



Your Touchstone Energy® Cooperative 

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Murphysboro, IL 62966
(618) 684-2143

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

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

December 2011

Mission Statement:

Improving the quality of life of our member-owners.

James B. Riddle

Executive Vice President/
General Manager

Board of Directors

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

Office Closings

Christmas
December 26

New Years
January 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. 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.



In last month's issue of this magazine, I said my goal was to provide you with final numbers this month for a rate increase that will be required in the near future. Before I do that though, there are several things I would like to point out and remind you of.

- As a RURAL electric cooperative, our investment in the facilities needed to serve each of our members is much higher than a utility that serves densely populated areas. Whereas most investor-owned utilities are able to serve nearly 35 customers per mile of line, Egyptian only has 6.5 members per mile of line. This means we have more poles, wires, transformers and substations per member. This low density and more system also means the additional wire and poles are exposed more to the elements — wind, ice, lightning, varmits and car/pole contacts. Rural also means more right-of-way (trees) to maintain.
- As a cooperative, our motivation is to serve you, our member-owners, not to generate profits for shareholders. Staff and employee salaries are not profit or profit-sharing driven.
- The rate increase is primarily due to Southern Illinois Power Cooperative's (SIPC) participation in the Prairie State Energy Campus (PSEC). Although SIPC purchased only 125 MW of the 1,600 MW plant, this is still a substantial capital investment that is driving the need for a rate increase. Some

may question the investment in PSEC, but this gives us generation capacity that is needed to meet your increasing need for electricity. PSEC would have been built with or without SIPC, but being a part of a large project provides economies of scale for SIPC in a plant that will be a leader in generating electricity in an environmentally responsible manner.

- A new EPA regulation entitled Cross-State Air Pollution Rule (CSAPR) is budgeted to cost SIPC an additional \$6 million for emissions allowances in 2012. This new rule requires coal-fired generators to reduce emission levels to such a low level that generators must install more emission controls, purchase emission credits or shut the plant down. As the EPA finalized the rule this July and it goes into effect January 2012, the only real options are to purchase emission credits or shut the plant down. With the latter not being a choice you would want us to exercise, the only option is to purchase emission credits. As EPA did not issue sufficient credits, the market price of emission credits has tripled and is estimated to cost SIPC an additional \$6 million

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Jim Riddle

Executive
Vice President/
General Manager



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

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next year. This is in addition to the current annual environmental compliance cost estimated to be in excess of \$24 million in 2011.

- Through our budget process, we are reducing costs as much as we can while still ensuring we provide you with reliable electric service. We will not sacrifice line-maintenance or right-of-way maintenance as we are your electric supplier and we know you depend on us to keep the lights on. Eliminating right-of-way maintenance for a year would provide an immediate cost reduction, but in the long run would create outages and cost more to get the system back to where it needs to be in the future.
- The wholesale power increase from SIPC will take place for us as of Jan. 1, 2012. The rate from SIPC will decrease slightly in 2013 as Norris Electric Cooperative in Newton, Ill. has contracted with SIPC to begin furnishing them with power at that time.
- We are setting our retail rates for 2012 based on the lower 2013 wholesale rate. This means Egyptian is budgeted to lose money next year. Those that have provided loans to Egyptian require us to show a slight margin in two of a three year period but as we have had positive margins in the past, a loss next year will not adversely affect our credit rating.
- The increase will take effect Feb. 1, 2012. We plan to prorate your usage for that billing period to account for the consumption used during January versus February.

To ensure rates are fairly assessed across all classes of members (this ensures residential rates do not

subsidize commercial rates or vice-versa) we completed a rate study in early 2010. That study indicated the residential facility charge (the cost of having the wires, poles, meters and substations in place so that you can use electricity) should be \$36.35 per month. This may seem like a substantial increase from the current \$24.00 per month, but when you consider our neighboring IOU utility has a facility charge approaching \$18.00 per month with nearly five times the number of meters per mile of line that Egyptian has, you can see we are very prudent with our system.

Your cooperative has always attempted to keep its rates simple and easy to understand. While many utilities have complex rates that seem designed to confuse and bewilder, Egyptian has always believed simplicity leads to understanding and comprehension. In staying that course, in the future we will have one price for all kWhs used \$0.103 for residential members. With this rate, we have included the PCA that has been averaging nearly 1 cent per kWh in the past. Unless wholesale rates increase from SIPC's forecast, the PCA should hover around zero next year. I'm actually hoping the costs from PSEC are lower than estimated and if so, the PCA may even go negative.

