

JO-CARROLL

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



PRESIDENT'S REPORT

by Michael Hastings

The Cooperative Difference

Survey shows Jo-Carroll Energy rates high in satisfaction

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.

Thank you to Jo-Carroll Energy members who participated in a recent American Customer Satisfaction Index survey. I am pleased to report the survey results show those surveyed gave your cooperative an 81 percent satisfaction rating resulting in a score of 80 in the American Customer Satisfaction Index.

Surveys help Jo-Carroll Energy measure how we are doing in the eyes of our member-owners, to see if we are meeting your expectations. Surveys help us understand what members are thinking, identify concerns and determine if our communication efforts and programs are on track. They also provide benchmark data important in strategic planning.

Our ACSI score of 80 is improved significantly from a 70 in the previous survey, and just below the national co-op average of 81. Jo-Carroll Energy also scored considerably higher than the national average for investor-owned utilities.

Members surveyed indicated a considerable increase in overall satisfaction with the cooperative since our last survey in 2013. Now, 81 percent are somewhat or very satisfied (with an average satisfaction rating of 8.40 on a 10-point scale) compared to 61 percent in the previous survey.

Among the key satisfaction drivers members gave us the highest ratings for:

- Prompt outage response - 89%
- Reliable electric/gas service - 89%
- Knowledgeable employees - 87%
- Excellent member service - 86%

The survey discovered that providing energy efficiency assistance is important. About eight in 10 members performed energy efficiency measures in the past year, and would like more energy conservation information from the co-op.

Nearly six in 10 are concerned about how poten-

tial EPA regulations may affect their energy bill, and about half are willing to contact members of Congress regarding utility issues.

While support for using energy from renewable sources is high (about 73 percent), maintaining stable electric rates is a higher priority.

The 2013 survey also asked members about the best ways to communicate co-op news. We're finding more of you would like to receive text messages and emails about outages and emergencies, something that we're working toward with development of mobile applications and expanded communication programs.

We'll take a deeper look at the survey reports over the next several months, utilizing the results in our strategic and project planning.

We don't want to do what you only expect us to do: provide you with affordable, safe, and reliable electric service. We want to go further and do better, from providing superior member service to offering programs that help you save time and money and emphasize the value of co-op membership.

About ACSI

The American Customer Satisfaction Index (ACSI) is a uniform and independent measure of household consumption experience. As an economic indicator, the ACSI tracks trends in customer satisfaction and provides benchmarking insights of the consumer economy for companies, industry trade associations, and government agencies. The ACSI is produced by the Stephen M. Ross Business School at the University of Michigan, in partnership with the American Society for Quality (ASQ) and the international consulting firm, CFI Group



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Vist www.jocarroll.com for information

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 p.m.

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

**Services and
Billing Questions:**

(800) 858-5522
www.jocarroll.com

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

Resume of Minutes

Regular Board Meeting • August 27, 2014

The board met on Wednesday, August 27, 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 encouraged the Board to sign up for Member Appreciation Days and sign the ACRE enrollment forms for 2015. Jo-Carroll Energy will be featured in segments on WCCI regarding issues facing the cooperative. Director Mattingley will be part of the resolutions process at the September Regional Meetings.

Dairyland Report – Director Stadel reported on the Dairyland's revenues, budget and equity. He reported that the coal supply continues to be short.

AIEC Report – Chairman Senn reported that he is on the Scholarship Committee and there now are two additional scholarships. He reported that the AIEC Annual Meeting raised \$14,000 for the scholarship fund.

APGA Report – Director Carroll reported that he participated in a Codes & Standards phone conference for the APGA. He stated that he is concerned about EPA Regulations that may cause higher bills for members. Director Carroll reported that IOUs are attempting to buy up Municipal-owned gas systems.

PPI Report – Director Hallendorff and CEO Hastings reported on the PPI Board Meeting. They reported that there are still issues with the Prairie State campus. They also reported on the Batavia Class Action suit.

