

Jo-Carroll Energy • Elizabeth, Illinois • 800-858-5522 • www.jocarroll.com

JO-CARROLL

A Touchstone Energy® Cooperative  **H.I. LINES**



PRESIDENT'S REPORT

by Michael Hastings

Keeping you informed

I want to update all of you regarding Jo-Carroll Energy's electric power supply contracts. These contracts dramatically impact your cost of electricity, as about 70 percent of your co-op's total costs are tied directly to these electric power supply contracts. Another way to say this is that your electric rates are tied directly to these contracts.

Jo-Carroll Energy has two wholesale electric power supply contracts — one with Dairyland Power Cooperative (Dairyland) and the other with Interstate Power and Light Company (IPL). About 20 percent of the co-op's electric power comes from Dairyland — the other 80 percent comes from IPL. As part of Jo-Carroll Energy's risk management strategy, the approach of splitting the co-op's electric power costs between two suppliers avoids some of the concern with a sudden spike in either power supplier's wholesale rates.

In the late Fall of last year, I'm certain most of you noticed the big spike in your co-op's electric power costs. The price spike was attributable primarily to IPL; during this same period, Dairyland's power costs remained steady. Although your co-op's board of directors and management team regret the increase, and will try to prevent such spikes in the future, it was a major short-term increase in costs for all of you.

Since Jo-Carroll Energy is a not-for-profit cooperative, there are no shareholders or big reserve funds to fall back on; the costs had to be passed through. We are thankful the price spikes occurred during low usage months rather than during either the summer or winter heavy usage months.

Based in part on these price spikes, Jo-Carroll Energy has provided IPL with notice of termination of our wholesale electric power supply contract.

In the meantime, Jo-Carroll Energy has reached out to several other power suppliers about possible future power supply arrangements. We also continue to develop plans for our own renewable energy biomass plant, which may also be an option for your co-op's future power supply portfolio.

We hope to conclude our business with IPL regarding wholesale electric power supply within the next two years or so.

Other rate challenges are facing us as well. Wholesale power costs are continuing to trend up. We will keep you apprised of these developments as well.

We again regret the inconvenience these temporary higher electric power costs caused all of you late last fall. We will keep you apprised as our future power supply strategies are developed.

Office hours

Elizabeth Office
8 a.m. to 5 p.m.

Savanna Office
8 a.m. to 1 p.m.
1:30 p.m. to 4 p.m.

Both Offices
Monday - Friday
800-858-5522

For all outages and emergencies call
800-927-5254

Reader Prize

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

Jo-Carroll Energy announces facility charge increase

Members who receive their electric service from Jo-Carroll Energy are seeing the facility charge increase by \$1.

Effective with bills mailed in January, the monthly electric facility charge increased to \$26. In addition to the increase in the facility charge, the cooperative will continue to utilize the power cost adjustment (PCA).

Purchased power costs are the main driver behind the increase. Approximately 70 percent of a typical Jo-Carroll Energy electric bill is related to purchased power.

Jo-Carroll Energy doesn't generate its own power. Instead we purchase electricity from Interstate Power and Light (IPL) and another cooperative called Dairyland Power Cooperative. Our power suppliers charge us for the electricity our members use through what's known as a wholesale rate. We pass the cost to you on your electric bill.

Our power suppliers have determined that the costs for power in 2012 will be higher. New environmental regulations are a major cause for this increase, along with costs associated with renewable energy sources.

The federal government and the Environmental Protection Agency (EPA) have adopted tougher rules to reduce air and water pollution. While we certainly support efforts

for cleaner air and water and try to be good environmental stewards, meeting these new rules means that power producers must invest in costly new equipment and technology. The power providers build the cost of that technology into the wholesale rates they charge the cooperative.

"We know that the current economy means that money is tight for nearly everyone," said Michael Hastings, Jo-Carroll Energy president and CEO. "This was a tough decision for your board of directors, but we have to deal with the realities of the marketplace. As the government adds more costly regulations and the world's demand for energy grows, costs will only continue to climb."

"Jo-Carroll Energy is committed to protecting our members to the best of our ability, absorbing as much of the cost impacts as possible to keep the rate increase at an absolute minimum," he added.

As a not-for-profit cooperative, Jo-Carroll Energy must recover the costs of doing business, as well as maintain sufficient margins to reinvest in the distribution system. A cost of service study in 2010 showed that the actual cost to deliver service to each account is close to \$45.

