

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

JO-CARROLL

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



High Fuel Costs Raise Rates For Utilities And Customers

PRESIDENT'S REPORT

by Michael Hastings

These days it's difficult to pick up a newspaper or watch the nightly news and not see a story about the soaring cost of energy. Perhaps one of the stories you saw was about a rate increase at Jo-Carroll Energy. As a result of the rising costs to purchase and transport the fuel used to produce electricity, our power supplier, Dairyland Power, has increased its rates.

Effective Jan. 1, 2006, Dairyland Power raised its price about a half cent per kilowatt hour. To the average Jo-Carroll member, that means an increase of roughly \$4.40 per month*.

There are a variety of factors contributing to this increase, but the largest factor is the price big railroads charge to ship coal to power plants.

Most of the power Jo-Carroll buys is generated using coal, and most of that coal is transported by rail. Rail costs for Dairyland Power will more than double in 2006. The increase is the result of a situation known as captive rail.

Captive rail refers to the fact that many of the rail lines that bring coal from mines to power plants are controlled by only one or two railroads. Without a competitive marketplace, railroads are essentially free to charge whatever they want. A comparison done by the National Rural Electric Cooperative Association found the average price to

ship coal on a captive rail line was roughly double the price to ship the same load on a competitive route.

A colleague of mine often says that it's easy to identify problems; the hard part is solving them. Rest assured that the entire team at Jo-Carroll Energy is devoted to controlling costs and doing all that it can to resolve these high energy prices.

"Most of the power Jo-Carroll buys is generated using coal..."

We are working with Dairyland Power, the Association of Illinois Electric Cooperatives, and the National Rural Electric Cooperative Association to put an end to this unfair market power. You can help this effort by calling Congressman Manzullo and Senators

Durbin and Obama to urge their support of bipartisan legislation (H.R. 2047 and S. 919) to ensure fair prices for rail transportation.

In addition, we are committed to finding other long-term solutions to control costs. One example is our planned acquisition of service territory from Alliant Energy. By expanding our customer base, we will build a stronger and more efficient cooperative that will help us control costs and increase service for years to come.

As always, Jo-Carroll Energy is committed to keeping our members informed. We welcome your comments, concerns, and questions by phone, online, or in person.

For more information on captive rail, visit www.nreca.org/nreca/Policy/Legislative/RailCompetition

*Calculation based on 800 kWh of residential, single-phase usage.



WELCOME TO THE COOPERATIVE!

**We would like to
introduce a few
of Jo-Carroll Energy's
newest members!**

Vincent & Joan
Koehler,
Scales Mound, IL

Jeannine Thoms,
Crystal Lake, IL

Tracy Zank,
Homer Glen, IL

Visit our
Web site at
www.jocarroll.com

Resume of Minutes

Regular Board Meeting October 26, 2005

The regular board meeting of Jo-Carroll Energy, Inc. was held at the cooperative office at 7:00 p.m. on October 26, 2005. All Board members present: Bernie Bosch, Jack Janssen, Vernon Law, Tom Lundy, Dick Reusch, Leonard Ricke, Russ Simpson, Chris Stadel, and Marcy Stanger. Attorney John Cox, recording secretary Dorothy Young, President & CEO Michael Hastings, and senior staff – Pat Keleher, Karen Hirsch, and Richard Larimore were also present.

■ The consent agenda was approved with the addition of four items.

Chairman's Comments

■ The Chairman asked for discussion regarding the formation of a Power Supply Committee. Stadel made a motion, seconded by Stanger and carried to form the committee. Bosch and Lundy were selected with Simpson to serve as an ex-officio member to the committee.

Strategic Activity

■ Janssen presented Policy 120 – Harassment. The policy was amended with Administrative Policy 220 and 220.1 to be reviewed for the same changes.

■ Stanger reported on the Annual Meeting Committee Meeting. She reported on the time, type & cost of meal, as well as adding Youth to Washington Scholarship winners to the agenda to speak in addition to Neil Kennebec of Dairyland.

CEO's Report

■ The asset purchase agreement schedules for the Alliant Energy service area acquisition are done. The CEO & staff are working on testimony for the Illinois Commerce Commission filings;

■ Carl Dufner (AIEC) has been retained to work on Jo-Carroll rates. Keleher is working on rate presentations for Jo-Carroll's largest members;

■ Work continues on legislation to clarify Illinois law dealing with natural gas cooperatives.

■ The CEO proposed the retention of DaCott Energy Services to assist Jo-Carroll Energy with future power

supply issues and related due diligence. Stadel made a motion, seconded by Bosch and carried to retain DaCott Energy Services.

■ The CEO reported that the status of the settlement with Dairyland on a number of pending issues had not changed;

■ The CEO & staff gave a report on Jo-Carroll Energy's dual fuel program. Bosch moved, seconded by Stadel and passed to increase the dual fuel rate by one cent January 1st;

■ The CEO reported on his moving expense summary. Law moved, seconded by Stadel & carried to approve the additional cost of \$136.00 over the estimated moving costs;

■ The CEO reported on Jo-Carroll's new four-year labor agreement with the IBEW. Stadel moved, seconded by Reusch & carried to approve the agreement;

■ The CEO & staff made a presentation & recommendation concerning a low-income energy assistance program for Jo-Carroll Energy members. A motion by Janssen, seconded by Stanger and carried to approve staff's recommendation; *Alanna Van Meter*;

■ The CEO reported on the agreement to serve a portion of the Village of Hanover in an area recently annexed by the Village. The Board approved the agreement negotiated by the CEO with a motion by Bosch, seconded by Stanger and carried;

■ The CEO reported on a proposed ethanol plant project in the southern portion of Jo-Carroll's service area.

The project would increase jobs in the service area, provide a market for grain for Jo-Carroll members, provide a potential power supply for Jo-Carroll members, potentially provide a new natural gas load for the cooperative in the future & provide other growth opportunities for Jo-Carroll. Bosch made a motion, seconded by Stadel to invest a set amount subject to the pending due diligence and further board review & approval. Motion carried.

Executive Session

■ The Board went into executive session to discuss staff and CEO compensation issues.

Board Issues

■ The Chairman gave a report on capital credits from the NRECA course

■ *Continued on 16d*

Higher Heating Fuel Bills Expected This Winter

Electric Heat a Fraction of Other Fuel Costs

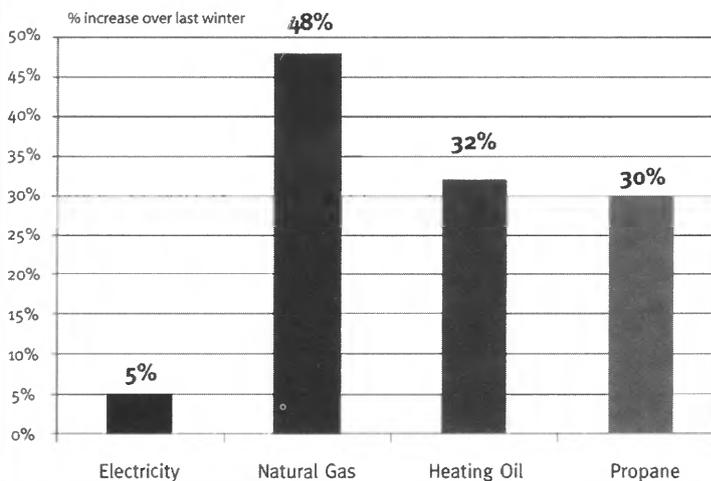
This winter, residential heating bills are projected to increase for all fuel types compared to year-ago levels, according to forecasts released by the Energy Information Administration.

Customers who rely on electricity to heat their homes will pay more this winter, although not as much as natural gas, oil, or propane users, the agency said in its most recent Short-Term Energy Outlook.

On average, households heating primarily with natural gas can expect to spend about \$350 (48 percent) more this winter on fuel. Households heating primarily with heating oil can expect to pay, on average, \$378 (32 percent) more this winter. Households heating primarily with propane can expect to pay, on average, \$325 (30 percent) more this winter. Households heating primarily with electricity can expect, on average, to pay \$38 (5 percent) more.

These averages provide a broad guide to changes from last winter, but fuel expenses for individual households are highly dependent on local weather conditions, the size and efficiency of individual homes and their heating equipment, and thermostat settings.

Home Heating Cost Increases Predicted this Winter



Prices for petroleum and natural gas will remain high due to tight international supplies of crude and hurricane-induced supply losses. Continued high crude oil prices had been expected prior to Hurricanes Katrina and Rita. Complete recovery of energy infrastructure from hurricane damage will take many months; however, considerable recovery should occur by the end of 2005.

Source: Energy Information Administration, an agency within the U.S. Energy Department.

■ Continued from 16b

he attended at the Region V meeting in Dubuque, IA.

- Capital credit retirement was discussed. Bosch moved, seconded and carried to follow Policy 130 guidelines for the retirement of capital credits.

- The CEO reviewed the reserve for bad debt. Lundy made a motion to approve the rate for 2005, seconded by Janssen and carried.

- NRECA Course 903.1 was discussed.

- A board chair position description was reviewed & approved.

Legal Update

- Attorney Cox reported on a new

lawsuit involving Great Plains.

- Attorney Cox reported on a member tree trimming issue.

- Attorney Cox read executive session minutes that need to be placed with the Board Minutes of the April 27, 2005 Regular Board meeting.

Reports

- Ricke gave the dated for the Dairyland District meetings.

Other Business

- Christmas baskets for the needy were discussed. It was decided to provide gift certificates in lieu of baskets.

The meeting was adjourned at 11:35 p.m.

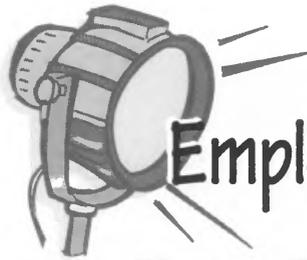
Reader prize

Each month we print the name of a Jo-Carroll 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 story, contact Jo-Carroll and claim your prize no later than the 10th of the month following publication

Office hours

7:30 a.m. to 4 p.m.
Monday through
Friday

During hours call
(815) 858-2207
or (800) 858-5522.



Employee Spotlight

JCE welcomes Tina Degarmo, Billing Services Representative



Tina and her family moved to Apple Canyon Lake from Winnebago, Ill. in September 2000 after Tina's husband Bill's employer offered him a transfer

from Rockford to Galena. They lived at the lake (ACL) for four years and then moved to Scales Mound in September 2004.

Tina and Bill have been married for 19 years and have one daughter, Danielle, who is 15 years old. Bill works for SBC and Danielle is a sophomore at Scales Mound. Tina was previously employed at Apple Canyon Lake for almost

four years as a bookkeeper and assistant with customer service.

The Degarmos enjoy watching their daughter Danielle's volleyball games and cheering for the team.