Monthly Committee Review

a. Policy Committee Report – Policy 132 – Municipal Franchise Fees and Other Charges was approved without revisions.

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 \$181,531 in July. The Board accepted the July Financial Operating Report for filing by general consent.

b. Power Supply Report – CEO Hastings reported that we are waiting on the Dairyland agreements.

c. CFO Report – CFO Heidenreich reported that work continues on the Cost of Service Study.

d. Sr. Vice-President and Assistant General Manager Report – Sr. Vice President and Assistant General Manager Buros gave an update on the headquarters facilities. He also reported on the Peaking Unit and the Community Solar Project.

e. Culture of Excellence and Communications – Merri Sevey, Vice-President of Human Resources reported that Member Appreciation Days will be coming up in October with various activities planned. She also reported that the Jo-Carroll Energy Member Survey results will be presented at the September Board Meeting. Merri reported on the NRECA HR Conference she attended.

f. Member Services – Jennifer Skien, Vice-President of Member Services reported on the Board App that allows for Board Policies and Board packets to be available online. She provided a handout out of an unbundled bill

for the Board to review. Jennifer reported that the Energy Advisor is working with the Youth Program and the Jo Daviess County Extension.

g. External Affairs Update – Chris Allendorf, Corporate Counsel, reported on the EPA Proposal Rule for existing power plants. He also reported that the House of Representatives passed changes to the Endangered Species Act, which NRECA backed. Allendorf provided an update on TCEDA including training seminars for local businesses to potentially sell to the prison and the upcoming National Manufacturing Day. Allendorf also reported that the final MAC Meeting of the year was a success and that staff will begin recruiting new members for the coming years. Board Attorney, John Cox, gave a Political Action Committee update, reporting on the Durbin Fundraiser.

Board Issues

a. Update on Culture of Compliance – Ken Sivertsen, Director of Regulatory Compliance and Key Accounts, gave an update on the Culture of Compliance regarding electric, natural gas, and broadband.

b. Capital Credit Proposal – Tracy Heidenreich, Vice-President and CFO provided a presentation on the Capital Credit proposal that was presented to the Member Advisory Committee. The Board approved the Hybrid Method of capital credit retirement that uses the old FIFO (first in, first out) method, as well as 5% of remaining margins paid-out at a 6.74% discount this year based on the cooperative's actual cost of capital for the year. The Member Advisory Committee also recommended this method. The Board approved bill credits for active members under \$599.00 and checks for amounts of \$600.00 and above; inactive members will receive checks with minimum checks to be \$10.00.

c. PPI Delegate/Alternate – The Board approved Director Hallendorff as the PPI Delegate and Director Darby as the alternate Director for PPI.

d. Energy Detective Home Insulation – Board approved a budget variance for the Energy Detective Home Insulation Program.

e. RESCO Alternate – A RESCO Alternate was chosen for the 2014 Meeting.

f. Retain Power Supply Attorney – The Board approved retaining Donald Howell to represent Jo-Carroll Energy for Power Supply issues.

g. CFC Key Ratio Trend Analysis – CFO Heidenreich gave a presentation on the CFC Key Ratio Trend Analysis for 2013.

Youth to Washington Report – Rachel Badtke gave a presentation on the Youth to Washington Trip and thanked the Board for the opportunity to attend. A video of Maggie Kirst was shown telling of her experience on the Youth to Washington Trip, also thanking the Board for the opportunity to attend.

Reports – Reports were heard on the following meetings/events: AIEC Annual Meeting, Jacobs Event, and the Badger Group Annual Meeting.

Upcoming Meetings – Badger Group Annual Meeting.

Adjournment – The meeting was adjourned at 1:15 P.M.

Petitions now available for 2015 board elections

Nomination petitions are now available for the 2015 Jo-Carroll Energy Board of Director elections.

