to member/owners who received service from 1979 - 1981. This return of your equity is one of the unique benefits of membership in a local, not-for-profit cooperative.

CEO Transition

A huge thank you to Dave Champion, who retired at the end of 2013 after 40 years of service to EIEC (the last 30 as President/CEO). Dave was a strong advocate for member/owners and employees, and was highly respected in the industry. We wish Dave well on his well-deserved retirement.

Challenges

The electric utility industry is continually evolving and becoming more complicated. One of our biggest challenges is to maintain our system and service to the standards that you expect. This is especially difficult since we have an average system density of only three accounts per mile of line in service. There is only one co-op in the state of Illinois with a lower density.

We have a good track record of success, and we appreciate the confidence that you have placed in us and our employees to represent your interests in operating our cooperative. We hope you've enjoyed this recap, and we look forward to seeing you at *your* annual meeting on June 12.

Thank you for the opportunity to serve you.

Bob Hunzinger
President/CEO

Marion Chesnut
Board President

Board of Directors' Election

Eastern Illini Electric Cooperative's Board of Directors is made up of co-op member/owners - just like you. They are tasked with setting the policies and guidelines that Eastern Illini's management team then carries out.

Each year, three of the nine positions on Eastern Illini's Board of Directors are up for election. Board terms are for three years. This year, the three incumbent directors with expiring terms are running unopposed.

Directorate District 2 Candidate Thomas Schlatter



Tom Schlatter has served on the Eastern Illini Electric Cooperative Board of Directors since 2006. He has served as secretary of the board, and he currently serves as vice chairman.

Tom received the National Rural Electric Cooperative Association (NRECA) Credentialed Cooperative Director Certificate in 2006 and the NRECA Board Leadership Certificate in 2013.

Tom and his wife, Barbara, reside near Chatsworth in Livingston County where he operates a grain farm.

Directorate District 5 Candidate Marion Chesnut



Marion Chesnut was elected to the board of Eastern Illinois Power Cooperative in 1985 and has served on the board of Eastern Illini Electric Cooperative since consolidation in 1987. He currently serves as chairman of the board.

Marion has represented Eastern Illini on the Association of Illinois Electric Cooperatives (AIEC) Board of Directors since 1992, and has served as chairman of the AIEC Board. He completed the NRECA Professional Directors Training Courses and was certified in 1988. He received NRECA Board Leadership Certification in 1997 and became an NRECA Credentialed Cooperative Director in 1998.

Marion is a native of the Rossville/Potomac area, where he resides with his wife, Rita, and operates a grain farm.

Directorate District 9 Candidate Jay Hageman



Jay Hageman was elected to the Illini Electric Cooperative Board in 1986. He then served on the Eastern Illini Electric Cooperative Board, following the 1987 consolidation, until 1989 and was re-elected to the Eastern Illini Electric Cooperative Board of Directors in 2002.

Jay has served as secretary of the board. He received the NRECA Credentialed Cooperative Director Certificate in 2002 and the NRECA Board Leadership Certificate in 2011.

Jay and his wife, Tracy, reside near Fairmount and farm in the corner of Douglas, Champaign, Vermilion and Edgar counties.

By the numbers

General information

Electric accounts:	13,626
Miles of line in service:	4,520
Accounts/mile of line (density):	3.03
Number of counties served:	10
Square miles of service territory:	4,500
Employees:	56
Vehicles in fleet:	44

Electric system

Electric poles:	90,000
2013 system maintenance:	\$3.6 million
Total plant value:	\$92 million

Electric use

Average monthly kWh use:	1,471
Total kWh sold in 2013:	240,538,280
Capital credits refunded in 2013:	\$1,146,979

Cooperatives in general

Electric co-ops in Illinois:	25
Electric co-ops in the nation:	905
Cooperatives in the nation:	over 26,000

Annual Report

The information listed here is a summary of the annual report. The complete Annual Meeting Program/Annual Report will be available at the annual meeting on June 12 and at eiec.coop.

Sample Ballot

EASTERN ILLINI ELECTRIC COOPERATIVE

June 12, 2014

Paxton, Illinois

For Director from (vote for one)
 Directorate District 2 Thomas Schlatter
 (3-year term) Chatsworth

For Director from (vote for one)
 Directorate District 5 Marion Chesnut
 (3-year term) Rossville

For Director from (vote for one)
 Directorate District 9 Jay Hageman
 (3-year term) Fairmount

After reviewing the bylaws, petitions, affidavits, and qualifications of the potential candidates, the Eastern Illini Electric Cooperative 2014 Credentials Committee has determined that the above candidates are eligible to serve as directors of Eastern Illini Electric Cooperative.

Directions

The PBL Jr./Sr. High School is in Paxton. To get there, go north on Cherry Street (near Hardees) from Route 9 (Ottawa St.). Go approximately five blocks, then turn west on Orleans Street towards the school. Registration is at the north end of the complex.

Proxy

Eastern Illini Electric Cooperative's 2014 Annual Meeting of Members

As a member/owner of Eastern Illini Electric Cooperative, an Illinois Corporation, I, the undersigned, hereby appoint _____ my proxy to vote in my stead at the 2014 Annual Meeting of Members to be held at the Paxton-Buckley-Loda Junior/Senior High School, Paxton, Illinois, on June 12, 2014. This proxy is unlimited as to matters on which it may be voted.

_____ Date

_____ Signature of member/owner giving proxy

Name: _____

Address: _____

No member/owner may vote as a proxy for more than three member/owners and the presence of a member/owner at the meeting revokes a proxy heretofore given.