

JO-CARROLL

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



PRESIDENT'S REPORT

by Michael Hastings

Co-op plans building addition at headquarters

Plans are moving forward for an addition to Jo-Carroll Energy's headquarters in Elizabeth that will provide additional space for employees and equipment.

We have been out of space for employees, equipment and vehicles at the Elizabeth location for many years, and knew at the time of the Alliant Energy acquisition that we would have to do something. The original headquarters building was designed for approximately 35 employees. Today, about 60 employees report to the Elizabeth location.

Since the acquisition we have converted former conference and meeting rooms, storage areas and even closets to office space. A modular office trailer was acquired in 2009, at the time the broadband department was created and was intended to be a six-month solution. We later acquired the former county highway department property and converted the building as our East Campus for office space and equipment storage.

As part of a multi-year project, an addition will be built on the original headquarters building, extending to the west. The addition will be approximately 3,000 square feet on each level and include a total of 15 new offices, as well as meeting and conference space, printer room and accessible restrooms.

The addition means that all employees who report to the Elizabeth headquarters will be located in one building. The upper floor will primarily house our human resources, communications/marketing and finance personnel while the lower level will house primarily engineering and IT department employees. Having all employees in one building will create efficiencies that will be beneficial to members.

Our own energy use will improve as we

replace older facilities with new, more energy efficient space. The entire addition will be heated and cooled with a geothermal system. Future plans are to transition the entire building over to geothermal.

Once the addition is complete, the East Campus will be used to house vehicles and for equipment storage. The trailer will be removed.

The next phase of the project will include the entryway and ADA (Americans with Disabilities Act) projects including an elevator and relocation of restrooms.

Growth of the co-op since the Alliant Energy acquisition and the addition of broadband and other services drive the need for the building expansion. The Elizabeth headquarters and warehouse complex was completed in 1984, consolidating cooperative personnel, equipment and supplies from four different sites. An addition above the warehouse space for the board room and Operations Department completed in 2003 was quickly outgrown.

The new building addition will help us keep costs down through the efficiencies it creates and it supports the growth of the cooperative, allowing us to better serve the membership.

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.



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Resume of Minutes

Regular Board Meeting • May 27, 2015

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

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) 858-5522

The board met on Wednesday, May 27, 2015, at the Jo-Carroll Energy Headquarters. The following is a summary of the meeting activities. The Agenda and the Consent Agenda were approved.

Chairman's Report – Chairman Senn reported on the status of the Clean Power Plan, which has colloquially become known as “111(d)” among the utility industry and the difficult outcomes that may result from it.

Dairyland Report – Director Stadel deferred to CEO Hastings' report.

AIEC Report – Director Senn reported that Duane Noland has agreed to remain as President and CEO of the AIEC.

APGA Report – Director Carroll provided regulatory updates from the APGA.

PPI Report – Director Hallendorff reported on issues with Prairie State Unit 1, favorable prices for PPI in a recent MISO auction, and efforts to create a loop in the Geneseo area.

Monthly Committee Review

(a) Policy Report – Policy 139 – Whistle Blower Protection – approved as is

(b) Policy Committee Report – Director Smith presented policies 136.1 and 136.2 to the board, both dealing with net metering. Policy 136.1 keeps in place current arrangements with members utilizing net metering, while Policy 136.2 would apply to new net metering accounts and mirrors Illinois Commerce Commission guidelines. Both were approved unanimously, as presented. Director Smith also presented a new Policy 147 – Prepaid Metering. The policy creates a framework for staff to implement prepaid metering when the Cooperative is ready to adopt it. Policy 147 was approved unanimously, as presented.

