Egyptian Electric

Your Touchstone Energy® Cooperative

September 2011

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(618) 965-3111 fax

10169 Old Highway 13
Murphysboro, IL 62966
(618) 684-2143

(800) 606-1505 after hours
www.eeca.coop

Office Hours: 8 a.m. - 4 p.m.
Monday - Friday

Mission Statement:

Improving the quality of life of our member-owners.

James B. Riddle
Executive Vice President/
General Manager

Board of Directors

What to do if the power goes off

1. Check your main fuses or circuit breakers to ensure none of them have tripped.
2. Look at your meter. If you can read the numbers on the LCD display, there is power to the meter; you will need to check further for a breaker that has tripped or a fuse that has blown. If there are no numbers present on the display, there is no power to the meter.
3. During office hours, call:
   Steeleville..... 618-965-3434
   Murphysboro..... 681-684-2143
   After hours, call 800-606-1505
4. Make sure you have the name as listed on the account and if possible, the account number.

At three Annual Meetings of the membership, several times in this publication, and now in the news media, I've stated that when the new Prairie State Energy Campus power plant in Marissa comes on-line, rates will increase. Unit 1 of the plant should be ready for commercial operation this October and Unit 2 should be ready next spring. In January 2012, Egyptian Electric will see an increase in the wholesale cost of the electricity you use. Accordingly, our retail electric rate to you, our members, will also have to increase.

Egyptian Electric and the other southern Illinois electric cooperatives that make up the Southern Illinois Power Cooperative (SIPC) system encouraged SIPC to purchase a portion of the Prairie State project back in 2007. The 125 MW of capacity that SIPC purchased was needed to meet the growing needs of the SIPC system cooperatives and was the last available of the 1,600 MW capacity of the plant .

Were there other options? Yes. Although SIPC is unable to increase the capacity of the existing power plant at the present site for several reasons, they could have built a new plant possibly elsewhere on the Lake of Egypt or at another site in southern Illinois. With today's costs of regulatory compliance, from siting where a plant will be built, to studies of how the plant will fit into the transmission grid, to environmental compliance, small generating plants are no longer financially feasible. Partnering with someone else was the only feasible option. With the siting work already completed and approved, with the engineering work done and plans in place, partnering in Prairie State was, and still is, an attractive alternative to sole ownership.

Alternative energy is always the big question. Last month we reported that SIPC is purchasing a small portion of a wind farm north of Champaign. Wind, when available, is an economical way to make electricity. The problem is we cannot control the wind. On July 21, the date of our Annual Meeting, we issued a press release on behalf of MISO, the Midwest Interconnected System Operator responsible for the scheduling of electricity generation and transmission for the entire Midwest, asking for a voluntary load reduction due to anticipated generation shortfalls that day in the Midwest. MISO has nearly 10,000 MW of wind generation under their control; yet on July 21, there was less than 1,000 MW of electricity being generated. On the day it was needed the most, wind was producing less than 10 percent of its capacity.

Prairie State is a base load plant, meaning it is designed to be and is most efficient when running wide open 24/7/365. Our plant at Lake of Egypt, being smaller and of a different design is easier to throttle up and down as loads change throughout

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Jim Riddle
Executive
Vice President/
General Manager

Integrity : We are credible, trustworthy, honest and believable.

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the day. Putting these two together will provide the members of the SIPC system a reliable and efficient generation system.

How much impact will the Prairie State Energy Campus have on our rates? Our wholesale rate for electricity is anticipated to increase approximately 22 percent in 2012 over the 2011 rate. This is expected to decline somewhat in 2013 as SIPC begins furnishing electricity to Norris Electric Cooperative in Newton, IL. The retail rate that you pay is made up of about 70 percent wholesale electricity and 30 percent distribution costs (getting the electricity to you and keeping the lights on). That means our retail rate has to increase about 12-15 percent to capture the wholesale cost increase.

How that increase gets passed on is the question we are looking at right now. There are four parts that make up the rate you pay: 1) the facility charge, 2) the rate for the first 500 kWh of use, 3) the rate for all kWh over 500, and 4) the wholesale power cost adjustment (WPCA).

Since the increase will be in our wholesale power bill from the power plant at Lake of Egypt, the simplest way would be to let the increase flow through the WPCA. This would make our base rates look low compared to other utilities. The WPCA is really a mechanism for utilities to account for fluctuating costs, but we know this will not be a fluctuating cost and should be incorporated into our base rates.

Our last rate study indicated our facility charge, the fixed cost of serving you, was actually much higher than what we have been charging. The residential rate currently has a $24 per month facility charge while that study indicated it should be around $36. I'm sure it would be even higher today if we were to update the study. That means at present we have been covering those fixed charges within the electric rate. One option would be to increase the facility charge to capture the true costs so the electric rate per kWh can absorb a portion of the wholesale power cost increase.

The final option is within the retail rate for the electricity (kWh) used. We could increase the rate for the first 500 kWh used, increase the final rate block or some combination thereof. In past years when the supply of electricity was bountiful, many utilities (like Egyptian) used declining rate blocks to encourage the use of electricity. The more you used, the less per kWh the rate was. Things have changed. Excess generation capacity is gone and energy efficiency is the buzz word. To encourage energy efficiency, some utilities have actually gone to inclining rates – the more you use, the more it costs. To some degree, that is the fairest to everyone. Those that use excessive amounts of electricity put more burden on the utility to build bigger lines, substations and power plants. They cause the cost increases.

