

PowerLines

July 2019

EASTERN ILLINI ELECTRIC COOPERATIVE 2019 ANNUAL MEETING

On Thursday, June 6, 2019 EIEC members and their families (totaling almost 2,000 people) attended Eastern Illini Electric Cooperative's 32nd Annual Meeting.

The event was geared for family fun and featured several children's activities, including a bounce house, an inflatable obstacle course and slide, miniature golf, a petting zoo, and bucket truck rides.

Other entertainment was provided by the Marvin Lee Band. A pair of costumed energy efficient characters greeted attendees - Solar Sam and LED Lucy. The Chevy Bolt EV and antique truck were on display.

A full meal of fried chicken, baked ham, noodles, mashed potatoes and gravy, green beans, coleslaw, and dessert was provided by Niemerg's Catering. The Rocking K Chuckwagon provided lighter fare including snow cones for those relaxing outside.

During the business meeting, Board Chairman, Tom Schlatter, and Eastern Illini's President/CEO Bob Hunzinger provided co-op updates and discussed the current state of the cooperative. The financial report can be found on page 3 and the Chairman and CEO Report can be read on pages 4 and 5.

The board of directors were elected by you, our members. Here are the newly elected board members: Tyler Finegan, Ashkum; Steve Gordon, Rantoul; Chad Larimore, Bement; and Lauri Quick, Tolono.



Thank you for attending!

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Independence Day

Our office will be closed on Thursday, July 4, as we celebrate Independence Day.

As always, you can call us at 800-824-5102 or use SmartHub to report an outage or for other service issues.

Your Touchstone Energy® Cooperative 

EASTERN ILLINI ELECTRIC COOPERATIVE ANNUAL MEETING HIGHLIGHTS



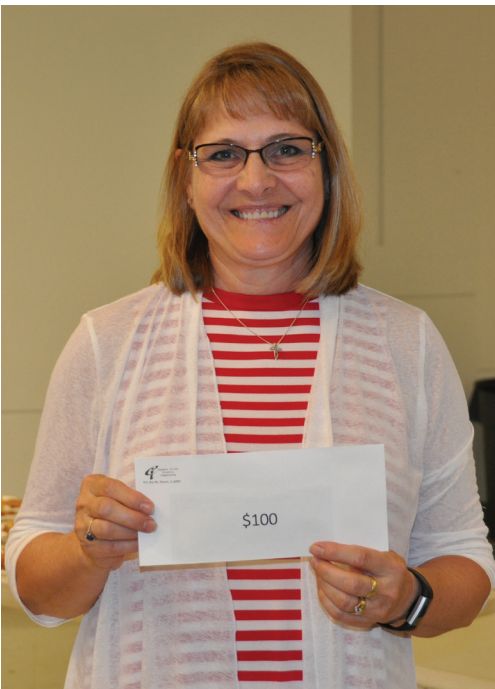
Mark Classen, Eastern Illini employee, registers a member for the annual meeting. Members who registered received a \$25 bill credit. Registered members voted on bylaw amendments and the board of directors in Districts 1, 7, 8 and 9.



The Chevy Bolt Electric Vehicle was showcased at the annual meeting. Members learned that this EV can go 240 miles on one charge. Members are welcome to schedule a test drive by contacting Mike Wilson, EIEC Vice President of Member and Community Relations at 1-800-824-5102.



After a round of miniature golf and a couple times through the inflatable obstacle course, these cousins enjoyed snow cones at the annual meeting.



Ten lucky people who attended the business meeting received \$100 bills as door prizes.



Matt Huddleston, Eastern Illini employee, greets members at the 32nd Annual Meeting on June 6.



Susan Biggs Warner from Vermilion County Conservation District presented a seminar on planting, growing, and using herbs.

