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JO-CARROLL

A Touchstone Energy® Cooperative  **HI-LINES**



PRESIDENT'S REPORT

by Michael Hastings

Find your name

Each month we print the name of a Jo-Carroll Energy member who is eligible to win a \$25 readership prize. If your name is printed in this month's edition, and not part of any article, contact Jo-Carroll Energy and claim your prize no later than the 10th of the month following publication.

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8 a.m. to 1 p.m.
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While reviewing an update of your cooperative's history recently, I couldn't help but notice how much times have changed since Jo-Carroll Energy first brought electricity to the farms and rural homes in our area.

Back in 1939, it was common for homes to have only one light and one or two outlets in a room. The minimum bill for electricity was \$3.50 for 40 kilowatts — not that much less than what you pay per kWh today, especially if you adjust for inflation. Today we often take electricity for granted. What would we do without our electric appliances and our electronic devices we've come to rely on? It makes our homes comfortable day-in and day-out, it helps us save time and labor and is at the ready with little more than the flip of a switch.

Consider what goes into getting electricity to you. There's the equipment such as poles, transformers, meters and substations. Then there are the linemen who keep the power on along with right-of-way maintenance, customer service, accounting and other costs — expenses Jo-Carroll Energy incurs regardless how many kilowatt hours are sold.

Inside this issue of Hi-Lines you'll find details about changes your board of directors approved in our electric rate structure, including an adjustment to the facility charge, that are effective this month. These changes are a rate restructuring that moves more of the fixed costs from the kWh sales into the facility charge. The new structure merges rates and the facility charge for single phase, residential members in the legacy and acquired territories, something we promised to do within five to seven years following the acquisition of the former Alliant Energy territory. The new structure results in one set of base rates, one facility charge, one PCA.

Currently, Jo-Carroll Energy recoups fixed costs through both the facility charge

and the kWh charge in our base rate. When kWh sales are reduced, our ability to cover all fixed costs is adversely affected. The new facility charge, although it does not represent our total fixed costs, will help ensure your cooperative is able to continue providing reliable service. Every member shares the costs of having service available, regardless of how many kilowatt hours are used.

Another feature of the rate structure is a new two-tier rate that helps promote energy efficiency. The structure sets a higher per kilowatt hour charge for use over 1500 kWh.

How do these changes affect your bill? If you are an average user, you will see little difference in your monthly bill — and depending on use you may actually see a slight decrease. If your average bill is significantly below average, you may see a modest change.

Jo-Carroll Energy is not alone in making these kinds of changes. Utilities across the country are facing increasing costs. Before making the decision to change the rate structure, we conducted a cost of service study. The completed study suggested the best approach to adequately recover the cooperative's costs was to move toward a major equalization of rates for the legacy and acquired territories while consolidating and creating a single set of rates, recover more fixed costs through the facility charge and set the Power Cost Adjustment (PCA) factor to a base level.

We know that any rate changes are especially unwelcome in today's economic environment. As a not-for-profit cooperative, Jo-Carroll Energy operates at cost and any rate restructuring follows this principle. However, we must pass on the costs of doing business to remain financially sound so that we're here whenever you need us, providing you with reliable, safe energy to keep your home running smoothly.

Youth to Washington trip may provide answers for your future

If you're high school sophomore, junior or senior you're thinking about college, how you're going to pay for it and what kind of work you want to do to make that college experience pay off.

Oddly enough, the very people who may have answers to these questions are wearing the title of state legislator or seated in chambers of the U.S. Congress in Washington D.C.

Before you know it, you will be voting in your first election and the weight of the country's decisions will belong partially to you. Will you support a Congressman who wants to pass cap and trade? Will you be in favor of farm subsidies? As you approach what was once "draft-age," do you think we should send more troops to Iraq and Afghanistan or should the military be strengthening our borders? And, when you get the opportunity to meet your Congressman will you ask: What has Congress done to make higher education more affordable and will I be able to find a job when I graduate?

