

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

JO-CARROLL

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



PRESIDENT'S REPORT

by Michael Hastings

Your membership matters

Did you know that one out of every four Americans is a co-op member? There are 29,200 co-ops across America taking many forms, from farmers banding together to get a fair price on supplies to credit unions delivering low fees and reasonable interest rates on loans.

Because Jo-Carroll Energy started as an electric co-op long-time members may know the history of the electric cooperative movement, how seven decades ago rural residents banded together to bring the conveniences of electricity to their communities when investor-owned utilities would not extend service.

However, today's co-ops are not just products of a proud past. The associations they formed, on the same democratic principles as this great nation, are as strong and relevant today as they were back then. Co-ops operate under seven basic principles—voluntary and open membership, members' economic participation and democratic member control among others.

What does it mean to be a co-op member? It means you're not just a customer; you're an owner. You have a voice and vote; you can run for the board of directors. And, it means you can pick up the phone and talk to us because it takes all of us working together.

Your co-op is a network of members, communities and businesses. Our programs reflect a spirit of cooperation forged through partnerships with members. The services we offer are developed to meet the needs of our member-owners.

To help us do that we recently created a Member Advisory Council made of members just like you. The new council is an

effort to educate members about the co-op, cooperative values and our core businesses. In turn, we hope they will share any concerns and information from their communities and provide us with insight and feedback on our programs and services.

Co-ops continually look for innovative solutions to address the ever-changing energy and business landscape. We need to work together, with co-op members involved in grassroots efforts to keep energy affordable, accessible and reliable.

Your involvement is vital as we work with local leaders, state legislators and the U.S. Congress. I encourage you to sign up for our new Grassroots Action Network. As a member you'll be the first to know about emerging issues that will impact Jo-Carroll Energy and the availability of electricity and natural gas and we'll occasionally ask you to contact your elected officials to voice your views. (See page 16c.)

In a democracy, member participation is crucial. Our success depends on your involvement. We encourage and want you to be informed and involved in your co-op.

That's why it is important for you to attend our various meetings and let us know when issues arise that need our attention. Consider giving your time, whether in service on the board or various committees and groups. As an owner, you share the responsibility for the success of your co-op.

Co-ops are different than other forms of businesses because of you, our members, and because of the way decisions are made. We welcome and encourage your involvement. After all, it's YOUR co-op.

Q&A

Following is a question asked during our "Straight Talk" member meetings:

What can we do as members and who can we write about legislation and regulations that affect energy supply and cost?

You can help and get involved in legislative issues that affect your co-op. Remember, we are member-owned and not-for-profit and our objective is to provide power in a safe, reliable and affordable manner. There are several ways you can get involved:

Jo-Carroll Energy's Grassroots Action Network

Sign up for email notifications when important legislative and Congressional votes are imminent. (See page 16c for more information.)

Our Energy, Our Future – A Dialogue with America

Our Energy is a national movement for members of America's electric cooperatives. Visit www.ourenergy.coop to join the conversation.

Take Action Network

The network allows you to make your voice heard in the halls of Congress and in your own state legislature. Visit takeaction.nreca.org for more information

Visit our website at www.jocarroll.com for more information on member involvement.

Resume of Minutes

Regular Board Meeting • June 27, 2012

The board met at the Cooperative headquarters in Elizabeth on Wednesday, June 27, 2012. The following is a summary of the meeting activities. The Agenda was approved as modified and the Consent Agenda was approved. **Dairyland Report** - Director Stadel discussed the Dairyland Annual Meeting events and reviewed the process of the Organizational Meeting.

Chairman's Report - The Chairman discussed power supply issues and the Illinois deregulation law and upcoming review of Board Self-Appraisals previously completed.

AIEC Report - Director Senn commented on money received by AIEC from CFC for training. He reported on changes as to how the Federated Representative will be elected and the new 21st Century Committee.

APGA Report - The CEO observed that talks continue on the wisdom of exporting natural gas out of the country. Director Holesinger commented on key points raised in his report to the board.

Monthly Policy Review

■ **Policy** - Board Policy 107 was approved.

■ **Policy Committee Report** - Director Holesinger was elected Chairman and reported on actions taken by the Policy Committee at a meeting held on June 14, 2012. The changes recommended by the committee to Board Policy 105A, 101 and 136.1 were approved.

■ **Audit Committee Report** - Director Senn reported on actions taken by the Audit Committee to approve the recommended change in auditors to the firm of CliftonLarsenAllen.

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

■ **Financial Operating Report** - CEO, Michael Hastings, reported that the Cooperative had an unaudited margin for May of \$454,087.

