

JO-CARROLL

A Touchstone Energy® Cooperative





by Michael Hastings

Electric Choice. Power Marketers. Alternative Retail Electric Suppliers. These have been the topic of conversations around Illinois in recent months.

You may have read about neighboring towns and counties voting on referendums to allow their city, village or county to aggregate and negotiate a lower rate with an alternative retail electric supplier (ARES). Friends may tell you how they've switched power suppliers. You may even have received a phone call or letter encouraging you to switch your power generator—not distributor—promising savings if you do.

The phone calls and letters are targeting customers of investor-owned utilities (IOUs) like ComEd and Ameren—not cooperative members. These activities are possible due to the Illinois deregulation law passed in 1997. That same law treated not-for-profit, member-owned cooperatives and municipal utilities differently than the for-profit utilities, and did not mandate that they enter the deregulated market.

While retail competition has been available to customers of IOUs for several years, power marketers just recently began to target small residential consumers. Before now, there was only a profit in marketing to large industrial and commercial customers—and ARES must make a profit to stay in business. Nor do they have any responsibility to build long-term power supply resources.

That's an important point to remember: ARES' offers are only for wholesale generation—not transmission, not distribution services. Those are still supplied by ComEd and Ameren.

Electric bills = wholesale generation + transmission

+ distribution services

The savings, at least in the short term, have been real. Some utility experts would describe the savings as minimal and say the savings won't last with changes that are coming to wholesale power markets.

The Citizens Utility Board (CUB) says ComEd and Ameren consumers could save in the short term, but warns it's important to read the fine print and to be aware of exit fees, monthly fees that might inflate the price and contract language that allows the ARES to get out of the rate it has promised. Further, some ARES may not accept consumers who have needed assistance from LIHEAP.

Power marketers make choice sound wonderful, but the risks for consumers can be high. Power marketers have no responsibility to ensure that consumers will have reliable electricity and stable rates in the future.

The current market volatility is a short-term situation, caused in part by the current glut of electric generating capacity due to the recession. An economic rebound would increase demand and quickly use up any excess power.

Pending environmental regulations likely will cause the shutdown of many generating units. Options are closing for those who generate electricity. The regulatory environment is changing at an unprecedented pace. Here in the Midwest where electricity comes primarily from an old coal fleet, power generators will have to install environmental controls or shut down.

New generation capacity is not being built fast enough to make up for a reduction in supply.

I hope you understand the value of your membership in a local cooperative that knows you and is looking out for you now and into the future. These are economically challenging times for electric cooperatives and their members, but together we will continue to follow common sense and the simple and time-tested principles of the cooperative business model.

When energy prices are lower than anticipated we pass those savings along to our members (see article on page 16c). This flexibility to adjust rates to reflect current conditions is one of the benefits that comes from being a member of a not-for-profit, member-owned cooperative.

Co-ops have a focus on long-term service and affordability rather than a short-term profit motive. We do what we can to ensure you will have reliable power and stable rates, often thinking in terms of decades not months. That's the cooperative difference.

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.

Office hours

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

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Illinois Country Living • July 2012 • 16a

Resume of Minutes

Regular Board Meeting • April 25, 2012

The board met at the Cooperative headquarters in Elizabeth on Wednesday, April 25, 2012. The following is a summary of the meeting activities. The Agenda was approved as modified and the Consent Agenda was approved.

Chairman's Report—Chairman Mattingley thanked the Board for their support in re-electing him as Chairman. He stated that he felt the annual meeting went very well and the comments of members during the discussion were challenging, but generally favorable

Dairyland Report—Director Stadel reported that the overhaul of the G-3 plant is progressing consistent with budget estimates. There was an extensive discussion of the future of the plant. The Dairyland Board reviewed issues with the Wisconsin DNR regarding renewal of a lease of land.

