

JO-CARROLL

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



PRESIDENT'S REPORT

by Michael Hastings

Unbundling your bills

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.

Electric cooperatives were created for a purpose. While safe, reliable, affordable electricity was the result, the cause those cooperative pioneers took up was improving the quality of life for members in rural areas. It is still our purpose today—working together with members to ensure that quality of life for today and future generations.

We've worked hard over the years to meet the needs of our members. We believe that reliable service is something our members can count on and that we deliver on a daily basis. Our challenge now is to ensure that quality continues, focusing on providing the best possible service while reducing long-term costs per members without impacting reliability, quality of service or safety. Part of that is making sure our rate structures are fair to all members.

I've been talking with you about unbundled rates for more than a year now. In the past two months, we looked at generation and transmission costs. I want to take time now to look at the distribution portion of the bill, as well as give you more information about the energy charges.

Energy distribution systems—both electric and natural gas—are expensive to build and expensive to maintain. Whether we move a single kWh or 1,000 over the lines, we still have expenses to keep the facilities in place to carry that energy when it is needed. While your current bill includes a facility charge, the new structure breaks down distribution costs further. You'll find these grouped under "Delivery Costs".

First is the **facility charge**, a flat monthly fee. The intent of the facility charge is to cover most of the costs we incur for the systems

that bring electricity or natural gas to your homes and businesses. These expenses are for the meters, poles, wires, transformers and substations as well as the vehicles and crews.

Starting in May, along with the facility charge, you will see a **member service charge** and a **delivery charge**.

The member service charge is a flat fee that covers administrative costs such as billing, postage, facilities, software systems and personnel.

The distribution delivery charge is a per kWh charge that covers the cost of delivering energy to your home and maintaining the equipment that carries the electricity or natural gas. It covers the rest of the fixed costs not recovered through the facility charge and the member service charge.

As I noted, your current bill does have a facility charge. However, in the past a portion of these costs also were covered in the per kWh charge. By separating the cost of energy from the cost of maintaining the lines and pipes, we are able to provide more information to members. You will be able to see how much of your total bill is attributed to the actual purchase of energy and how much is related to delivering that energy to the meter.

The new rate structure provides other changes including a "declining block" rate on the generation charge, maintained rates for separately metered dual fuel and water heaters, and develops an electric heat rate throughout the service territory.

This new rate structure goes into effect on your use in April and will be reflected on the

(Continued on page 16b)



Resume of Minutes

Regular Board Meeting • December 3, 2014

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

Robert Kuhns
District 10

Douglas Darby
District 10

Ronald Hallendorff
District 10

Office Hours:

Monday-Friday

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 4:30 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

The board met on Wednesday, December 3, 2014, at the Jo-Carroll Energy Headquarters. The following is a summary of the meeting activities. The Agenda as modified and the Consent Agenda were approved.

Chairman's Report – Chairman Senn commented on the regulatory and legal changes at the state and federal levels and that it only takes one legislator to file a bill that brings about changes that affect our industry.

Dairyland Report – Director Stadel reported that Dairyland has a new CEO, Barbara Nick. He reported that JPM had an outage, which helped to conserve some coal. There are still issues with the railroad and coal supply.

AIEC Report – Director Senn reported that Lynn Frasco, Manager at Menard Electric Cooperative is retiring in May, 2015.

APGA Report – Director Carroll provided a Report on the APGA board and committee meetings that he recently attended. Some of the topics covered at the meetings included safety, public awareness, new regulations, and rules for use of the company cell phones.

PPI Report – Director Hallendorff and CEO Hastings reported on the PPI Board Meeting. Director Hallendorff reported on the Prairie State plant's performance for November. CEO Hastings reported that there is a possibility that PPI may add a peaking unit.

Monthly Committee Review

(a) Policy Committee Report – Policy 135 – Prepayment of Capital Credits to Estates. Christopher Allendorf, Corporate Counsel recommended that this policy should be sent to the Policy Committee for review.

