

JO-CARROLL

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



PRESIDENT'S REPORT

by Michael Hastings

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.

April will be here before we know it, and it will be a special time for your cooperative as Jo-Carroll Energy celebrates 75 years of service in northwestern Illinois. Your annual meeting is scheduled for Saturday, April 5 at the Chadwick-Milledgeville Junior High School in Chadwick, not far from where our first lines were energized.

On behalf of the board and all of your co-op employees, I'd like to invite you to celebrate this milestone with us. We're serving a complimentary continental breakfast beginning at 8:30 a.m. with the business meeting at 10 a.m.

If you have never been to an annual meeting before, come and see what it is all about. The annual meeting is one of the things that distinguishes cooperatives from other types of utilities. Democratic member control and member participation are hallmark advantages of co-op membership. Since 1939, Jo-Carroll Energy members have had a voice in how the co-op operates and this tradition is as important today as when the co-op was founded.

The annual meeting is your opportunity to learn about the operations and financial status of your cooperative and to hear what challenges we are facing. You can meet the board of directors and talk with co-op employees who work hard on your behalf all year. You can visit a wide range of displays showcasing our programs and services, including information on what you need to conserve energy and to be active in your co-op.

The key business events at the meeting are the announcement of director election results and consideration of bylaw amendments.

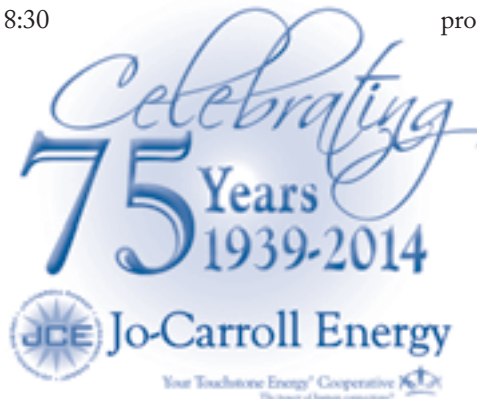
You'll receive more information about the meeting in the Annual Report, to be mailed later in March. Be sure to bring the registration card printed on the back cover of the book when you come to the annual meeting. The annual report will include important information on proposed bylaw amendments and director elections. (You can find more information about the election process on page 16c of this newsletter.)

A special highlight of this year's meeting will be the premiere of a 75th anniversary video featuring former directors, members and your co-op's history.

Jo-Carroll Energy was organized in 1939 to bring electricity to the rural areas of Jo Daviess and Carroll counties – forever changing the lives of farmers and rural residents. Today, your co-op has grown to serve more than 28,000 members in four counties with electric, natural gas or broadband Internet services.

No matter how we have grown, the mission of Jo-Carroll Energy has not changed since the connection of the first electric service. Just as in the early days, the services we provide are still essential to our members' quality of life.

We hope you'll join us for the annual meeting, and other special events throughout the year. Your involvement in your co-op is essential to the next 75 years.



For your information

Your Board of Directors:

David Senn
Chairman
District 7

Chris Stadel
Vice Chairman
District 4

Marcia Stanger
Secretary
District 3

Martin Werner
Treasurer
District 1

Joseph Mattingley
District 2

Patricia Smith
District 5

Thomas Lundy
District 6

Russell Holesinger
District 8

Larry Carroll
District 9

Thomas Zwica
District 10

Douglas Darby
District 10

Ronald Hallendorff
District 10

Office Hours:

Elizabeth
793 U.S. Route 20 West
8 a.m. to 5 p.m.

Savanna
103 Chicago Ave.
8 a.m. to 1 p.m.
1:30 to 4 p.m.

Geneseo
1004 S. Chicago St.
7:30 a.m. to 1 p.m.
1:30 - 4 p.m.

Services and Billing Questions:

(800) 858-5522
www.jocarroll.com

For emergencies and outages call:
(800) 927-5254

Resume of Minutes

Regular Board Meeting • December 4, 2013

The board met at the Cooperative headquarters in Elizabeth on Wednesday, December 4, 2013. The following is a summary of the meeting activities. The Agenda as modified and the Consent Agenda were approved.