■ **Power Supply Report** - CEO Hastings reported on communications with Interstate Power and Light Company (IPL) and Dairyland on controlling costs of electricity and possible reductions.

■ **Power Plant** - Hastings explained the delay in moving forward with the power plant.

■ **Farmers Mutual Report** - The CEO described discussions with Farmers.

■ **Rentech Update** - The CEO reported that Jo-Carroll Energy continues to work with Rentech to finish the substation and developing load shedding strategies.

■ **Danisco Update** - CEO Hastings stated that he continues to work with Danisco on matters discussed.

■ **TCEDA Update** - Cox discussed efforts to reach out to TCEDA members and obtain input on TCEDA activities.

■ **Rates** - Keleher described the process used to determine fair division of costs of operation of cooperative and power costs. Heidenreich said how rates are being set and unbundling is coming.

■ **COO Report** - Buros reported on various projects such as Solarwind and the Galena System which are proceeding with costs still being high. He said that load swaps between IPL and Dairyland are progressing.

■ **Natural Gas Marketing Team Update** - Sivertsen reported on progress at increasing current usage, encouraging natural gas grills, efforts in new subdivisions, PILOTLIGHT newsletter, building relationships with contractors and continuing to work on new ideas.

■ **Culture of Excellence** - Sevey reported on member meetings and the new AMI page on the website.

■ **Member Services Report** - Skien reported on the SEDC Conference. She said she continues to work on upgrading the billing system to assist

members in fully understanding their bills.

■ **External Affairs Update** - Cox reported on legislative matters relevant to the cooperative. He commented on the Thomson Prison and Highways 20 and 30.

Board Issues

■ **Members Advisory Committee** - Weber reported on forming an Advisory Committee to reach out to members to better understand their concerns and bring members into the process. The Board approved the Member Advisory Committee Program.

■ **Badger Power Cooperative Annual Meeting** - Directors planning on attending the Annual Meeting as Delegates were identified. Director Carroll was elected Badger Director and Director Lundy was elected as Alternate Badger Director for the Annual Meeting.

■ **NRECA Region 5 Meeting** - Director Stanger was elected Voting Delegate and Director Holesinger was elected Alternate Voting Delegate to the meeting.

■ **IPL Issues** - The Board authorized management to proceed to resolve existing power supply issues with IPL.

■ **Federated Exchange Candidate** - The Directors acknowledged that Director Stanger is the Jo-Carroll Energy candidate.

■ **Jo Daviess Conservation Foundation** - The Board approved a contribution to the Foundation.

■ **Annual Meeting Planning Committee** - The members of the committee scheduled a meeting.

Reports/Meetings - The Board heard reports on several matters and reviewed scheduled meetings.

Adjournment - The meeting adjourned at 2:06 PM.

FOR YOUR INFORMATION

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.

Both Offices

Monday-Friday

Services and Billing Questions

(800) 858-5522
www.jocarroll.com

For emergencies and outages call

(800) 927-5254

Jo-Carroll Energy at the Fair



Jo-Carroll Energy participated in a number of fair events throughout the cooperative's service territory this summer. A truck and float were entered in the Elizabeth Lions Club parade held in conjunction with the Elizabeth Community Fair. Justin Daughenbaugh, staking technician (pictured above), and Heidi Weber, member relations and marketing manager, assisted with judging at the Jo Daviess County 4-H Fair. Jo-Carroll Energy also had booths at the Elizabeth Community Fair and the Carroll and Whiteside County Fairs.

Join our new Grassroots Action Network

Jo-Carroll Energy has on several occasions in the past asked its members to participate in grassroots involvement in reaching out to our state and federal legislators.

Some time ago we created a database of email addresses of members to assist in the effort known as Our Energy Our Future. We were able to successfully affect legislation through your help. **Cathy Steines**

We are now asking you to sign up

for our own Grassroots Action Network. As a member of the network, we will contact you by email when important legislative and congressional votes are imminent.

As a Grassroots Action Network member, you will be notified of emerging issues that will impact Jo-Carroll Energy, the affordability and availability of electricity and natural gas, and how your cooperative will be able to conduct its busi-

ness and the services it provides. We will provide you with the information and the tools you'll need in order to contact your elected officials and voice your opinion.

Your address will NOT be sold and you'll receive no solicitations as a result of joining this initiative. To join, contact Cindy Maeder at cmaeder@jocarroll.com.

COLORING CONTEST WINNERS

Three area students were winners in Jo-Carroll Energy's summer coloring contest. This year's theme was "What Is Natural Gas?" Each winner received a complete set of school supplies for the fall. Jo-Carroll Energy partners with area libraries within its service territory to promote the coloring contest. In appreciation, the cooperative donated five energy-related children's books to the libraries in the winners' hometowns.