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 unaudited margins of approximately \$208,000 in April, compared to a budgeted amount of \$122,000. The Board accepted the April Financial Operating Report for filing by general consent.
- b. **Power Supply Report** – CEO Hastings deferred the report until executive session.
- c. **Rentech Report** – Deferred to executive session.
- d. **CFO Report** – Vice President and Chief Financial Officer Heidenreich reported during the “Board Issues” portion of the meeting.
- e. **Sr. Vice President and Assistant General Manager Report** – Sr. Vice President and Assistant General Manager Buros reported several outages that occurred recently, one of which, in the Mt. Carroll area, was caused by Dairyland.
- f. **Culture of Excellence and Communications** – Merri Sevey, Vice President of Human Resources was absent; CEO Hastings reported Caroline Fisher will be at the Cooperative in June to present on the results of the recent culture survey.
- g. **Member Services** – Jennifer Skien, Vice-

President of Member Services, reported on unbundling and rate redesign, noting that the first new bills have gone out to Members. Skien also informed the board that Jo-Carroll Energy was selected to receive a \$90,000 grant from the USDA to assist with energy audits.

- h. **External Affairs Update** – Chris Allendorf, Corporate Counsel, reported on meetings with legislators at the NRECA's Legislative Conference, including updates on the President's Clean Power Plan. Allendorf also shared information on topics covered at the NRECA's Legal Seminar that he attended. Allendorf provided the board with an update of TCEDA's current activities. John Cox, Board Attorney, reported on activities at the Campbell Center.

Board Issues

- a. **Past Due Interest Rate** – CFO Heidenreich recommended to the board that they adopt a 1.5% interest charge on all past-due accounts receivable. The board approved a motion to implement the charge on past-due accounts receivable.
- b. **2014 Audit Management Letter** – CFO Heidenreich updated the board on her department's efforts to address deficiencies noted in the Audit Management letter.
- c. **NRECA Course 957.1 Attendees** – The board decided on attendees for the course.
- d. **AIEC's Annual Meeting Attendees** – The board decided on attendees for the meeting.
- e. **Voting Delegate/Alternate to AIEC Annual Meeting** – Director Kuhns was approved as the delegate and Director Hallendorff as the alternate for the AIEC Annual Meeting.
- f. **AIEC Director/Alternate (Two Year Term)** – Chairman Senn was approved as the AIEC Director and Director Smith as the alternate.
- g. **NRECA Director/Alternate (Two Year Term)** – Director Holesinger was approved as the NRECA Director and Director Stanger as the alternate.
- h. **CFC Delegate/Alternate (new)** – Director Stadel was approved as the NRECA Delegate and Director Stanger as the alternate.
- i. **Dairyland Power Director/Alternate (One Year Term)** – Director Stadel was approved as the Dairyland Power Director and Director Werner as the alternate.

Executive Session

Executive Session was held to discuss pending and possible litigation, other legal matters, and employment matters.

Consideration of Matters discussed in Executive Session – The board approved the CEO's compensation, pursuant to his contract.

Reports – Reports were heard on: Legislative Conference.

Upcoming Meetings – Dairyland Annual Meeting, CFC Forum, and PPI Annual Meeting.

Adjournment – The meeting was adjourned at 11:30 A.M.



August is the 2015 Summer Shift grand finale!

Do the Summer Shift: 11 a.m. to 7 p.m. weekdays

As we begin August of 2015, we are entering the final month in Jo-Carroll Energy's fourth year of working together to help control our summer power use and wholesale power charges.

Thank you for the contribution each of our members makes as you determine which appliances or other electrical use to shift before 11 a.m. or after 7 p.m. You are making a difference that benefits our cooperative community as well as your own budget every time to make a Summer Shift.

We want to encourage you to continue to participate in the Summer Shift through the month of August. You can help by shifting some electricity use before 11 a.m. or after 7 p.m. summer weekdays. These are the peak energy demand hours (the "electricity rush hours") in our region. That means they are the hours that most tax the

resources that generate and transmit our electricity to our region, making it more expensive to provide for the higher energy demand during these hours.