Chairman's Report – Chairman Senn stated that in this era of regulatory uncertainty, the board needs to stop and ask the members if they see solar as a threat to the cooperative or as an opportunity. He felt that the board should get more involved with the members to gauge their thoughts on some of the key issues the cooperative will face.

Dairyland Report – Director Stadel stated that Dairyland directors have received iPads and will be receiving training on them. The board also reviewed its own policies and renewed Dairyland's membership in the Minnesota Rural Electric Association.

APGA Report – Director Carroll provided the board with information on the issues that the APGA is currently working on.

PPI Report – President and CEO Hastings reported that the PPI Board continues to work on making the Prairie State generation facility more reliable. Also, Hastings met with PPI regarding their response to Jo-Carroll Energy's RFP for power supply beginning in 2018.

Monthly Committee Review

a. Policy – Board Policy 126: Purchase of Materials, Supplies, and Equipment – approved as written with no changes.
b. Executive Committee – The Executive Committee of the Board of Directors met following the October 23 open meeting. CFO Heidenreich presented the board with information regarding the board's budget for 2014.

c. Annual Meeting Committee – The 2014 Annual Meeting will be a business meeting; the 75th Anniversary will be a larger celebration scheduled for June 2014.

CEO's Report – The CEO reported on the following in addition to his written report:

a. Financial Operating Report – Hastings reported that the Cooperative had an unaudited margin of approximately \$673,000 in October, with a \$2.8 million margin, year to date. The Board accepted the October Financial Operating Report for filing by general consent.

b. Power Supply Report – Hastings informed the board that the cooperative is continuing with the power supply RFP process for the Alliant portion of the cooperative's power supply, beginning in 2018.

c. CFO Report – CFO Heidenreich

informed the board that capital credit checks for 1988 were issued. Heidenreich also stated that the cooperative employees are currently working on the 2014 budget.

d. Assistant General Manager Report

– Assistant General Manager Buros reported to the board that the planned shutdown at Rentech took longer than expected, due to a transmission outage. Rentech had hit a new high for load with 22MW. Also, the cooperative successfully proved compliance for a pending violation with NERC regarding under-frequency load shedding. Buros concluded with an update on the strategic planning process and how the cooperative has begun budgeting based on strategic initiatives.

e. Culture of Excellence and

Communications – Vice-President of Human Resources Sevey reported that the NRECA's audit of the cooperative's employee benefits has concluded, which resulted in 2 minor changes. Also, Blue Cross/Blue Shield of Illinois (BCBSIL) has notified the cooperative that insurance rates will increase by 19.27% due to "trend", but that even with the increase, BCBSIL was still less expensive than NRECA's plans.

f. Member Services – Vice-President of Member Services Skien deferred her report until the "Board Issues" portion of the meeting.

g. External Affairs – General Counsel Cox reported to the board that a pension reform plan has been signed into law in Illinois, which should improve the long-term fiscal outlook for the state. There was no action in the IL General Assembly on 2 bills that would affect cooperatives. On the federal front, a new Farm Bill is stalled, with little hope for progress. Also, the Cooperative Pension Flexibility Act, which would allow greater flexibility for the cooperative's retirement security plan, is ready to be introduced in the Senate. Cox also reported that the U.S. Supreme Court will hear a case brought by the NRECA regarding the EPA's permitting of plants for greenhouse gas emissions. Finally, Cox informed the board that Russ Simpson would be retiring from the cooperative, effective January 2, 2014.

Board Issues

a. Review of PCA Rate Reduction –

Pursuant to the board's decision to reduce the PCA charge for the remainder of the year, CEO Hastings updated the board on the reduction and the board voted to continue the PCA rate reduction.

(Continued on page 16b)

Mark your calendar for the 2014 Annual Meeting

Co-op celebrates 75 years of service!