Electric and telephone cooperatives in 44 states believe that young people deserve a first-class opportunity to educate themselves in the government process. Each year, the cooperatives across the nation sponsor more than 1,500 high school students to make the trek to Washington to get that personal initiation, and they have a lot of fun in the process.

To be considered for this trip, see your guidance counselor for details or visit our website at www.jocarroll.com for an application form. The deadline is March 18. You must be a sophomore, junior or senior in high school, and the son or daughter of a Jo-Carroll Energy member to be eligible.



This year marks the 52nd trip to the nation's capital and promises to be as exciting as ever. Students learn the principles required to keep cooperative members working together for the cooperative's success by establishing their own "chip and

pop" cooperative while on the bus trip.

While in Washington during the week of June 10-17, in addition to meeting with Congressmen from Illinois, students are treated to tours of historic sites, given the opportunity to make life-long friends and receive information to help determine career paths. The future of the

country depends on the youth of today getting involved.

You can check out the Youth Tour through the Association of Illinois Electric Cooperatives (AIEC) at www.aiec.coop for additional details or check it out on Facebook.

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Share your favorite photos in Seasons of the Cooperative photo contest

Jo-Carroll Energy is planning a 2012 commemorative calendar that captures the spirit of our community in celebration of the "International Year of Cooperatives". You can join us by sending in photos for our Seasons of the Cooperative Photo Contest.

Share your photos that evoke the heart of the cooperative lifestyle. Share with us and your fellow co-op members the quiet scenes and breathtaking vistas that define our cooperative world, as seen through your eyes. Whether it's a scenic landscape, a snapshot of everyday life or an action photo, we invite you to share your images.

Winning entries will be featured in the 2012 calendar. Cooperative members, directors, employees and their family members 18 years old and older are eligible to enter. Photos may be any appropriate subject or scene, but must be taken in the Jo-Carroll Energy service area.

An entry form and more information can be found on our website at www.jocarroll.com.



Save the date

72nd Jo-Carroll Annual Meeting set for April 9



Mark your calendars for Jo-Carroll Energy's 72nd Annual Meeting of members set for Saturday, April 9.

This year's meeting returns to a morning format with an appreciation breakfast served beginning at 7:30 a.m. at the Elizabeth Community building. The annual meeting follows at 10:30 a.m. at Highland Community College West in Elizabeth.

Be sure to return the cards included in your January billing statement or complete the online survey to let us know if you plan to attend. All attendees will receive a CFL and be entered in a drawing for bill credits.

Members are reminded that Feb. 8 is the deadline for filing nomination petitions for the three available positions on the Jo-Carroll Energy board of directors. Districts included in the 2011 election are: District 3, currently represented by Marcia Stanger; District 6, currently represented by



Tom Lundy; and District 9, currently represented by John "Jack" Janssen. Complete details can be found on the Jo-Carroll Energy website at www.jocarroll.com. Elections are conducted by mail prior to the annual meeting.

Jo-Carroll Energy

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Jo-Carroll Energy board approves rate restructuring

The Jo-Carroll Energy Board of Directors recently approved rate structure changes that adjust facility charges, equalize base power costs and modify the power cost adjustment (PCA). These changes go into effect with the February billing cycles.

This change is a rate restructuring, not an increase or a decrease.

The new structure merges single-phase and three-phase rates for the legacy and acquired territories, something Jo-Carroll Energy promised to do within five to seven years following the acquisition of the former Alliant Energy territory. This results in one PCA, one set of base rates and one facility charge for members in each class.

The changes follow a cost-of-service study that recommended a gradual “decoupling” recovery of fixed costs from kWh sales to ensure the cooperative was adequately recovering costs. Under the old structure, Jo-Carroll Energy relied on the sale of power to recover some of the cooperative’s fixed costs. This model works fine as long as members use enough kilowatt-hours to cover those costs. Jo-Carroll Energy saw little or no load growth due to recent economic conditions, energy efficiency and conservation measures and mild weather late last winter and early spring. As these factors impact sales, that means the cooperative is at risk to not collect enough to cover fixed costs.