APGA Report—CEO Hastings commented on APGA opposition to the Freeport LNG export application. The APGA continues to work on regulatory issues. Director Carroll commented on increases in regulations. He also expressed his concern about shipping gas outside of the United States.

Monthly Policy Review

- Policy—The Board approved Policy 104.1 as presented.
- Policy Committee Meeting Report— Committee Chair Lundy provided a report for the Policy Committee meeting. The Board approved amendments to Policy 104 and to Policy 105A.
- Resolutions Committee Report—
 Committee Chair Senn provided a report for the Resolutions Committee meeting. Changes to Resolutions #1, #4 and #5 were approved by the Board. Senn requested authorization for staff to make any changes that would be consistent with NRECA and AIEC suggestions without further action by the Board. The Board approved.

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

- Financial Operating Report—The CEO reported an unaudited margin for March of \$649,962.
- Power Supply Report—The CEO commented on ongoing review of costs of power. He stated that he will be making further evaluation of existing contracts to consider recommendations to the Board of possible changes in power supply.
- Farmers Mutual Report—The ĈEO stated that Bob Delp and Tom Zwica were pleased with the bylaw changes approved at our annual meeting. Farmers will be looking at similar changes at their

upcoming annual meeting.

- Rentech Update—The ČEO reported that the recent groundbreaking held at Rentech on April 11th went very well and things are progressing as the project moves forward.
- Danisco Update—Hastings stated all matters are proceeding with Danisco as discussed.
- TCEDA Update—The CEO discussed how the changes in structure at Jo-Carroll Energy are serving our commitment to economic development in the service area. Further reports will expand on how those changes are working.
- Rates—Hastings reported on issues raised at the annual meeting regarding rates Heidenreich reported that the Rate Committee continues to work to complete recommendations to the Board on rates.
- COO Report—COO Kyle Buros, gave a report on continuing to work with ITC and Dairyland on transmission issues. He also commented on upcoming right-ofway maintenance efforts planned for this summer. He commented on the progress of the Rentech project. Buros further commented on the availability of outage information on the Jo-Carroll Energy website when our members are experiencing a power outage.
- Culture of Excellence—Merri Sevey reported on input provided by managers with regard to their view of how one can best apply corporate values to day-to-day functions as a manager/employee of the cooperative.
- External Affairs Update—Cox reported on numerous issues facing Congress related to regulation of the electric power industry, progress with the Highway Bill with elimination of EPA designation of coal ash as a hazardous material, Illinois Capitol Bill spending of \$14 million on Highway 20 completing the Freeport Bypass to four lanes and other work.

 Board Issues
- Consideration of revision of Natural Gas Rates—Approved a new rate structure for gas members.
- Consideration of revision of Peak Alert Rate—Approved the staff recommendations on the revision of the Peak Alert Rate.
- Recommendation for voting at IL vs. Regions—AIEC is suggesting that elections from the State of Illinois for service on such membership organizations be done at the AIEC Annual Meeting and not at regional meetings. The Board agreed.
- Board Performance Self Evaluation Report—Cox reviewed comments made

and answers provided by directors on the Board Evaluation Survey provided to directors for input. Chairman Mattingley thanked the directors for their survey responses and urged all directors to keep the survey results in mind as the board proceeds to fulfill its duties.

- Delegates to Dairyland's Annual Mtg.—Directors were selected to serve as delegates.
- NRECA International Foundation Donation—A donation was authorized for the Foundation.
- Committee Assignments—Chairman Mattingley reviewed his appointments to committees for 2012.
- Switch NRCO Delegate & Alternate— Appointed Kyle Buros as delegate and Michael Hastings as alternate to the NRCO Board of Directors.
- Resolution regarding change in Signature Cards for Bank