"I enjoy spending time with my family and friends," says Tina. "I've been known to play horseshoes, shuffleboard, and when time allows, which isn't very often, I like cross stitching. I like taking my daughter shopping, as I know that will be ending as soon as she gets her license!"

Tina concludes, "I am pleased with this new opportunity and anxious to serve the members of Jo-Carroll Energy."

Please join us in welcoming Tina Degarmo.

Meet Dorothy Young, Executive Assistant

Dorothy Young is the Executive Assistant at Jo-Carroll Energy, where she has been employed since 1982. Dorothy, her husband Tom and son Darin, live on a 300-acre farm in rural Elizabeth. There, the family raises Angus cattle and farms corn, hay, and oats.

Dorothy says, "I guess you could say that farm living is the life for me. We love it here! I enjoy going for walks on our property and it's so nice to see Tom and Darin spend such valuable time together. After all, Darin is a high school senior and will be off to college soon where he wants to study agriculture."



Father and son like to hunt, fish, farm, and sometimes play golf. Dorothy's hobbies include baking, family camping, fishing, walking, and spending time with Tom and Darin.

Dorothy also volunteers time at her church where she sings in the choir and helps with local 4-H and school events. "I am grateful to be a part of the Jo-Carroll Energy team.

One of the things that I like best about my job is being able to serve the staff, board, and members," Dorothy says.

Thank you Dorothy, we are grateful you're here too!

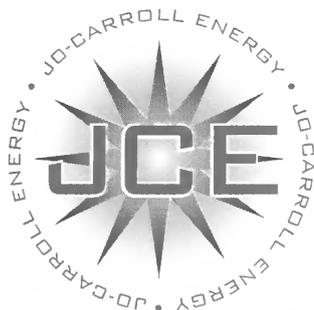
Announcing expanded office hours!

To better accommodate members of Jo-Carroll Energy, our office hours will be Monday through Friday from 8:00 a.m to 5:00 p.m. effective January 1, 2006.



The Check is in the Mail!

The Jo Carroll Energy Board approved paying the balance of capital credits earned in 1979. In the first part of December, 2,922 checks were mailed. Capital credits returned were \$242,470.20. As a non-profit cooperative, Jo-Carroll returns the "profits" or revenues that are in excess of expenses to the members on a patronage basis. These funds are referred to as capital credits.



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Acquisition Update

PRESIDENT'S REPORT

by Michael Hastings

Last summer, Jo-Carroll Energy announced its planned acquisition of service territory in northwestern Illinois from Alliant Energy. We are pleased to be part of this once-in-a-lifetime opportunity to strengthen the cooperative and provide our region's electric and natural gas consumers with the best long-term energy solution.

In late December, we reached a major milestone when Alliant Energy petitioned the Illinois Commerce Commission (ICC) to approve the sale. This milestone is significant because the ICC is responsible for regulating public utilities in the state. In the coming months, the ICC will carefully review the proposal to ensure this sale is in the best interests of northwestern Illinois consumers.

Since sharing this exciting news in July, the Jo-Carroll Energy team has been canvassing our area to meet various government, civic, and community groups. The most common questions we hear at these meetings pertain to potential rate increases.

It's no secret that the costs for all types of energy have been rising. It's also well known that this relentless upward pressure is projected to continue for some time. Although Jo-Carroll Energy can't control the price of oil or the natural disasters that have affected energy supplies,

our not-for-profit business model allows us to keep your rates as low as possible.

Evidence of the cooperative advantage can be found in the pending ICC case. Alliant Energy has filed testimony that if it had kept its northwestern Illinois territory, Alliant Energy could have sought a rate increase of approximately 21 to 22 percent*, based upon 2004 data. Jo-Carroll Energy believes it will be able to efficiently serve the same group of consumers with a smaller increase, based upon that same 2004 data.

We are confident that as the commission reviews the facts of Alliant Energy's petition, they will conclude as we have that this sale is

in the best interest of our region's electric and natural gas consumers.

Next month, Jo-Carroll Energy will host its annual meeting at River Ridge High School. The annual meeting will be a great time for us to reflect upon a dynamic year and look forward to the cooperative's incredibly bright future. In addition to our annual meeting, we will continue to host member forums to update you on the acquisition.

As always, I enjoy your comments online, by phone, or in person. I hope to see you at our annual meeting on March 18! Until then, we'll keep the lights on for you.

* Public testimony of Martin Seitz of Alliant Energy filed in case number 05-0835. Available online at <http://eweb.icc.state.il.us/e%2Ddocket>.

"Our not-for-profit business model allows us to keep your rates as low as possible."

Reader prize

Each month we print the name of a Jo-Carroll 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 story, contact Jo-Carroll and claim your prize no later than the 10th of the month following publication



WELCOME TO THE COOPERATIVE!

We would like to introduce a few of Jo-Carroll Energy's newest members!

Larry Kuntze,
Lombard, IL

Lawrence Galer,
Lebanon, IL

Katie Lanners,
East Dubuque, IL

Office hours

8 a.m. to 5 p.m.
Monday through
Friday

During hours call
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or (800) 858-5522.

Visit our
Web site at
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Resume of Minutes

Regular Board Meeting November 30, 2005

The regular board meeting of Jo-Carroll Energy, Inc. was held at the cooperative office at 9:30 a.m. on November 30, 2005. All Board members present: Bernie Bosch, Jack Janssen, Vernon Law, Tom Lundy, Dick Reusch, Leonard Ricke, Russ Simpson, Chris Stadel, and Marcy Stanger. Attorney John Cox, recording secretary Dorothy Young, President & CEO Michael Hastings, and senior staff – Pat Keleher, Karen Hirsch, Richard Larimore, and Rick Knipfer were also present.

■ The consent agenda was approved with the addition of two items.

Chairman's Comments

■ The Chairman commented on the framed Director certificates recently placed on the boardroom wall.

Strategic Activity

■ Janssen presented Policy 122 on Employment Practices. The policy was approved as it presently stands.

■ Janssen presented Policy 104-Director's Attendance at Meetings. This policy was approved as amended & recommended by the Policy Committee.

■ Janssen presented the Board Chair position description to be placed in the policy book as Policy 108.2. This placement was approved.

■ Janssen reviewed the draft Jo-Carroll Vision, Mission and Values Statement developed at the recent Policy Committee meeting. The committee recommended that it be shared with the Jo-Carroll employees for their ideas & then brought back to the Policy Committee before a recommendation is made to the Board for consideration. Stanger suggested three further items for consideration for the Statement, which will be considered at the next Policy meeting.

■ Janssen reported on Policy 130-Capital Credit Retirement. The committee decided to have staff develop further language that will provide the board with additional flexibility regarding the future payment of capital credits.

■ Janssen brought before the board a

Policy Committee proposal on Jo-Carroll board per diem amounts. Lundy asked to see a report on the last three years' per diem expenses. Larimore obtained & presented the report. A motion to increase the per diem amount pursuant to the Policy Committee proposal was defeated. A motion to leave the base per diem amount the same and increase it from \$15 to \$25 for each completed NRECA Credentialed Cooperative Director course completed was also defeated.

■ Janssen presented the Policy Committee's recommendation to pay per diem for attendance at NRECA Annual Meeting. This practice is followed by all other Illinois electric cooperatives. The committee's recommendation was approved.

■ Janssen reported that in keeping with Policy 105 (F), a summary of Directors statement of fees & expenses will be prepared & included in the monthly board consent agenda.

■ Lundy gave a report on the Power Supply Committee meeting. The committee discussed the current state of power supply in the US, the objectives of the committee, and specific power supply issues facing Jo-Carroll.

■ Stanger reported on the Annual Meeting Planning Committee meeting. Topics discussed included the meeting time, meal & cost, meeting theme, presentations, children's prizes, door prizes, grand prize, children's entertainment, board & employee dress, and the display of a hybrid vehicle. The committee's recommendations were approved.

CEO's Report

■ Alliant Energy service territory acquisition – Discussed were the issues of a joint petition versus Alliant Energy petition with co-ops intervening, rate testimony issues, filing timing issues, and Alliant Energy employee presentation plans.

■ Ethanol plant project update – Discussed were the five present investor/investor groups, possible other interested investors, the amount of initial capital to be invested by each party, the site for the plant, the COO & the project manager.

■ Dairyland settlement update - no substantive changes have occurred re-

■ *Continued on 16c*

Continued from 16b

garding Jo-Carroll's settlement with Dairyland on a number of pending issues.

Dairyland's rate increase
 - Dairyland announced a rate surcharge beginning January 1, 2006. This will be passed along to Jo-Carroll and the other 24 Dairyland members. The increase is primarily due to increases in the cost of shipping coal by rail from Wyoming to Wisconsin. The rate will have to be passed on to Jo-Carroll members. Dairyland plans another rate increase, beginning May 2006.

Christmas party - The CEO updated the board on the plans for the 2005 board & employee Christmas party.

Personnel announcements
 - Knipfer announced the hiring of

Jesse Shekleton as a line superintendent. Hirsch announced the hiring of Tina DeGarmo as Billing Service Representative.

Flex Plan - Keleher explained the "flex plan" medical savings account program. The board approved the resolution to adopt the plan.

Adoption of Resolution concerning Dairyland Power Cooperative
 - The board adopted a resolution urging Dairyland to pursue every available means to reduce Dairyland's cost in an effort to keep overall power cost increases to a minimum.

Board Issues

The employee Christmas bonus was discussed and approved.

NRECA Course 2620.1 was discussed.

Capital Credit checks are sched-

uled to be mailed the first week in December.

The status of Computer Dynamics' programs with the cooperative was discussed.

Legal Update

Attorney Cox reported on the Great Plains litigation case.

Reports

Stanger & Simpson reported on the NRECA Course 903.1 they attended, The Effective Board Chair.

Other Business

The meeting was adjourned.

Results of Nominating Committee Meeting December 19, 2005

The Nominating Committee met at the cooperative headquarters building on December 19, 2005, for the purpose of nominating members of the cooperative to serve as a director for Districts 5, 7, and 8. The results are:

DISTRICT 5

Richard Reusch, 6998 S Derinda RD, Elizabeth, Illinois, 61028-9512, (815) 598-3357.

Paul Fitzpatrick, 4376 S Derinda RD, Elizabeth, Illinois, 61028-9208, (815) 858-2296.

DISTRICT 7

Kenneth (Russ) Simpson, 12727 W Point Rd, Mt Carroll, Illinois, 61053, (815) 244-2712.

Frederick C Randecker, 16934 Polsgrove Rd, Mt Carroll, Illinois, 61053-9030, (815) 244-9593.