The cooperative is undertaking a new cost of service study to identify how much revenue is needed to

cover all costs associated with electric service and provide a margin. The objective is for each rate class to pay for the costs incurred by the cooperative to serve them while contributing a small margin to reinvest in upgrading and maintaining the system.

While costs will rise and technology and infrastructure upgrades will be necessary, your cooperative is working to minimize rising costs. Jo-Carroll Energy is seeking to terminate its power supply contract with IPL (see article on page 16a), and look for alternate power suppliers.

We continually look for ways to operate more efficiently and keep costs down. Several measures that required an initial investment will pay off in reduced costs in the future. Among these are the new AMI meters being deployed throughout the system.

We also encourage our members to do whatever they can to make their homes and businesses more efficient and to lower their energy bills. Jo-Carroll Energy has a number of resources to provide members with energy efficiency information to help members find ways to lower their energy costs. More information can be found on our website at www.jocarroll.com or call us at 800-858-5522.

We're here to help ...

Jo-Carroll Energy is dedicated to being an energy efficiency resource for its members. To learn more about how you can save money through energy efficiency practices, call us at 800-858-5522.

For even more information, check out TogetherWeSave.

com, an online portal to energy savings tips that uses real dollar savings projections — based on your individual electric rate and climate zone — to motivate small changes in behavior that add up to big savings.

Once you arrive at the site, make

sure to enter your zip code to be redirected to Jo-Carroll Energy's customized section. You can watch videos that provide detailed instructions about energy savings practices, add up your potential savings with a Virtual Home Tour and much more.

Still time to file nomination petitions

Jo-Carroll Energy members have until Feb. 16 to file petitions for nomination to the cooperative's board of directors.

Board directors who are up for re-election in 2012 include: Pat Smith of Galena, District 5; David Senn of Mt. Carroll, District 7; and Russell Holesinger of Fulton, District 8. Any Jo-Carroll Energy member residing in the district of a director whose term is expiring, including the incumbent director, may petition for nomination as director.

Petition forms can be obtained from Jo-Carroll Energy's office or on the cooperative's website at www.jocarroll.com. Candidates must obtain at least 25 signatures of cooperative members from the same district in which they live and are seeking election.

Completed petitions must be submitted to the cooperative by Feb. 16. In order to qualify to have their names placed on the ballot, all nominees must participate in an orientation process provided by the cooperative's attorney to assure that all nominees fully understand the expectations and responsibilities of directors including

time demands, educational expectations and fiduciary responsibilities.

All eligible candidates will be announced in the April 2012 Hi-Lines (Jo-Carroll Energy center section newsletter in Illinois Country Living) and in the 2012 Annual Meeting book.

One member, one vote

Ballots are mailed to each member residing in a district from which a director is to be elected. Members may vote for one director for the district in which they reside or in which the member is entitled to vote. If a member prefers to vote in person instead of using the mail ballot, he or she may cast their vote at the Cooperative office.

All balloting concludes at 4 p.m. on April 13, the day prior to the annual meeting. The ballots are counted by the Credentials and Election Committee.

Results of the election will be reported at Jo-Carroll Energy's 73rd annual meeting on April 14 at the West Carroll School District building in Thomson. A member appreciation breakfast will precede the meeting.

Save the date!

Jo-Carroll Energy 73rd Annual Meeting

Saturday, April 14

West Carroll School District building, Thomson

Join us for a hot breakfast served from 7-10 a.m.

Annual Meeting at 10:30 a.m.

Jo-Carroll Energy acquires JISP

Jo-Carroll Energy has acquired JISP, a Stockton-based internet service, from Bill Williams of Jedi Computing.

The transfer of the business was effective Dec. 1, 2011. JISP and all JISP patrons became a part of the cooperative's Sand Prairie Wireless broadband division.

Williams will help support the internet business for the next two years. He plans to continue the PC repair and networking portion of his Jedi Computing business.

Jeff Harrelson, Jo-Carroll Energy manager of broadband services, noted that as members of Sand Prairie Wireless, JISP subscribers will now have access to:

- 24/7/365 live Midwest-based phone support
- Additional service packages and product offerings
- 5 GB of free automatic online file back-up
- An online community-based portal
- Membership in the Jo-Carroll Energy cooperative

"Our plan is to continue the system enhancements started by JISP," said Harrelson. "We will provide JISP subscribers with the same excellent service and support they have come to expect. We are excited to welcome the JISP subscribers to our Sand Prairie Wireless family."