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 \$652,658 in October. The Board accepted the October Financial Operating Report for filing by general consent.
- b. **Power Supply Report** – CEO Hastings reported that Prairie Power is talking about the possibility and options for a new generating plant in the future.
- c. **Rentech Report** – CEO Hastings reported that a meeting is scheduled with Rentech next week.
- d. **CFO Report** – Vice President and Chief Financial Officer Heidenreich reported that capital credit checks are being sent out this week. There will be a message on the bill, plus a bill insert. She also discussed the budget process for 2015.
- e. **Sr. Vice-President and Assistant General Manager Report** – Sr. Vice President and Assistant General Manager Buros reported on a new company, TKI, which will be located near Rentech's facility. He also reported on some restructuring within the Broadband Department.
- f. **Culture of Excellence and Communications** – Merri Sevey, Vice-President of Human

Resources reported on the "Careers in Energy" presentations scheduled at the West Carroll Middle School.

- g. **External Affairs Update** – Chris Allendorf, Corporate Counsel and John Cox, Board Attorney reported on External Affairs. Cox reported on a recent meeting with state legislators that was held at Jo-Carroll Energy to discuss possible actions to be taken in the next General Assembly that may assist with economic development in the Cooperative's service area. Cox gave an update on the status of the Thomson Prison. Allendorf reported that Speaker Madigan may introduce a bill before the end of this General Assembly that would make EDGE tax credits even harder to obtain. He also reported on Senate Bill 16, which would have a large impact on schools within the Cooperative's service area. Allendorf also reported on the legal status of the pension reform bill in Illinois.

Board Issues

- a. **Communications Plan** – Peggy Francomb, Manager of Communications and Media Relations, gave a presentation to the board regarding the communication plan for the unbundling of bills. The Board approved the plans as presented.
- b. **Galena-Jo Daviess County Historical Society Donation Request** – A sponsorship request from the Galena-Jo Daviess County Historical Society was approved.
- c. **Franchise Tax** – The Board approved the recommendation from staff with regard to the finality of previous franchise taxes levied by municipalities and collected by the Cooperative and to not charge an administrative fee, as allowed by state law, for collecting the franchise taxes.
- d. **Directors' Old Computers** – The Board approved the silent auction of old computers used by the Directors to be open to employees and directors.
- e. **MSCG GHG Risk** – The Board reviewed the greenhouse gas shifting option contained in the JCE-MSCG PPA and did not take action.
- f. **Facilities Expansion** – Approved the retaining of an architect to work on a building expansion plan.
- g. **January Board Meeting Date** – Approved January meeting date of January 29th.
- h. **Equity Management Plan** – Approved the Equity Management Plan, which covers various economic metrics that are designed to achieve overall equity goals for the Cooperative.
- i. **Provision of Doubtful Accounts** – Approved foregoing accruing any allowance for doubtful accounts for 2015, per the recommendation of the auditors.
- j. **LED Street Light Agreement** – Approved an agreement for LED street lamps with the City of Galena.

Continued on page 16d



76th Annual Meeting of Members set for April 18

Jo-Carroll Energy members are invited to attend the cooperative's 76th Annual Meeting of Members on Saturday, April 18 at St. Malachy's School in Geneseo.

Registration begins at 8:30 a.m. with the meeting at 10 a.m. A pork chop luncheon prepared by the Henry County Pork Producers will follow at 11:30 a.m.

Those attending will hear from Board Chairman David Senn (District 7) and President and CEO Michael Hastings. Director election results for those districts with contested elections will be announced.

Members can visit displays about the cooperative's programs and services, speak with their board directors and co-op employees.

Each membership in attendance will receive a \$10 bill credit. Make sure to bring the registration card from this year's Annual Report to be entered in additional prize drawings (must be present to win). This year we are giving away 10 \$25 bill credits, four \$50 bill credits and



one home energy audit (\$300 value).