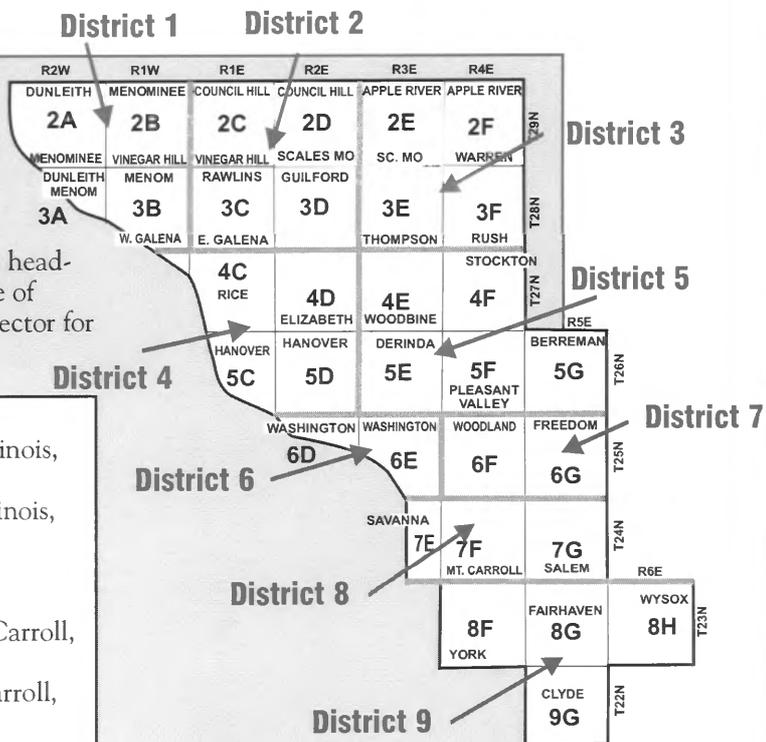
DISTRICT 8

Vernon Law, 12572 Airport RD, Savanna, Illinois, 61074-8443, (815) 244-9348.

Donald Shaw, 10045 Becker RD, Savanna, Illinois, 61074-8595, (815) 273-2627.

Please remember, the election for directors from these districts will be conducted through the mail. Only members who reside in the districts in which elections are being held this year will receive ballots. Members in those districts should carefully review the material and promptly return their completed ballots to Jo-Carroll Energy by 4 p.m. Friday, March 17, 2006.

Note: Candidate profiles will be included in next month's edition.



Annual Meeting Saturday, March 18!

The 67th annual meeting of Jo-Carroll Energy members is coming soon so please mark your calendars. This year's meeting will be held at the River Ridge School Gymnasium on Route 84 between Elizabeth and Hanover, Jo Carroll Energy Daviess County, Illinois, on Saturday, March 18, 2006.

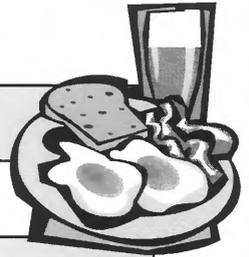
There will be attendance prizes awarded for adults and children, a hot breakfast, and childcare service.

Please remember that this is your annual meeting and we sincerely want to meet with you and your family to hear what you have to say about your electric cooperative.

Look for more annual meeting information in next month's issue.

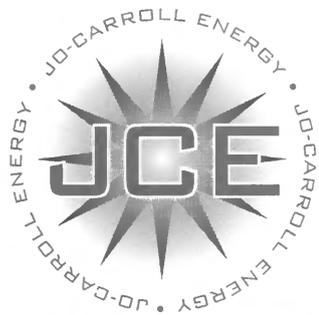
Please note the new start time for the meeting. Registration and a hot breakfast will begin at 9:00.

2006 ANNUAL MEETING PROGRAM Saturday, March 18, 2006



9:00 a.m. to 10:45 a.m. Registration, Hot Breakfast by Sullivans Foods & Meet Your Directors
10:00 a.m. Early-Bird Prize \$100 credit on an electric bill
10:45 a.m. to 11:00 a.m. YTW & Scholarship Student Presentations
11:00 a.m. Business Session Call to order.....Russ Simpson, Chairman Pledge of Allegiance to the Flag..... Richard Reusch Invocation Pastor, Tim Ahrenholtz, New Covenant Assembly of God, Galena, Illinois Introduction of Jo Carroll Directors and Former DirectorsRuss Simpson Introduction of Special Guests and Employees.....Michael Hastings Reading of Notice of Meeting Leonard Ricke, Secretary Approval of Minutes of Last MeetingRuss Simpson Report of Director Election..... Credentials and Election Committee Treasurer Report John Janssen Board Chairman and President/CEO Presentation .. Russ Simpson and Michael Hastings Acceptance of Officers' Reports.....Russ Simpson
Unfinished Business
New Business
Adjourn Business Meeting
Awarding of Attendance Prizes Tracy Heidenreich & Tina DeGarmo 20 - \$20 Bills 20 - \$30 Energy Credits on an electric bill Grand Prize – The Stove by Dimplex
Drawing for Children's Prizes Ages 5 & under - one bike, Ages 6-12 - one bike, Ages 13-17 - one iPod.
<i>Must be present to enter and win all prizes.</i>
Children's Entertainment – Bean-bag game for prizes, additional games in babysitting room.





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JO-CARROLL

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An Invitation

PRESIDENT'S REPORT

by Michael Hastings

On Saturday, March 18, our members will gather at River Ridge High School for Jo-Carroll Energy's annual meeting. Every annual meeting is important, but some are more important than others. There have been quite a few changes in the past year, including several significant changes that will influence the direction of Jo-Carroll Energy for years to come. This

meeting will provide an opportunity to discuss those changes and learn more about what's ahead.

Without question, the most publicized change is Jo-Carroll Energy's pending acquisition of service territory from Alliant Energy. We have gone out into the community to meet with members and answer their questions about this exciting opportunity. At the annual meeting we will give an overview of the acquisition, update members on the status of the transaction and field any questions our members may have.

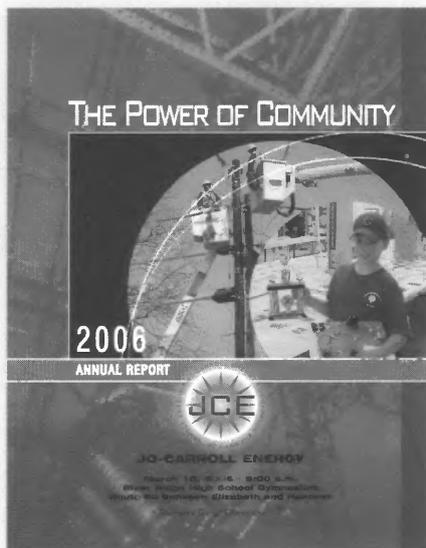
Another significant change was my coming on as the new CEO of

Jo-Carroll Energy. Soon I will be finishing my first year in this role. It has been an action-packed and rewarding year, and I look forward to meeting many members for the first time.

In the world of co-ops, we often tout the benefits of member control. Local control and self-determination are two principles that have helped a nation prosper for 230 years and served our cooperative

well since 1939. I look forward to seeing those principles at work at our annual meeting.

So please join us at River Ridge High School on March 18, as we celebrate the past and discuss the future. If you've never been to an annual meeting, this is a great time to start. Registration starts at 9 a.m. and we'll be serving a complimentary hot breakfast. We have plenty of activities to keep your children happily occupied. Democracy, breakfast and fun for the kids. What more do you need? I look forward to seeing you then!



Democracy is not so much a form of government as a set of principles.

— Woodrow Wilson

Resume of Minutes

Regular Board Meeting • December 20, 2005

The regular board meeting of Jo-Carroll Energy, Inc. was held at the cooperative office at 9:30 a.m. on Tuesday, December 20, 2005. All Board members present: Bernie Bosch, Jack Janssen, Vernon Law, Tom Lundy, Dick Reusch, Leonard Ricke, Russ Simpson, Chris Stadel, and Marcy Stanger. Attorney John Cox, recording secretary Dorothy Young, President & CEO Michael Hastings, and senior staff – Pat Keleher, Karen Hirsch, Richard Larimore, and Rick Knipfer were also present. Kyle Buros was present for the map demonstration.

- The tentative agenda was approved with the addition of six items.
- The consent agenda was approved with a modification to the November 30th Board Meeting minutes.

Chairman's Comments

- The Chairman distributed & discussed handouts: "Some Thoughts for Boards of Directors 2006" & "What is Fusion?"

Strategic Activity

- Janssen presented Policy 124 on Employee Attendance at Meetings. Janssen suggested several changes. The policy was approved as modified.
- The CEO reported on the Nominating Committee meeting and gave the nominees that will stand for election. District 5: Richard Reusch and Paul Fitzpatrick. District 7: Kenneth (Russ) Simpson, Frederick Randecker and Dennis Green. District 8: Vernon Law and Donald Shaw. Ballots will be

counted by the Nominating Committee on March 17th.

CEO's Report

- Acquisition update – It is the CEO's understanding that Alliant Energy plans to file its application for approval of its asset sale today.
- Ethanol plant project update – Discussed were the five present investor/investor groups, one possible other interested investor in Fulton Ethanol, LLC, the amount of initial capital to be invested by each party, the site for the plant, the COO & the project manager. The CEO recommended that Jo-Carroll proceed with an initial investment in Fulton Ethanol, LLC, and to approve a resolution prepared for this purpose.
- Dairyland settlement update – The CEO reported that the RUS had raised a concern about a provision of the proposed settlement between Jo-Carroll & Dairyland. Both Jo-Carroll & Dairyland are determined to resolve this issue with the RUS. Simpson reported on the Dairyland Board Meeting.
- Badger Group Meeting Report – The CEO reported on the meeting that a number of board members attended along with representatives of the Badger Group of Wisconsin electric co-ops. Presentations were made concerning the Midwest Independent System Operator by several consultants.
- SEDC matters – The CEO provided the board with a brief update on recent matters of interest regarding Jo-Carroll's SEDC software.

Board Issues

- The CEO provided an overview of Jo-Carroll's 2006 budget and answered questions. The budget for 2006 was approved.
- NRECA Course 2640.1, Financial Decision Making, was discussed.
- Bad debt for 2005 was discussed and the Board approved the write-off of this bad debt.
- The list of the members who received Christmas gift certificates was reviewed.
- CEO presented a request from NRECA International Foundation Sponsorship. The Board authorized the CEO to make a donation on behalf of the Cooperative.
- Delegates & Alternates were chosen for the NRTC, NRECA, CFC & Federated meetings to be held at the National NRECA meeting in February.
- A Computer Dynamics written update was reviewed. Computer Dynamics plans to begin broadband service this summer in the Jo-Carroll service area.
- Kyle Buros gave a demonstration on Jo-Carroll's electronic mapping system.
- Shirts were chosen to be worn for Jo-Carroll's 2006 annual meeting.