Sand Prairie Wireless shares the commitment of its parent company, Jo-Carroll Energy, to enhance the quality of life for its members. A high-speed Internet provider, the company delivers reliable, affordable access, and in many instances, to members who have not before been able to receive Internet access. To find out more about the service area, products and offerings available through Sand Prairie Wireless, visit www.connectSP.com.



Co-op Connections Card puts savings in your pocket

Pharmacy discounts save members \$100,000!

Jo-Carroll Energy's Co-op Connections Card program is proof that being a member of a cooperative has its advantages.

The Co-op Connections Card is a money-savings tool the co-op offers its membership — and one of the most used features is the pharmacy discount.

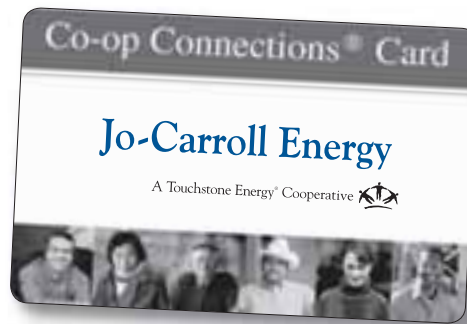
One area pharmacist noted the card has been really beneficial, especially when things are tight moneywise. For example, the pharmacist cited an example of an anti-coagulant injectable costing more than \$1,000 — the Connections Card discount brought that cost to less than \$800.

Although pharmacies may offer their own prescription discounts, the Connections card provides help on other medicines that are not on those discount lists, she added.

"The Co-op Connections card reinforces Jo-Carroll Energy's longstanding commitment to community," said Elecia Walter, Jo-Carroll Energy marketing and communications specialist. "The pharmacy discount is one of the most valuable features of the card."

The average savings for members during 2011 was 29.8 percent, and members remembered to use their Co-op Connections Card on 3,353 prescriptions at area pharmacies. Since its introduction in 2008, Jo-Carroll Energy members have saved more than \$104,687.48 on prescriptions.

The Co-op Connections Card is free to all Jo-Carroll Energy members. While not insurance and cannot be used in conjunction with insurance, the pharmacy dis-



count can mean savings of 10 to 60 percent on prescription drugs. The logo and information on the back of the card is recognized at more than 60,000 national, regional and local pharmacies.

The card is good for other savings, too. Looking for a good deal on paint for your home? How about a discount on your next family meal?

"A wide variety of businesses throughout our communities accept the card and offer special discounts for our members," Walter said. "Look for the window stickers identifying them as a Co-op Connections Card business."

"And, we hope local businesses participating in the Co-op Connections program benefit from increased traffic from Jo-Carroll Energy members," she added.

The card also gives members access to online savings at more than 95 national retailers. Check out the national discounts at www.connections.coop. Or visit the Jo-Carroll Energy website and click on the card. New businesses are added periodically, so check back often.

With both the cards and key chains available, the card is easy and convenient to use, too. And, now there's even an app for that!

A free Co-op Connections app allows you to download a virtual card with vital prescription discount information to your smart phone. You can identify your favorite discount deals and save them in the "My Deals" for easy access. Information on how to download the apps for iPod, iPhone, iPad, Droid phones and Blackberrys can be found on www.connections.coop.

We'd like to hear from you!

Jo-Carroll Energy members have saved more than \$100,000 on prescription drugs with the Co-op Connections Card since the program was introduced in 2008. Share your savings experience with us. Call us at 800-858-5522, ext. 1218 or write pfrancomb@jocarroll.com.

Businesses:

Did you know that you can join our Co-op Connections program? Reward our members and they'll reward you!

Businesses that would like to join receive free advertising and have the opportunity to generate more traffic to their business may call 800-858-5522 or visit Jo-Carroll Energy's website at www.jocarroll.com for more information.

The program is free to you. All you have to do is fill out the contract and return it to Jo-Carroll Energy to take part in the Co-op Connections program. Participating businesses are listed on www.connections.coop. Each month, we feature one business in Hi-Lines and on our website.

New EPA rules driving wholesale rate increase

While supportive of environmental improvements, and in full compliance with applicable regulations, Jo-Carroll Energy and our wholesale power supplier, Dairyland Power Cooperative, are dismayed with the rapid timeline of the U.S. Environmental Protection Agency's (EPA) most recent proposal, the Cross-State Air Pollution Rule (CSAPR).

While put on hold Dec. 30, 2011, by the U.S. Court of Appeals, the regulation is estimated to cost members in the Dairyland system about \$10 million.