Additional information about the meeting appears in the 2015 Annual Report to be mailed later in March.

Four co-op board seats up for election

Democratic member control is the second cooperative principle. Every co-op follows the basic principle of one member, one vote.

As a member of Jo-Carroll Energy that means electing representatives to the board of directors and bylaw changes. **Norman Anderson**

This year, the terms of six Jo-Carroll Energy directors expire including districts 5, 7, 8 and 10. District 10 represents the former Farmers Mutual Electric Company area. Since the merger, District 10 has been represented by three directors; that number will be reduced to two with this election.

Ballots are mailed only to members who live in districts where the director is up for election AND

where more than one candidate has filed nomination petitions for an open board position. Ballots are sent in a special mailing in late March that contains the ballot for their board district and profiles of the candidates.

Election of directors in districts with only one candidate for an open position will be by a motion of acclamation at the annual meeting.

All members will receive the 2015 Annual Report. Profiles of the candidates will be included in the annual report, with ballots (if necessary) and in the April Hi-Lines.

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

- The ballot **MUST** be filled out by the person under who the membership is listed.
- All ballots **MUST** be received by 4 p.m. on Friday, April 17 (the day before the annual meeting).
- The return envelope **MUST** be signed or the ballot is invalid.

Strict anonymity is enforced in 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 any of the cooperative's offices in Elizabeth, Savanna or Geneseo. Ballots are counted by the Credentials and Election Committee.

Minutes - Continued from page 16b

- k. Future Open Board Meetings** – Approved March and October as Open 2015 Board meetings to be held at the Jo-Carroll Energy headquarters building.
- l. Names for Election Committee** – Names of potential committee members were received from Districts 5, 7, 8, and 10.
- m. NRECA Courses 2600.1 and 2610.1** – Attendees were named.
- n. 2015 Voting Delegates/Alternates** – Voting Delegates and Alternates were chosen for NRECA, NRTC, CFC, and Prairie Power, Inc.

- o. First Call Rate** – Approved the recommendation to reduce the installation rate fee for the First Call program to the one-time installation fee of ten dollars.
- p. Rate Reduction** – Approved a total power cost adjustment (PCA) of \$0.0110/kWh to start in the month of December.
- q. Power Supply Resolution** – Approved a new resolution authorizing the President and his staff to execute the necessary documents relating to the Morgan Stanley Capital Group power purchase

agreement (PPA) on behalf of the Cooperative.

Reports – Reports were heard on the following meetings/events: APGA board and Committee Meetings and NRECA Course 958.1

Upcoming Meetings – Budget Meeting.

Other Business – A date for a Policy Committee Meeting was chosen.

Adjournment – The meeting was adjourned at 12:03 P.M.

Special Board Meeting • December 17, 2014

The board met on Wednesday, December 17, 2014, at the Jo-Carroll Energy Headquarters. The following is a summary of the meeting activities. The Agenda was approved as modified.

Approval of Agenda – The meeting agenda was approved as presented.

Board Issues

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

Broadband Business Plan – Jesse Shekleton, Director of Engineering, reviewed a new broadband department business plan with the Board.

Revenue Deferral Plan Election, PPI – The board reviewed the Prairie Power, Inc. (PPI) revenue deferral election option for 2012 through 2016 and approved to opt-in to the plan with PPI.

Revenue Deferral Resolution, Jo-Carroll Energy – The Board approved a Resolution to classify some of the Cooperative's margins from 2014 as deferred revenue in 2015.

Rescind Power Cost Resolution – A Resolution was approved to rescind a previous resolution from May 28, 2014 and instead allow the Cooperative to expense in 2014 those costs relating to the Morgan Stanley Capital Group power purchase

agreement (PPA) that can be expensed, instead of amortizing the expenses over the life of the PPA.

2015 Budget – CFO Heidenreich reviewed the financial information relating to the 2015 budget with the Board. After considerable discussion, the Board approved the 2015 budget, as presented.