All members of Jo-Carroll Energy are invited to attend the 75th Annual Meeting of Members on Saturday, April 5 at the Chadwick-Milledgeville Junior High School in Chadwick (15 School Street).

Prior to the meeting we will serve a continental breakfast of pastries, fruit, juice and coffee. The annual meeting begins at 10 a.m. and will feature the debut of our 75th anniversary video featuring members, former employees and the cooperative's history. Members will also hear presentations from board chairman David Senn and president and CEO Michael Hastings. You'll learn about Jo-Carroll Energy's

accomplishments for 2013 and plans for the future, vote on bylaw amendments and learn the results of the 2014 board elections.

The morning event also features

Every member attending the annual meeting receives a

\$10 bill credit!

displays and exhibits about many cooperative services and products.

Make sure to bring the registration card from this year's Annual Report (mailed in March) to the meeting. Registration cards for all members attending the annual meeting are entered into a drawing in which we'll be giving away 10, \$25 bill credits, 4, \$50 bill credits and a free home energy audit (\$300 value). Members must be present to win. **Clarence Meiners, Jr.**

In honor of our 75th anniversary, we are also planning a celebration in June. More information will be available at the annual meeting and on www.jocarroll.com.

Three co-op board seats up for election

Democratic member control is the second guiding principle that cooperatives follow. Your Jo-Carroll Energy board of directors is elected by the membership.

Cooperative members have equal voting rights—one member, one vote.

Members who live in districts where the director is up for election will receive a special mailing in late March that contains a ballot for the board election. All members will receive the 2013 Annual Report. You will receive a ballot only if you live in one of the three districts with elections this year: Districts 3, 6 and 9.

Profiles of the candidates will be included in the annual report, with

the ballots and in the April Hi-Lines.

Each vote counts, so please remember to return your ballot. When completing your ballot, please remember the following:

- The ballot **MUST** be filled out by the person under whom the membership is listed.
- All ballots **MUST** be received by 4 p.m. on Friday, April 4.
- The return envelope **MUST** be signed or the ballot is invalid.

Strict anonymity is enforced with tallying the ballots. By signing the

return envelope, your ballot is in no way associated with your account.

Ballots can be returned by mail or dropped off at the cooperative's offices in Elizabeth or Savanna. Ballots are counted by the Credentials and Election Committee.



A bylaw change approved in 2011 provides that ballots will be mailed to members only in districts where more than one candidate has been nominated. In districts with only one candidate, election will be by a motion of acclamation at the annual meeting.

Is your name on our Unclaimed Capital Credits list?

As a Jo-Carroll Energy member, you have a share in your cooperative. As a cooperative, Jo-Carroll Energy does not technically earn profits. Any revenues over and above the cost of doing business are considered “margins”. And, one of the benefits of

being a co-op member-owner is sharing in the margins in the form of capital credits.

We mail capital credit checks in December, and over the years several have been returned as undeliverable. We are publishing a list of the names

of those of you who have unclaimed capital credits. You also may search a complete list on our website. If you find your name on the list, please call 800-858-5522 or email info@jocarroll.com.

ALINCASTRE DR NESTOR H MARIA	WOODRIDGE IL
RAY CHARLES L	WOODSTOCK IL
MARCHESE PETER	WORTH IL
HERMAN JAMES HELEN	WORTH IL
KRESS RICHARD	WORTHINGTON MN

Local Food Pantries accept Jo-Carroll Energy donations

Jo-Carroll Energy employees delivered groceries collected during the “Light Up the Holidays” food drive to 10 food pantries within the cooperative’s service territory.

Non-perishable food items were collected at Jo-Carroll Energy’s Christmas party and at co-op offices located in Elizabeth, Savanna and Geneseo.