Legal Update

- Attorney Cox reported on the Great Plains litigation case and one easement case.

Other Business

The meeting was adjourned.

Manzullo Fights for Cooperative Members

Congressman Don Manzullo (R-IL) joined a bipartisan delegation of legislators from four states to urge that the Department of Energy help defray the costs to safely store spent fuel from a nuclear power plant it built in Genoa, Wis., in the 1960s.

The La Crosse Boiling Water Reactor was one of four demonstration projects built by the federal government in 1967 to show peaceful uses of nuclear energy. In 1977, the government transferred control of

the plant to Dairyland Power Cooperative, an electricity generation and transmission cooperative of which Jo-Carroll Energy is a member.

At the time of the transfer, spent nuclear fuel did not require long-term storage because it was reprocessed by the government. When the government reprocessing program was halted by then-President Jimmy Carter later that year, spent nuclear fuel began accumulating at reactors across the nation.

Since then, Dairyland's member cooperatives, including Jo-Carroll Energy, have been forced to pay millions of dollars each year to safely store the highly radioactive material. The government has agreed to help fund storage costs at the other three demonstration reactors it built. Congressman Manzullo's letter requests the Department of Energy give equal consideration to the LaCrosse facility.

2006 Director Candidate Profiles

Ballots are mailed to members in districts 5, 7 and 8

District 5

Richard Reusch
6998 S Derinda Rd,
Elizabeth, Illinois 61028-9512
(815) 598-3357

The members of Jo-Carroll Energy's District 5 are represented by Richard Reusch. In 1981, the members of this district first voted to have Richard represent their interests and they have voted for him in six successive elections, giving him 24 years of service. He has also served as board chair from 1985 to 2004.



Richard was involved in 1983 when the cooperative built the modern headquarters building on the edge of Elizabeth.

"Service is why we are here," says Richard. "The board recognized that we had far outgrown the small facility in town and we had to modernize. This area was beginning to grow, and that growth has not stopped."

The cooperative had about 3,700 meters when he was first elected to the board, now Jo-Carroll has more than 7,000.

Richard and his wife, Twila, operated a 780-acre dairy farm. They attend the Derinda Trinity Lutheran Church and have two children and six grandchildren. He still has an antique 1957 tractor and a 1979 Corvette that he drives on summer weekends and in parades. The hobby brings out memories of his childhood on the farm.

Richard has served in other organizations such as the Derinda Park Board, Jo Daviess Comprehensive Economic Development Group, School Board, Fair Board, Church Council and Choir, and the State American Dairy Association.

Richard says, "The future of Jo-Carroll Energy will bring many challenges and changes for the good of cooperative members. I very much want to be a part of that future."

Marietta Kuchuris

District 5

Paul Fitzpatrick
4376 S Derinda Rd,
Elizabeth, Illinois 61028-9208
(815) 858-2296

Paul Fitzpatrick has been a member of Jo-Carroll Energy for 38 years. Originally from Dekalb, Ill. He and his wife, Mary, moved to Elizabeth, Ill. in 1967. Paul and Mary have five adult children and 11 grandchildren.



Paul graduated from Dekalb High School in 1951 and received a B.S. degree in agriculture (agronomy) in 1961 from the University of Illinois where he also took graduate courses in business and communications.

He was raised on a hog-grain farm in Dekalb and worked for the Dekalb Seed Corn company before and after being drafted into the Army in 1954. After completing college, he started with the USDA and spent 32 years with the agency now known as the Farm Service Agency. While working for the USDA, he helped administer various federal farm programs. During his time with the agency, he also served as the office manager and county executive director.

Paul is a member of the Knights of Columbus, a former Elizabeth Lion, and is involved with St. Mary's parish of Elizabeth.

He loves to read and enjoys local history, the mining industry and early agriculture. "The 11 grandkids keep us busy with all of the school sports programs," Paul says.

Paul's experience with the Farm Service Agency helped him to understand how elected boards operate since the FS agency is structured that way. Other board experience includes Elizabeth School Board for 14 years and the Jo Daviess-Carroll County Vocational center board for eight years.

Paul states, "I would like to be involved in seeing that the cooperative approach to providing energy and services is continued. I would like to

contribute to the process of blending the operations of Jo-Carroll Energy with the newly acquired territory and consumers now being served by Alliant Energy. These are exciting times for the co-op."

District 7

Russ Simpson
12727 W Point Rd,
Mt Carroll, Illinois 61053
(815) 244-2712

The members of Jo-Carroll Energy's District 7 are represented by Russ Simpson. Russ has served on the board since 1999, and has served as board chair since 2004. He completed the requirements for Credentialed Cooperative Director certification during 2003, and received Jo-Carroll's first-ever Board Leadership Certificate during 2005.



Russ, his wife, Sue, and son, Cory, live full time on the cooperative's lines in rural Mt Carroll. In addition to operating a consulting business out of his home, Russ teaches management courses in the ICPM program at Highland Community College, and assists the Illinois SBDC with small business start-up and counseling. Sue is office manager for Kunes Country Auto in Mt Carroll, and Cory attends West Carroll primary school.

Russ and Sue owned and operated a local hardware store for 17 years prior to which Russ spent nearly 20 years in engineering management with Texas Instruments. He graduated from Mt Carroll High School, holds an electrical engineering degree from the Milwaukee School of Engineering, and recently received a Masters degree in Project Management from the University of Wisconsin-Platteville.

"Teaching and consulting keeps me in tune with the ever-changing business environment as well as the interests and needs of people," Russ says. "It parallels our intentions at Jo-Carroll. This cooperative is small enough to stay in touch with the interests

■ Continued on page 16d

■ Continued from page 16c

of its members, something very important in a member- owned cooperative, but we must also always be aware of, and prepared to address, change.”

Russ is an active amateur radio buff and a woodworker, but he truly enjoys working on the Jo-Carroll Energy Board of Directors. “I’ve always liked being active in the business world. I was with Texas Instruments through years of significant transformation, and as a storeowner experienced great changes in retailing. Jo-Carroll Energy is a dynamic organization in a dynamic time; representing the best interests of the members will be rewarding, exciting and challenging. It’s a role I want to play.”

District 7
Frederick C Randecker
 16934 Polsgrove Rd,
 Mt Carroll, Illinois 61053-9030
 (815) 244-9593

Frederick Randecker and his wife, Sherry, have been Jo-Carroll Energy members since 1972. They own and operate a dairy and beef farm in rural Mt Carroll, Ill., and have been farming for the last 36 years.



Fred and Sherry have three grown children (two daughters and one son) and three granddaughters. Fred attended Mt Carroll High School and has been operating the farm since he was 15 years old.

Fred was the trustee for Woodland Township from 1991 to 2001. Fred says, “I enjoy hunting and fishing with my children and spending time with my family. I really enjoy the rural life and have an interest in keeping the price of energy at a reasonable rate.”

District 8
Vernon Law
 12572 Airport Rd,
 Savanna, Illinois 61074-8443
 (815) 244-9348

Vernon Law represents the Jo-Carroll members in District 8. Vernon has the longest tenure of the current board. He has served on the board for 35 years and is a past board chair.



Vernon is a firm believer in the cooperative business model. “I have been involved with cooperatives my entire life and I feel it is the best way for rural folks to join together to help themselves and one another,” he says. His is not just a passing interest either. In addition to the Jo-Carroll Board, Vernon has served on the Association of Illinois Electric Cooperatives Board in Springfield for the past 26 years.

Vernon also is chairman of the FSA Board in Carroll County and a member of the Farmers Union. Vernon sells his milk to Swiss Valley, another farmer-owned cooperative. His public service work is not limited to cooperatives either. Vernon has been a trustee for Mt Carroll Township for 29 years.

Vernon and his wife, Thelma, farm. Farming is Vernon’s life, not just a passing interest. They raised their two children on the family farm. Vernon has been farming for more than 46 years, starting in 1959 on his uncle’s farm, and “going out on my own” in 1963. He currently has dairy, beef and sheep. He is a Northrup King Seed dealer as well.

Vernon is most impressed with the way the Jo-Carroll Energy has adjusted to the various technological advances and the explosive growth of the cooperative’s

service area. “Jo-Carroll Energy is a cooperative that is always ‘on the go.’ In a service industry like an electric supplier you have to constantly advance to keep up with the changes,” he says.

District 8
Donald Shaw
 10045 Becker RD,
 Savanna, Illinois 61074-8595
 (815) 273-2627

Donald M. Shaw and his wife, Sandra, live in Savanna, Ill., and have been Jo-Carroll Energy members for 15 years. The Shaws have two daughters and three sons. Don



is a graduate of Savanna High School and worked as a railroad engineer for 33 years before retiring a short time ago. Don and his family are members of the First Lutheran Church of Mt Carroll. He also is involved with the Moose Lodge in Savanna where he was chosen for the Pilgrim Degree, which is the highest award offered. Don also spent time with the United Transportation Union, and the Brotherhood of Locomotive Engineers.

Don served six years as the Savanna Township Trustee. He held all offices with the Savanna Moose Lodge and was the District President for Northwest Legion 57 in 2002.

Don’s hobbies include fishing, baseball, NASCAR (dirt track) and sports in general.

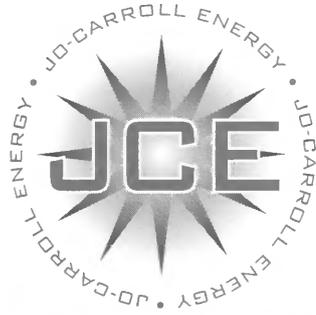
Don says, “I would like to serve the members of District 8 since I own property there and pay large electric bills. I am interested in learning more about the internal operations of the electric cooperative. By serving as a director, I can make better decisions for all the members of Jo-Carroll Energy.”

Voting Process

- The ballot must be filled out by the person whom the membership is listed under.
- The return envelope must be signed or the ballot is invalid.
- All ballots must be received by 4 p.m. Friday, March 17, 2006.

Strict anonymity is enforced when tallying the ballots. By signing the return envelope, your ballot is in no way associated with your account.

Thank you for your participation and we hope to see you at the annual meeting on March 18.



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JO-CARROLL

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Establishing a Dialogue

PRESIDENT'S REPORT

by Michael Hastings

At Jo-Carroll Energy, every voice, every opinion and every member is important.

That's a nice statement, but talk is cheap. Success is measured by actions and results, not lip service and theory. I'd like to take this opportunity to share with you a few of the actions we have taken to keep you better informed – and learn more about you.

Our pending acquisition of service territory from Alliant Energy has raised many questions and we have worked hard to answer as many of those questions as possible at a variety of public forums throughout the region.