Capital Credit Issues – CFO Heidenreich reported that the staff is working with the software vendor to resolve the issue that occurred with capital credit allocations for gas-only Members.

Adjournment – The meeting was adjourned at 11:00 AM.

Jo-Carroll Energy board plans open meeting

The Jo-Carroll Energy Board of Directors will hold an open board meeting at 9 a.m. on Wednesday, March 25 at the cooperative's Elizabeth headquarters.

The meeting is the regular March meeting of the board of directors. Members present may speak during the "Member Comment" period, or if requested by the chair. The member comment period will be limited to a total of 30 minutes; each member may speak for a period of time not to exceed three minutes.

Members are encouraged to speak on issues raised by the agenda, however they are free to comment on any subject.

The board has been holding open board meetings two to three times a year since 2013.



Jo-Carroll Energy board chairman David Senn (center) congratulates directors Larry Carroll (left) District 9, and Ron Hallendorff (right), District 10, on completing board education courses recently. Carroll completed the Board Leadership Program, while Hallendorff was recognized for completing the Credentialed Cooperative Director Program.

Save the Date 76th Annual Meeting of Members Saturday, April 18 at St. Malachy's School in Geneseo. Save the Date

Make efficiency affordable with our incentives

If you have purchased a new appliance recently, you probably found yourself comparing the annual energy consumption of various models. You probably also noticed that efficiency can cost extra. When it comes to appliances, water heaters and HVAC systems, consumers face a classic dilemma: pay now or pay (more) later. The answer is simple: Make efficiency affordable.

Energy efficiency is part of Jo-Carroll Energy's DNA. More than 95 percent of electric cooperatives nationwide offer efficiency programs. As member-owned, not-for-profit utilities, co-ops are constantly looking for ways to keep members' bills low, including programs to make high-efficiency appliances and equipment more accessible.

Jo-Carroll Energy's rebates and incentives program is designed to help you become more energy efficient. Visit our website for information on incentives for:

- LED bulbs
- Select Energy Star appliances
- Natural gas fuel switching
- Home energy audits
- and more!

Together we save

At Jo-Carroll Energy, we want our members to be armed with the information they need to make cost-effective investments in efficiency. Good information will lead to smart choices not only about appliances but about efficiency upgrades. A good place to start is online at TogetherWeSave.com, where members can conduct an interactive energy audit and gain access to a library of energy-saving how-to videos.

What qualifies as a smart efficiency investment will differ from member to member, of course. Many factors will determine



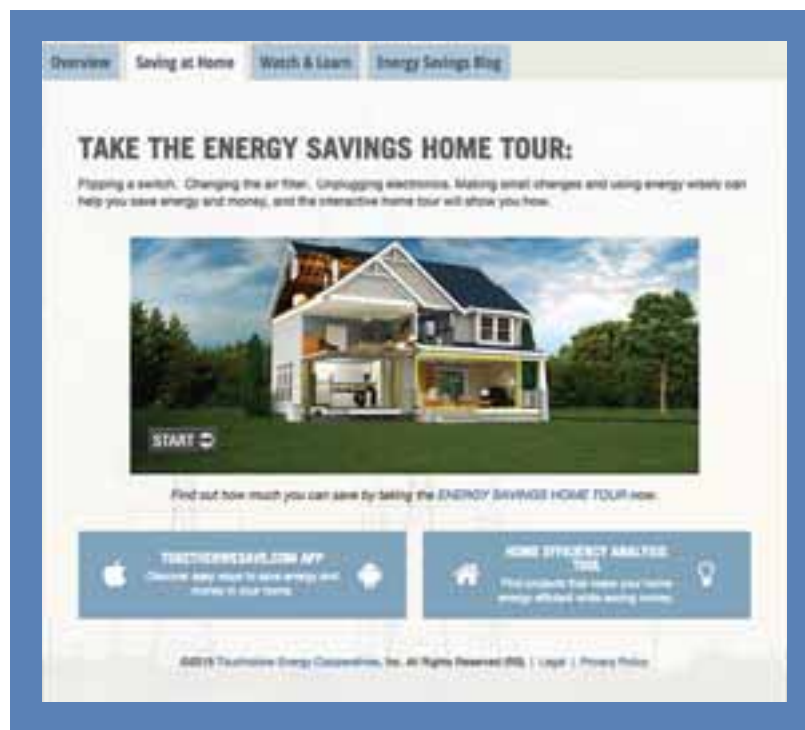
Complete details and forms can be found on our website at www.jocarroll.com.

