



# JO-CARROLL

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



## CEO'S REPORT

by Mike Casper

**I**t is hard to believe that another year is almost behind us. Reflecting on my first year at Jo-Carroll Energy, I can't thank our members and the Jo-Carroll team enough for being so welcoming.

I especially appreciate the input we receive from you, our member-owners, that helps us better serve you. One of the advantages of being a co-op member is that you have a voice in the way we run the co-op.

In conversations with you, three key topics continually emerge: fast, reliable and affordable service; communication; and, specifically, when are we going to get fiber?

Delivering fast, reliable, affordable power and service – and doing so safely – is our top priority.

Along with regular maintenance projects and upgrades to infrastructure, investments in new technologies help to continually improve service reliability and safety.

We exist to provide safe, reliable and affordable energy to our members. We don't make profits, and surplus margins are reinvested in the co-op, pay down debt or returned to members over time through capital credits that you will receive as a credit on your bill in the coming month. You'll find more information about capital credits and this year's retirement on page 18H.

As part of a larger cooperative network, we are a voice for you and your fellow co-op members at the state and national level, working to make sure lawmakers and regulators understand how policies could impact the cost and reliability of your service.

Improved communication and messaging will continue to be a key priority in increasing cooperative value. As the energy and broadband industries continue to change, we must balance adoption of innovations with the needs and expectations of our diverse

membership. We encourage you to actively participate in your co-op and to be engaged in two-way communication with us to ensure we are moving in the right direction.

We remain committed to local development activities and finding solutions that make our communities better places to live. We want to be sure that the programs and services we provide are in the best interests of you, our members.

Today we are working to bring rural broadband service to our area with fiber-to-the-premise. Access to reliable high-speed internet is just as important today as electricity was to farmers and rural communities in the last century.

The big question many of you want answered is, "When will I have fiber?"

We're excited about what fiber means to our area. However, this is a massive undertaking. Building a new fiber network will take time.

Our Sand Prairie fiber-to-the-premise development is taking a phased approach. We're in the process of mapping interest areas that are listed on the Fiber Communities tab at connectSP.com. Before an area is opened for sign-up, enough members must show interest. Once that happens, it will move to the sign-up phase. After a specific number of members sign-up, the area will move into the construction and installation phases.

You can help by visiting connectSP.com to express your interest in fiber and to let others know in your area. You are the owners and champions of your cooperative. It is your interest that will guide us and help us to determine the sequence of development.

Like lighting up the countryside in the 1930s, connecting rural America won't be easy, your input and support is necessary to make it happen.

## Holiday Closings

Jo-Carroll Energy  
will be closed  
Dec. 25 and 26 for  
the Christmas holiday  
and Jan. 1 for  
New Year's.

## Reader prize

**E**ach 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.

# Resume of Minutes

## September 27, 2017

### For your information

#### Your Board of Directors:

**David Senn**  
Chairman  
District 7

**Russell Holesinger**  
Vice Chairman  
District 8

**Marcia Stanger**  
Secretary  
District 3

**Martin Werner**  
Treasurer  
District 1

**Joseph Mattingley**  
District 2

**Dan Tindell**  
District 4

**Patricia Smith**  
District 5

**Thomas Lundy**  
District 6

**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 to 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, September 27, 2017, at the Jo-Carroll Energy Headquarters. The following is a summary of the meeting activities. The Agenda, as amended, and the Consent Agenda were approved.

**Chairman's Report** – Chairman Senn discussed the 2017 NRECA Region 5 and 6 Meeting that was recently held in Minneapolis, MN, noting that it was a great opportunity to exchange ideas. Cyber security and market trends were also discussed. Different ideas were challenged on how to conduct Annual Meetings in the future and how to attract the younger members so that their voice can be heard. Community involvement and engagement with members was also an important message received during the 2017 NRECA Region 5 and 6 Meeting.