So far, we have participated in nearly 20 such meetings and will continue to do so as this acquisition unfolds. We hear many opinions at these meetings. Some members are excited, some are concerned and some don't know what to think. We listen carefully to every opinion and use that information to guide our actions.

The best way to learn what members are thinking is to ask them – so we did. We recently completed a research project to learn more about the opinions, needs and priorities of our members. Armed with this knowledge, we are working every day to build a stronger and more member-friendly cooperative.

Many of our members have said they like using the Internet to

gather news and information. Based on that feedback, we have added a newsroom to our Web site. Right now, the newsroom is devoted to information about the acquisition. Once that process concludes, we will revamp the newsroom to include a variety of news and information affecting Jo-Carroll Energy and its members.

Finally, it's important to note that all of these communication projects do not magically happen without help. That's where Charlie DeLoach comes in. After four years as Jo-Carroll Energy's director of marketing, Charlie is now our director of communications. Many

of his duties are the same, but now his role is more directly focused on establishing a dialogue with members, not simply marketing to them.

We understand that your world is filled with work, family and numerous community events. We know that learning the finer points of electric rate structures and utility deregulation is fairly low on your priority list. We also know that these issues affect your life in a significant way.

We continually look for the best ways to keep you informed about these issues in plain English. If you have a question, comment or concern, always feel free to give us a call at (800) 858-5522, stop by our office in Elizabeth, visit our Web site at www.jocarroll.com or e-mail Charlie at cdeloach@jocarroll.com or myself at mhastings@jocarroll.com.

At Jo-Carroll Energy, every voice, every opinion and every member is important.



WELCOME TO THE COOPERATIVE!

We would like to introduce a few of Jo-Carroll Energy's newest members!

Jean Hoftender,
Hanover, IL

Paul Madley,
Addison, IL

Laura Marx,
Savanna, IL

Resume of Minutes Regular Board Meeting January 31, 2006

The regular board meeting of Jo-Carroll Energy, Inc. was held at the cooperative office at 9:30 a.m. on Tuesday, January 31, 2006. All Board members present: Bernie Bosch, Jack Janssen, Vernon Law, Tom Lundy, Dick Reusch, Leonard Ricke, Russ Simpson, Chris Stadel, and Marcy Stanger. Attorney John Cox, recording secretary Dorothy Young, President & CEO Michael Hastings, and senior staff – Karen Hirsch, Richard Larimore, and Rick Knipfer were also present.

- The agenda was approved as modified. **Robert Morris**
- The consent agenda was approved after an explanation regarding petty cash and a modification to the director expense reports.

Chairman's Comments

- The Chairman distributed & discussed handouts: "How Broadband Over Powerlines Works," "Broadband over Power Line: Why Amateur Radio Is Concerned about Its Deployment" and notes taken from "Governance and Policy Issues", NRECA course #929.1.
- The Chairman reviewed the purpose of the Executive Committee & then presented a report of the Executive Committee's recent meeting. A proposal to form an association of former directors was discussed.

Strategic Activity

- Janssen presented Policy 125 on Employment Assistance Program. Janssen recommended approving Policy 125 as written. Policy 125 was approved.

CEO's Report

- Acquisition update—Alliant Energy filed for approval of the sale of its IPL – Illinois assets to Jo-Carroll Energy on December 22, 2006. Jo-Carroll Energy intervened and filed its testimony on that date as well. The Illinois Commerce Commission filed a motion to strike certain testimony. A bill is pending before the Illinois Gen-

eral Assembly to clarify Illinois law regarding natural gas cooperatives. Jo-Carroll Energy is supporting this bill. The Carroll County Economic Development Corporation is meeting with area manufacturers. Meetings are being planned with industrial customers and area cities. Staff is working on responses to Commission staff data requests.

- Ethanol plant project update – Recent meetings and activities were reported upon. The CEO recommended the retention of the law firm of Howard & Howard to represent Jo-Carroll Energy regarding future power plant projects in the area. The Board authorized the retention of Howard & Howard.
- Dairyland settlement update – The RUS has an issue with the Jo-Carroll/Dairyland settlement agreement proposal. A meeting has been set between the RUS & Dairyland to discuss the issue.
- Savanna Army Depot – The CEO provided background of Jo-Carroll Energy's involvement at the Savanna Army Depot and with the Jo-Carroll Local Redevelopment Authority.
- Jo-Carroll Rates – Staff continues to work on Jo-Carroll's rate structure in light of Dairyland Power Cooperative's recent increase in wholesale electric rates to Jo-Carroll Energy.

Board Issues

- The CEO presented two requests from members. One requested a reduction in line extension costs. The other request concerned a reduction in repair costs. The Board voted to deny both requests.
- The CEO presented reports concerning Aid to Construction and Special Equipment for Board approval. Both report amounts were approved.
- The CEO presented a proposal for new fax machines for the directors and to provide internet access for quicker and more reliable communications. The Board approved by consensus for staff to investigate the purchase of combination fax/printer/scanners and to provide internet access for quicker communications.

Legal Update

■ Attorney Cox reported on the Great Plains litigation case and discussed a hand out on the business judgment rule.

Other Business

- Highlights of two NRECA courses were reported on by those in attendance.
- The Board held an executive session.
- The meeting was adjourned.

Special Board Meeting November 9, 2005

A special board meeting of Jo-Carroll Energy, Inc. was held at the cooperative office at 7:00 p.m. on November 9, 2005. All Board members present: Bernie Bosch, Jack Janssen, Vernon Law, Tom Lundy, Dick Reusch, Leonard Ricke, Russ Simpson, Chris Stadel, and Marcy Stanger. Attorney John Cox, recording secretary Dorothy Young, President & CEO Michael Hastings, and senior staff – Karen Hirsch and Richard Larimore were also present.

- The agenda was approved with the addition of two items.

Board Issues

- The board reviewed Policy 130 dealing with capital credit retire-

ments. Law made a motion, which was seconded by Janssen, to amend Policy 130 as recommended by staff for this year and to refer Policy 130 back to the Policy Committee for further consideration for next year. Motion carried.

- The 2005 capital credit allocation was discussed. Reusch made a motion which was seconded by Janssen to distribute \$200,180.83 in capital credits. This represents the balance of 1979 capital credits. Motion carried.
- November committee meetings dates were set for the following committees: Policy, Annual Meeting Planning, and Power Supply.
- Travel arrangements were discussed for the annual meeting of the National Rural Electric Cooperative Association.

Other Business

- The Badger Group meeting regarding future power supply scheduled for December 13, 2005 was discussed. It was the general consensus of the Board to attend this meeting at the invitation of the Badger Group of co-ops.
- The CEO reported on co-op staffs' work with a Jo-Carroll member.
- The meeting was adjourned.



Reader prize

Each month we print the name of a Jo-Carroll 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 story, contact Jo-Carroll and claim your prize no later than the 10th of the month following publication

When your power is out... *we're on the line!*

Check your circuit breakers or fuses. If possible, determine if your neighbors have electricity.

Then call Jo-Carroll Energy Outage and Emergency Report Line. Please have your account number and location readily available so we may restore your service quickly.

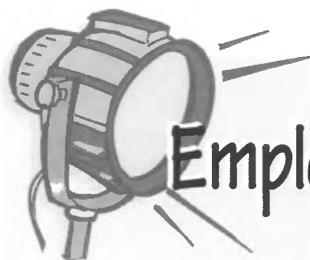
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Employee Spotlight

Meet Carol Godwin



Carol Godwin, cashier/receptionist at Jo-Carroll Energy, is nearing completion of 23 years of employment at the co-op. Born and raised in Dubuque, Iowa, Carol has been a resident of Jo Daviess County for nearly 40 years and resides in Galena.

"I absolutely love Galena. There is so much to do with music and the arts and the historical beauty of the town that I find it a very comfortable place to reside," she states. Speaking of music, Carol has been a church organist and pianist since her early years in Dubuque and can be found playing the organ at two churches in Galena every Sunday morning.

"St. Michaels is my home parish where I have been organist for 40 years. I am also the organist and director of a wonderful, large choir at the Methodist Church down the street," she states.

She also serves on the Parish Council at St. Michaels and serves as chairperson for the United Churches of

Galena annual Christmas concert. "Working with all the pastors at the various churches within the community is very rewarding, and I guess you could say I tend to be a very ecumenical person."

Carol's job at the co-op is to facilitate the lobby and front desk. "I welcome our members

and guests to our cooperative, attend to the cashiering, respond to incoming calls and work in the billing department," Carol states. "Through all the changes of the cooperative over the past years, I am very grateful to be a part of the cooperative family and Jo-Carroll Energy team."

With the loss of her second spouse this past year, Carol states she still feels blessed. "I have two grown children, two grandchildren and one grandchild due to arrive this spring. I also have an extended family of three children, nine grandchildren and two new great grandchildren. What a wonderful legacy to have been left!"

Jesse Shekleton



Jesse Shekleton grew up in Elizabeth and graduated from River Ridge High School in 1991. In May of 1994 he graduated from the power line program at Northwest Iowa Community College. Jesse was immediately employed by Jo-Carroll Energy as summer help and then hired in July of 1994 as an apprentice lineman. He completed the apprenticeship and continued his career at Jo-Carroll Energy until November 2002 when he accepted employment as a line technician for Alliant Energy in Dubuque, Iowa. He remained at that position until December 2005 when he accepted his current position as line superintendent

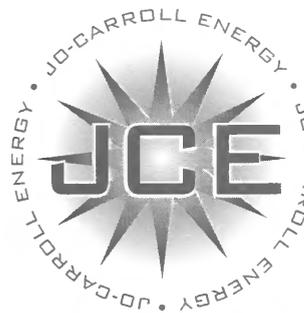
for Jo-Carroll Energy.

When not working, Jesse enjoys spending time with his five-year-old daughter, Abbi. Jesse says, "She is the highlight of my life and is an absolute joy to be around. Abbi and I take advantage of warm summer days by fishing and swimming in the pond located on property I own outside of Elizabeth. I also enjoy spending a fair amount of time in the gym."

Jesse also remarks, "I am very pleased and excited as I venture forward in my new position. Jo-Carroll Energy has a very bright and opportunistic future and I am glad to be back as part of the cooperative environment."

Jo-Carroll Energy

793 U.S. Route 20 West
P.O. Box 390
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Preparing Today's Youth for Tomorrow

PRESIDENT'S REPORT

by Michael Hastings

Spring is here and that means it's time for graduation. It's an exciting season for all of us as we see our children, grandchildren, friends and neighbors conclude one chapter of their lives and embark upon life's next challenge.

Reaching this milestone is the result of a huge investment by parents, teachers, students and the community. Everybody must do their part to ensure that our children are well equipped to handle the challenges ahead.

As an integral part of the community, Jo-Carroll Energy is proud to invest in our region's children through scholarships, youth leadership training and a variety of school outreach programs.