Ella Getz, 6, with Elecia Walter, Jo-Carroll Energy marketing and communications specialist, at the East Dubuque Library



AnnBrielle Young, 6, with Kim Smith, director of the Mt. Carroll Township Public Library



Chase Dittmar, 8, with Susi Ludwig, director of the Galena Public Library

Facility charge changes for natural gas members

Effective with bills mailed in September 2012, the monthly facility charge for Jo-Carroll Energy natural gas members will increase.

The facility charge is what helps Jo-Carroll Energy pay for the costs associated with bringing natural gas to you. Even when members use little or no energy, we still have expenses to keep it ready and reliable for when you need it.

A recent cost of service study completed by a third-party agency found that based on annual fixed costs we aren't charging enough

in our facility charge. The facility charge is being raised to more accurately reflect the cost to provide safe, reliable service to all our members.

A number of factors are involved including increasing regulations and system upgrades. Jo-Carroll Energy has a very sound natural gas system, and we continually upgrade the distribution system from steel lines to plastic.

The facility charge helps cover a variety of expenses such as the costs of pipelines, metering devices and other equipment. Other costs

of doing business, such as accounting, billing and associated activities are also covered through the facility charge. These costs—all those things we need in order to have service available for you when you need it—are incurred no matter how much you use.

Rate No.	Former	Effective Sept. 14
42 Residential	\$8.00	\$12.00
43 Small Commercial	\$15.00	\$17.25
44 Industrial	\$25.00	\$28.75

Load management pilot program set

At Jo-Carroll Energy our goal is to provide all members with reliable energy whenever they need it. In an effort to keep power supply costs down, your cooperative uses load management tools that encourage members to conserve or limit energy usage during peak or high-demand periods. These programs are optional for members who wish to participate in energy saving programs.

One of these initiatives is a water heater control program, currently available to members in the pre-acquisition territory where power is supplied by Dairyland Power Cooperative.

To better serve members, Jo-Carroll Energy is conducting a pilot program to test new digital “smart” devices replacing analog controls.

Water heater controls are activated during peak times, temporarily interrupting electricity to the water heater. Since the water in an electric water heater stays warm for several hours without power, most members will not notice the temporary shutdown. Keeping electrical appliances off peak contributes to keeping wholesale power costs down. For letting the cooperative control their water heater, the member receives a \$6 monthly credit on their bill (if the total kWh usage for the associated meter reaches a specific kWh usage threshold per month).

“The new devices are integrated with Jo-Carroll Energy’s advanced metering infrastructure project. Utilizing the new technology will allow the cooperative to run the program more efficiently and effectively by requiring less maintenance and inspections”, according to Heidi Weber, member relations and marketing manager. “Historically, the load control program was only available in the ‘legacy’ portion of our service area. If the pilot program proves successful, the new controls will be made available for all members of the service area regardless of power supply.”

Installation of the new devices starts in August, and is done by contractors throughout the service territory. The pilot program includes approximately 300 members in the East Dubuque, Galena and Chadwick areas. Members involved in the pilot program will see a letter in the mail prior to their new installation.

“Upgrading control devices are vital to the success of the program. In the coming years upgrading will become mandatory for members participating in the water heater load control program to continue receiving the \$6 monthly credit,” Weber said.

Energy is a precious resource that we encourage our members to use wisely and efficiently. By conserving energy whenever possible, we not only protect the environment but reduce power-supply costs.

Did you know it costs less to produce electricity for your use during certain hours of the day and days of the week?

Our power providers can select from the least costly production methods during the times consumers use less power. Typically, power during weekends, holidays and overnight hours is less costly to produce.

During the times of highest electricity use, power providers must use all varieties of production available to them to ensure consumer demand is met, so the overall cost goes up.

Advanced Metering Infrastructure update

Jo-Carroll Energy’s implementation of Advanced Metering Infrastructure (AMI) continues to progress with the new advanced meters installed at 50 percent of the cooperative’s electric service accounts.

July saw the completion of much of downtown and surrounding areas of Elizabeth. In August, installers began returning to all areas previously covered to install and inspect all three-phase services as well as some work in downtown Galena. Once completed, they will round out the year with single- and three-

phase installations tentatively slated for the Chadwick area.

Since a pilot project was completed in the summer of 2010, more than 10,418 new meters have been installed. Primarily single-phase meters have been installed to date. Approximately 1,000 meters have been read remotely for about three months.

Full installation of meters is expected to be completed by December 2014, followed by a period of adjustments and implementation of remote reading.