**Dairyland Report** – Director Mattingley discussed the Dairyland Report and their various generation sites along with updates on their strategic and succession planning strategies.

**AIEC (Association of Illinois Electric Cooperatives) Report** – No September meeting to report upon.

**APGA Report** – Director Carroll provided an update on regulatory matters being followed by the American Public Gas Association (APGA). Carroll explained that due to destruction caused by Hurricane Harvey, a pipeline manufacturing plant was damaged and production has been temporarily halted.

Carroll also commented on the direct use of natural gas and its efficiency.

**PPI Report** – Director Hallendorff reported on Prairie Power Inc. (PPI's) most recent generation figures and provided operational highlights from Prairie State Units 1 and 2.

#### Monthly Committee Review

**a. Policy 111- Capital Management** – A motion was made, seconded and carried unanimously to approve Policy 111 as is.

#### CEO's Report

President and CEO Mike Casper provided operational highlights and shared with the board that Jo-Carroll Energy recently sent four linemen to assist with electric restoration in the aftermath of Hurricane Irma as well as providing an update on our first Geothermal informational meeting that was held at The Galena Territory on September 16, 2017. Casper noted the Administrative United States Penitentiary (AUSP) in Thomson will be adding more employees. Casper reminded the board of the upcoming open board meeting scheduled for October 25, 2017 at 9 a.m., which will be open to all Jo-Carroll Energy Members.

**a. Financial Operating Report** – Casper reported that the Cooperative's operating margins for the year-to-date were approximately \$1.4 million, compared to a budgeted amount of approximately

**Continued on 18c** ▶



Jo-Carroll Energy board chairman David Senn (left) congratulates directors Dan Tindell (center) and Ron Hallendorff (right) on receiving certificates in two programs from the National Rural Electric Cooperative Association (NRECA). Tindell received his credentialed director certificate, while Hallendorff received a certificate for completing the Board Leadership Program.

## Minutes continued from 18b

- \$1.7 million. The current equity of the cooperative is approximately 25.23%, compared to 24.56% this time last year. By general consent, the board moved to file the financial operating report with the auditor.
- b. Technology Update** - Casper recently had the opportunity to visit the Prairie State Energy Campus (PSEC). Casper discussed how the powered generation facility operates and noted that it produces 1600 MW of efficient clean energy and provides 2.5 million families energy in 8 states.
- c. Fiber Update**- Casper provided a fiber plan overview which included the future of smart grid deployment and financial considerations. Talking points are being developed and will be shared with the board once they are completed. Casper also stressed the importance of fiber to our area and strategies that Jo-Carroll Energy is taking to provide service to our Members.
- Strategic Projects**
- a. Senior Vice President and Assistant General Manager Report** - Kyle Buros, Senior Vice President and Assistant General Manager, discussed Jo-Carroll Energy's strategic goals and initiatives and the process to develop. The three strategic goals are enhancing cooperative value, cooperative growth and operational excellence. The next step in the process is the development of employee action groups to implement.
- b. Vice President and Chief Financial Officer Report** - Peggy Kemp, controller, provided an overview of the form 900.
- Board Issues**
- a. Policy Committee Meeting** - A date was tentatively set for the Policy Committee to meet on October 23, 2017 at 10:30 a.m.
- b. Illinois Bank and Trust Change of Terms for Line of Credit** - A motion was made, seconded and carried unanimously to approve the Illinois Bank and Trust change of terms for line of credit.
- c. Form 990**- A motion was made, seconded and carried unanimously to approve the form 990 as presented.
- Executive Session**  
A motion was made, seconded and carried unanimously to go into executive session at 12:21 p.m.
- Out of Executive Session**  
A motion was made, seconded and carried unanimously to come out of Executive Session at 12:24 p.m.
- Consideration of Matters discussed in Executive Session** - None
- Other Business** - None.
- Adjournment**  
Chairman Senn adjourned the meeting at 12:26 p.m.