 –Resolution to change the bank signature cards was approved.
- Employee Appreciation Breakfast—was discussed and the Board Meeting will follow.
- Schedule an Audit Committee
 Meeting—The next Audit Committee
 meeting was scheduled.
- Gas Technology Institute (Tour) date— Directors' tour of the Gas Technology Institute was discussed.
- Consideration of ACRE Membership at the President's level for the Board—A discussion was had among board members regarding the benefit of all members of the Board of Directors contributing to ACRE at the President's level.
- Discuss the performance evaluation process for the President and CEO— The evaluation form was provided to the directors. All agreed to return the form to Cox.
- Farmers Mutual Electric Company Annual Meeting—Several directors agreed to attend the annual meeting of Farmers Mutual Electric Company to be held in Geneseo on May 19th.
- Reports—The Board received reports on meetings and other matters in which directors were involved since the last meeting.
- Upcoming Meetings—The board reviewed a list of upcoming meetings.

 Other Business—The Chairman commented on the difficulties in rate setting for the members.

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Adjournment—The meeting adjourned at 2:00 p.m.

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Jo-Carroll Energy board approves rate decrease and other changes

The Jo-Carroll Energy Board of Directors on May 30 approved a one-cent reduction in the Power Cost Adjustment portion of electric rates. The change took effect with bills for May usage, which were mailed in June.

For the average residential member using 1,000 kWh, this action will result in a bill that is \$10 lower than it would have been before the change. sdiffied hourn

The action came just in time for the summer air conditioning season, which is the time of year when the majority of Jo-Carroll Energy members consume the most electricity.

The board intends to maintain this reduction for as long as possible, and will revisit the action in three months to ensure it accurately reflects costs.

"We are pleased to bring some rate relief to our members as we head into the peak months for electricity demand," said Jo-Carroll Energy President and CEO Michael Hastings. "Though the long-term outlook for energy costs remains challenging, current energy prices have been lower than anticipated, and we are passing those savings along to our members. This flexibility to adjust rates to reflect current conditions is one of the benefits that comes from being a member of a not-for-profit, consumer-owned cooperative."

In addition to the one-cent decrease in the Power Cost Adjustment, the board took action to restructure its "Large General Service" rate, also known as Rate 703. This rate typically applies to large commercial operations and other users who draw significant amounts of power to operate devices such as large electric motors. This rate will be restructured into

two subcategories based on load factor, which is a ratio of a member's average usage compared to that same member's peak usage.

The following table shows the current Rate 703 and the new Rate 703 subcategories.

	Current 703A Rate (Large General Service)	New 703B Rate Load Factor 45% or Higher	New 703 Rate Load Factor Less Than 45%
Customer Charge	\$150	\$150	\$100
Demand Charge	\$17 per kilowatt	\$15 per kilowatt	\$8 per kilowatt
Energy Charge	4.4 cents per kilowatt hour	4.4 cents per kilowatt hour	7.5 cents per kilowatt hour

The change to the large general service rate was the result of a fourmonth cost of service study conducted by independent analysts engaged by Jo-Carroll Energy.

"The cooperative conducts periodic reviews of our rate structure to ensure they accurately reflect the true cost to serve each class of members," Hastings said. "Our most recent cost of service study indicated that we could adjust the demand charge for all large users, and divide the rate into subcategories with different rates that more accurately reflected the costs and needs of different types of large energy users. Under the new system, both subcategories should benefit from the new rate structure."



Water heating ranks as one of the top three energy-related expenses in your home. Save energy and money by installing a water heater blanket, using low-flow showerheads and faucets, and lowering the thermostat on your water heater to 120 degrees Fahrenheit. Learn more at EnergySavers.gov.

Source: U.S. Department of Energy



Change to AMI will help us serve members better

Electricity Meters: A Field Guide

Meters have evolved beyond spinning dials, and electric co-ops are

o-Carroll Energy has invested in advanced metering infrastructure (AMI), including the installation of new meters, to improve efficiency and reliability, allowing the cooperative to better serve our members. Improving the efficiency of both operations and electricity delivery can help us keep costs down for members.