The Jo-Carroll Energy Board of Directors also approved a cash donation of \$500 to each of the 10 pantries, including:

- **In Jo Daviess County** - East Dubuque Food Pantry, United Churches of Galena Food Pantry, Elizabeth Food Basket, and Hanover Food Bank.
- **In Carroll County** - Savanna/Mt. Carroll Food Pantry, Helping Hands Food Pantry (Chadwick & Milledgeville), and Thomson/Fulton Food Pantry.
- **In Whiteside County** - Thomson/Fulton Food Pantry, Albany Food Pantry and Erie Food Pantry.
- **In Henry County** - Geneseo Food Pantry.

According to food pantry organizers, a combined average of 910 families are served each month at the 10 pantries.



Employees of Jo-Carroll Energy present a donation from the cooperative, its members and employees to the East Dubuque Food Pantry. Pictured from left are Jim Clavert, East Dubuque Food Pantry Treasurer, Bob Pelelo, director of operations, and Robyn Jackson, member services representative.



Employees of Jo-Carroll Energy present a donation from the cooperative, its members and employees to the United Churches of Galena Food Pantry. Pictured from left are Robyn Jackson, member services representative, Virgil Gebling, pantry director, and Bob Pelelo, director of operations.



Cindy Price, member services representative (left) and Elecia Walter, marketing and public relations coordinator (right) of Jo-Carroll Energy, present a donation to the Albany Food Pantry, accepted by volunteers Mary Okrasinski and Derek Shaver.



Jack Graves of the Elizabeth Food Basket (right) accepts a donation from Jo-Carroll Energy, presented by Peggy Kemp, accountant (left).



Lyle Gregory, director of the Helping Hands Food Pantry, accepts a donation from Jo-Carroll Energy presented by Cindy Price, member services representative (left).



Lorraine and Bill Sutzman of the Hanover Food Bank accept a donation from Jo-Carroll Energy presented by Peggy Kemp, accountant (left).



Jean Spaid (right) of the Erie Food Pantry, accepts a donation from Jo-Carroll Energy presented by Cindy Price, member services representative (left).



Ron Pessman (left) and Arnold "Arkie" Wiebenga (right) of the Thomson/Fulton Food Pantry accept a donation from Jo-Carroll Energy presented by Elecia Walter, marketing and public relations coordinator (center).



Jolynn Kitterman, director of the Geneseo Food Pantry (left), accepts a donation from Jo-Carroll Energy presented by Laurel LeSage, member services supervisor (right).

Lifetime Eyecare, Geneseo

Dr. William Bordwell, O.D., and his staff have cared for the eyes of patients in Geneseo for nearly twenty seven years.

After stepping out of Agriculture, Dr. Bordwell changed careers and enrolled in Pre-Optometry at the University of Iowa. He later graduated from the Illinois College of Optometry and shortly after purchased a well-known and respected optometry office in Geneseo.

Today, Lifetime Eyecare provides primary eye care for all ages including: eye health exams, contacts, glasses, sunglasses, and emergency eye treatment.

Dr. Bordwell accepts patients as early as before their first birthday offering the opportunity to grow up with healthy vision. This program is called "InfantSEE™" and is free of charge, regardless of income.

Office Manager, Wendy Grunwald, joined the team shortly after the new office was built at 112 S. Center Street.

"We are a small town business," Grunwald stated. "Everyone on staff is local and we love helping people out when we can."

According to Grunwald, the most rewarding days are those when people's lives are changed. She told the story of a toddler who would not wear his first pair of glasses, but after much opposition, he tried them on and was amazed at how much his vision improved. She said he is a few years older and still loves wearing his glasses.

"When a farmer comes in with a scratch on his eye and in a lot of pain, I love seeing them walk out



the door with little or no pain after I treat them," stated Dr. Bordwell.

"We are fortunate to live in an affluent society where almost everybody has their basic needs taken care of," stated Dr. Bordwell. In 2013, Dr. Bordwell spent time in Surabaya, Indonesia serving with Sight Ministries where he provided eye care to the needy. "Worldwide, there are a significant number of people who are functionally blind," he stated. This was his third vision trip, others being to the Philippines and Mexico, and says he will probably go again someday.