Please continue participating in the Summer Shift this month by trying a few of these suggestions:

- Turn off any unneeded lights and electronics (turn electronics off at the surge strip when possible).
- Delay television watching and computer battery charging until after 7 p.m.
- Run appliances like clothes washers and dryers and dishwashers before 11 a.m. or after 7 p.m.
- Delay using hot water until after 7 p.m. so your water heater recharges after 7 p.m.
- Set the thermostat on your air conditioning equipment or heat pump up three or four

degrees from 11 a.m. or 7 p.m. – if you have a digital thermostat, you can even make this automatic!

- Shift the timer settings for running pool or spa heaters.
- Use ceiling fans and close drapes to help the air conditioner even more.

Every effort you make to shift electricity use outside of these "electricity rush hours" will reward you and your fellow members—you make a difference! We hope you will decide to make a few small changes in energy habits to contribute to savings for yourself and Jo-Carroll Energy's entire member community.

Thank you for your participation in this valuable effort. Do the Summer Shift!

Outage restoration

When Mother Nature strikes, we're ready

Mother Nature is not always as predictable as we would like her to be, and when she gets angry we can be left to pick up the pieces. Summer storms, tornados, floods, snow and ice – her methods of destruction pose threats to electrical lines and systems.

Jo-Carroll Energy is ready to respond when the lights go out, but emergency situations and extended outages can be challenging.

"In our storm restoration process, damage assessment may take several hours – or days – depending on the magnitude of the storm," said Karl Thorsen, manager of electric operations. "We will make every attempt to provide you with an

accurate estimated time of power restoration (ETR). Once the crew is onsite, we may determine that we can bypass a problem and restore power earlier than expected. In other instances, power restoration may take longer than estimated due to difficulty locating, accessing or resolving multiple problems."

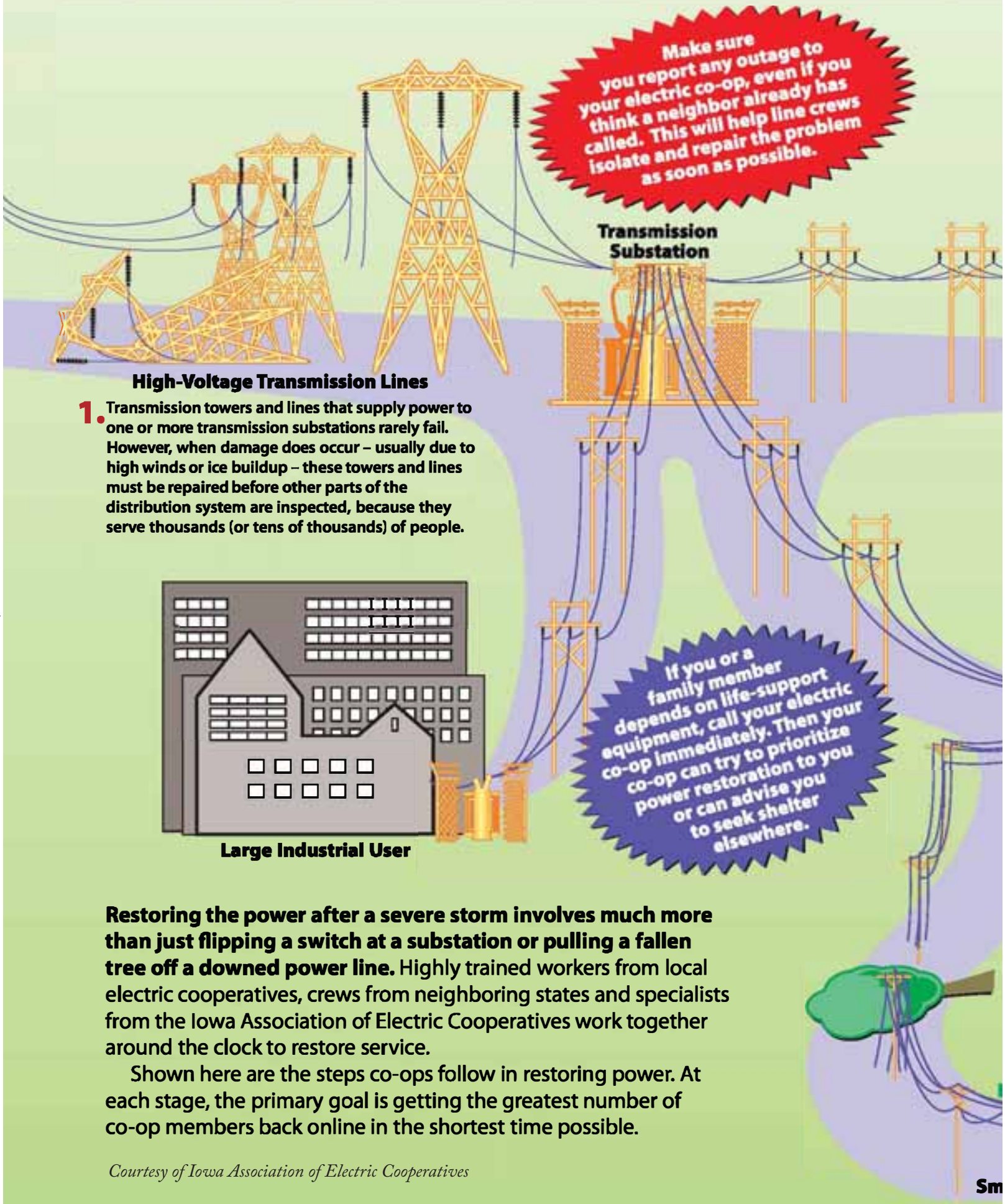
Relying on each other is the cooperative way, and in major situations we may seek assistance through a mutual aid agreement with other cooperatives. Fellow co-op crews answer the call for assistance, and show up ready to get the job done.