In the second year of a four-year rollout, approximately 7,000 new meters are deployed with about 5,500 of those fully reporting data, according to Dean Skinner, Jo-Carroll Energy manager of engineering services. Chapman Metering is the contractor for the meter installation. Their vans are clearly marked with their own logo and a Jo-Carroll Energy Contractor sign. Installers also carry Jo-Carroll Energy contractor identification.

After meters and substation equipment are installed, some final software set-up is done at the cooperative headquarters. A read report is done to establish if any meters aren't reporting, Skinner explained. The report identifies which meters require a field visit by Jo-Carroll Energy meter technicians to help get communications active. Once communications are established, data is transmitted to the cooperative.

The difference between the old and new meters? For one, you won't see the spinning wheel anymore because the meters are all digital. These advanced meters are very accurate and contain more "intelligence" than older, electromechanical meters. With the new automated meters, Jo-Carroll Energy will be able to read meters remotely from the co-op's headquarters—saving time and money.

Meter readers will continue to read meters until a sufficient read rate is established, Skinner noted.

A big advantage to the cooperative is improved meter reading frequency



Cons: Expensive

Advanced (AMI) Smart Meter Topports Advanced Meter Infractructure, which allows for two way communications with the utility.

Press: Co-op can offer consumers enhanced options, such as variable time of use rates Cons: Expensive

Image Source: Elster Metering Holdings Ltd

and accuracy—AMI makes it practical to read meters more than just monthly, also reducing estimated billings. All this allows for better load forecasting, driving to better efficiency for the overall system.

In addition to reducing operational costs, the new meters will help improve the reliability of our system. The new technology enhances outage management and restoration, by allowing us to detect problems more quickly and locate outages more precisely.

AMI technology can help us monitor the electric system in almost real-time. We can use this information to make the process of delivering power much more efficient. Additional value of the system comes in the areas of voltage and "blink" monitoring, power quality, energy management and demand response programs as well as electricity theft detection.

Once a new meter has been installed at your home or business, not only will it be easier for you to read your own meter due to the digital display but you'll have increased ability for energy cost controls. The information about your power use can help you understand how and when you are using electricity. And, thanks to this information, we'll be in a better position to help answer billing inquires.

Future plans include a member portal—and possibly in-home displays—where YOU

can monitor your own use. Further efficiency options include load controls, thermostat controls, as well as prepay billing for members to opt into.

Once the project is completed, 29 of our substations will be on the AMI system. Equipment is already installed at eight: East Dubuque, Frentress, Pioneer, Menominee, Galena, Pilot Knob, Scales Mound and Guilford.

Meter installations are ongoing in the Apple Canyon and Elizabeth areas.

Keep your meter accessible

Jo-Carroll Energy asks that members do their best to keep their meter and a path to the meter clear all year round.

Jo-Carroll Energy reads meters to determine monthly usage. In order to provide members with an accurate bill, the meter reader must be able to take a precise read of the meter.

If conditions exist that impede the meter reader from seeing the meter, the cooperative may send a bill based on estimated usage.

Please help by cutting down any brush and weeds around the meter, moving items away from the meter and keeping dogs tied up away from the meter reading area.

Thank you to all members who keep a clear path to the meter. Your meter reader—and your cooperative—appreciate it!

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JCE 07-12.indd 4 6/13/12 9:03 AM

Jo-Carroll Energy introduces 'Levelized Billing'

f your residential utility bill is subject to extreme fluctuations throughout heating and cooling seasons, either Budget Billing or Levelized Billing from Jo-Carroll Energy can help smooth out those Charles Quick sysad

Budget billing

A Budget Billing Plan can help you manage your energy costs by allowing you to pay the same amount each month. To get started, the average of your last twelve months of service is calculated and is your monthly payment. Each spring and fall your payments are recalculated based on the most current twelve months use and outstanding credits or debits accrued.

This true-up recalculation may result in an increase or decrease, depending on changes in your use patterns. It is imperative that members on Budget Billing still watch their monthly use and outstanding balances to ensure a large increase does not occur during a recalculation month.