Perhaps the most exciting of these endeavors is our Youth to Washington program. Each year, Jo-Carroll Energy selects one high school sophomore or junior from our membership to represent the cooperative on a week long, all-expense-paid trip to Washington, D.C., designed to promote civic awareness and leadership.

Students meet with our congressional delegation, watch the federal government in action, tour national landmarks, and learn about leadership, government and the historical significance of rural electrification.

Last year Dan Kirst of Tri-State

Christian School represented Jo-Carroll. This year's winner will be announced later this month.

Jo-Carroll Energy will make another exciting announcement later this month – the winners of this year's scholarship program. Two

graduating seniors from our cooperative will be awarded \$500 scholarships to pursue higher education at the post-secondary institution of their choice.

The scholarships are awarded based on academic performance, school and community involvement, future goals and an understanding of electric cooperatives.

Although these two programs are geared toward older students, Jo-Carroll Energy supports programs for younger students as well. These programs include an electricity curriculum for science classes, judging 4-H projects and participation in the University of Illinois' youth wellness conference for 7th graders.

On behalf of Jo-Carroll Energy, I'd like to congratulate all of the members of the Class of 2006, and wish you all the best as you take your next step in life. No matter where that step may take you, please know that we are proud of all that you have accomplished and will continue to work hard to ensure that there's always an opportunity for you to prosper in our region.

Jo-Carroll is proud to invest in our region's children through scholarships, youth leadership training and outreach programs.



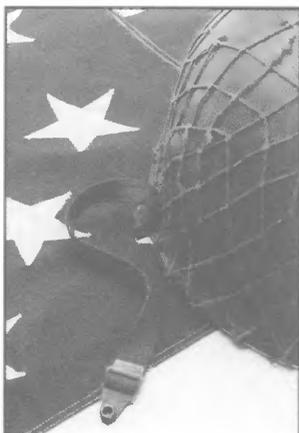
WELCOME TO THE COOPERATIVE!

We would like to introduce a few of Jo-Carroll Energy's newest members!

Daria Heil,
East Dubuque

Thomas Meitzler,
Crystal Lake

Rodney Sandman,
Chicago



Office Closing

**Our office will
be closed
May 29 in
observance of
Memorial Day.**

Look, Listen and Obey Your Distance!



Look, listen and obey your distance. That was the message to River Ridge Middle School students as Jo-Carroll Energy's "Little L.L.O.Y.D." was demonstrated March 23, 2006. Little L.L.O.Y.D. is a replica of the cooperative's distribution system.

"Our newly purchased miniature hot line safety model gives us an opportunity to get up-close with our area youth to promote power line safety," says Charles DeLoach, Director of Communications for Jo-Carroll Energy.

DeLoach and Lineworker Rob Headlee presented the demo to students during the Communities Actively Teaching Students (C.A.T.S.) program hosted by the school, which focuses on health, fitness and safety. The event is an opportunity for area professionals to share their skills, talents and careers with middle school students. Six, 30-minute sessions were held with approximately 20 students per session.

"Little L.L.O.Y.D." illustrates the dangers of human contact with power lines by simulating real life situations. "We want children and adults to understand that this is HIGH voltage and we are not talking 'getting zapped,' we are talking serious injury and death," says DeLoach. In the display a hot dog is used to simulate human flesh and two miniature neon people, Lightning Liz and Neon Leon, actually light up to show electrocution when they encounter unsafe situations such as:

- carrying ladders that touch secondary lines,
- digging into underground lines,
- flying kites around power lines and
- grain elevator contact with overhead lines.

Flood? Take These Safety Precautions

Safe Electricity and Jo-Carroll Energy remind everyone to be alert to electrical equipment that could be energized and in contact with water, along with other potential hazards that create a serious danger of electrocution. Cleaning up and using water-damaged appliances also carry safety risks.

"The prospect of an electrical accident is probably not top of mind when you're dealing with a flooded basement, room or even outdoors," said Molly Hall, Director of Safe Electricity. "But it's the first thing you should think of before you step foot in the water."

Safety measures to keep in mind include:

- Never step into a flooded basement or other room if water may be in contact with electrical outlets, appliances or cords. Be alert to any electrical equipment that could be energized and in contact with water.
- Never attempt to turn off power at the breaker box if you must stand in water to do so. If you can't reach your breaker box safely, call your electric utility to shut off power at the meter.
- Never use electric appliances or touch electric wires, switches or fuses when you're wet or when you're standing in water.
- Keep electric tools and equipment at least 10 feet away from wet surfaces. Do not use electric yard



tools if it's raining or the ground is wet.

- If an electrical appliance has been in contact with water, have a professional check it out before it is used. It may need to be repaired or replaced

"A good safety measure is to have ground fault circuit interrupters (GFCIs) professionally installed on outlets," Hall said. "These safety devices can cut off power quickly if there's a problem." GFCIs are recommended for outdoor outlets and outlets near wet areas of the home such as kitchen, bath and laundry room.

Reminder:
Pay your bill
online at:
www.jocarroll.com

Reader prize

Each month we print the name of a Jo-Carroll 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 story, contact Jo-Carroll and claim your prize no later than the 10th of the month following publication

Notice of Residential Rate Change

Effective May 2006

Residential rate change effective with May 2006 billing.

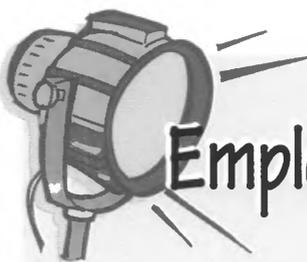
- Reduction of facility charge: from \$22.50 to \$18.00 per month
- kwh charge on the first 200 kwh changes to: \$0.10 from \$0.081
- kwh charge in excess of 200 kwh remains: \$0.081
- Minimum bill amount: \$22.50

Note: Rate changes being implemented will not increase members' bills.

Office hours

8:00 a.m. to 5 p.m.
Monday through
Friday

During hours call
(815) 858-2207
or (800) 858-5522.



Employee Spotlight

Ryan Bales

On February 27, 2006, Ryan Bales started work as Truck Mechanic for Jo-Carroll Energy.

Ryan was born and raised in Mt. Carroll, where he graduated high school in 2000. While in high school he was active in FFA, wrestling and track, all while working for Gengenbach Farms.

Upon graduation, he attended Wyoming Technical Institute in Laramie, Wyoming, where he earned an associate's degree in diesel technology and service management. He also earned degrees in diesel/auto vehicle technology, chassis fabrication and high performance engines.

When Ryan returned to the area, he worked for Brian Remrey's Tractor Repair and most recently the Carroll County Highway Department.

Ryan lives in Mt. Carroll with his parents Chuck and Deb. He has



one sister, Elyse, who is a senior at Oklahoma State University majoring in Agricultural Economics and International Marketing.

In his spare time, Ryan enjoys farming, repairing tractors and machinery, riding 4-wheelers and scouring junkyards for objects of personal value. The old saying "one man's junk is another man's treasure" is Ryan's motto.

Please join us in welcoming Ryan.

When Your Power is Out... We're On The Line!

Check your circuit breakers or fuses. If possible, determine if your neighbors have electricity.

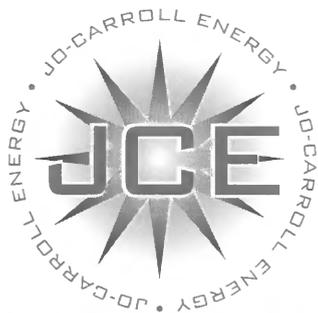
Then call Jo-Carroll Energy's Outage and Emergency Report Line. Please have your account number and location readily available so we may restore your service quickly.

During office hours (800) 858-5522
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PRESIDENT'S REPORT

by Michael Hastings

Come Join Us

The first things that come to mind when I think of summer are empty schools, kid-filled swimming pools and family vacations. Whether it's out of town to grandma's house or a day trip to a nearby fair, summer means spending quality time with friends and family.

Because you're part of the Jo-Carroll Energy family, we want to spend time with you this summer. Throughout the months of June, July and August, don't be surprised to find us in the community, joining you at the many festivals and parades throughout our region.

One highlight of summer is the Elizabeth Community Fair, which takes place July 21-23. After all, what could be better than a beautiful July evening filled with laughing children, cotton candy, carnival rides and livestock shows?

As in past years, our lineworkers will proudly represent Jo-Carroll in the fair's annual parade. Our linemen and bucket trucks will be decked-out for the special occasion. Don't miss the chance to come by and find out this year's parade theme.

Another highlight is the Jo Daviess County 4-H Fair competition July 17-20 at the Elizabeth Fairgrounds. Every

year 4-H members compete in various project categories, ranging from handcrafts to livestock shows. Students demonstrate their abilities in each of the 4-H principles: Head, Heart, Hands and Health.

For more than 10 years, Jo-Carroll representatives have been judging the fair's electric project competition. The ingenuity and creativity of our students amazes us and motivates us to step-up our contributions to the local education programs. This way, our students can achieve the best possible future and ensure the continuous prosperity of our region.

Our cooperative will also be at the Carroll County Fair from August 7-11. This year, our customer service team will be representing Jo-Carroll at our booth. Stop by and ask questions about cooperative happenings, products and services or chat about the weather.

As an active community member, Jo-Carroll enjoys being a part of your life. We aren't just your power provider; we're your neighbors, your friends and your family. If you're ever in the neighborhood, stop by and say hi. For more information about Jo-Carroll's community involvement or the county fairs, visit our Web site at www.jocarroll.com or call (800) 858-5522. As always, we'll keep the lights on for you!

"Because you're part of the Jo-Carroll Energy family, we want to spend time with you this summer."

Office hours

8:00 a.m. to 5 p.m.
Monday through
Friday

During hours call
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or (800) 858-5522.



WELCOME TO THE COOPERATIVE!

We would like to
introduce a few
of Jo-Carroll Energy's
newest members!

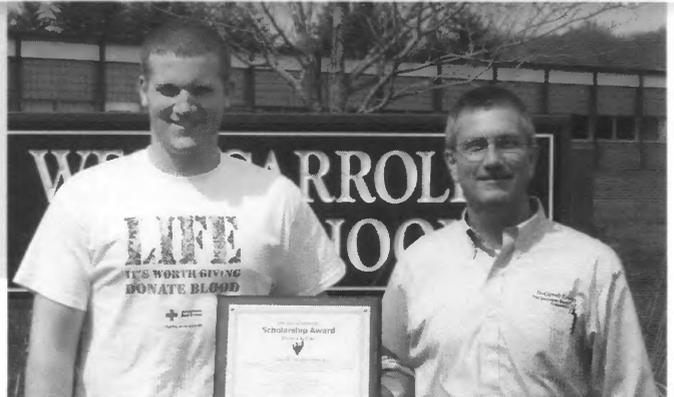
Marcia Helle,
Mt Carroll, IL

Ricky Jones,
Galena, IL

Steve Samp,
Downers Grove, IL



Karla Borsdorf receives \$500 JCE Scholarship. She is shown with Guidance Counselor Mike Sciutto.