Five positions will be filled during the election. Districts included are: District 5, now represented by Pat Smith; District 7, now represented by Dave Senn; District 8, now represented by Russell Holesinger; and District 10, now represented by Doug Darby, Ron Hallendorff and Bob Kuhns. Elections will determine one board representative in each of Districts 5, 7 and 8 and two representatives in District 10.

Any Jo-Carroll Energy member residing in the district of a director whose term is expiring, including the incumbent director or direc-

tors, may petition for nomination. Members interested in seeking election to the board may pick up a nomination petition at one of Jo-Carroll Energy's offices or download a petition from the cooperative's website at www.jocarroll.com.

Petitions must be signed by at least 25 Jo-Carroll Energy members residing in the district for which the director is to be elected. Petitions must be filed at Jo-Carroll Energy's headquarters no earlier than Nov. 19, 2014 and no later than Feb. 17, 2015.

In order to qualify to have their names placed on the ballot, all nominees must participate in an orientation process provided by the attorney for the cooperative

assuring that all nominees fully understand the expectations and responsibilities of directors, including but not limited to: time demands, educational expectations and fiduciary duties.

All eligible candidates will be announced in the 2015 Annual Meeting Book, on the cooperative's website and in Hi-Lines, the cooperative's newsletter found inside Illinois Country Living magazine.

Complete details on director qualifications and the nomination procedure can be found in Jo-Carroll Energy's bylaws. The bylaws are posted on the cooperative's website at www.jocarroll.com. Anyone without Internet access may request a copy by calling 800-858-5522.

Get involved: Apply for our Member Advisory Council

Jo-Carroll Energy's Member Advisory Council is a valuable link in receiving input from our members.

Jo-Carroll Energy needs members who care about their community and take an interest in their cooperative to serve on the council. Started in late 2012, the council has met during the last two years to learn more about the co-op business model and has provided input on important issues such as electric aggregation, capital

credits, our website and bill redesign.

At MAC meetings, we keep members informed about aspects of the cooperative and in turn we ask them to share any concerns and information from the community.

Current members were invited to continue with the MAC if they desired. We currently have additional openings on the council. For more information or MAC application, please call 800-858-5522, email

MAC@jocarroll.com or visit the Member Involvement page on our website.

Applicants must be members in good standing and are asked to serve two-year terms, time permitting. Members are volunteers and not paid, although mileage is reimbursed. Applications are available at the cooperative's offices and on our website.

Congratulations to our 2014 photo contest winners

Congratulations to the winners in our 2014 Photo Calendar Contest! We received almost 100 entries in the TogetherWeSee photo contest and are proud to feature the work of so many talented members in the 2015 Jo-Carroll Energy Calendar. Copies of the calendar are available at the Elizabeth, Savanna and Genesee offices.

Winners in the contest include:

Debbie Cram
Deb Berlage
Sarah Machala
Paula DeVore
Shari Gradert
Amy Graham
Mike Meyer
Julie Staver
Ed Arb

John Mazor
Barb Virtue
Tonia Delong

Thank you to everyone who entered. Watch for information about our 2015 photo contest!



The power of co-op membership

At the 2014 Annual Meeting, Jo-Carroll Energy members approved a bylaw amendment that made a change in the retirement of capital credits possible. The Jo-Carroll Energy Board of Directors approved a new method of retiring capital credits at its August 2014 meeting.

Jo-Carroll Energy has retired capital credits using the “first in, first out” or FIFO method on a delayed schedule of about 25 years, since capital credits were first retired in 1983. Under this process, members who were first to purchase energy were the first to be paid back.

The change utilizes a hybrid method. It keeps the 25-year rotation plus retires 5 percent of all remaining margins at a discounted rate. The new hybrid method retires capital credits to more active Jo-Carroll Energy members while not neglecting the cooperative’s commitment to return capital credits to its long-time and former members. This retirement process helps strengthen members’ relationships with their cooperative.