Levelized billing

New to Jo-Carroll Energy is Levelized Billing. Under Levelized Billing, each monthly bill is the rolling average of your electric or natural gas use for the most recent 12 months, thus eliminating true-up months.

This means you will not pay the exact same amount every month, but it will be close to the same. Some months the amount you actually owe will be more than the average, other months it will be less. Over the course of the year, you will have paid what you actually owe, but some months you will have paid more, and some months you will have paid less.

Both of these payment schedules serve to reduce the variations in payments between high and low use months. Billing statements for either payment plan will provide actual energy consumption information, and state both the payment plan amount due and the actual current charges. Levelized billing does not reduce your bill; rather it helps you manage your utility payments.

Members wanting to enroll in either program must meet the following requirements:

- Be a residential member
- Have a zero balance on the account being enrolled.
- Have a good-standing payment history.
- Been a member for six months at current residential service location.

There's no sign-up fee or additional monthly charge. All you need to do is keep your account current.

For more information about any of our billing options, contact our office by calling 800-858-5522. Sign up by filling out the application below and return with your next payment or call our office and one of our representatives will assist you.

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1ember Name	Account Number
Service Address	
Daytime Phone	
Please enroll me in:	
□Budget Bill	
□Levelized Bill	
l authorize Jo-Carroll Energy to enrol	ll me in levelized or budget billing as indicated above.

JCE 07-12.indd 5

Online outage map now available

o-Carroll Energy has launched a new online should not take the place of online outage map to give members the ability to monitor outages using any report an outage at their location. You device with Internet access.

By providing electric outage information online, members can see if power is out in their general area. The map displays how many outages the cooperative is experiencing throughout its entire distribution system. Outage information is shown by zip code. (The detailed location of outages is not published.)

Being able to view outages

a telephone call members make to should still call us at 800-858-5522 or 800-927-5254 to report an outage.

Making this information readily available online is just another way we're working to provide you with accurate and timely information regarding your electric service during outages and inclement weather.

You can access the outage map by clicking the Quick Link on our homepage at jocarroll.com.



Go Mobile!

Never forget a payment with our new Alerts and Reminders

o-Carroll Energy is pleased to now offer members automatic alerts and reminders for their accounts as a value-added service.

Members can choose to receive notifications by email, text or both to alert them of approaching bill due dates, an account profile change and several other items.

Our new service will keep you informed, delivering alerts directly to your mobile phone or email address 24 hours a day, 7 days a

week! Mange your account with ease thanks to helpful reminders.

- Due Date: This reminder automatically generates a text and/ or email to remind you about a pending due date. It will do so up to 10 days in advance (you set the number of days).
- Past Due Date: This reminder automatically generates a text and/ or email to alert you that a bill's due date has passed.

automatically generates a text and/ or email message concerning any changes to your Jo-Carroll Energy account.

■ Payment Confirmation: This alert notifies you when a payment is posted to your account.

Our new Alerts and Reminders service is just one more way we're working to expand your account management options and enhance Account Profile Change: This alert communications about your co-op.

Please sign me up	o for my Alerts	s and Rer	minders!
Member Name	Account Number		
Service Address			
I would like to receive the f	ollowing alerts and	reminders:	
	Text Message*	E-mail	Mobile Phone Number:
Due Date Reminder Remind medays before my due date (1-10)	0	0	
Past Due Date Alert	0	0	Mobile Phone Service Provider (AT&T, US Cellular, Verizon):
Account Profile Change	0	0	
Returned Check Alert	0	0	E-mail Address:
Payment Confirmation	0	0	
		-	olan with your mobile phone provider. 8-3731 or call 800-858-5522

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JCE 07-12.indd 6 6/13/12 9:03 AM Cloran Mansion Bed & Breakfast, Galena

Just eight blocks from downtown, the Cloran Mansion Bed and Breakfast stands on an acre and a half of garden, gazebo and pond with a beautiful country view as one of Galena's most romantic getaways.

