

Celebrating co-op independence



Mike Smith
President and CEO

July is the time we celebrate our nation's independence. In the midst of apple pies and hot dogs, fireworks shows and parades, I can't help but think about the independent streak that inspired groups of farmers around America's countryside to band together and improve their quality of life.

Aside from President Franklin Roosevelt's promise of federal aid in the form of low-interest loans and engineering expertise, rural Americans didn't have much help in bringing electricity to their homes. They pulled themselves up by their proverbial bootstraps and did it themselves. **525C2-951C**

This independence not only tends to inspire cooperatives; it's a guiding principle. The Fourth Cooperative Principle, "Autonomy and Independence," means that no matter what contracts McDonough Power Cooperative might

enter into, we will always remain an independent entity.

Each year, McDonough Power's annual meeting becomes an independence celebration. You vote for candidates on the board of directors, and we discuss co-op business. We share a meal and have some fun.

Electric cooperatives form a vast network across the country, from coast to coast. Co-op lines are strung in 47 states, serving 42 million people—a different world from 1935, when much of America remained dark. This Fourth of July, as we recognize the hard-fought war that created the United States, I'll also tip my hat to McDonough Power founders, who beat incredible odds to make life better for themselves and their neighbors.



**Plan now to join us at the
76th Annual Meeting on Thursday,
August 22 at The Crossing in Macomb.**



**Food, fun, and prizes! Registration
begins at 5 p.m.**



McDonough Power Cooperative

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Office hours:
7 a.m. - 4 p.m. - Weekdays



DIRECTORS

Steve Lynn, Chairman

Jerry Riggins, Vice Chairman

Steve Youngquist, Secretary

Stan Prox, Treasurer

Mike Cox

Robert J. Dwyer

Steve Hall

Walter Lewis

Jeffrey Moore

John D. McMillan, Attorney

All Co-op Electric
Outages 837-1400

A Touchstone Energy® Cooperative
The power of human connections



**Our office will
be closed for
Independence Day
on July 4, 2013.**



Tip of the Month

Lighting accounts for about 13 percent of the average household's electric bill—cut costs by choosing new lightbulbs that have increased output and longevity. Some cost more up front, but prices are dropping as technology advances. Options include color, brightness, and even dimming and multi-way functions. Combining lights with automatic sensors can cut costs further.

Source: NRECA's Cooperative Research Network

MEMBER PRIZES

Every month we will have four map location numbers hidden throughout The Wire. If you find the map location number that corresponds to the one on your bill (found above the usage graph), call our office and identify your number and the page that it is on. If correct, you will win a \$10 credit on your next electric bill.





Capital credits to be retired in August

Your electric co-op makes every member an owner of the business. Unlike other electric utilities, your co-op exists to make sure your needs are always met, not to make a profit.

Instead, any revenues over and above the cost of doing business are considered "margins". These margins represent an interest-free loan of operating capital by the membership to the co-op. This capital allows McDonough Power to finance operations and—to a certain extent—construction, with the intent that this capital will be repaid to you in later years.

We have provided answers to some questions for a better understanding of capital credits.

What's the difference between allocated and retired capital credits?

Allocated capital credits appear as an entry on the permanent financial records of the co-op and reflect as your equity or ownership in McDonough Power. When capital credits are retired, a check is issued to you and your equity in the co-op is reduced.

How often will I receive an allocation notice?

You should receive an allocation notice annually after the finances for the previous year's books have been

completed. Notices for the 2012 allocation were mailed in June of this year.

How are capital credits calculated?

The amount of capital credits you earn in a given year is based upon the amount of capital you contribute to the co-op through payment of your monthly bills. The more electric service you buy, the greater your capital credits account—although the percentage will remain the same. The sum of your monthly bills for a year is multiplied by a percentage to determine your capital credits.

What percent of my bill is returned as capital credits?

The percentage of your total payment that is allocated as capital credits varies from year to year, depending on the success of the co-op. **6315SV38-708A**

Do I have to be a member for an entire year to earn capital credits?

No. Capital credits are calculated based upon a member's monthly bills. If you are billed for service even one month, you will accumulate some capital credits—as long as McDonough Power earns margins in that year.

What happens to the capital credits of a member that dies?

The capital credits of a deceased member may be paid at a discount without waiting for a general retirement. However, these estate payments are not automatic. A representative of the estate must request the credits by submitting a certification of entitlement form and a copy of the death certificate. If the membership is jointly held by a spouse, the estate will only be retired after both the member and the spouse are deceased.

Will I receive a capital credits check every year?

Not necessarily, the Board of Directors must authorize a retirement before you receive a check. When considering a retirement, the Board analyzes the financial health of the cooperative and will not authorize a retirement if McDonough Power cannot afford it.

Are capital credits paid out to members when they move away from the service territory?

No, members who move from the service area are not entitled to accelerated payments but should keep McDonough Power informed of their current address so future payments can reach them.

1984 and 1985 capital credits retired

The McDonough Power Cooperative Board of Directors has authorized retiring the remaining capital credits that were allocated in 1984 and a portion of 1985.

The Board is excited to return your investment in your electric cooperative with this capital credit retirement. As a member of McDonough Power Cooperative during 1984 and 1985, you helped provide the funding to build and maintain the electric system. As a not-for-profit cooperative, all funds not used to pay the wholesale power bill and operating expenses are invested in the facilities, as opposed to borrowing all the money needed for upgrades and growth.

The capital credit check you will receive in August reflects your portion of the margins made and invested during that time. With this general retirement, \$300,000 will be returned to the members who participated in the cooperative's business. Unlike investor-owned utilities that pay dividends to their stockholders who are often far removed from the service provided, cooperatives return their margins to the members—those who used the service and provided an important investment. **532RM43-900C**

We believe this is just one of the cooperative differences that makes serving you and our communities a pleasure.



Right-of-Way Management Activities in McDonough Power Cooperative Service Territory

McDonough Power Cooperative has once again contracted with Spoon River Electric Cooperative (SREC) to perform vegetation management in the following areas beginning this month and continuing through the summer and fall. The affected areas in our service territory include – Adair,

Colchester, Good Hope, Industry, N.W. and S.E. Macomb, and Sciota (see map). This work might include cutting, trimming, mowing and application of environmentally safe herbicides. Vegetation management work is necessary to protect the integrity of the electric system and to prevent potential safety hazards.

SREC personnel are licensed by the Illinois Department of Agriculture and are experienced in all aspects of tree pruning and herbicide application. If you have any concerns regarding work to be done in your area, please contact our office at (309) 833-2101. 3110C7-1118C