## Petitions available for 2018 director nominations

**N**omination petitions for the 2018 Jo-Carroll Energy Board of Directors are now available. Running for the board of directors and voting in the elections is a benefit of being a co-op member. Directors are democratically elected by the membership.

Five director posts will be up for election in the 2018 elections. Districts up for election include: District 8, currently represented by Russell Holesinger of Fulton; District 7, now represented by David Senn of Mount Carroll; District 5, now represented by Pat Smith of Galena; District 10, now represented by Ronald Hallendorff and Robert Kuhns, both of Geneseo; and District 4, now represented by Dan Tindell of Galena.

With this election, the number of representatives from District 10 will be reduced to one. Following the merger with Farmers Mutual Electric Company, District 10 was initially represented by three

directors and reduced to two in 2015 following a transition and integration period. In District 4, the election will be to fill an unexpired term that ends in 2019. Tindell was appointed in May to fill the vacancy until the next election.

Any Jo-Carroll Energy member residing in a district that is up for election, including the incumbent director, may petition for nomination in that district. 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](http://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 Dec. 27, 2017 and no later than March 23, 2018.

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. These include but are not limited to: time demands, educational expectations and fiduciary duties.

All eligible candidates will be announced and listed on the cooperative's website and in Hi-Lines.

Complete details on director qualifications and the nomination procedure can be found in Jo-Carroll Energy's bylaws posted on the cooperative's website at [www.jocarroll.com](http://www.jocarroll.com). Anyone without internet access may request a copy by calling 800-858-5522.

The 2018 Annual Meeting of Members is set for Wednesday, May 23 beginning at 6 p.m. at the Crossroads Community Church in Galena (the former Galena Convention Center).

# Light up the holidays

Help brighten someone's holiday and take part in Jo-Carroll Energy's annual holiday food drive.

Donations of nonperishable items will be accepted at Jo-Carroll Energy's offices in Elizabeth, Savanna and Geneseo through Dec. 18.

Donated items will be distributed to food pantries in the cooperative's service territory. Last year, cooperative employees and members donated more than 850 pounds of nonperishable foods, paper goods and other items.

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



## Energy Efficiency

### Tip of the Month

Purchasing electronic gifts this holiday season? Remember to purchase ENERGY STAR®-certified electronics and give the gift of energy efficiency. Visit [www.energystar.gov/productfinder](http://www.energystar.gov/productfinder) for a full list of efficient products.

Source: [energystar.gov](http://energystar.gov)



**HOLIDAY**  
ENERGY CREDITS

*Warm someone's heart this holiday!*

Ask any Jo-Carroll Energy member service representative for more information.

**800-858-5522**

## Bustos talks rural broadband in Galena

Congresswoman Cheri Bustos visited Galena on Oct. 19 to discuss her commitment to rural broadband. During the visit, she took a look at Jo-Carroll Energy's Sand Prairie infrastructure that serves the downtown Galena area with fiber internet.

Paul Connor of EZ Sell USA told the congresswoman how fiber has been an advantage to his business and allows him to upload images at a much faster rate.

Desiree Einsweiler of Lemfco Foundry also discussed how fiber has helped their business, especially with a new web-based computer system and online training programs.

Tracy Bauer, president and CEO of

Midwest Medical Center in Galena talked about how fiber would benefit with electronic health records, particularly at the hospital's clinic in Elizabeth.

In addressing how the federal government could help with rural broadband, Chris Allendorf, JCE vice president of external relations and general counsel, suggested that existing programs could be adapted to provide access for non-traditional telco providers, including cooperatives like Jo-Carroll Energy. Acknowledging that low-interest loans would probably need to be a part of any funding, he also commented that a larger grant component would benefit rural areas.



Congresswoman Cheri Bustos talks with JCE vice president of external relations and general counsel Chris Allendorf and director of engineering Jesse Shekleton. Several Galena business representatives also talked with Bustos about the benefits of fiber internet.