Built by Irish immigrant John Cloran and known in 1880 as the "Cloran Farm," the home served Cloran's family for many years. It later housed apartment tenants and an American Legion before its conversion into a bed and breakfast in 1986.

Cheryl and Carmine Farruggia purchased the Italianate Victorian mansion in August 2001, just two weeks after their wedding. With keys and bags in hand, they moved into their new home and prepared for guests arriving that very afternoon.

"It was a dream of mine to own a bed and breakfast in Galena when I turned 50," said Cheryl. "When I saw the Cloran Mansion at age 45, I fell in love and couldn't wait five more years."

Many people are still falling in love at the Cloran Mansion. Sixty-five engagements, 93 weddings and countless honeymoons, renewal of vows and anniversary celebrations have accompanied the guests over the years.

"People visit Galena for rest, relaxation, romance and history," Carmine said, "and our niche is romance."

The Cloran Mansion B&B is the perfect destination for those wanting a "mental-health break," as Cheryl calls them. A few days away from the daily routine, rather than an expensive and action-packed vacation might be just what many need, whether they live near or far from Galena.

Guests may choose from one of five suites in the mansion, the private cottage (handicapped accessible) or the condo. A private fire-



place and double whirlpool Jacuzzi are standard in all but one. Enjoy a six-course country breakfast every morning with a side of helpful recommendations to keep your stay enjoyable and eventful.

After 10 years of experience and a complete remodel—both aesthetically and functionally—the Farruggias' love for the Cloran Mansion and its guests has continually grown.

"I was afraid that leaving my old job would prevent me from two

things I loved: meeting new people every day and marketing," stated Carmine. "I get to do both at the Cloran Mansion."

Cheryl and Carmine would love to meet you, too. Call toll free 866-234-0583 to make your reservation, or visit www.cloranmansion.com for more photos and details about this charming B&B. Save 10% on weekend and 15% on midweek (Sunday-Thursday) rates by showing your Co-op Connections Card.

Support your local businesses

o-Carroll Energy values Community Success. Please help your community grow by choosing to purchase locally and save with your Co-op Connections® Card. Over 50 local businesses offer exclusive discounts to Jo-Carroll Energy members. Request your card and current business list by calling our office or visit www.connections.coop.

Illinois Country Living • July 2012 • 16g



Jo-Carroll Energy awards scholarships

ongratulations to the winners of the 2012 Jo-Carroll Energy Scholarships. These scholarships are awarded to outstanding high school seniors planning to pursue a post high school education.

The winners demonstrate superior scholastic performance, school and community involvement and knowledge of electric cooperatives.

Two scholarships are presented in both Jo Daviess and Carroll counties and one in Whiteside County. All scholarships are in the amount of \$500. This year's winners are:

- Gregory Cox, son of Boyd and Trisha Cox, a senior from Scales Mound High School.
- Sophia Ahmed, daughter of Ikhlas and Raechelle Ahmed, a senior from River Ridge High School.
- Patrick Fritz, son of Larry and Christy Fritz, a senior from West Carroll High School.
- Drew Kaczmarski, son of Paul and Debbie Kaczmarski, a senior from West Carroll High School.
- **Emily Gardner**, daughter of Scott and Laura Gardner, a senior at Prince of Peace High School.

In addition to the Jo-Carroll Energy scholarships, Megan **Altfillisch**, a senior at River Ridge High School, received the Earl W. Struck Memorial Scholarship, one of the 2012 Thomas H. Moore IEC Memorial Scholarships. The Earl W. Struck Memorial Scholarship, in the amount of \$1,250, is awarded to the son or daughter of an electric cooperative employee or director.

Megan is the daughter of Jo-Carroll Energy line foreman Donnie Altfillisch and wife, Debbie.

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JCE 07-12.indd 8 6/13/12 9:03 AM