ANNUAL MEETING: FINANCIAL REPORT

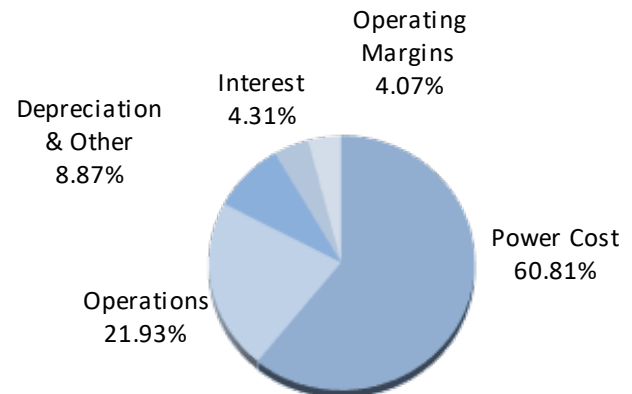
BALANCE SHEET

December 31, 2018

ASSETS	2018	2017	2016
UTILITY PLANT			
Cost of Electric Plant	\$107,127,871	\$104,965,182	\$102,426,069
Less: accumulated depreciation	45,949,868	43,827,121	41,892,375
Net Utility Plant	\$61,178,003	\$61,138,061	\$60,533,694
CURRENT & OTHER ASSETS			
Cash-general	\$561,924	\$468,175	\$601,479
Investments	19,065,508	18,531,729	18,265,490
Accounts receivable, net	2,085,403	3,101,600	2,541,860
Materials and supplies	628,961	498,128	605,829
Prepaid and other assets	856,418	1,029,132	811,008
Total Assets	\$84,376,217	\$84,766,825	\$83,359,360
MEMBERS' EQUITY & LIABILITIES			
Membership fees & other equities	\$4,381,765	\$3,799,702	\$3,245,137
Patronage capital	31,623,280	30,382,552	29,128,966
Operating margins	1,420,225	1,405,822	1,406,670
Non-operating margins	4,428,477	4,410,856	4,415,272
Long-term debt	\$33,158,946	\$33,050,959	\$35,069,651
CURRENT & OTHER LIABILITIES			
Accounts payable & accrued expenses	\$2,897,963	\$3,884,387	\$3,367,918
Notes payable - Line of Credit	961,405	2,455,434	1,408,151
Consumers' deposits & prepayments	460,480	468,710	471,660
Other non-current liabilities	5,043,676	4,908,403	4,845,935
Total Members' Equity & Liability	\$84,376,217	\$84,766,825	\$83,359,360

HOW YOUR ELECTRIC DOLLAR WAS SPENT

	2018	2017	2016
Wholesale power cost	60.81%	61.32%	59.33%
Operations	21.93%	21.32%	22.68%
Depreciation & other	8.87%	8.95%	8.91%
Interest	4.31%	4.36%	4.86%
Operating margins	4.07%	4.06%	4.22%



STATEMENT OF REVENUE AND EXPENSE

for the year ended December 31, 2018

	2018	2017	2016
Total operating revenue	\$34,914,192	\$34,656,490	\$33,346,076
Operating expenses:			
Cost of power	\$21,232,653	\$21,251,200	\$19,784,606
Operations and maintenance expenses	4,063,337	3,816,614	4,110,107
Consumer accounts expense	687,668	687,037	663,382
Customer service and information expense	579,795	645,101	659,956
Administrative and general expense	2,191,389	2,108,208	2,059,694
Depreciation	3,098,416	3,100,068	2,969,286
Interest expense	1,505,212	1,511,004	1,621,685
Other deductions	135,497	131,436	70,690
Total operating expense	\$33,493,967	\$33,250,668	\$31,939,406
Operating margins (loss)	\$1,420,225	\$1,405,822	\$1,406,670
Non-operating margins (loss)	\$1,595,673	\$1,578,022	\$1,588,603
Income or (loss) from equity investments	25,495	25,525	19,359
Net margins (loss) for the year	\$3,041,393	\$3,009,369	\$3,014,632

EASTERN ILLINI SERVICES CORPORATION SUMMARY

	2018	2017	2016
Operating revenues	\$ -	\$ -	\$ -
Operating expenses	3,034	4,260	9,261
Net operating income	\$(3,034)	\$(4,260)	\$(9,261)
Income (loss) from equity investments	\$28,435	\$29,767	\$28,618
Other	94	18	2
Net income (loss)	\$25,495	\$25,525	\$19,359