whether you should put your money into insulation, replacing your water heater or purchasing an ENERGY STAR-qualified appliance.

We understand there is no such thing as a one-size-fits-all efficiency solution. Our staff includes energy advisor John Scott, our resident Energy Detective, who can help

you sort out which energy efficiency investments make sense for you and your situation. Contact him at 800-858-5522, ext. 1339.

Jo-Carroll Energy strives to be a trusted energy partner for every single one of our members. So come talk to us about how we can help save you money!





River City Fencing, Fulton

“You get your hands dirty. That’s how I learned,” stated Dan Wheeler, owner and operator of River City Fencing of Fulton.

Dan and his wife, Bonnie, have served the gateway area installing quality fencing equipment for 27 years.

Dan, a farm-boy from Wisconsin, fell in love with the Mississippi River on a trip to visit Clinton, Iowa more than 35 years ago. “After that first trip,” he said, “I never went back.”

Many fencing options are on display at River City Fencing. The Wheelers can help enclose residential, industrial and commercial sites with a variety of eye-catching and functional designs. Automated gates are also available. Several options are displayed on their website at www.rivercityfencingco.com.

River City Fencing meets high customer standards according to

their manufacturer’s routine work performance audits. What Dan calls “good workmanship” is the quality of service and product that he and his staff consistently display in the yards of homes and businesses in the community.

After working 10 years for a fencing company in Clinton, Dan realized he enjoyed the work so much he decided to start his own company in Fulton. For four years, the business was located within the Fulton city limits. Since 1992, the office has been at 21480 Waller Rd. (U.S. Route 84) north of town.

One reason he started his own business was the enjoyment of working with people.

“I still enjoy working with people,” he stated. “I really enjoy senior citi-

zens. I like helping them and can’t seem to walk away from them.”

Anyone within a 150-mile radius of Fulton is encouraged to call for a free estimate. River City Fencing installs fence April 1 through Dec. 31 and repairs damaged fence anytime of the year.

Jo-Carroll Energy members receive a 5% discount from River City Fencing when they show their Co-op Connections® Card at the time of an estimate. Call Dan and Bonnie Wheeler at 815-589-2307 or visit them online for more information.



Jo-Carroll Energy

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



Ribbon cutting held for solar farm

Cooperative representatives, members and special guests attended a ribbon-cutting ceremony on Jan. 29 to celebrate the completion of South View Solar Farm. Pictured from left are: Kyle Buros, Jo-Carroll Energy senior vice president and assistant general manager; Russell Holesinger, Jo-Carroll Energy director District 8; Pat Smith, Jo-Carroll Energy director District 5; Doug Darby, Jo-Carroll Energy director District 10; David Senn, Jo-Carroll Energy director District 7 and board chairman; Todd Bartling, National Renewables Cooperative Organization vice president of renewables development; Michael Hastings, Jo-Carroll Energy president and CEO; Martin Werner, Jo-Carroll Energy director District 1; Tom Lundy, Jo-Carroll Energy director District 6; Robert Kuhns, Jo-Carroll Energy director District 10; Larry Carroll, Jo-Carroll Energy director District 9; Marcia Stanger, Jo-Carroll Energy director District 3; Clark Zivojnovich, Eagle Point Solar; and Jesse Shekleton, Jo-Carroll Energy director of engineering.