Not only will the new system return capital credits to members sooner, it is expected to save the cooperative in check printing and mailing costs.

Active members with retirements up to \$599.99 will receive a bill credit. Active members with retirements of \$600 or more will receive a check. Inactive members who no longer purchase services from Jo-Carroll Energy will receive a check.

How is my capital credits

Jo-Carroll Energy allocates capital credits annually based on the amount of electricity, natural gas and broadband each member purchases during the year in proportion to the margins of each business unit. The cooperative uses allocated capital credits to cover emergencies, maintain its existing system and to make improvements on its system.



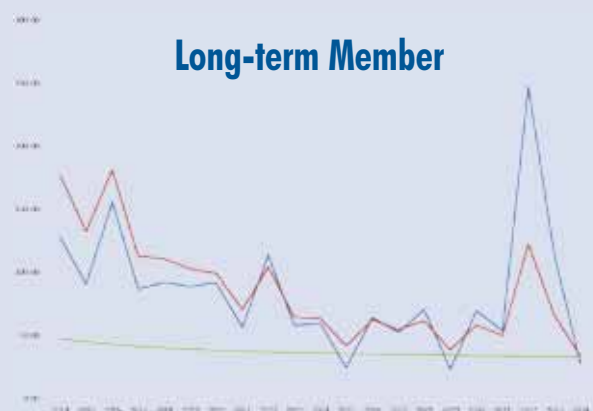
Mr. Jones - Member since 1980

1989 Refund - \$\$

Discounted Refund - \$\$

Total Refund - \$\$\$\$

Mr. Jones became a cooperative member in 1980 and has been an active member since then. He is one of our long-term members. He receives both the 1989 refund and the discounted refund. The graph below represents his capital credits.



retirement calculated? What is changing?

Previous Method

- First-In/First-Out Method used since 1983
- Currently on a 25-year rotation
- Board approved retirement of one complete year every year on December 1

New Method

- FIFO/Percentage Hybrid
- Keep 25-year rotation
- In addition, 5% of all remaining margins will be retired at a discount of 6.74%



Mrs. Smith - Member since 2007

1989 Refund - 0

Discounted Refund - \$\$

Total Refund - \$\$



The Youngs - Members since 2011

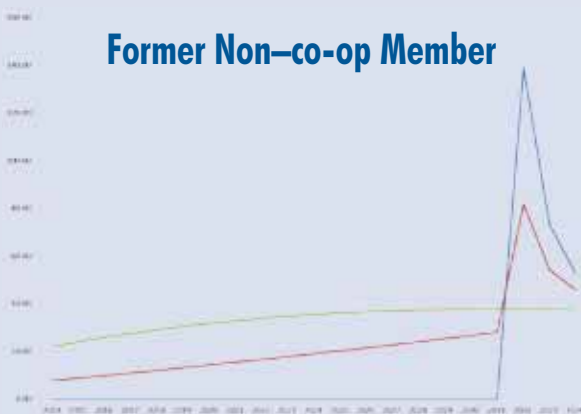
1989 Refund - 0

Discounted Refund - \$

Total Refund - \$

Mrs. Smith became a Jo-Carroll Energy member in 2007. She became a member at the time of the acquisition from Alliant Energy and has been an active member since then. She receives the discounted refund. The graph below represents her capital credits.

The Youngs first received service from the cooperative with a joint membership in 2011. They receive the discounted refund. The graph below represents their capital credits.



Budget billing accounts recalculate in November

Members with budget billing for their electric accounts will have their budget amounts recalculated in November.

Because your budget amount is based on an average of the previous 12 months' use and outstanding credits or debits accrued, this November true-up recalculation may result in an increase or decrease, depending on changes in your use patterns.

Be sure to look at your November statement to see if your budget amount has changed. If a change results from the recalculation, a message will appear on your statement in blue indicating the new budget amount. If you do not see a message on your statement, your budget billing amount remained the same.