	Current Rate	Future Rate
Residential Facility Charge	\$24.00	\$36.00
kWh's less than 500	\$0.104	\$0.103
PCA (2011 Average)	\$0.0095	\$0.0000
Total kWh charge	\$0.1135	\$0.103
kWh's over 500	\$0.077	\$0.103
PCA (2011 Average)	\$0.0095	\$0.0000
Total kWh charge	\$0.0865	\$0.103

All rates subject to Illinois Public Utilities Revenue Act tax of five

percent or \$.0032 per kWh, whichever is lowest.

Increasing your rate is not something we take lightly, nor is it something that has been unexpected. I have said at every Annual Meeting since I came that when PSEC comes on-line, rates would increase. How did I know this? Because it happens at any utility that increases generation capacity and has even happened at Egyptian in the past. When Unit 4, the 172 MW turbine at Lake of Egypt came on-line in 1978, Egyptian had subsequent rate increases of 20 percent, 16 percent, 3 percent and 5 percent. Those members that have been around since then also remember that following those years came many years with little to no increase. I'm hoping that if the EPA does not raise regulatory requirements or add new ones, we might see the same scenario in the future.

For those members that have concerns paying their electric bill, I encourage you to consider budget billing. Budget billing equalizes your monthly payment so that even though your usage may vary, the amount you pay each month will not. For many members having a bill each month that is the same makes payment easier.

Your Board of Directors and management are determined to keep cost increases to a minimum. That is why we did not increase rates to meet the 2012 wholesale increase but rather have budgeted for the lower 2013 rate instead. The reason we are able to financially budget a loss next year and not have repercussions from our banks is due to the wise decisions your Board has made in the past. Your Board of Directors is acting in your best interest while balancing the long term financial viability of your cooperative. Not an easy task, but one they are well qualified to do.

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

Don't be fooled!

The more things change, the more they stay the same. This is a French proverb that makes the observation that turbulent changes do not affect reality. That very much depicts an ad I recently saw in the local newspaper concerning a “new low-cost appliance that slashes heat bills.” I’m sure you’re familiar with the one I’m speaking about, they even call it the ‘Miracle Heater’ and it has a wooden cabinet that looks like a fireplace.

Reality is ... this is nothing more than an electric heater. It will not miraculously heat your home or room. There are 3,412 btus in a kWh and that all this heater will deliver. The same as any portable electric heater you can purchase anywhere for one-tenth the price of a Miracle Heater.

Any electric heater might possibly reduce your total electric bill if you

turn the thermostat on the whole-house heating system down to 59 degrees as they suggest and only heat the room you are in. It’s called zone heating and was the advantage that baseboard heat has provided for many years. But the fact is, making heat with electric resistance is not inexpensive.

If you turn the heat down in the rest of the house, then the Miracle Heater will most likely run constantly in an attempt to heat not only the room it’s in, but also the remainder of the home. For every hour a portable heater is on, it uses 1.5 kWhs. This doesn’t sound like much until you multiply it by 24 for the hours in a day and then by 30 for the days in the month. Now you have a staggering 1,080 kWhs. With the new rate, you’re looking at nearly \$115 to operate the portable heater. Plus the energy used by the

main heat system to maintain the 59 degrees in the rest of the house.

We’re not saying you shouldn’t purchase these heaters, just be aware they most likely will not reduce your energy consumption and could in reality increase your usage dramatically.

Cost per million btu’s of heat

Electric resistant heat (baseboard, portable heaters)	\$0.103/kWh	\$30.18
Electric Heat Pump (3.6 COP)	\$0.103/kWh	\$ 8.38
Geothermal Heat Pump (4.1 COP)	\$0.103/kWh	\$ 7.36
Propane Furnace (92% AFUE)	\$2.20/gallon	\$26.18
Natural Gas Furnace (92% AFUE)	\$0.90/therm	\$ 9.78

Facelift for the bulb

For the first time in more than 100 years, the basic incandescent light bulb is getting a facelift. To accommodate new energy efficiency standards set by Congress (which require light bulbs to be more efficient starting in 2012), a new generation of incandescent light bulbs has entered the marketplace. These products boast energy savings of 25 percent and a lifespan up to three times longer than their soon-to-be extinct predecessors.