Jo-Carroll Energy directors attend training

Jo-Carroll Energy board members attended a class on director's duties and liabilities. The class was held at the Association of Illinois Electric Cooperatives headquarters in Springfield. The directors received one continuing education

credit toward their Credentialed Cooperative Director Certificate.

Electric co-op directors are elected by the member-owners and are responsible for directing the affairs of the cooperative. Instructor Patrick Mangan from the National Rural

Electric Cooperative Association discussed the duties of loyalty, obedience, and due care, and the need for directors to acquire the minimum knowledge and skills necessary to fulfill their responsibilities within the cooperative context.



During a break in the co-op directors training class, instructor Patrick Mangan (left) from the National Rural Electric Cooperative Association talks to directors Chris Stadel, David Senn, Marcy Stanger, Tom Lundy, Larry Carroll, Russell Holesinger and Robert Kuhns.

Key topics included:

- An overview of today's multi-billion dollar electric utility business
- The concepts and values that govern cooperatively owned businesses and related types of organizations
- Legal and regulatory concepts affecting public utilities
- Key legal documents such as articles of incorporation and bylaws
- The role of management and guidelines for maintaining an effective relationship with the CEO

President's Report - (Continued from page 16a)

bill you receive in May. I'd like to review the basic parts of the bill, focusing on the single phase electric rates. (On the electric side, we have three basic rates: single phase, three phase and larger general service.) The single phase rate covers most of the residential services of the cooperative.

Following is a breakdown for the single phase rates.

Power costs

Energy Charge	\$0.02829 per kWh
Generation Charge ≤ 1500 kWh	\$0.04250
Generation Charge > 1500 kWh	\$0.01500
Transmission Charge	\$0.02019
Power Cost Adjustment (<i>we will continue to utilize the PCA as needed</i>)	

Delivery costs

Facility Charge.....	\$28.50 per month
Member Service Charge	\$4.50 per month
Delivery Charge	\$0.02750 per kWh

The delivery charge will be phased in for those of you who became Jo-Carroll Energy members at the time of the merger with Farmers Mutual Electric Company. The new rate structure sets your delivery charge at \$0.0200 per kWh and it will become the same as the rest of the service territory in May of 2016.

I'm sure you are wondering what all these changes mean to your budget. Although the changes we are making are designed to be revenue neutral to the cooperative as a whole, for individual members there is no one answer. If you use a smaller amount of energy, that may mean an increase in your total bill. Some members may actually see a decrease in their total bill.

This is a lot of information, and you may have questions. Every member was mailed a letter detailing the structure in late February, and we're adding more information about rates to our website. I'll continue to discuss in future columns why unbundling makes sense. Upcoming features will provide a closer look at some of the expenses covered by the facility charge as well as the value of energy.

We've also planned a series of member meetings in March throughout our service territory to help you understand the new structure, explain more about unbundling and answer your questions. You'll find the schedule below. Please plan to attend one of the meetings.

Member meeting dates set in March

A series of meetings designed to inform Jo-Carroll Energy members about the new unbundled rate structure and bill design are set for March.

The new rates will apply to use in April and affect May bills. The unbundled rate design is a result of a cost of service study completed earlier this year. The new structure helps the cooperative recover costs on a more equitable basis, creates transparency in energy costs and develops a rate integra-

tion plan for the members served using the former Farmers Mutual Electric Company rate structure. Redesigned bills will be easier to read and provide more information for members.

More information about the rate structure and bills will be provided in letters to members, newsletter articles and at the 76th Annual Meeting.

The member meetings are set for the following dates:

March 16	Geneseo, co-op office
March 18	Fulton, Robert Fulton Community Center
March 19	Mt. Carroll, Naaman Diehl Auditorium
March 23	Savanna, Antyl Hall
March 24	Elizabeth, Elizabeth Community Building
March 26	Galena, Galena Middle School Commons

All meetings will begin at 6 p.m.