In addition, the study found that rates should reflect the costs of providing service and as much as possible one class should not subsidize or be subsidized by another. Under the new structure, the three main components that make up your Jo-Carroll Energy bill better reflect the actual costs of delivering electricity to your home or business, allowing you to see more clearly the impact your electricity use has on your bill.

The three components are the facility charge, base rate and the power cost adjustment or PCA.

Facility charge

Currently, single-phase members in the legacy territory pay a facility charge of \$18. The facility charge was initially set at \$8 for the members in acquired territory and is currently set at \$12. The new structure eliminates the disparity in the facility charges for the acquired and legacy territories, replacing both with a \$25 facility charge. This is still well below the fixed distribution costs that are closer to \$45.

The new facility charge, although

New Rate Structure (Effective Feb. 11, 2011)

Regular Rate, Single Phase General Service	Previous	New
Monthly Facility Charge	\$12/18*	\$25.00
Base kWh Charge	9.5 cents	9.5 cents
Over 1500 kWh		13 cents
Base kWh Charge Breakdown	Previous	New
Distribution Costs	\$.040	\$.025
Power Cost	\$.055	\$.070
Base kWh Charge	\$.095	\$.095
Over 1500 kWh Charge Breakdown	Previous	New
Distribution Costs		\$.060
Power Cost		\$.070
Over 1500 kWh Charge		\$.130
*Residential acquired/legacy members		

Rate Explanation

Power Cost Adjustment (PCA)

The PCA is an adjustment that goes up or down depending on the cost of power each month. The rate is determined by calculating the power cost per kWh on the monthly power bill received from Jo-Carroll Energy’s power providers. The PCA is determined by how much the monthly power cost per kWh is above or below an anticipated power cost.

Facility Charge

The Facility Charge helps cover the basic cost of bringing electricity to you. It covers expenses such as lines, poles, trucks, labor, etc., that the Cooperative incurs no matter how much electricity is sold.

Base Rate

The Base Rate is the amount paid per kilowatt hour of electricity used.

Continued on 16e ►

Typical Residential Bill Comparison				
	Jo-Carroll Energy	Company A	Company B	Company C
<i>Ave. Monthly Bill</i>	\$130.00	\$129.81	\$132.77	\$118.66
<i>Ave. Cost per kWh in cents</i>	13.00	12.98	13.28	11.87
<i>Percent Above/Below</i>	n/a	-0.1%	2.1%	-8.7%

Note: 1,000 kWh at Jo-Carroll Energy's new residential rate structure

it does not represent the cooperative's total fixed costs, will help ensure your cooperative is able to continue providing reliable service.

An adjustment to the facility charge ensures that all members pay their fair share of the fixed costs — costs to build and maintain power lines, substations and other infrastructure, right-of-way maintenance, as well as overall operating expenses.

Base rate energy charges

Jo-Carroll Energy members also pay an energy charge. This base rate is per kilowatt hour, and the total is for the amount of kilowatt hours (kWh) you purchase. Every time you turn on a light or use an appliance, you are purchasing electricity from Jo-Carroll Energy.

The base rate for single-phase general service members remains at 9.5 cents per kWh. The new structure will consolidate rates within the rate classes. Currently, for the single-phase general service class there are eight rate schedules. Consolidating rates for these classes creates fairness and reduces complexity.

As noted earlier, a portion of fixed costs are recovered in the base rate. Under the restructuring, only 2.5 cents will go toward distribution costs while 7 cents are power costs. The restructuring moves more of the power costs currently charged in the PCA into the base rate. (See chart)

The restructuring also introduces a two-tiered rate. The first 1500 will be priced at 9.5 cents per kWh while use over 1500 kWh is priced at 13 cents per kWh. The new two-tier rate helps promote energy

efficiency by encouraging less use.