Increased efficiencies have already been realized in troubleshooting high usage accounts and in processing transfers of service faster by not having to send a technician to read the meter.

The AMI project is expected to deliver better service, help control operating expenses, improve system reliability and provide members with information they can use to make informed decisions about energy use.

Read more about Jo-Carroll Energy’s AMI project on our website at www.jocarroll.com.

September is National Preparedness Month

September is National Preparedness Month, a time to make sure you are ready for emergencies and severe weather. Natural events such as storms, wild fires, and hurricanes require preparedness, as do blackouts and other events. Such events can damage an electrical system, including downed power poles, stray lines, and other equipment.

In addition to an emergency kit, you also need knowledge and information to stay safe in chaotic times. Safe Electricity has the following tips to help you prepare for and stay safe in emergencies:

- Keep the electrical system in your home in good working order. This will help keep your electrical system stable in normal conditions and prevent accidents in extreme ones. A qualified electrician can inspect your home's electricity and make recommendations.
- If there is a power outage, unplug electronics. The power may come

back in spikes, which can destroy electronics.

- Stay at home, if possible. It can be hard to spot electrical dangers in the debris left by a storm.
- If your home is severely damaged or on fire, you need to leave. If you have time, turn off electricity at the box and natural gas at the meter before you go. This will make it safer when you can return home. Never turn gas service back on. That is a job for utility professionals.
- If you smell gas or suspect a leak, get out of the house. If the smell is strong, leave immediately without touching any switches. Once outside, call 911, and notify your gas utility.
- Do not enter a flooded basement or stand in water to turn off electricity. Standing water may be energized, and can cause electrocutions.
- Always treat electrical equipment

as though it is energized and dangerous. Do not go near damaged electrical equipment, and warn others to stay away.

- Be prepared for power outages. Have important electronics charged, and keep a battery operated radio and flashlights on hand.
- Be careful with water damaged electronics. They may spark or overheat. Have an electrician verify that electronics are safe to use if they have been damaged by water.
- Elevate your furnace, water heater and electric panel if you are at high flood risk.
- Conserve electricity. Even though you still have power, your utility may be struggling to provide electricity to all its customers. Use only the electricity you need.

For more information on the proper precautions to take to clean up and return home after a disaster, visit SafeElectricity.org.

Jo-Carroll Energy plans pole inspections

Jo-Carroll Energy has once again contracted with Osmose Inc. to conduct pole inspections.

Areas included are Elizabeth and Mount Carroll. Osmose's vehicle will be identified with "Jo-Carroll Energy Contractor" signs.

The inspection of the cooperative's electrical poles is part of routine maintenance, according to Robert Pelelo, manager of assets.

Utility poles can rot over time, Pelelo noted. Inspectors will travel

from pole to pole, digging around each to inspect for rot below the ground surface. The inspection process checks the strength of the poles and identifies those that should be replaced. Poles will either be treated with a preservative to extend the life of the pole or tagged for replacement.

Each year, Jo-Carroll Energy inspects a portion of the poles on its system. Last year, more than 3,000 poles were inspected.

"Typically about five percent of inspected poles are rejected and will need to be replaced over this coming winter," Pelelo said. "Inspectors are looking for rotten poles, 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.

Jo-Carroll Energy

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

Energy choices for your home

Many new technological advances in home heating/air conditioning (HVAC) and water heating systems may change the way you think about your current conventional system. While your conventional HVAC system may be in working order, a new technologically advanced system may pay for itself in reduced energy consumption in a relatively short time period.

Heat pump options for space heating and water heating are becoming more popular in renovation and replacement installations as well as new construction, especially with the incentives available for energy saving solutions. Talk to us at Jo-Carroll Energy to find out what water heating and space heating options will be most effective for your family's situation. Our team of energy experts will answer your questions and help you compare benefits between different system types to assist you as you make your decisions.

Is geothermal a good option for your home?

The most important considerations when choosing a heating and cooling system are comfort and economy. Too often, economy means sacrificing comfort. A geothermal system allows you to have both. By tapping the naturally stored energy of the earth, geothermal systems take advantage of the earth's constant year round temperature to pro-



vide heating, cooling and hot water in a variety of applications.

A geothermal heat pump simply enables heat to move naturally from something warm to something cool and is no more complicated than a refrigerator. The heat pump uses a basic refrigeration cycle to extract heat from the earth and move that heat into a building. The earth's heat is transferred by the heat pump and used to heat the home. In the summer, the refrigeration process can be reversed to provide cooling.