When an outage occurs, line crews work to pinpoint problems.

Efforts are made to restore power to the largest number of members as quickly as possible. Then crews fix problems impacting smaller groups of members. The illustration on the following pages outlines the steps crews take to restore power.

Stay in the know

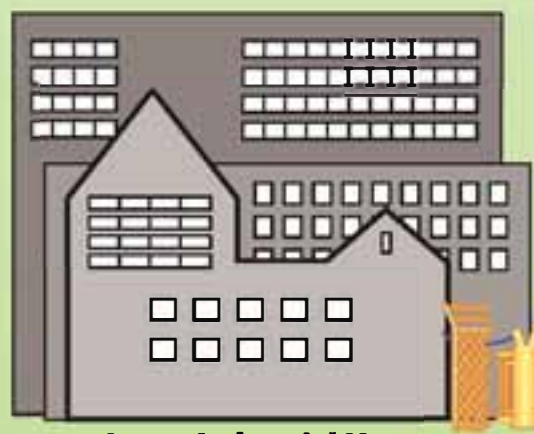
Members can find information about power outages and restoration efforts by checking our outage map at www.jocarroll.com, which shows areas that are affected. During major events, we will post updates to our Facebook page (www.facebook.com/jocarroll) and on our website.



Make sure you report any outage to your electric co-op, even if you think a neighbor already has called. This will help line crews isolate and repair the problem as soon as possible.

High-Voltage Transmission Lines

1. Transmission towers and lines that supply power to one or more transmission substations rarely fail. However, when damage does occur – usually due to high winds or ice buildup – these towers and lines must be repaired before other parts of the distribution system are inspected, because they serve thousands (or tens of thousands) of people.