# Egg roulette determines recipients in Co-op Month employee charity drive

Two Jo-Carroll Energy staff members faced off in a messy challenge as part of a fund drive for charity during October Co-op Month.

A charity fundraiser has been a staple of the co-op's October activities since 2012, starting with "kiss the pig" and pie-in-the-face silver drop competitions. This year, senior staff members competed to see who would compete in a two-person egg roulette.

The "silver drop" fundraiser started in early October with co-op

employees voting with their spare change for the senior staff members they wanted to see in the egg roulette competition. Silver coins added positive points while pennies and bills earned a contestant negative points.

By the co-op's October employee meeting, Tracy Heidenreich, CFO, had earned enough negative points to be "safe" from the competition. Executive assistant Amy Johnston found herself at the top of the positive points standing earning the right to choose her opponent in the egg

roulette. Johnston selected president and CEO Mike Casper.

The two took turns smashing eggs on their heads while trying to avoid the raw eggs. Ultimately, Johnston cracked one raw egg, and the activity ended with Casper cracking two raw eggs.

The campaign raised almost \$500 and will be divided between charities chosen by the two. Johnston selected Riverview Center; while Casper's charity was the Illinois Hurt Lineworker Fund.

Other employees participating included: Kyle Buros, senior vice president and assistant general manager; Jennifer Skien, vice president of member services; Chris Allendorf, vice president of external relations and general counsel; and Merri Sevey, vice president of human resources.



# Jo-Carroll Energy, statewide scholarships available

Jo-Carroll Energy will award up to \$25,000 to students from its service territory through its scholarship program. In addition, Illinois electric cooperatives in 2017 will award nine academic scholarships to high school seniors from across Illinois through a memorial scholarship fund.

The Jo-Carroll Energy Scholarship Program includes:

- Six Jo-Carroll Energy Scholarships in the amount of \$1,000 to current high school seniors whose parents or guardians are members of Jo-Carroll Energy. Two scholarships will be awarded in both Jo Daviess and Carroll counties and one each in

Whiteside and Henry counties.

- Four \$1,000 scholarships (one awarded in each county of the cooperative's service territory) for students who will attend two-year, technical or trade schools.
- Two lineworker scholarships in the amount of \$2,000 each.
- Four \$1,500 scholarships (one awarded in each county of the cooperative's service territory) for adult or "non-traditional" students. These scholarships will go to cooperative members who are returning to school or will attend a post-secondary or accredited training program.

- Ten Director's Scholarships of \$500 each to be awarded to a student from each of the cooperative's 10 director districts. Current high school seniors, whose parents are members of Jo-Carroll Energy, are eligible for these scholarships. Applicants and at least one of their parents must attend the Annual Meeting of Members on May 23 where selections will be made by drawings.

Deadline for JCE scholarship applications is March 1, 2018, except the Director's Scholarships. That deadline is May 1, 2018. All Jo-Carroll Energy scholarships are funded by unclaimed capital credits.

## IEC scholarships deadline Dec. 31

Illinois electric cooperatives will award nine academic scholarships designed to financially assist deserving students in the "electric cooperative family." In addition, a tenth scholarship to assist with costs in attending an electric lineworker school is offered. A total of ten scholarships of \$2,000 each will be awarded through the Thomas H. Moore Illinois Electric Cooperatives (IEC) Memorial Scholarship Program. Deadline is Dec. 31, 2017.

- Five scholarships will be awarded to high school seniors who are the sons or daughters of an Illinois electric cooperative member receiving service from the cooperative.
- The Earl W. Struck Memorial Scholarship will be awarded to a student who is the son or daughter of an Illinois electric cooperative employee or director.
- Three scholarships are reserved for students enrolling full-time at a

two-year Illinois community college who are the sons or daughters of Illinois electric cooperative members, employees or directors.