OPERATING STATISTICS

Operating Statistics	2018	2017	2016
Total kWh purchased	268,722,045	254,553,654	259,085,868
Total kWh sold	249,757,627	233,910,415	238,870,083
Average number of consumers served	13,490	13,581	13,501
Average kWh usage per month per consumer	1,543	1,435	1,474
Average revenue per kWh sold to consumers	\$0.1398	\$0.1482	\$0.1396
Average cost per kWh purchased	\$0.079	\$0.083	\$0.076



BOARD CHAIRMAN AND CEO REPORT

On behalf of Eastern Illini's Board of Directors and employees, we would like to welcome you to the 2019 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 provide 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 2018, as we experienced one lost time event. For 2019, our safety goal is to experience zero lost time incidents and we are committed to achieving that goal.

COMMUNITY INVOLVEMENT

Eastern Illini is not just in the business of selling electricity. We are also working to improve the quality of life for our members and our communities. This year marked the second year of our Empowering Education Grant Program which provided \$20,000 to 40 deserving teachers throughout our communities to help fund engaging projects for their students.

Electric Vehicles (EVs) are gaining in popularity. We purchased a fully electric Chevrolet Bolt EV in 2018. The operating costs of EVs are less than half that of traditional vehicles. We are also exploring ways to help establish charging networks in our area. Be sure to stop by and see the Bolt during the annual meeting.

MEMBER SATISFACTION

EIEC employees and Directors take pride in providing the service level our members deserve and expect. Each October, we include a survey with our billing. 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. In 2018, our overall survey results were very good, and we received an ACSI score of 88 (out of 100)! This score places us in the top 15% 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

2018 was a good financial year for your cooperative. Operating margins totaled more than \$1.4 million, with total operating revenues of \$34.9 million. These margins are in addition to the \$800,000 margin rebate that was returned to members as a bill credit on the December 2018 usage bills. Equity for the year ended at 49.60% which is 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. A positive difference is similar to profit, but for a not-for-profit cooperative it is referred to as operating margins. 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 members on a 25-year cycle. We anticipate reaching this goal in 2020. In 2018, we retired nearly \$1.6 million in capital credits to members who received electric service in 1988-1991. For 2019, we are budgeting a retirement of over \$1.5 million for the years of 1992 and 1993. 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. We are pleased to inform you that there is no increase budgeted in our distribution rate for 2019. However, we do pass along any increases from our wholesale power provider 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 completed a cost of service study to help determine our future revenue needs, along with reviewing the fairness of the cost allocation among members in the various rate classes. We plan to conduct a rate study later in 2019.

BOARD CHAIRMAN AND CEO REPORT

utilizing these cost of service results. The rate study will help to determine the level of future increases in our fixed cost components (monthly base charge and possibly a future demand charge component) while reviewing the appropriate level for energy (kwh) charges.

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. We continue to embrace technology in our daily operations and member services, using programs and analytics to assist with automated service orders, mapping, system analysis, staging, outage management, and many other applications.

POWER SUPPLY

About 60% 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 small 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 99.985% (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%. 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 continue to work with Ameren and PPI to improve their service and reliability.

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 monitor and evaluate the generous State of Illinois' renewable incentive program, primarily for wind and solar. Distributed generation such as these renewables may present significant challenges to our current business model and rate structure. All members share in the cost of assets and annual expenses. Any loss of kWh sales and 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 members to optimize the value they receive from electric service.

We are in our 82nd 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 2018 performance. Thank you for the opportunity to serve you.

BOARD CHAIRMAN



TOM SCHLATTER

PRESIDENT/CEO



BOB HUNZINGER



Celebrate, and be thankful

Who doesn't love parades, barbecues, gatherings of family & friends, and fireworks on July Fourth?

They represent the great American holiday that commemorates our many freedoms. As you celebrate this year, please pause to remember the servicemen and women who sacrificed their lives to preserve our freedom. We owe them a debt of gratitude.

Happy Independence Day!