Large Industrial User

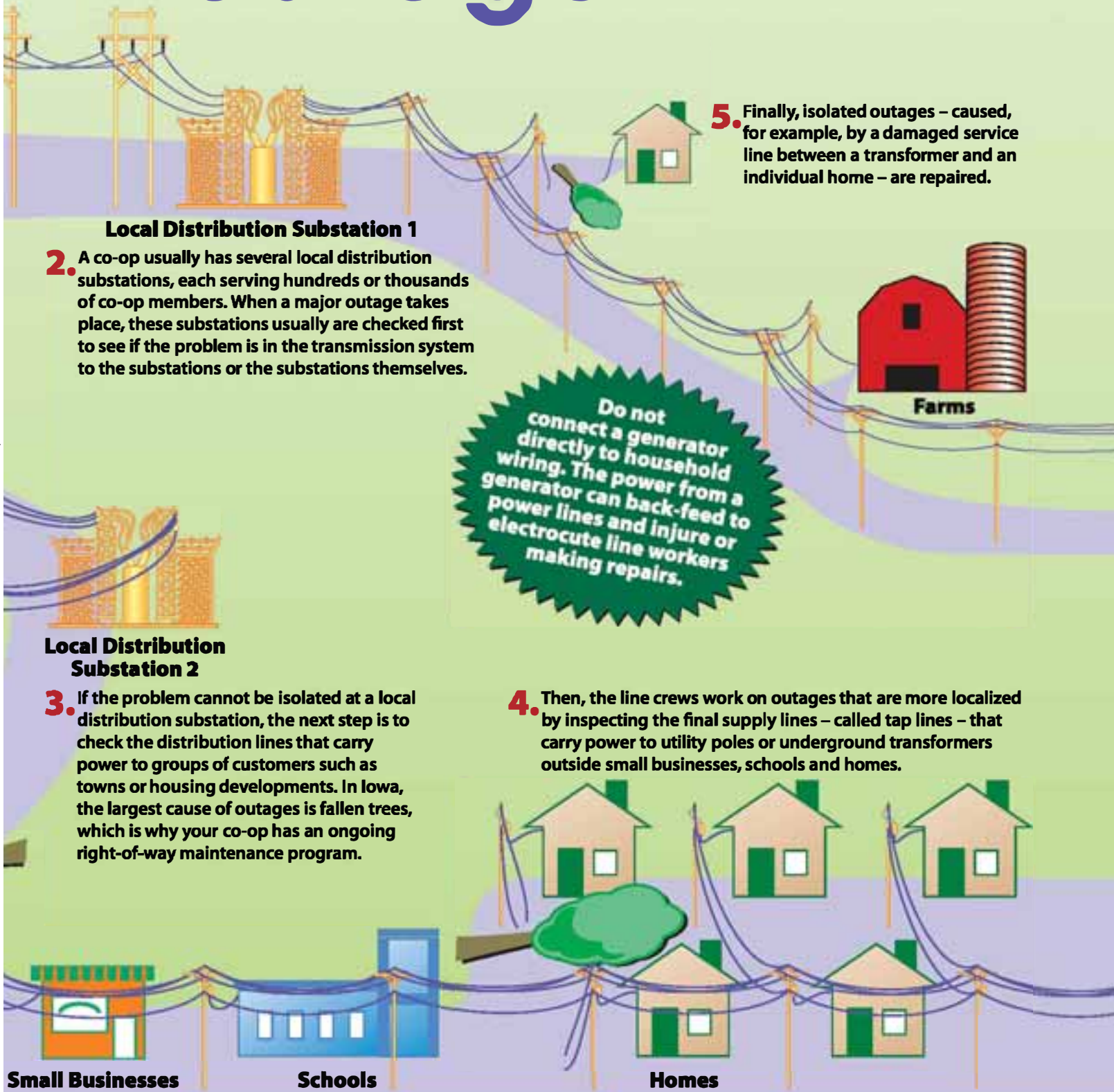
If you or a family member depends on life-support equipment, call your electric co-op immediately. Then your co-op can try to prioritize power restoration to you or can advise you to seek shelter elsewhere.