One of the greatest advances in home heating is that geothermal systems now provide more than four times the efficiency of the most fuel efficient fossil fuel furnace, with the added benefit of not needing to burn a combustible fuel to make heat. The geothermal system simply moves heat that already exists in a sustainable, renewable form from the earth. According to the Geothermal Heat Pump Consortium, they are now seeing a two-year to seven-year

payback for new geothermal systems, along with up to 70% lower heating costs and 30% lower cooling costs.

Our region of the world now has between three and five percent of its heating provided by geothermal systems. Your energy experts at Jo-Carroll Energy can share further information and examples of how geothermal installations perform in our area to explore further with you whether this is a good home heating option for you.

Where to begin

In addition to talking with the energy experts at Jo-Carroll Energy, your tax advisor is an excellent resource for determining what local, state and federal tax incentive programs you may qualify for. One of the programs your tax advisor can help you look into is the Federal Tax Credit available through December of 2016 on geothermal systems. You may also want to do some independent product and technology research through some of these online resources:

- » www.jocarroll.com
- » www.energystar.gov—Joint effort for money and energy savings—US Environmental Protection Agency with US Department of Energy—explore products, technology, energy efficiency, rebates
- » <http://energy.gov>—US Department of Energy—research popular energy topics at bottom of page
- » <http://energy.gov/savings>—DSIRE—Database of State Incentives for Renewables & Efficiency
- » www.igshpa.okstate.edu—International Ground Source Heat Pump Association—explore “What is Geothermal” links
- » www.geothermalallianceofillinois.org

**It's time
to explore
geothermal**

- Up to 70% lower heating costs
- Up to 30% lower cooling costs
- Two-year to seven-year payback
- Lower operating and maintenance costs

(According to the Geothermal Heat Pump Consortium)

Healthy Savings . . . an added benefit for members

Jo-Carroll Energy's Co-op Connections® saves you more than ever with new Healthy Savings.

The card that offers discounts at more than 50 local businesses and has saved Jo-Carroll Energy members more than \$139,535 on prescriptions now offers members significant savings on chiropractic, dental and vision care.

This benefit is part of a commitment to helping members save money during challenging economic times. "The Health Savings package will help our members stretch their paychecks and underscore that Jo-Carroll Energy is looking out for its members," said Elecia Walter, marketing and communications specialist.

The Healthy Savings package is available at no cost to members who print paper cards from www.healthysavings.coop. The paper card must be presented along with the plastic Co-op Connections card at participating providers.

Many insurance plans do not include provisions for dental, hearing and vision care. With the new Healthy Savings package, Jo-Carroll Energy members can get no-cost access to discounted health benefits.



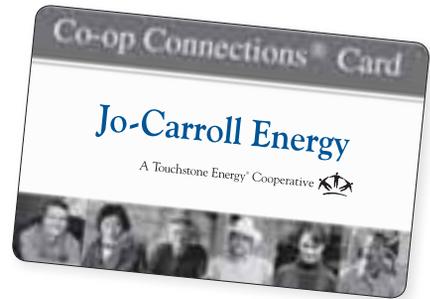
Savings examples include 10 to 60 percent off eyeglasses, contact lenses and eye exams; 20 to 40 percent discounts on a range of dental care services; and 30 percent off chiropractic treatments.

To locate providers that participate in the Healthy Savings program, call 800-800-7616 with your card handy or visit www.healthysavings.coop.

Detailed information on available savings and how to take advantage of the entire Healthy Savings package is posted at www.healthysavings.coop. If you do not have access to the internet, please call Jo-Carroll Energy at 800-858-5522 and a member service representative will assist you.

Healthy Savings is just one piece of the Co-op Connections® pie:

- Save on national and local services and retailers.
- Get access to special money-



saving deals and receive CashBack dollars on qualifying purchases when you shop online through MY VIP Savings.

- Protect your pets with discounts on PetAssure.
- Show your card for savings at your participating pharmacy.

Visit www.connections.coop to learn about all of the benefits of co-op membership when you carry your Co-op Connections® Card.

Become a part of the savings with your Co-op Connections® Card.

One free single-order breadsticks with any pizza purchase

Pizza Hut Savanna

(815) 273-2233

701 Main St. Savanna

10% off a 1-hour massage

Healthy Touch Massage & Salon

(815) 244-7300

303 E. State Rd. Mt. Carroll

\$2 off any food and pizza over \$15.00, *excluding alcohol

Jug's Main Street Tap/Lisa's Main Street Pizza

(815) 858-3333

200 Main St. Elizabeth

Reader Prize

Each month we print the name of a Jo-Carroll Energy member who is eligible to win a monthly \$25 eader-ship 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.