Under the rule, power plants in 27 states, including Wisconsin, where Dairyland's facilities are located, are required to further limit sulfur dioxide and nitrogen oxides emissions that affect air quality in other states.

The CSAPR rule is estimated to cost member-consumers in the Dairyland system—which includes Jo-Carroll Energy — about \$10.2 million to reach compliance in 2012. There will be significant additional spending in future years to meet further requirements of the rule.

Environmental regulations such as the CSAPR rule are a major cost impact in Dairyland's 2012 budget, which includes a wholesale rate increase of approximately 5 percent over the 2011 rate. A larger increase was mitigated by significant cuts in many other areas of cooperative operations.

CSAPR rule: Costly, with no time to comply

One of the reasons the CSAPR rule is so expensive is its impractical compliance period.

Originally finalized in July and significantly revised in October 2011, CSAPR establishes annual emissions limits for each state and each electric generating unit (called allowances). The number of allowances provided for Dairyland's power plants and most other affected utilities, is significantly less than needed to meet typical generation requirements.

The hundreds of millions in dollars worth of air emission controls already installed at Dairyland's plants are not enough to meet these new allowance limits. Yet, the additional air emission controls planned by Dairyland (and many other electric utilities) cannot be installed before the CSAPR limits are in effect. While excess allowances may be traded under the rule, there is concern that there will not be enough allowances available to cover all of the emissions from utilities in the state.

Since it is impossible for Dairyland to install additional planned air emission controls by the 2012 start of CSAPR and allowance trading is questionable, Dairyland and other utilities may be required to reduce generation to comply with CSAPR. If they curtail production at their facilities,

an undesirable strategy, it will likely require the purchase of power from a higher priced marketplace.

Taking action

Dairyland has joined many other utilities nationwide in asking for a stay of the CSAPR rule in 2012. Several state attorneys general are also attempting to stop promulgation of the rule. The major reason cited involves the tight time frame, which is dramatically increasing costs for all affected coal-burning utilities. Unfortunately, efforts to get Congress to stop CSAPR have failed. The U.S. House of Representatives successfully passed legislation to delay the rule, but the U.S. Senate did not concur.

The U.S. Court of Appeals for the District of Columbia issued an order staying CSAPR on Dec. 30, the last business day before CSAPR was scheduled for implementation. The court further ordered that the Clean Air Interstate Rule (CAIR) will remain in place while CSAPR is stayed.

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Caulk up the savings

Caulk like a pro with these handy application tips

The greatest sources of heating and cooling losses in your home are often invisible—air leaks. Controlling air leaks extends the life of your home, conserves energy, saves money and increases comfort.

It's generally possible to seal openings up to one-quarter inch between window frames and siding or around door frames. Most types of outdoor caulk are sold in tubes that fit a caulking gun. Some caulks come in aerosol cans; these are a good choice for filling gaps up to one-half inch around pipes and wires.

Prices range from a couple of dollars to several dollars per tube, so be sure to read the labels and choose a product that will adhere best to the materials you're sealing. You can seal a lot of leaks around your home's exterior with less than \$100 worth of caulk. As a rule of thumb, you'll probably use half a cartridge per window or door and up to six cartridges for foundation work.

If your budget allows, spend a little more for a higher-quality caulk. Inexpensive caulks may last only a few years, while premium-priced caulks are rated for 20 years or more.

Caulk like a pro

- Most caulks pose no known health hazards after they're fully cured. However, some high-performance caulking compounds contain irritating or potentially toxic ingredients, so read the manufacturer's instructions and take the appropriate precautions.
- The best time to apply caulk is during dry weather when outdoor temperatures are above 45 degrees.



Low humidity is important during application to prevent cracks from swelling.

- If the gap you're sealing is too wide, use special filler made for the purpose. Note that fillers are not designed for exposure to the elements, so you'll need to caulk or seal over it.
- Before applying new caulk, remove the old caulk or paint residue

with a putty knife, stiff brush or special solvent.

- Make sure your work area is dry, so you won't seal in moisture.
- Hold the caulking gun at a consistent angle; 45 degrees is best.
- Caulk in a straight, continuous stream, avoid stops and starts, and make sure the caulk sticks to both sides of the crack or seam.
- Release the trigger on the caulking gun before pulling it away from the crack to prevent applying too much caulk. A caulking gun with an automatic release makes this much easier.
- If the caulk shrinks, reapply it to form a smooth bead that completely seals the crack.
- If caulk oozes out of a crack, use a putty knife to push it back in.
- Once you've applied caulk, it takes time for it to dry, or cure. The tack-free time tells you how quickly the fresh caulk's outer surface will dry or skin over. The total cure time indicates the time required for the caulk to become completely stable.
- Don't allow pets and small children to come into contact with fresh caulk.