- The "LaVern and Nola McEntire Lineworker's Scholarship" of \$2,000 will help pay for costs to attend the lineworker's school conducted by the Association of Illinois Electric Cooperatives in conjunction with Lincoln Land Community College, Springfield, Ill. Sons and daughters of co-op members, relatives of co-op employees or directors, and individuals who have served or are serving in the armed forces or National Guard are all eligible for the lineworker's scholarship.

Complete details, eligibility requirements and applications for the Jo-Carroll Energy scholarships can be found on the cooperative's website at [www.jocarroll.com](http://www.jocarroll.com) along with information. Please note that deadlines for the various scholarships may vary.

For more information, contact Peggy Francomb, manager of communications and marketing, at 800-858-5522, ext. 1218 or [pfrancomb@jocarroll.com](mailto:pfrancomb@jocarroll.com).



# Students learn about 'work in the real world'

Area high school sophomores have a new perception of career opportunities in northwest Illinois after attending Manufacturing Day activities in Jo Daviess and Carroll counties in October. **Daniel S. Isler**

Part of a national movement to inform the public about what manufacturing is, the event is designed to inform students about the career

possibilities that they may not be aware of. This year's event incorporated Work in the Real World at the Jo Daviess/Carroll CTE Academy in Elizabeth.

Several Jo-Carroll Energy employees participated in the half-day experience for high school sophomores that provided students with the opportunity to spend time with employers from throughout the region. Approximately

200 students from River Ridge, Galena, Scales Mound, Warren, Stockton and Lena-Winslow attended.

Jo-Carroll Energy employees providing information to students included lineworkers Steve Ludwig and Jake Salzmann, broadband tech Ryan Randecker, and natural gas technicians Bob Houzenga and Mike Hoppman.



# Jo-Carroll Energy to retire \$1.5 million in capital credits

Jo-Carroll Energy will retire capital credits totaling approximately \$1.5 million in December.

The Jo-Carroll Energy board of directors approved the 2017 retirement at its October board meeting.

More than 22,500 members and former members will receive a check or bill credit in December. Active members will receive capital credits up to \$599.99 as a bill credit. Active members with retirements of \$600 or more and all inactive members will receive a check. As in previous years, the minimum check amount is \$10; any retirement less than \$10 will be carried over until the next year or the minimum is reached.

At Jo-Carroll Energy, you are a member and not just a customer. Cooperatives are unique businesses because they are owned by their members. And, they are not-for-profit.

Capital credits represent a members' ownership in Jo-Carroll Energy and is one of the benefits of being a cooperative member. Allocating and retiring capital credits to members helps distinguish cooperatives from for-profit utilities.

Unlike investor-owned utilities, which are operated to make the most profits for stakeholders, co-ops do not earn profits. Instead, any margins or revenue remaining

after all expenses have been paid are returned to members in the form of capital credits.

Jo-Carroll Energy is proud to support our members and communities by putting money back into the pockets of those we serve.

Jo-Carroll Energy uses a hybrid method of retiring capital credits. The hybrid method keeps the 25-year rotation plus retires 5 percent of all remaining capital credits at a discounted rate. The 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.

## How Do Capital Credits Work?

Capital credits represent your ownership in the cooperative. It's one of our founding principles: Members Economic Participation.

1 When you move into your home or open your business and establish service with Jo-Carroll Energy, you become a member.

1

2 Jo-Carroll Energy carefully tracks how much energy or broadband services you purchase from the co-op.

2

3 In years that Jo-Carroll Energy earns positive margins, you are allocated your portion of the previous year's margins based on the amount of services you purchased\*.

3

4 We carefully track the allocations in your account as your investment in the co-op.

4

5 Over the years, your investment is used to fund capital needs such as power line construction, transformers, trucks, inventory and other equipment

5

6 Each year the board evaluates the financial condition of the co-op to determine if we can "retire" or refund capital credits. Your investment is returned.

6



\*Margins for electric, natural gas and broadband internet are allocated separately.