

**September 2013**

## Mission Statement:

Improving the quality of life of our member-owners.

**James B. Riddle**

Executive Vice President/  
General Manager

## Board of Directors

Kevin Liefer, President  
Randall Campbell, Vice President  
Ken Jarrett, Secretary-Treasurer  
Larry Ebers  
Allen Haake  
Paul Hicks  
Gilbert Kroening  
Steven Prest  
Paul Pyatt

## Office Closing

**Labor Day,**  
Monday, September 2

## 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. To report an outage, call 800-606-1505
4. Make sure you have the name as listed on the account and if possible, the account number.



## Annual Report

**E**gyptian Electric Cooperative is now 75 years old as of August 25. Your cooperative was formed at the Farm Bureau building in Murphysboro on that date in 1938 by area leaders looking to improve their quality of life and those around them by bringing electricity to rural southwestern Illinois. That effort wasn't born on August 25, but was actually started nearly five years earlier. During that period, those leaders strove to encourage the for-profit electric companies to string wires into rural areas. After many promises and failures, those leaders decided to take matters into their own hands and on August 25, 1938, they took formal action to create your electric cooperative.

It took nearly 18 months to secure loans from the Rural Electric Administration (REA) and to hire a contractor to build lines. The effort came to fruition though on March 30, 1940 when the first lines were energized and brought electricity to 224 homes. Egyptian Electric Cooperative Association continues to grow today, bringing electricity to new homes, businesses and industry and improving our member's quality of life as we move forward.

As with any business that is 75 years old, there have been challenges and milestones along the way. A dedicated group of employees, management and Board of Directors have let us deal with and survive the challenges as we celebrate the milestones. We still have challenges ahead and milestones to celebrate

as I discussed at our recent annual meeting in late July.

## Rates

After four years of informing you that rates would be increasing due to Southern Illinois Power Cooperative's (SIPC, our wholesale power generator) participation in the new Prairie State Energy Campus (PSEC), they did increase 12 percent in February of 2012. While SIPC's wholesale rate to EECA and the other distribution cooperatives that are members of SIPC increased 18 percent, we only passed along an average of 12 percent to you. SIPC had anticipated their wholesale rate would decrease in January of this year when Norris Electric Cooperative in Newton, Illinois began purchasing its electricity from SIPC. Rather than increase the rate last year by 18 percent and then reduce it this year, your Board decided to set rates to the 2013 wholesale level.

Our goal is to take no more of your dollars than are necessary to meet our costs and financial obligations. Egyptian Electric Cooperative belongs to you, the members, and there are no stockholders to pay dividends to. As we budgeted for this

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## Jim Riddle

Executive  
Vice President/  
General Manager



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

year, we found that due to cost cutting and favorable weather, we would not need the full 12 percent increase in 2013. I hope you've notice that each month you have been receiving a negative Power Cost Adjustment (PCA) or credit on your bill. This amounts to slightly over a third of a penny per kWh. This may not sound like much, but it's actually a 3.4 percent rate reduction in the cost per kWh. We are hoping we can continue this through the rest of this year.



*Lineman with contractor installing new underground cable makes connection to a new transformer in Parrish Acres west of Carbondale.*

### Why Prairie State Energy Campus?

In 2007, when the decision to be a part of PSEC was made, the economy, member consumption and industry in the area were growing. SIPC was in need of additional capacity. Several options were studied and analyzed, including:

- Building a new coal fired plant
- Adding gas fired turbine generators
- Installing wind turbines
- Building a nuclear plant
- Buying additional needs from the grid

While any of these options could supply electricity, SIPC needed the most economical, reliable, and least risky option. The ability to partner with others for a portion of the output from PSEC made the new power plant the most viable option for SIPC. With its state-of-the-art environmental controls and the coal it uses coming from an adjacent coal field, we believe it will be the most economical and reliable source of power for our members going forward.

### Market Grid Prices

A number of communities have aggregated their citizen's loads and contracted to purchase power from

Alternative Retail Electric Suppliers. While grid prices are low right now, Mark Pruitt, the former Executive Director of the Illinois Power Authority (the Illinois unit of government created to purchase power for the investor-owned utilities) recently expressed his concerns with grid purchases.

"We don't have a mechanism in the deregulated world to build new base load power plants. There is NOT a 30 year contract model to support the capital necessary to build a new plant.

So, we have a situation where generating capacity is going off line but we don't have new capacity coming on line. I think we can all agree that this will cause upward price pressure. My suspicion is that more than half of the municipal aggregations that have been formed will probably go away within two years."

### Environmental Legislation

Our goal at Egyptian Electric Cooperative and SIPC is to strive for balance, a three-legged stool if you will. We must be able to supply the energy you need, at a reasonable price, while being good stewards of the environment. If any of these legs

gets longer or shorter than the other, the stool will have a tendency to tip over.

To this point, we've been able to maintain this balance. As we look forward though, we see challenges on the horizon in regards to environmental issues and costs with the Administration's recent Clean Air proposals. While the rules have not been formulated and it is too early to know their full impacts, it causes us serious concern due to the Administration's stated desire to eliminate coal as a source for the generation of electricity.