Restoring the power after a severe storm involves much more than just flipping a switch at a substation or pulling a fallen tree off a downed power line. Highly trained workers from local electric cooperatives, crews from neighboring states and specialists from the Iowa Association of Electric Cooperatives work together around the clock to restore service.

Shown here are the steps co-ops follow in restoring power. At each stage, the primary goal is getting the greatest number of co-op members back online in the shortest time possible.

Courtesy of Iowa Association of Electric Cooperatives

How power is restored after an outage



Local Distribution Substation 1

- 2.** A co-op usually has several local distribution substations, each serving hundreds or thousands of co-op members. When a major outage takes place, these substations usually are checked first to see if the problem is in the transmission system to the substations or the substations themselves.

Local Distribution Substation 2

- 3.** If the problem cannot be isolated at a local distribution substation, the next step is to check the distribution lines that carry power to groups of customers such as towns or housing developments. In Iowa, the largest cause of outages is fallen trees, which is why your co-op has an ongoing right-of-way maintenance program.

- 4.** Then, the line crews work on outages that are more localized by inspecting the final supply lines – called tap lines – that carry power to utility poles or underground transformers outside small businesses, schools and homes.

- 5.** Finally, isolated outages – caused, for example, by a damaged service line between a transformer and an individual home – are repaired.

Small Businesses

Schools

Homes

Farms

Stoney Creek Inn, Galena

Many people love to live in and visit Galena. When they do, there is a place to stay at Stoney Creek Inn.

Stoney Creek Inn is home to 75 guest rooms, including several stone fireplace and whirlpool suites. This family-friendly lodge is 100 percent smoke free and children 17 and under stay free with an adult in the room.

“Guests are looking for something different than a typical hotel chain,” general manager Katie Wiene said, and described the hotel like a “hybrid bed and breakfast”.

The Wilderness Park Pool, available to all guests and a community aerobics class, is indoor and heated with an additional sauna and whirlpool.

“Many people don’t know that we have the Northwoods Conference Room that can accommodate up to 60 people for meetings,” Wiene added. “We also partner with downtown businesses and offer our guests various packages, and we’ll gladly block out rooms for special events such as weddings or family reunions.”

The Galena Stoney Creek Inn was built in 1996—the second of 14 to be built in Illinois, Iowa, Missouri and Wisconsin. Plans for a fifteenth hotel are coming soon.

With the goal of providing “over the top” service, the staff at Stoney

Creek Inn are constantly looking out for each other. The service industry is not easy, but it is clearly rewarding to the staff of Stoney Creek Inn.

Wiene and her staff at Stoney Creek Inn of Galena have fun at work.

“I tell my staff, ‘You can do whatever you want as long as it’s for the good of the guests,’” Wiene explained. When it comes to each guest’s requests, she believes, “Our only job is to make this one person happy.”

Wiene graduated with a Bachelor of Science in business management from Loras College with dreams of running a business. After serving 10 years as manager of Fried Green Tomatoes in Galena, an opportunity arose with Stoney Creek Inn.

Wiene, her husband, Matt, and

their three children live in Galena and love it.

“Galena truly is a great community; we have a great mix of very talented business people in town as well as artists and tourism. Our favorite aspect of Galena is that it is a wonderful place to raise our kids,” she explained.

Jo-Carroll Energy members can deduct \$15.00 off a regular room rate when they mention their Co-op Connections card at booking. Call and speak to the welcoming staff of Stoney Creek Inn of Galena at 815-777-2223.



Co-op employees prepare for the future

Three graduate from the Management Internship Program

Three Jo-Carroll Energy employees have completed an intensive program in electric utility management with the University of Wisconsin - Madison.

Jennifer Skien, vice president of member services; Robert Pelelo, director of operations; and Jesse Shekleton, director of engineering, recently completed the Robert I. Kabat Management Internship Program (MIP).