Power cost adjustment (PCA)

We've been providing information over the past several months about the increasing cost of electricity. Power costs from both Jo-Carroll Energy's electricity suppliers, Interstate Power & Light and Dairyland Power Cooperative, continue to rise. A number of factors continue to impact the industry and are responsible for the dramatic increase in power costs. Those include increasing amounts of energy from more expensive renewable sources, the addition of expensive environmental control equipment on coal-fired plants and the decline in electric sales. (See related article on Dairyland Power on page 16f)

With the recent increases from power suppliers to Jo-Carroll Energy, members have seen a spike in the PCA in recent months. While the restructuring adjusts the PCA to a lower level, it is not possible to know what the exact charge will be each month. The PCA can fluctuate, and is an adjustment that can go up or down depending on the cost of power each month.

What do the changes mean to you?

While members will see an increase in the facility charge, most will not see an increase in their total bill and may actually see a decrease under the new structure. Members with lower usage will see the biggest impact along with members who use more than 1500 kWh. We have prepared sample calculations

to show the effect on an average member's bill. (See table above.)

How you can control costs

Each household or business is unique in how it uses energy. By paying attention to how you use and maintain your appliances and equipment, you can control the amount of electricity used each month.

We are committed to providing you with the information you need about energy efficiency programs and services to help you manage your energy use and bills. The best way to understand your electric usage is to do a survey of all the electric appliances and equipment you operate. You can also keep track of how activities impact your electric consumption by taking a daily meter reading and determining your daily kWh consumption over the course of a week.

If you need more information or ideas, please visit our website or contact our office. We have a number of resources to help you with energy conservation and efficiency.

Maintaining reliable service

We understand that rate changes are never welcome news. In making these changes, you can be assured your Board of Directors has done what is necessary while exercising financial responsibility. We do all we can to keep costs in check. We will continue to seek ways to increase our efficiency and contain costs using innovation and technology while continuing to provide safe, reliable service.

Renewables, environmental controls continue to pressure prices

(Editor's Note: Jo-Carroll Energy purchases power from two sources, Dairyland Power Cooperative and IP&L. The following article discusses rising costs, renewable and environmental investments and power sources in the Dairyland system. As cooperatives, Jo-Carroll Energy and Dairyland work diligently every day to find cost-effective solutions to keep rates reasonable for members.)

Providing reliable, safe and competitively priced energy remains our number one priority for Jo-Carroll Energy and our supplier Dairyland Power Cooperative. At the same time, we must plan and implement goals for renewable energy and energy efficiency as well as new environmental requirements, in addition to addressing the continued challenges of rising fuel and transportation costs.

Rising costs in the Dairyland system of cooperatives

As we welcome 2011, Dairyland continues to face economic and operational challenges, including:

■ **Midwest ISO costs.** Dairyland became a member of the Midwest Independent System Operator (Midwest ISO) on June 1, 2010. The Midwest ISO energy market dispatches the generation resources of members in a manner designed to provide the most cost-effective energy available. Nonetheless, in 2011, Dairyland will encounter a full year of associated Midwest ISO membership costs.

■ **Significant added costs from environmental equipment additions and regulatory compliance requirements.** Dairyland is investing approximately \$400 million for emission control work at its coal-fired plants in Alma and Genoa, Wis., with half of the work already complete. Operating this new equipment and complying with new requirements also

increased the number of staff required.