Lifetime Eyecare became a member of Vision Source in 2001. "Vision Source is a network of over 3,000 offices and 5,000 doctors that gives us the buying power to be competitive and able to acquire sophisticated equipment," stated Dr. Bordwell.

Technology has changed and treatment is better, but a healthy

lifestyle is the best way to prevent premature blindness. Dr. Bordwell encourages good eating habits, healthy weight and a smoke-free environment because these choices lead to a lifetime of healthy vision.

Lifetime Eyecare is open six days a week. Schedule your appointment by calling 309-944-5303 or visiting visionsource-geneseo.com. Jo-Carroll Energy members may receive 10% off eyeglasses with their Co-op Connections Card (not valid with other offers).

Online shoppers, tune in to this

Cash Back Mall through Co-op Connections gives you access to cash, just by shopping at online retailers. Visit www.jocarroll.foryourpeople.com to download the Shopping Assistant and start saving today.

Don't forget to save with your Co-op Connections card at over 60 local merchants. Call to request a current list today. 800-858-5522 ext. 1228.



STUDENTS: You can win a week-long trip to Washington, D.C.!

The 2014 Youth to Washington tour • June 13-20

Visit historic monuments and museums
Meet U.S. Representatives and Senators

Join hundreds of young people from across the country
High school sophomores, juniors or seniors are encouraged to apply

Deadline is March 7

Applications can be downloaded at www.jocarroll.com

Look up, stay alert during outdoor work, play

As the weather warms up and kids and adults alike will soon head outside to perform winter clean-up and play, remember to look up and be alert for power lines and other electrical hazards.

Here at Jo-Carroll Energy, using proper procedures and safety measures is a matter of life and death. We take safety seriously at home, too. Accidents happen, but if we educate ourselves and our children, we can keep them to a minimum.



- Use only weather-resistant, heavy duty extension cords marked for outdoor use.
- Don't leave outdoor power tools unattended for curious children or animals to find.
- Never fly a kite on a rainy day or anywhere but an open space. Kites can easily become tangled in power lines.
- Don't climb trees that are near power lines and poles.
- Remember that power lines and other utilities run underground, too. Call 811 to have utility lines marked before you start digging.

Natural gas rates to increase slightly

Jo-Carroll Energy's natural gas members will see a slight increase in rates this coming year.

A change in natural gas rates will take effect in April 2014 and will be reflected in bills payable in May. For residential and farm or general service (commercial) members, this means an increase of 2 cents in the per therm rate.

The average Jo-Carroll Energy residential and farm member consumes 584 therms of natural gas per year. The change translates to an average annual increase of \$11.68.

For the average general service, or commercial, member who uses an average of 4,250 therms annually, the change means an average annual increase of \$85.

The facility charges for all natural gas rate classes are set to increase about \$2 each later in 2014. These changes represent a stage in the three-year plan begun in 2012 to adjust the natural gas facility charges and rates. The series of changes to natural gas rates are based on several factors.

A cost of service study completed by a third-party agency found that based on annual fixed costs we weren't charging enough to cover the facilities and daily "cost of doing business". As a result the charges are being adjusted, in stages, to more accurately reflect the cost to provide safe, reliable service to all members.

Jo-Carroll Energy has invested in improvements to the natural gas delivery infrastructure to increase both the safety and efficiency of the system in order to better serve our members. Utilities also have seen an increase in regulatory requirements that also means additional costs, and are under pressure to heighten inspections and replacement processes, all adding to the costs of overhead and fixed costs for the natural gas division.

The investments Jo-Carroll

Energy makes in the natural gas distribution system provide for the continued safe and reliable delivery of this energy source to those who depend on us for service. Projects in 2014 will continue to focus on upgrades and improvements to the system and services as well as advanced metering infrastructure (AMI) and the supervisory control and data acquisition (SCADA) system.

The cooperative continues to explore new technologies that cut costs and overhead while maintaining industry standards. We also are working to expand the natural gas service territory where possible to increase membership which helps spread costs across more members, keeping prices as low as possible to our members.