If you have more than one billing account on budget, it is possible

that one or both amounts may change. You begin paying the new budget amount in December.

Budget billing can help you manage your energy costs by allowing you to allocate the same amount each month. Monthly utility bills can vary significantly throughout the year due to variations in your usage through heating and cooling seasons. With Jo-Carroll Energy's budget billing plan you eliminate the month-to-month fluctuations caused by changing weather and usage 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

Jo-Carroll Energy also offers a levelized billing program. Under

this plan, each monthly bill is the rolling average of your electric 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. Levelized billing does not reduce your bill; rather it helps you manage your utility payments.

If you have any questions regarding budget billing, your budget bill account or levelized billing, please contact the Member Services Department at (800) 858-5522. You can find more information about budget billing on our website at www.jocarroll.com.

Neighbor to Neighbor Care Funds offer help to those that qualify

If you need assistance paying your energy bill this winter, help may be available through Jo-Carroll Energy's Neighbor to Neighbor Care Funds.

This program works in tandem with the Low Income Energy Assistance Program (LIHEAP). Members must first apply for LIHEAP funds to then be considered.

If funds are available, you may receive a grant from the Neighbor to Neighbor funds. To find out if

you qualify, contact your respective agency to start the application process:

- Jo Daviess County: Northwestern Illinois Community Action Agency (NICAA), 815-232-3141.
- Carroll and Whiteside counties: Tri-County Opportunities Council, 800-323-5434.
- Henry County: Project Now, 309-852-4565

Jo-Carroll Energy
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Elizabeth, Illinois 61028-0390

Warm someone's heart
this holiday and
give the gift of Energy

Holiday Energy Credits

A wonderful gift for any
Jo-Carroll Energy Member!

Certificates are available
in any amount and are
applied to the member's
energy bill for the amount
purchased.

Ask any billing service
representative for more
information

Saving on giving this holiday season

While shopping for gifts this Holiday season, don't forget to save with your Co-op Connections Card.

Jo-Carroll Energy members have access to more than 65 local discounts at retailers and services in Jo Daviess, Carroll, Whiteside and Henry counties, many of which can help members save on gift-giving this season.

Members with their Co-op Connections Card can save 10 percent off rentals (Sunday through Friday) and in-store retail at Fever River Outfitters in Galena; 10 percent off a purchase at Pegasus Fine Gifts in Geneseo; and 15 percent off live plants at Flower Fan-A-See in Mt. Carroll. Another great deal can be found at Peaceful Pines Guest House in Apple River, where you'll save 5 percent off your next stay.

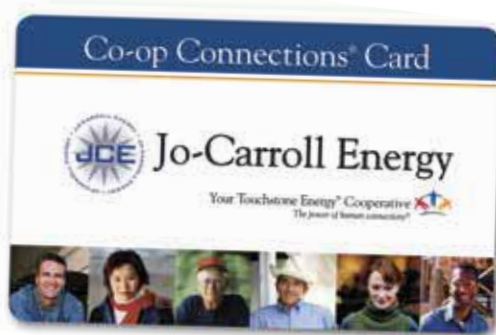
There are many more opportunities to save and to give! To search for discounts or to find out more, visit www.connections.coop and enter your zip code, or call us at 800-858-5522 for a complete list of discounts.

The Co-op Connections Card is a

free benefit for Jo-Carroll Energy members through our partnership with Touchstone Energy. The Co-op Connections Card is accepted at nearly 23,000 businesses nationwide including many hotel chains and car rental companies for members to use on holiday travels.

Whether you are gift shopping or enjoying a night out, remember to shop local and save – all you have to do is show your card at participating

retailers! It's just another member benefit brought to you by Jo-Carroll Energy.



Jo-Carroll Energy will be closed for the holidays

Veterans Day: November 11th

Thanksgiving: November 27th and 28th

Christmas: December 24th and 25th

Annual Holiday Food Drive

Donations of nonperishable items accepted at Jo-Carroll Energy's Elizabeth, Savanna and Geneseo offices.