### System Improvements

While we continually strive to find ways to be more efficient and reduce costs, we know we also need to ensure you receive the electric service and programs you deserve. In the past months, we've replaced aging underground cable to several industrial members, and in Cypress Gardens and Parrish Acres subdivisions to improve reliability. We built a new underground feeder out of the East Carbondale substation to support new residential and commercial

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



*Re-elected Board Members Kevin Liefer, Ken Jarrett, Allen Haake, along with Executive Vice President/General Manager Jim Riddle.*

At the 75th Annual Meeting of the Members on July 25, members of Egyptian Electric Cooperative re-elected Kevin Liefer, Red Bud; Ken Jarrett, Jacob; and Allen Haake, Murphysboro, to represent them for an additional three years on the Board of Directors.

The three join Randall Campbell, Chester; Larry Ebers, Steeleville; Paul Hicks, Carbondale; Gilbert Kroening, Carbondale; Paul Pyatt, Pinckneyville; and Steven Prest, Coulterville, on the Board.

After the meeting, the Board held a re-organizational meeting and selected Liefer as President, Campbell as Vice-President and Jarrett as Secretary-Treasurer for the upcoming year.

growth in that area. We rebuilt the overhead feeder line through the Sand Ridge area to increase its load carrying capacity and to remove it from a flood prone area. We continue to inspect poles and to replace them as needed.

We are also continuing an aggressive right of way maintenance program that shows success in reduced outages in our monthly reports. I want to thank each and every member who has worked positively with our Forestry Supervisor to allow us to mow, cut, and trim as needed to improve reliability.

The members of Egyptian Electric Cooperative are fortunate to have a great team of employees and directors looking out for their interests. I believe Mr. Pruitt, who I quoted earlier, has said it best: "I personally believe that the state's electric co-ops are doing the hard work necessary in the current challenging times to prepare for the long-term best interest of their members. And, I would suggest that co-op members are likely to be thankful in the future for the foresight that co-op leaders have demonstrated."

## Annual Meeting Scholarships

**F**our students were recently selected by random drawing at the 75th Annual Meeting of the Cooperative to receive Anniversary Scholarships of \$1,000 to continue their collegiate or vocational education. Over 40 students registered and attended the Annual Meeting to be eligible.

The students were Collin Knop, Campbell Hill; Annie Korando, Murphysboro; Katie Walkup, Carbondale; and Katie Burns, Coulterville.

In a surprise announcement, the Board of Directors selected a fifth student to receive a \$2,000 scholarship that was funded by the Board members themselves. Dillon Salger of Red Bud was the lucky student to receive the special scholarship.



*l-r Egyptian Board President Kevin Liefer, Burns, Knop, Korando, Walkup, Salger and Egyptian Executive Vice President/General Manager Jim Riddle.*

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



STATE OF ILLINOIS  
HOUSE OF REPRESENTATIVES  
98TH GENERAL ASSEMBLY

HOUSE RESOLUTION NO. 401  
OFFERED BY REPRESENTATIVE JERRY F. COSTELLO, II

WHEREAS, The members of the Illinois House of Representatives are pleased to congratulate the members of Egyptian Electric Cooperative on the 75th anniversary of their cooperative; and

WHEREAS, Egyptian Electric Cooperative was officially formed on August 25, 1938 in Murphysboro, Illinois, through the hard work and dedication of a handful of local residents wanting to improve living and farming conditions for themselves and their neighbors; and

WHEREAS, Because of the lack of density, it simply wasn't possible for the for-profit utilities to make a profit serving rural areas with only a few farms or homes per mile of electric line; with the help of loans from the Rural Electrification Administration (REA), the people living in these rural areas banded together to form member-owned and member-governed electric cooperatives; and

WHEREAS, This group of local residents went door to door signing up their neighbors to become members of Egyptian Electric Cooperative and convincing them that a cooperative would bring lights and power to the rural area; and

WHEREAS, Their hard work paid off and Egyptian Electric Cooperative's lines were first energized on March 30, 1940, initially serving 224 member-owners in Randolph and Jackson counties; and

WHEREAS, Egyptian Electric Cooperative continues to provide reliable electric service to member-owners in Jackson, Perry, Randolph, St. Clair, Washington, and Williamson counties; and

WHEREAS, For 75 years, the cooperative has served its member-owners based on 7 guiding principles: voluntary and open membership, member-elected and controlled boards of directors, members' economic participation, autonomy and independence, education and training, cooperation among cooperatives, and concern for community; therefore, be it

RESOLVED, BY THE HOUSE OF REPRESENTATIVES OF THE NINETY-EIGHTH GENERAL ASSEMBLY OF THE STATE OF ILLINOIS, that we congratulate the members of the Egyptian Electric Cooperative on the 75th anniversary of their cooperative; and be it further

RESOLVED, That a suitable copy of this resolution be presented to Egyptian Electric Cooperative as a symbol of our esteem and respect.

Adopted by the House of Representatives on May 26, 2013.

  
TIMOTHY D. MAPES  
CLERK OF THE HOUSE



  
MICHAEL J. MADIGAN  
SPEAKER OF THE HOUSE

Teamwork: We work together to provide excellent service.