- **Stoneman Station biomass energy purchase.** In fall 2010, Dairyland began purchasing the renewable energy output from DTE Energy's new biomass Stoneman Station facility in Cassville, Wis. Renewable energy from the Stoneman Station can power 28,000 homes in the Dairyland system; however, the higher costs associated with renewable energy have an economic impact on the cooperative.
- **Rail cost increases.** Dairyland benefited from a favorable rail contract for coal transportation to the Weston 4 power plant that expired at the end of 2010. The new contract, beginning in 2011, will result in higher coal transportation costs for this facility. Although not unexpected, this represents a significant cost increase from 2010. (WPS Corp. is the majority owner and operator of the Weston 4 plant; Dairyland has 30 percent ownership.)
- **Continued effects** stemming from the nationwide economic downturn, as well as increased healthcare insurance costs.

Renewable energy and environmental control investments

In terms of the environmental control equipment expenditures, it is anticipated that these will be long-term investments which will likely only increase as new regulations come into place. All utilities are planning for increased renewable energy resources and increased spending on environmental control equipment far into the future. This is a business reality for all utilities, as legislators and the public embrace renewable energy resources and the growing concern for global warming potentially encourages new

regulations, which add cost.

Dairyland is aggressively expanding its renewable facilities and increasing its support of energy conservation. While renewables and energy efficiency are positive additions relating to the environment, these projects often cost more than traditional energy resources, causing immediate upward rate pressure.

Dairyland also needs to add transmission and other facilities to deliver the energy.

Barbara Zoll

Protecting the membership

So what is Dairyland doing to help combat these cost-increasing forces? To protect its cooperative membership, Dairyland has reduced many operating cost items and established an aggressive capital project budget review process, which has led to significant savings in a variety of areas. Dairyland's government relations team, joined by the Board of Directors including Jo-Carroll Energy, cooperative managers and distribution cooperative board members have been lobbying the state and federal governments for reasonable environmental regulation. We also continue efforts to educate elected officials and the public regarding more competitive rail and waterway policies in an effort to increase awareness about these issues and level the playing field. Management and staff also continue to look for operational savings to cut costs in manageable areas.

Relationship between Jo-Carroll Energy and Dairyland

Jo-Carroll Energy is one of Dairyland Power Cooperative's 25 member co-ops. Dairyland, based in La Crosse, Wis., is a generation and transmission cooperative that provides its membership of 25 rural electric cooperatives and 16 municipal utilities with wholesale energy. In turn, these cooperatives and municipals deliver the electricity

to consumers — meeting the energy needs of more than half a million people in four states (Wisconsin, Minnesota, Iowa and Illinois).

Dairyland was formed in December 1941. Today, the cooperative's generating resources include coal, natural gas, hydro, wind, solar, landfill gas, biomass and animal waste.

The Cooperative difference

Electric cooperatives, including Jo-Carroll Energy and Dairyland, were formed to bring power to rural areas not served by for-profit utilities. Since co-ops are owned largely by people who live and work in the communities they serve, it's only natural that residents' interests and needs are supported by the cooperative.

We are:

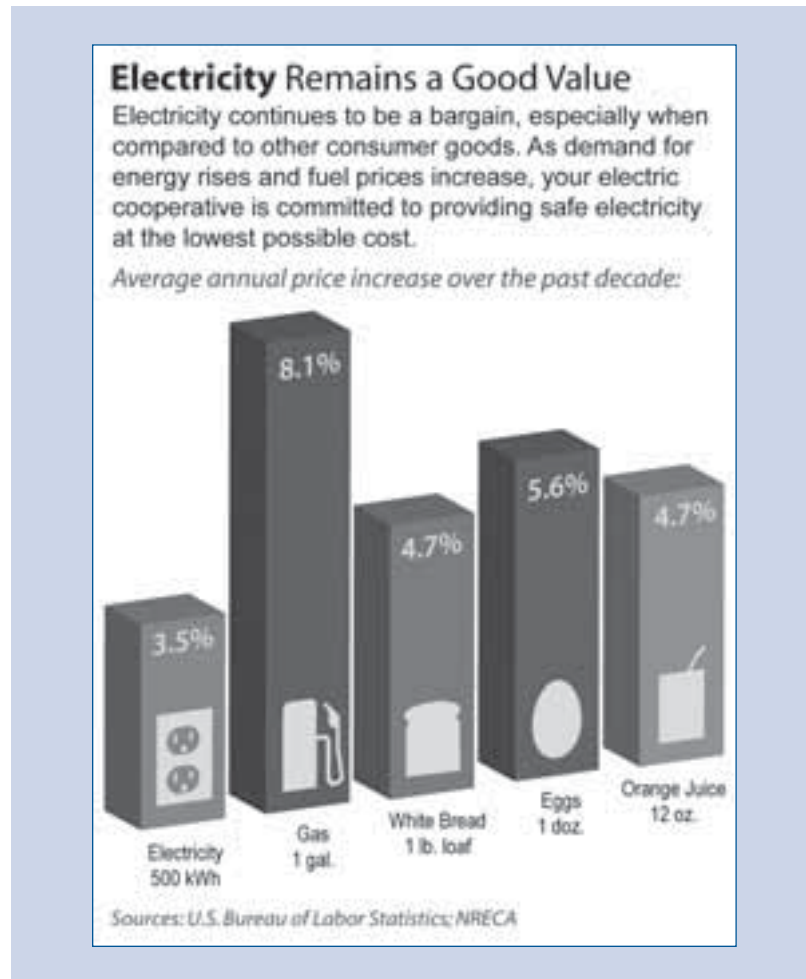
- Owned by the consumers we serve
- Governed by a board of directors elected from the membership
- Motivated by service, not by profit

With an emphasis on service over profit and a business structure that gives the people the power, members benefit from the "cooperative difference." As we relate the current challenges and cost drivers facing the utility business, bear in mind that as a cooperative, all decisions are made with the best interests of you, the member, at heart.

What's powering your home?

Safety, efficiency, reliability and cost are the main factors weighed when planning for Dairyland's future generation resources. All Dairyland's facilities are operated efficiently and economically to ensure a reliable supply of electricity for the cooperative membership.

Consistent, reliable power supply in the Midwest is still largely from coal-fired power plants. Coal is historically abundant, affordable and can be used to generate electricity on a large scale for the all-important baseload power supply. Modern environmental equipment



investments make coal-fired power plants increasing clean, with new technologies on the horizon.

In addition to its expanding renewable energy resources, Dairyland owns and operates coal-fired power plants along the Mississippi River in Alma and Genoa, Wis., to meet its members' energy requirements. Dairyland also has 30 percent ownership of the 531 MW Weston 4 coal-fired power plant (Wausau, Wis.) in partnership with Wisconsin Public Service Corp.

Dairyland's Elk Mound combustion turbine facility is powered by natural gas. The plant, which can be brought online quickly, is crucial to maintaining a reliable and affordable energy supply for Dairyland's members, especially during peak operating times (typically the hottest days of summer and coldest days of winter).

The Flambeau Hydroelectric Station (Ladysmith, Wis.) is a

renewable, water-powered facility that has been quietly generating electricity since 1951.

Dairyland's renewable energy resources include hydro, wind, biomass, landfill gas, manure digesters and solar. Detailed information on each of these renewable resources can be found on Dairyland's website, www.dairynet.com. Dairyland is also a leader in the National Renewables Cooperative Organization, a national cooperative to develop renewable resources for all electric cooperatives across the nation.

If you would like to support renewable energy resources in the Dairyland system, call Jo-Carroll Energy and ask about the Evergreen program. Jo-Carroll Energy and Dairyland also consult with members interested in developing consumer-owned renewable energy projects including small-scale wind turbines and photovoltaic arrays (solar).

The Market House Restaurant, Galena

Looking for a casual dining experience in Galena but want an extensive menu? The Market House Restaurant is the right place.