Here's a solution for sealing seasonal air leaks

Use removable, clear caulk around seasonally used windows, doors and other locations you want to be able to seal for a few months and open later. In the winter, use this product to keep out cold air around leaky basement windows; in the spring, use the caulk to eliminate air leaks (and bug entrances) around window air conditioners.

Youth to Washington tour

Jo-Carroll Energy is again offering two high school students the opportunity to participate in the annual Youth Tour to Washington, D.C. in June.

Electric and telephone cooperatives in 44 states offer young people the chance to make the trek to Washington to educate themselves firsthand about the government process. This year marks the 53rd trip to our nation's capital during which students meet our Congressional representatives, are treated to tours of historic sites and have the opportunity to make life-long friends and receive information to help determine career paths.

The 2012 Youth to Washington trip is scheduled for June 15-21. The two local winners will join some 50 other Illinois students, sponsored by Illinois cooperatives, and spend a week in Washington, D.C. visiting attractions such as the White House, U.S. Capitol, Smithsonian Institute, Arlington National Cemetery, Lincoln Memorial and many other national monuments and places of interest. All transportation, lodging, event and site admission and meals are paid by the cooperative.

If you are a high school sophomore, junior or senior and this opportunity interests you, please fill out an application as soon as possible. Students who apply

Want to learn more about last year's tour?

Visit our website for interviews with last year's Youth Tour winners, Kevin Glick and Haley Francke.



must be the sons or daughters of Jo-Carroll Energy members.

The Youth to Washington application can be downloaded from our website at www.jocarroll.com. Application deadline is March 16.



Jo-Carroll Energy

793 U.S. Route 20 West • P.O. Box 390 • Elizabeth, Illinois 61028-0390

Galena Rotary sets March 21 for Roundtable

The 25th annual Community Roundtable sponsored by the Galena Rotary Club, in cooperation with Galena Gazette Publications and the University of Illinois Extension, will be held Wednesday, March 21 at Eagle Ridge Resort and Spa.

This year's theme "Blue Gold..... WATER, our #1 Liquid Asset" focuses on the importance of clean safe water. While clean water may not seem like a big problem now, it could soon become an issue, an issue that will affect everyone. The Roundtable will focus mainly on how these issues will affect those living and working in the tri-state area, but will also touch on national and international issues.

Moderator Denton Brown, will lead a diverse panel of "Water Experts" in discussions on these key topics: Sources of potable water, threats to our water, and the social, environmental and economic impacts of these threats. Group sessions in the afternoon will focus on what we can do to ensure that we have clean safe water. All participants will then reconvene and the meeting will be open for findings and other questions. There will also be a special luncheon speaker.

The day long event begins at 8:30am and ends at 3:30pm. Admission will be \$40, but for those who pre-register, admission is \$35. The admission fee includes lunch. Pre-registration forms will be available at most Jo Daviess county banks and the Galena Gazette in early February. Pre-registration forms will also be available on the Galena Rotary website: www.galenarotary.org.

Watch your local papers for more information or again visit the Galena Rotary website.



Light Up the Holidays Food Drive a success

Jo-Carroll Energy's "Light Up the Holidays" food drive hit another record this past year collecting 805 pounds of nonperishable foods, paper goods and other items.

The items collected were distributed to nine food pantries within Jo-Carroll Energy's service territory. The Jo-Carroll Energy board of directors also approved donations of \$555 to each of the pantries.

SYNERGY



Jo-Carroll Energy
The Southern Energy Company



Sand Prairie
Connecting our members to the world.

electric • natural gas • high-speed internet



Working together to bring you more.
Our mission statement is to "enhance the quality of life for our members." When we invested in state-of-the-art equipment to improve communication in our energy delivery, it gave us a gift: the ability to bring reliable, high-speed Internet to customers who had not previously had this option.

Connecting our members to the world.®
Can we connect you? Call for a free, no-obligation site survey to learn how we can help connect you to the world. Faster. Affordably. And reliably.
Find out what Jo-Carroll Energy and Sand Prairie Wireless can do for you. Call or click today.

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WE
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