I doubt we will move to an inclining rate any time in the near future. We are considering the possibility of doing away with the current block structure and moving to a straight kWh rate. This would lower the rate for electricity under 500 kWh per month while increasing the rate for over 500 kWh. It would make the rate simpler and easier for all to understand while somewhat lessening the impact on the small users of electricity.

My staff and I are presently reviewing the options available and will be making a recommendation to the Board of Directors in the near future. I can assure you of several things as we move forward: 1) we will keep rates as low as possible, 2) we will be fair in the rate design, and 3) we will communicate any rate increase in an open, honest and timely manner. We have nothing to hide. Even though we don't like to see rate increases in any form, we can honestly say it is being driven by the wise choice of investing in the Prairie State Energy Campus. Had we not done so when we did, future rates would have been much higher than what they will be with Prairie State.

Facility Charge: the fixed cost of providing electricity, such as poles, transformers, substations, vehicles.

Electric Charge: the average cost of purchasing the electricity, distributing it and other overhead not included in the facility charge.

Wholesale Power Cost Adjustment: a monthly adjustment that adjusts the electric charge upward or downward to reflect the cost of purchasing electricity that is above the base rate used to calculate the electric charge.

Accountability : We act in accordance with our core purpose and values.

A leaky duct system is losing more than air

Did you know that your home's duct system could be losing as much as 20 percent of its air? Here's a tip that can help your heating and cooling system work more efficiently — and save you money.

A leaky duct system wastes energy, increasing your utility bill. So it makes sense to find and eliminate those leaks. According to TogetherWeSave.com, sealing the air ducts in your home can save you up to $177 a year.

Saving money is one good reason to seal your ducts. But there are other reasons, too. A leaky duct system affects your quality of life. It makes the rooms in your home stuffy and less comfortable — not cool enough in the summer or warm enough in the winter. And because insulation particles, dust and pollen can enter a leaky system, they may affect your home's indoor air quality. Duct systems in an attic can actually cause your home to be put into a negative pressure situation. When this happens, air is sucked into your home from outside every time your heating or cooling system comes on.

The first step is to find the biggest air leaks in your home. In the attic, the greatest duct leaks are typically found where the lateral duct runs take off from the main trunk line. Look for insulation that is dirty or discolored, indicating that air has been moving through it. Also make sure all flex ducts are in good condition with no tears or gaps (you should consider checking flex duct annually). In the basement, ducts are often located along the top of the basement wall. Duct runs that go through the basement ceiling to the floors above can be sources of leaks.

Next, you can begin sealing the leaks that you have found. Although it's called "duct" tape, your duct work is the last place you want to use this grey tape. Most heating and air-conditioning contractors keep duct mastic on hand for sealing ducts. This product can be painted on with a stiff brush (see ad on page 9). If you prefer to use tape, use foil tape for sealing ducts. This product is expensive, but it will stick whereas duct tape will come loose in a few years.

For other tips on how to save energy — and money — visit Touchstone Energy's energy-saving website by visiting www.eeca.coop or going to www.TogetherWeSave.com directly, or call the energy experts at Egyptian Electric.

Members re-elect board members

At the Annual Meeting of the Members on July 21, members re-elected Larry Ebers, Steeleville; Gilbert Kroening, Carbondale; and Raymond Mulholland, Marissa, to represent them for an additional three years on the Board of Directors. The three join Randall Campbell, Chester; Allen Haake, Murphysboro; Paul Hicks, Carbondale; Ken Jarrett, Jacob; Kevin Liefer, Red Bud; and Paul Pyatt, Pinckneyville on the Board.

After the meeting, the Board held a re-organizational meeting and elected Pyatt as President, Mulholland as Vice-President and Liefer as Secretary-Treasurer for the upcoming year.

Left to right: Director Gilbert Kroening, Executive Vice President/ General Manager Jim Riddle, Director Larry Ebers.

Commitment to Community: We show compassion, care and courtesy to our members and the communities we serve.

5 Ways to Stay Safe This Harvest

1. Keep farm equipment at least 10 feet from power lines.

2. Use a spotter when moving large equipment near power lines and be aware of higher antennas on large modern tractors.

3. Use care when raising augers or truck beds. Lower portable augers or elevators to their lowest level before moving. Variables like wind, uneven ground, shifting weight or other conditions can combine to create an unexpected result.

4. Never attempt to raise or move a power line to clear a path.

What Should You Do?

Stay inside if your farm equipment comes into contact with a power line

If the power line is energized and you step outside, your body becomes the path and electrocution is the result. Warn others who may be nearby to stay away and wait until the electric utility arrives to make sure power to the line is cut off.

If there is the unlikely threat of fire or other risk, the proper action is to jump – not step – with both feet hitting the ground at the same time. Do not allow any part of your body to touch the equipment and the ground at the same time.

Continue to hop or shuffle to safety, keeping both feet together as you leave the area. Once you are away from the equipment, never attempt to get back on or even touch the equipment.

Many electrocutions occur when the operator dismounts and, realizing nothing has happened, tries to get back on the equipment.

5. Don't use metal poles when breaking up bridged grain inside and around bins. Be careful not to raise equipment such as ladders, poles or rods into power lines.

Teamwork: We work together to provide excellent service.