Receive an LED nightlight with donation.

Donations will benefit the following food pantries:

East Dubuque Food Pantry, United Churches of Galena, Elizabeth Food Basket, Hanover Food Bank, Savanna/Mt.Carroll Food Pantry, Helping Hands Food Pantry, Thompson/Fulton Food Pantry, Albany Food Pantry, Erie Food Pantry and Geneseo Food Pantry

Jo-Carroll Energy offers 2015 scholarships

Jo-Carroll Energy will award six \$500 scholarships to high school seniors in 2015. This is the eleventh year the cooperative has awarded scholarships to the sons and daughters of members.

“The purpose of the scholarship program is to assist member families,” said Michael Hastings, Jo-Carroll Energy president and CEO. “We want to make a difference in our communities and we think lending our youth a hand is one of the best ways to do this.”

Current high school seniors, whose parents are members of Jo-Carroll Energy, are encouraged to apply for the scholarships. Two scholarships will be awarded in both Jo Daviess and Carroll counties and one each in Whiteside and Henry counties.

Applicants must be a current high school senior and a son or daughter of a Jo-Carroll Energy member who is receiving services from the cooperative at the time the application is submitted.

Scholarships may be used for educational costs at any two- or four-year accredited college or university, including vocational/technical schools and lineworker’s school.

Scholarship winners must begin undergraduate studies within one year of being notified that they have won. Scholarship winners are expected to be full-time students (at least 12 hours). Scholarships are for one year and are not renewable.

The awards will be based on grade point average, college entrance test scores, work and volunteer experience and participation in school and community activities. Applicants must also submit a brief biographical statement with emphasis on the student’s citizenship, leadership and character and include the student’s career goals and how the scholarship will help them achieve those goals.

Applicants must also submit a short essay demonstrating their knowledge of cooperatives and the

value of the co-op to its members and community. Two letters of recommendation, one from a teacher or other school personnel and one from a community member familiar with the student, must accompany the application.

Deadline for applications for the Jo-Carroll Energy scholarships is Jan. 31, 2015. Scholarship winners will be notified by May of 2015.

IEC Memorial Scholarships available

The Illinois electric cooperatives in 2015 will award nine academic scholarships to high school seniors through a memorial scholarship fund designed to financially assist deserving students in the “electric cooperative family.” Deadline for these scholarship applications is Dec. 31,

2014. In addition, a tenth scholarship – to assist with costs in attending an electric lineworker school – will also be offered. Deadline for this scholarship is April 30, 2015.

The total of ten scholarships of \$1,500 each will be awarded in 2015 through the Thomas H. Moore Illinois Electric Cooperatives (IEC) Memorial.

Application forms for all scholarships are available from local high school guidance counselors, at Jo-Carroll Energy’s offices in Elizabeth and Savanna and online at www.jocarroll.com. For further information or questions, please contact Peggy Francomb, manager of communications and marketing at 800-858-5522, ext. 1218, or pfrancomb@jocarroll.com.

Win NEW LED Christmas Lights!

Contest Rules:

- Submit a photo of your 2014 indoor or outdoor holiday lighting display with a contest entry form to jscott@jocarroll.com by Dec. 12, 2014. Forms can be found at any Jo-Carroll Energy office. You may also call (800) 858-5522 to request a form or download one at www.jocarroll.com.
- Entries will be judged based on creativity and the number of lights used.
- The top 15 entries will be awarded 10 70-bulb strands of LED holiday lights in a one-for-one exchange of incandescent holiday lighting. Winners must be willing to trade their incandescent lighting to receive new LED lighting.
- Winners will be notified Dec. 19. Lighting exchange will take place after the holiday season.

Note: To be eligible, cooperative members must receive electric service from Jo-Carroll Energy.