Jacob Green receives \$500 JCE Scholarship. He is shown with Charles DeLoach, Director of Communications for Jo-Carroll Energy.

2006 JCE Scholarship Winners

Jo-Carroll Energy awards \$500 scholarships to two outstanding high school students (one in Jo Daviess and one in Carroll county) planning to pursue higher education. The winners have demonstrated superior scholastic performance, school and community involvement and knowledge of electric cooperatives.

We are pleased to announce the winners of the 2006 JCE scholarships.

Jacob Green of West Carroll High School in Carroll County and Karla Borsdorf of Galena High School in Jo Daviess County are this year's recipients. Congratulations!

Remember Father's Day June 18



Employee Spotlight



Patrick Keleher Vice President of Energy Services

Patrick graduated from Scales Mound High School in 1974. He obtained an associate's degree from Highland Community College. He then went on to obtain a bachelor's

degree with a double major in accounting and business administration in 1978 at the University of Dubuque.

After graduation, Patrick went to work for Robert Carlike, CPA. In 1980, he came back to manage the family dairy farm. The decision was made to discontinue the dairy operation in January 2001.

Patrick worked for Newell Rubbermaid in Freeport prior to coming to work for Jo-Carroll Energy in June 2003. He started as an accountant for JCE and moved to his present position as Vice President of Energy Services in May 2004.

Patrick married Colleen Kelly of Galena in 1979 and they have three children, Nick, 25, Tom, 23 and Katie,

18.

Patrick is a lector at his church in Scales Mound and currently serves as secretary of the Jo Daviess County Extension and 4-H foundation board. He recently became a trustee for the Scales Mound Area Fire Protection District.

"I have been a member of Jo-Carroll Energy since 1981 and enjoy working for the electric distribution cooperative," says Patrick. "Jo-Carroll has entered into a very exciting era in its history due to the Alliant Energy acquisition and the many challenges that face the electric industry. I'm proud to be part of the Jo-Carroll team as we move forward."

Mary Lou Fitzgibbons



Helen Kilgore Billing Supervisor

Helen Kilgore was born and raised in Elizabeth and has lived here most of her life. She has worked for Jo-Carroll Energy for almost 23 years.

Helen came to work for the co-op when many of the daily functions were still done without the aid of computers. "I still remember writing ser-

vice orders by hand," she says.

Helen worked in all areas of the billing department from generating service orders to billing members for service and handling customer issues. Helen is married to Gordie and she has three grown children, seven grandchildren and three great grandchildren.

Helen keeps very active in local and community organizations. She is part of the Bell Choir for Schapville Zion Presbyterian Church and serves as Treasurer and Sunday School Teacher. She is also part of the Apple River Fort Foundation, Elizabeth Lions Club, Elizabeth Chamber, Jo Daviess County Health Board, Elizabeth Emergency Medical System, Elizabeth Historical Society and has served as Trustee for the Village of Elizabeth and Interim

Mayor of Elizabeth.

Helen and Gordie also keep active with the National Rivers Hall of Fame, of which Gordie is President, and the National Mississippi River Museum and Aquarium in Dubuque, Iowa.

"It has been both rewarding and challenging to be able to serve the members of Jo-Carroll Energy. Many changes have taken place through the years. After all, we have gone from less than 4,000 members to more than 7,000 and the years to come will also bring many changes," Helen says. "I have enjoyed working with the members and helping them to resolve any issues that they have had with their bills or other concerns."

Resume of Minutes JO-CARROLL ENERGY, INC.

Regular Board Meeting
March 1, 2006

The regular board meeting of Jo-Carroll Energy, Inc. was held at the Cooperative office at 9:30 a.m. on Wednesday, March 1, 2006. All Board members present: Bernie Bosch, Jack Janssen, Vernon Law, Tom Lundy, Dick Reusch, Leonard Ricke, Russ Simpson, Chris Stadel, and Marcy Stanger. Attorney John Cox, recording secretary Dorothy Young, President & CEO Michael Hastings, and senior staff – Pat Keleher, Karen Hirsch, Richard Larimore, and Rick Knipfer were also present.

- The agenda was approved as modified.
- The consent agenda was approved.

Chairman's Comments

- The Chairman congratulated Keleher on MIP achievement & stated that congratulations should go to DeLoach on the Cooperative's 2005 Annual Report, Jo-Carroll's updated web site and the IL Country Living magazine.

- The Chairman reviewed a visual model he developed regarding the Jo-Carroll acquisition. It listed the issues that are faced, tools that need to be used & the desired end result.

Strategic Activity

- Janssen presented Policy 126 on Purchase of Materials, Supplies & Equipment. Policy 126 was approved as written.
- Janssen reported on the Policy Committee Meeting & the topics covered: 1) A modification to Policy 105A to increase base per diem by \$10 for each 900 level course successfully completed (up to a maximum of ten courses); 2) A policy on a new former director advisory group was considered and adopted; 3) Communication between CEO & Board Members - to be discussed at Strategic Planning meeting later this year; and 4)

Confidentially of the Cooperative board packet.

CEO's Report

- Hiring update – Knipfer reported on hiring a mechanic, two employee job changes, and a promotion.

- Acquisition update–Hastings reported on the ICC acquisition case and meetings held with the city of Savanna and IPL industrial customers. The Cooperative's natural gas legislation passed the Senate Environment and Energy Committee. A bill had been introduced in the Illinois House that would extend the rate freeze for 3 years. A report was made on the member meeting held and scheduled.

- Ethanol plant project update – the CEO discussed recent progress and news.

- Dairyland update–Dairyland & RUS held a meeting to discuss Jo-Carroll Energy and Dairyland's proposed agreement.

- Jo-Carroll Rates—a presentation was given on the proposed rates for Jo-Carroll Energy residential & large members. The Board approved "Exhibit A" for the residential customers & "Exhibit B" for Industrial customers. This will lower the \$22.50 monthly residential charge to \$18.00. The first 200 kwh will increase from 8.1 cents/kwh to 10.0 cents/kwh. An overall residential rate reduction of about \$73,000 per year was also approved.

- Purchase of property - the Board authorized investigation of purchasing land for a new warehouse in the future.

- Savanna Army Depot – The CEO discussed the 2000 agreement to purchase property at the LRA - the agreement had expired. The board authorized Hastings and Cox to clarify Jo-Carroll's position on the expired agreement.

- The CEO discussed changes to several Cooperative operational policies to make them more consistent with current Alliant Energy practices.

Board Issues

- The CEO presented the Board with an update on the fax/copier/scanner machine costs. Larimore showed the demo machine. The Board approved the purchase of the new machines.

- The CEO presented a proposal for distribution of 2005 margins. The Board approved the distribution of 2005 margins as proposed.

- The Board named the CEO as the voting representative for IL Co-op Workers Compensation Group & Rochdale Services, Inc. annual meetings.

- The board approved a 2006 budget variance for the purchase of an Audio Tel remittance processing system.

Legal Update

- Attorney Cox reported on the Great Plains litigation case and discussed the confidentiality of the board packets.

Other Business

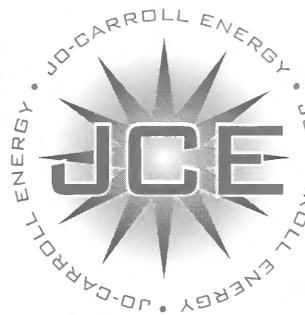
- Highlights of the Dairyland District Meeting, NRECA course, & NRECA Annual Meeting were reported on by those in attendance.

- Directors Stadel and Stanger reported on member issues.

- The meeting was adjourned.

Jo-Carroll Energy

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



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JO-CARROLL

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



Responsive To Member Needs

PRESIDENT'S REPORT

by Michael Hastings

We live in an area where the past is still very visible and even celebrated. For instance, the Apple River Fort, General Grants Home, Chief Black Hawk, River Boats and Lead Mines. Each year we talk to members who reflect on the past, no, not as far back as a skirmish at the Apple River Fort, but they do remember when Jo-Carroll Energy and rural electrification came here in 1939.

One of the major needs back then was electricity, because having it meant that rural communities could have the same quality of life that their city neighbors had.

The electric needs of today, however, are much more complex. It must be reliable, efficient and safe; it must do more work and come at the lowest possible cost.

The great quality of life that we all enjoy here hasn't changed much throughout the years but our needs have and let's face it, when it comes to our needs we all want to know that someone is there for us.

Jo-Carroll Energy has been responsive to member needs for more than 67 years now.

Because we're right here in Elizabeth, we're close enough and small enough to notice the needs of

a single member from the factory owner in Hanover to the small-business owner on Main Street or from the residential member to the hard-working farm family in the country.

We are part of a network of cooperatives nationally. That gives Jo-Carroll Energy the resources and knowledge it requires to meet the needs of factories and other major employers in Jo Daviess, Carroll and Whiteside Counties.

At first glance, it may seem that there is little connection between school kids waiting for their bright yellow bus and the line crew in their bright yellow bucket trucks. But consider this, JCE line-workers are the same people who have kids that play basketball and wait for school buses alongside yours. They are the same folks who talk with you in the grocery store or sit beside you Sunday morning at church.

You see, we care about the same things that you do and that's why we will continue to do everything we can to help provide reliable service at the lowest possible cost for the people we serve. Whether it is providing information in co-op publications on how you can lower your electricity bill or teaching your children to be safe around power-lines, Jo-Carroll Energy is committed to providing a superior level of service.

As always, we'll keep the lights on for you!

*Jo-Carroll
Energy has been
responsive to
member needs
for more than
67 years now.*



WELCOME TO THE COOPERATIVE!

We would like to introduce a few of Jo-Carroll Energy's newest members!

Sherry Chromzack,
Lombard, IL

James Barnhart,
Galena, IL

Kathleen Hoberg,
Elgin, IL



Office Closing

**Our office will
close Monday,
July 3 at noon
and all day
Tuesday, July 4,
in honor of
Independence Day.**

Chad Altfillisch Receives IEC Memorial Scholarship

Chad Altfillisch of Elizabeth (left) is one of five winners of this year's Illinois Electric Cooperatives (IEC) Memorial Scholarship. He is the son of Donald and Debbie Altfillisch. Chad's father, Donald Altfillisch, is a Line-worker for Jo-Carroll Energy.

The presentation was made Wednesday, May 24, at River Ridge High School's awards ceremony. Jo-Carroll Energy's Board Chairman Russ Simpson of Mt. Carroll presented the scholarship.