Natural gas rate increase		
Rate	Current*	New in April*
42, Residential and Farm	\$0.29	\$0.31
43, General Service, commercial or retail	\$0.22	\$0.24

*Per therm



RENEWABLE ENERGY



NUCLEAR POWER



NATURAL GAS



CLEAN COAL

America needs an ALL OF THE ABOVE STRATEGY to keep electric bills affordable

TELL THE EPA TO RECONSIDER
ITS "ALL-BUT-ONE" APPROACH

ACTION.COOP

Board meeting minutes *(Continued from page 16b)*

- b. Board Resolution** – A resolution accepting the valuation of the former Farmers Mutual Electric Cooperative was approved.
- c. Board Approval of Resolution Selling Calhoun Substation Property to IDOT Without the Requirements of Policy 127.1** – Resolution to waive the requirements of Board Policy 127.1: Sale of Cooperative Property, for the Calhoun substation property was approved. Another resolution to sell the Calhoun substation property to the State of Illinois was approved.
- d. Authorization of Christmas Gifts**
 - (1.) Members** – Donations for food pantries, fire & ambulance services, and chambers of commerce in the Jo-Carroll Energy service area were approved.
- e. Future Open Board Meetings** – The board discussed options for future open board meetings that may increase member participation. No action was taken.
- f. Consideration of Administrative Policy 718: Rates 5,000kW+ Service Power Factor Adjustments** – Assistant General Manager Buros explained to the board that this policy was created as an incentive for applicable members to improve their power factor. The policy was approved.
- g. Review of 2014 Director Meetings** – Directors reviewed their budget for attendance at 2014 meetings.
- h. Timeline for Unbundling Bills** – January, 2015 target date for unbundled bills was approved.

- i. ITC Midwest Intervention at FERC** – Approved allowing Jo-Carroll Energy to become a third-party intervener in ITC Midwest's case before the FERC.
- j. Audit Proposal** – Approved the firm of CliftonLarsonAllen to perform Jo-Carroll Energy's audit and have staff file the IRS Form 990.
- k. Presentation of BLC Certificate** – Chairman Senn presented Director Holesinger with his Board Leadership Certificate.
Adjournment – Chairman Senn adjourned the meeting at 12:11 P.M.

Board meeting minutes summary December 18, 2013

The board met at the Cooperative headquarters in Elizabeth on Wednesday, December 18, 2013. The following is a summary of the meeting activities. The Agenda as modified were approved.

John Cox announced that his last day at Jo-Carroll Energy would be February 28th in the present role that he holds at the Cooperative.

Financial Operating Report – Hastings reviewed the Financial Operating Report with the Board. The Board accepted the November Operating Report for filing by general consent.

Budget – CFO Heidenreich reviewed the Budget for 2014. Vice-President and Assistant General Manager, Buros, answered various ques-

tions regarding the Budget. The 2014 Budget was approved unanimously.

Resolution for Approval offer Deferral of Dairyland Settlement – The Board approved the resolution for the monetary amounts paid over to Jo-Carroll Energy from Dairyland Power Cooperative settlement with the Federal Government over issues arising from the La Crosse Boiling Water Reactor will be deferred from fiscal year 2013 to fiscal years 2014 and 2015.

Nominee Lists – Directors Stanger, Lundy and Carroll submitted their Nominee Lists for approval at the January Board Meeting.

NRECA Course 2640.1 – Directors were identified who would attend this course.

NRECA 2014 Voting Delegate/Alternate – NRECA voting delegate and alternate were named.

NRTC 2014 Voting Delegate/Alternate – NRTC voting delegate and alternate were named.

CFC 2014 Voting Delegate/Alternate – CFC voting delegate and alternate were named.

Upcoming Meetings – CFC webinar: Improving Co-op Culture was discussed for attendance.

Other Business – Directors discussed and approved their e-mail and phone numbers to be listed on the Jo-Carroll Energy website.

Adjournment – The meeting was adjourned at 12:11 P.M.