Salads, burgers, seafood, pasta, barbeque ribs and their famous in-house, corned beef Reuben are only a few of the many great dishes to choose from. Enjoy your lunch or dinner in one of Galena's oldest buildings. The main dining room overlooks the downtown area while the "Garden Room" makes for a relaxing and quiet dining experience for you and your family.

The Market House Restaurant first opened its doors in 1982 as the Market House Tavern under the ownership of three women. Today it is owned by Laura DuBord and operated by two families. DuBord purchased the restaurant in 1998. She began her career at the restaurant 11 years earlier at the age of 18, starting out as a dishwasher and progressing through different jobs. She now manages the restaurant as well as cooks meals.

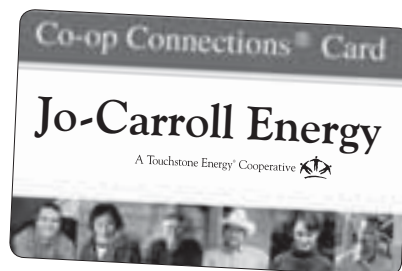
DuBord and her family; two sisters, Rose and Peggy; and one brother, Terry, work full time at the

restaurant along with another family of three. They work together to bring you the best experience you can have eating in Galena. It is what they love doing and they do it well.

DuBord believes in giving back to the community. "I believe God did not place us on earth to make money, but to give to others," she said.

DuBord referenced a passage from Luke 12: 33-34 as she discussed how the family-owned business works to make a difference in the community. In the passage, Jesus told a story of a man who was a very successful farmer and produced more grain than his current storehouses could hold. This farmer said, "... Take life easy; eat, drink and be merry." Yet according to Jesus this man was a rich fool because it is better to "sell your possessions and give to the poor. Provide purses for yourselves that will not wear out, a treasure in heaven that will not be exhausted, where no thief comes near and no moth destroys. For where your treasure is, there your heart will be also."

The Market House Restaurant of



Galena dedicates every month of the year to giving back to the community. In one form or another, profits from this family-oriented restaurant are placed back into the pockets of those who need it. For a complete list of charities visit the Market House Restaurant at either of its two entrances at 204 Perry Street or 120 N. Main.

Receive 10 percent off all food purchases (excluding alcohol) when you present your Jo-Carroll Energy Co-op Connections Card with your bill. The Market House Restaurant is open for lunch and dinner from 11 a.m. – 9 p.m. Monday through Saturday. Contact 815-777-0690 for a complete menu or more information or visit www.jocarroll.com and click on the card..

Give your saving a boost with energy efficient appliance settings

Your ENERGY STAR-qualified clothes washer or dishwasher is energy efficient. That's why you bought it. But thanks to a choice of settings, you can reduce energy use even further. Here's a tip from Jo-Carroll Energy that can help you save even more energy — and money — when you use your washing machine or dishwasher.

The average American family washes almost 400 loads of laundry every year. That's a lot of laundry. An ENERGY STAR-qualified clothes washer uses one-third less electricity — and one-half less water — than a conventional washer. And an ENERGY STAR clothes washer

offers a choice of efficient settings that will save you even more.

You can select a lower water temperature — a cold wash/cold rinse setting, for example — which reduces energy use. And you can choose a lower water level for smaller loads, cutting your water use. Some ENERGY STAR clothes washers also have energy-saving features such as pre-soak and "suds saver."

Much of the energy used by your dishwasher — as much as 80 percent — is used to heat the water. An ENERGY STAR-qualified dishwasher with a booster heater will let you set the temperature on your

home's water heater at 120 degrees, saving energy.

Many ENERGY STAR dishwashers have efficient settings, such as "energy-saving" and "short-wash" cycles that will reduce both energy and water use. And most dishwashers have an air-drying option, which also will save on energy use.

For other tips on how to save energy — and money — visit Touchstone Energy's energy-saving website or call the energy experts at Jo-Carroll Energy. Find out how the little changes add up at www.TogetherWeSave.com.