“Up to 12 percent of a typical monthly electric bill pays for lighting, so removing energy-wasting bulbs from the market will have a big impact on America’s energy use,” explains Erik Sorenson, a project manager with the National Electrical Manufacturers Association (NEMA), which represents companies that make products used in the generation, transmission,

distribution, control and end use of electricity.

Retooled incandescent bulbs contain a small capsule of halogen gas that surrounds the filament, which increases efficiency and improves longevity, while retaining the shape, color choices and dimming capabilities that consumers have favored in incandescent bulbs.

Under the federal Energy Independence and Security Act of 2007, light bulbs must be 28 percent more efficient than traditional incandescent bulbs (which use 90 percent of their energy producing heat) starting in 2012, and by 2020, they must be 70 percent more efficient. NEMA estimates the new standards could save Americans up to \$15.8 billion per year.



Other options

The new generation incandescent bulbs will join compact fluorescent light bulbs (CFLs) and light-emitting diodes (LEDs) as energy-efficient lighting options. CFLs and LEDs both are about 75 percent more efficient than traditional incandescent. CFLs last about 10 times longer; LEDs about 25 times longer. But CFLs are the more economical choice at the moment. The cost of LEDs is expected to come down as the technology advances.

“With lighting legislation mandating more efficient technologies and consumers looking for every opportunity to save, navigating lighting solutions has never been so important,” emphasizes David Schuellerman, GE Lighting’s public relations manager.

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

2012 Thomas H. Moore IEC Memorial Scholarship Program

The AIEC Board of Directors in 1994 voted to establish an Illinois Electric Cooperatives (IEC) Memorial Scholarship Fund. The Fund is designed to financially assist deserving students in the “electric cooperative family,” while also providing a means for co-ops and individuals to honor deceased members of the co-op family through memorial gifts. The “driving force” behind the fund’s creation was Thomas H. Moore, Executive Vice President and General Manager of the AIEC from 1961 to 1994. The AIEC Board voted to rename the scholarship program to honor Mr. Moore following his passing in 2008.



The scholarship program prospered under the leadership of Earl W. Struck, who succeeded Mr. Moore and served as President/CEO of the AIEC from 1994 to 2006. Mr. Struck passed away in August 2007. The AIEC Board of Directors that month voted to honor Mr. Struck’s memory by naming the annual scholarship awarded to the son or daughter of an electric cooperative employee or director the “Earl W. Struck Memorial Scholarship.” Mr. Struck was born and raised in Murphysboro and was active in the 4H program during his youth. His parents were long time members of Egyptian Electric Cooperative.

The Illinois Community College System Foundation (ICCSF) administers the Thomas H. Moore IEC Memorial Scholarship Fund. Eight scholarships a year are awarded.

Four scholarships a year are awarded to students who are the sons or daughters of an Illinois

electric cooperative member. An additional scholarship (the Earl W. Struck Memorial Scholarship) is awarded to a student who is the son or daughter of an Illinois electric cooperative employee or director. These five scholarships can be used at any two-year or four-year accredited college or university in the United States, including vocational/technical schools. The sixth and seventh scholarships are awarded for use at an Illinois community college, and sons and daughters of Illinois electric cooperative members, employees and directors are all eligible.

The above seven scholarships are for \$1,250 each and are not renewable. Applicants must be high school seniors and apply through their local electric cooperative. The deadline for submitting completed applications to the local electric cooperative is January 1 of each year.

The eighth annual scholarship, the “LaVern and Nola McEntire Line

worker’s Scholarship,” was awarded for the first time in 2011. This \$1,250 scholarship will help pay for costs to attend the line worker’s school conducted by the AIEC in conjunction with Lincoln Land Community College in Springfield, Ill. LaVern McEntire served as a lineman for McDonough Power Electric Cooperative from 1949 until 1991. He and his wife, Nola, helped to endow and establish the new scholarship to financially assist deserving individuals in becoming trained line workers.

Cooperative members and their children, relatives of co-op employees or directors are eligible for the line worker’s scholarship, as are individuals who have served or are serving in the armed forces or National Guard.

For more information and scholarship forms, please visit our Web site, www.eeca.coop under the Misc menu.

Teamwork: We work together to provide excellent service.