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The Wire

McDonough Power Cooperative • Macomb, Illinois 61455



Mike Smith
President and CEO

Join fellow co-op members at the 2016 annual meeting

It's that time of year again; McDonough Power Cooperative is gearing up for the 2016 annual meeting, which will be held Tuesday, August 16 at The Crossing in Macomb. Doors will open at 5:00 p.m. for registration, a pork chop sandwich dinner, and kettle corn followed by the business meeting and prizes. **4319A1C-1208A**



The annual meeting is a special time for co-op members to gather, share experiences, hear from co-op leadership and, perhaps most importantly, vote to elect your new board members.

McDonough Power employees work hard to host this fun event, and we encourage you to attend and exercise some of the many rights you have as a member of an electric cooperative. We know the food, games and prizes are the best parts of the meeting, but there is so much more to the event.

Did you know the annual meeting is an occasion to discuss and learn more about the issues affecting our community? This is an opportunity to learn more about the

topics that impact you and talk about what we as a community can do to address our most pressing challenges and take advantage of available opportunities.

Your annual meeting is also the occasion to exercise one of the greatest benefits of being an electric co-op member: voting for the upcoming year's board of directors.

Your electric cooperative is not owned by far-away investors, and it is not run by an appointed board of directors. Your electric cooperative is run by a democratically elected board that is given the privilege to serve because of your vote.

So, at this year's annual meeting, not only will you have a blast (and maybe win a prize!), but you will feel good knowing that you had a voice in a very important decision that impacts one of our most vital resources, electricity.

From all of your friends at McDonough Power Cooperative, we hope to see you in August at the annual meeting.





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



DIRECTORS

- Steve Lynn, Chairman
- Jeffrey Moore, Vice Chairman
- Steve Youngquist, Secretary
- David Lueck, Treasurer
- Jerry Riggins
- Mike Cox
- Robert J. Dwyer
- Steve Hall
- Walter Lewis
- John D. McMillan, Attorney

**All Co-op Electric
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The power of human connections



More than \$370,000 returned to members

The Board of Directors has approved a capital credit refund of \$372,000 – It’s the Cooperative Difference! We are issuing checks to current and former members for credits earned in 1987 and 1988. Checks will be mailed mid-August to those who invested during that time.



What are capital credits?

Unlike other utilities, McDonough Power does not exist to earn a profit. Any revenues over and above the cost of doing business are considered margins. These margins represent an interest-free source of operating capital by you and the rest of the membership to the co-op. This capital allows us to finance operations and new construction, with the intent that this capital be repaid to you in later years. We are currently on a 27.5-year retirement cycle.

How are capital credits calculated?

Every member who purchases electricity during a year in which margins are earned is allocated capital credits. The amount of credits you earn in a year is based upon the amount of capital you contributed to the co-op through payment of your monthly bill. The more electric service you bought, the more capital credits you earned. The sum of your monthly bills for the year is multiplied by an allocation factor to determine your capital credits. The allocation factor varies from year to year, depending on the success of the co-op. Capital credits are only allocated for a year in which the co-op earns margins. Since credits are a member’s share of the margins, no credits are allocated for a year without margins.

Will I receive credits every year?

Each year the Board of Directors must approve a capital credit retirement after reviewing the financial health of the co-op. If the board determines that the co-op cannot afford to retire credits, they will not authorize a retirement.

What happens to my capital credits if I leave the co-op service territory?

Your capital credits remain in our system in your name until they are retired. Make sure we always have your current address so we can mail a check to you. We publish lists of names of members we were unable to find in this magazine each year as well as on our website.

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

Capital credits of a deceased member may be paid at a reduced present value without waiting for a general retirement, or may be transferred to a surviving spouse if the membership was jointly held; contact Dawn Beck for details.



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

You are a member, not a customer

That's the co-op difference!

Many businesses use the word “member” to describe their customers. Places like Sam’s Club or Costco and even American Express like to refer to their customers as members. You pay a fee to buy their goods and services, but that is really all you get for the “membership.” No right to vote for the Board of Directors or to participate in any meaningful way in the organization.

In cooperatives like McDonough Power, membership really does mean something more than just the right to buy electricity. Co-ops of all types are founded on seven cooperative principles that give us guidance and strategic direction. Membership also gives you rights as an owner of this co-op.

Brett Fairbairn is the director of the Center for the Study of Co-operatives at the University of Saskatchewan in Canada. He makes the case that member relations is not just part of what co-ops should be doing, but in fact is the fundamental core business of the cooperative.

He further lays out the three strategic concepts that any co-op must get right in order to survive and thrive:

Economic linkage

McDonough Power is connected to you. There is a business relationship that serves you (the member) and the co-op. Since co-ops are solely owned by people in the community, they have a mutual interest to ensure that both the co-op and the member do well and prosper.

Transparency

As an owner of the co-op, you have a right to know how it operates and how decisions are made that directly impact you. If the co-op is transparent and combines this trait with integrity and fairness, it will build trust with the members.

Cognition

In this case, cognition is best defined as how your co-op thinks. It includes

the current and historical identity, the mission and the sense of shared values with co-op members. Research, education and training are critical functions that McDonough Power must conduct on an ongoing basis to ensure that we always have the best information to make decisions.

The cooperative business model is the best one on earth, but like any enterprise, it is up to the human beings who work at the co-op, who serve on the board and the members like you to ensure that the principles and values do not fade over time.

First and foremost, McDonough Power strives to be thought of as a member-owned cooperative that gives you the best value of any utility. If we succeed, our community thrives and you will always value being a member – not a customer.

Adam Schwartz is the founder of The Cooperative Way a consulting firm that helps co-ops succeed. He is an author, speaker and member-owner of the CDS Consulting Co-op. You can follow him on Twitter @adamcooperative or email him at aschwartz@thecooperativeway.coop

Use caution near co-op equipment

As you find yourself spending more time outdoors this summer, McDonough Power Cooperative reminds you to exercise caution near electrical equipment maintained by the co-op.

Substations and power lines carry extremely high voltages, and if contact is accidentally made, the results can be dangerous—or even deadly.

Never climb trees near power lines. If you make contact with a tree that is touching a power line, your body could become the path of electricity from the line to the ground. If you encounter an animal trapped in a tree near power lines or inside a substation, do not attempt to remove it—no matter how furry and cute! Call McDonough Power at 837-1400 or 911 for assistance.

These days, we are seeing more remote-controlled toys, like drones and airplanes, which can be a great way to have fun outdoors. But these gadgets also bring new safety concerns. Remote-controlled toys should never be flown near power lines, substations or other electrical equipment.

Remember these safety tips when flying a remote-controlled toy:

- Keep a safe distance from electrical equipment when you fly. If contact is accidentally made with



a power line or a transformer inside a substation, many members of your community could be left without electricity.

- Keep the remote-controlled toy in sight at all times.
- Avoid flying if weather conditions are unfavorable. High winds could cause you to lose control of the remote-controlled toy.

Here at McDonough Power, your safety is important to us. We hope you will

share the message of electrical safety so that you and others can enjoy plenty of summer days filled with fun! Visit the Outages & Safety section at www.mcdonoughpower.com for more electrical safety tips. **837-1400**

Energy Efficiency

Tip of the Month



Use small electric pans, toaster ovens or convection ovens for small meals rather than your stove or oven. A toaster or convection oven uses one-third to one-half as much energy as a full-sized oven.

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.