MIP is a series of workshops

offered by the National Rural Electric Cooperative Association in conjunction with the University of Wisconsin. The program guides participants through all facets of the electric utility industry, including the many changes occurring around the nation.

MIP participants go through three, 10-day sessions designed to challenge and educate participants in new, innovative management techniques. By also covering the

unique principles that govern the operations of electric cooperatives, the program helps the co-op analyze other business ventures it may want to enter as well as enhancing the core organization.

The emphasis of study is on management challenges and the aspects of consumer-ownership that cooperatives enjoy. Participants learn to focus on member value as part of day-to-day decision making.



Jennifer Skien, vice president of member services



Robert Pelelo, director of operations



Jesse Shekleton, director of engineering

Underground, pole inspections to start this summer

Jo-Carroll Energy has contracted with DJB Inspections and Osmose Inc. to conduct underground facilities and utility pole inspections.

Inspection of the cooperative's underground facilities is expected to begin the week of Aug. 17. DJB Inspections will check the underground system throughout the cooperative's service territory including junction boxes, pad-mounted transformers and other underground residential distribution (URD) devices.

"Like the overhead system, we also inspect a portion of the URD facilities on our system each year," said Robert Pelelo, director of operations. "We are looking for corrosion, mechanical damage and insect infestations."

In addition, DJB will paint cabinets and replace warning stickers and ID tags.

Inspection of the cooperative's electrical poles is planned to begin in September. Areas included this year are on the cooperative's Menominee and Pilot Knob substations, including rural East Dubuque and Menominee, as well as areas south of Galena.

Utility pole inspections are a part of the cooperative's routine maintenance, Pelelo noted, adding that utility poles can rot over time. Inspectors will travel from pole to pole, digging around each to inspect for rot below the ground surface. The process checks the strength of the poles and identifies those that should be replaced. Poles will be treated with a preservative to extend the life of

the pole or tagged for replacement.

"Typically, less than five percent of inspected poles are rejected and will need to be replaced," Pelelo said. "Inspectors are looking for rotten poles and poles damaged by insects, woodpeckers, vehicle contacts or even lightning."

Pole maintenance can save money by reducing unplanned replacement costs and by adding additional years of durable service life to poles.

Both contractors' vehicles will be identified with their company name and will display "Jo-Carroll Energy Contractor" vehicle magnets while they work in the Jo-Carroll Energy service territory.

Two students visit Washington, D.C. with Youth Tour

Joshua Ellinor and Brianna Kampmeier represented Jo-Carroll Energy, Inc. in Washington, D.C., during the annual “Youth to Washington” Tour, June 12-19.

This event, sponsored by the electric and telephone cooperatives of Illinois since the late 1950s, is an introduction for rural youth to our democratic form of government and the cooperative business model.

The students met with Congresswoman Cheri Bustos and were among 65 rural Illinois youth leaders selected for the trip. The Illinois students joined more than 1,660 young leaders from across the country from 44 states. In addition to the Capitol, they also visited Gettysburg, Arlington National Cemetery, the Washington National Cathedral, several Smithsonian Museums, The U.S. Supreme Court, the U.S. Holocaust Memorial Museum, the World War II Memorial, memorials to Presidents Lincoln, Jefferson, Washington and Roosevelt, the Royal Embassy of Saudi Arabia, the Newseum and a number of other historical sites.

Sophomores, juniors and seniors in high school who are sons or daughters of a Jo-Carroll Energy member are eligible to participate on the all-expense-paid tour. Applications for the 2016 “Youth to Washington” Tour will be available in the fall. Contact Jo-Carroll Energy at 800-858-5522 or visit www.jocarroll.com to learn about this once-in-a-lifetime experience.



Two area students had the opportunity to meet with Congresswoman Cheri Bustos during the recent Youth to Washington tour. Pictured from left to right are: Joshua Ellinor, Congresswoman Bustos and Brianna Kampmeier.