Altfillisch competed for the scholarship with 256 other students from across the state. The \$1,250 awards are given each year to four sons or daughters of electric co-op members, and one to the son or daughter of a co-op employee or director.



Candidates were judged on grade-point average, college entrance exam scores, work and volunteer experience, school and civic activities and a short essay demonstrating their knowledge of electric cooperatives.

2006 Youth To Washington Winner

Gillian Howard, a junior at River Ridge High School, will travel on an all-expense-paid trip to Washington D.C. in June to represent Jo-Carroll Energy in a delegation of outstanding civically minded students from electric cooperatives across Illinois. Howard was selected from a pool of four finalists representing high schools in Jo-Carroll Energy's service territory.

Howard is an active member of the River Ridge High School Class of 2007. She is the current Student Council President, Class President, and has received a number of sports related awards.

Howard will travel to Washington with a delegation of students from across the state to meet with the Illinois congressional delegation, watch the federal government in action, tour the White House and other national landmarks, and learn about leadership, government and the historical significance of rural electrification.

Darrin Rahn, a sophomore at Milledgeville High School, was selected as first alternate to represent Jo-Carroll Energy if Howard is unable to attend. Other finalists were Steve Ball of Tri-State Christian School and Brandon Decker of Galena High School.

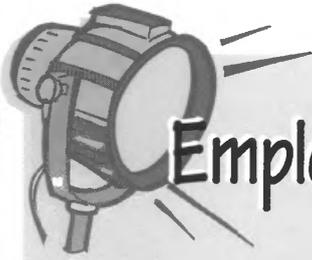
Test Before You Touch

Hot weather brings increased use of air conditioners. Contact with electric current from air conditioners accounts for a significant number of electrocutions and electrical injuries annually. Remembering to "test before you touch" can avoid deaths, injuries and economic losses due to electrical hazards in the home or work place.

Electrical hazards are the sixth leading cause of workplace fatalities. Contact with large appliances, such as air conditioners, contributes to nearly 20 percent of consumer product electrocutions.

- Use ground fault circuit interrupters (GFCIs) to help prevent electrocutions.
- Understand your electrical system—know which fuse or circuit breaker controls each switch, light and outlet.
- Make sure circuits are turned off before starting work, and take measures to make sure they are not turned back on while working.
- Use a circuit tester. Make sure it is working by testing it before and after you use it to test the circuit.
- Always test before you touch.

Source: Electrical Safety Foundation



Employee Spotlight

Karen Hirsch

Vice President Of Billing Services

Karen Hirsch began her employment at Jo-Carroll Energy in June 2004. She was hired as Customer Services Supervisor and was recently promoted to Vice President of Billing Services.

Her main responsibility is to manage the billing services department. The billing department is responsible for providing a high level of customer service for Jo-Carroll Energy members. Hirsch says, "Addressing member needs, answering questions, ensuring accuracy of member statements, are just a few of the ways we can serve our members."

Karen received her BA degree in Computer Science from Clarke College in Dubuque. She spent nine years working for East Dubuque Savings Bank. Her next 17 years were spent working for McKes-



son in Dubuque, IA where she held a variety of positions including Customer Service Representative and Programmer Analyst. In 1995, she moved into a management role with McKesson where she managed programmers and software engineers responsible for program

fixes, conversions, system integration and custom programming.

Karen lives with her husband, Michael, at Apple Canyon Lake. They have one child, Andrew, who recently graduated from the University of Iowa with a degree in chemical engineering. This summer Andrew will be moving to Washington D.C. where he will be teaching high school chemistry while participating in the Teach for America program.

In her spare time, Karen enjoys reading, golfing and yoga.

Rob Headlee

Lineworker

On July 21, 2006, Rob Headlee, Lineworker for Jo-Carroll Energy, will have completed 20 years of service with the cooperative.

Rob began his employment with JCE in July 1986 as an Apprentice Lineworker. Prior to that, he had completed 12 months of schooling at Northwest Iowa Technical College in Sheldon Iowa.

Rob graduated from the power-line program in 1985. He then went to work for Pendleton Municipal Utilities in Indiana as an appren-



tice lineworker for six months before coming to Jo-Carroll Energy.

Rob lives right here in Elizabeth with his wife, Julie, who is a nurse, and their two sons, Michael and Benjamin.

Rob and his family are very active in their church and school events. He also conducts many safety presentations at various schools within Jo-Carroll Energy's service territory.

Daniel Gilbert

In his spare time, Rob likes to design and build various wood projects. His main focus is on educational toys.

Office hours

8:00 a.m. to 5 p.m.
Monday through
Friday

During hours call
815-858-2207
or 800-858-5522.

Reader prize

Each month we print the name of a Jo-Carroll member who is eligible to win a monthly \$25 reader-ship prize. If your name is printed in this month's edition, and not a part of any story, contact Jo-Carroll and claim your prize no later than the 10th of the month following publication

Resume Of Minutes

Jo-Carroll Energy, Inc. • Regular Board Meeting • April 26, 2006

The regular board meeting of Jo-Carroll Energy, Inc. was held at the Cooperative office at 9:30 a.m. on Wednesday, April 26, 2006. All Board members present: Bernie Bosch, Jack Janssen, Vernon Law, Tom Lundy, Dick Reusch, Leonard Ricke, Russ Simpson, Chris Stadel, and Marcy Stanger. Attorney John Cox, recording secretary Dorothy Young, President & CEO Michael Hastings, and senior staff – Karen Hirsch, Richard Larimore, and Rick Knipfer were also present.

- The agenda was approved as modified.
- The consent agenda items were approved.

Chairman's Comments

- The Chairman handed out a new board committee listing. The board approved the new board committee appointments for 2006-2007.
- The Chairman handed out various articles for the Board to read and commented on the various meetings and phone calls he has taken regarding co-op issues.

Strategic Activity

- Janssen presented Policy 127 on Purchase or Sale by Director or President/CEO. Discussion followed with a motion to add the word "unanimous" before the words "approval of the full board". The motion passed with one no vote.
- Janssen asked for clarification on the NRECA 900 Level Courses. The board discussed how a director repeating the same 900 Level Course would be handled.

CEO's Report

- Acquisition update–Hastings reported on four interventions in the IPL-Jo-Carroll Energy acquisition case at the Illinois Commerce Commission. Commission staff testimony is due 05/01/06. The senior staff is still meeting with industrial customers. A public meeting was held in Savanna on April 4, 2006. Senior staff is working on various contracts with Alliant Energy. The co-op natural gas legislation is on the Governor's desk with a June signing deadline.
- Ethanol Update-Hastings reported on activities associated with various ethanol plant projects being planned in the Jo-Carroll Energy present and

future service areas.

- Dairyland Settlement Update-The CEO reported on recent positive developments in Jo-Carroll's settlement of a number of issues with Dairyland Power Cooperative.
- Purchase of property - the CEO gave a report on a possible small purchase of land. It was the consensus of the Board to proceed with the acquisition of the property.
- Savanna Army Depot – The CEO discussed the latest issues involving the LRA and the Savanna Army Depot and stated that a discussion meeting has been scheduled.
- Pole Yard Repair- Knipfer reported on the repairs needed to the pole yard pavement, the roof of the boardroom and garage, garage door replacement and insulation and roof repairs on the lower warehouse. The Board approved the needed repairs.
- Renewable Energy Charge-A discussion was held regarding the implementation of a renewable energy charge as requested by several members. It was the consensus of the Board to have the CEO write a letter to the members concerning the issue - that the Board had considered the charge, that it had concerns about adding another charge after recent wholesale power increases from Dairyland and that no action would be taken at this time.
- Advisory Group-The CEO reported on the need to appoint two advisory committees comprised of present members and new members. The committees will address changes to the co-op director districts, the total number of directors and other issues. The advisory groups will be appointed next month.

Board Issues

- Roy Riddle, auditor from Bennett & Middendorf, joined the board meeting and reviewed the 2005 audit report with the Board.
- The Board went into Executive Session. Upon returning from Executive Session, the Board accepted the resignation of director Bernie Bosch with reluctance.
- A Director Selection Committee was appointed & approved.
- Delegates to the 2006 Dairyland Annual Meeting were discussed.

- Ricke was re-elected as the co-op's Dairyland Director. Stadel was elected as the Alternate Dairyland Director from Jo-Carroll Energy.
- Course 975.1 - Capital Credits: Legal & Financial Issues, July 26th was discussed by those directors who plan to attend.
- CFC's Cooperative System Integrity Fund was discussed. The Board authorized 5% of the co-op's 2005 CFC capital credits be donated to the fund.
- A date for 2007 Jo-Carroll Annual Meeting was discussed. It was the consensus of the board that the annual meeting planning committee make a meeting date recommendation.
- The performance appraisal of the CEO was discussed. The appraisal will be further addressed at the May Board Meeting.
- The 2006 NRECA Legislative Conference was discussed and plans made for attendees.
- Online bill payments were discussed. Hirsch explained what the co-op is currently doing with online payments. She is exploring e-check capabilities for the co-op.
- Lundy reported on an easement issue with a member in his area. The CEO will work on this issue and report back to the Board in May.
- The Board then went into an Executive Session to discuss the co-op's employment agreement with the CEO.

Legal Update

- Attorney Cox reported on the settlement of a pending legal matter.

Reports

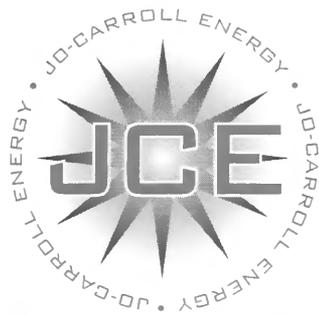
- Reports were given on the NRECA Course 903.1 by those attending. Janssen & Simpson reported on the Mike Boland meeting.

Adjournment

- The meeting was adjourned.

Jo-Carroll Energy

793 U.S. Route 20 West
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Elizabeth, Illinois 61028-0390



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JO-CARROLL

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



PRESIDENT'S REPORT

by Michael Hastings

The Day The Lights Came On!



Carroll County Fair

Stop by the Jo-Carroll Energy booth at the Carroll County fair in Milledgeville, August 7-11. We would enjoy visiting with you!

Harry Berning remembers how his family's life changed after their home got electricity. Recently, one of my colleagues here at Jo-Carroll Energy had a chance to talk with Harry about being a longtime Jo-Carroll member and rural life before electricity. It was interesting to hear Harry speak about the events taking place at that time and how those events shaped his perspective.

Harry remembers October 21, 1940, as a milestone in his life. That was the day the lights came on. "I can remember it very well," Harry said. "It was my mother's birthday. My sisters and I were returning home from high school and we could see that the electric lines were now connected on the pole in front of the house. We were all so excited. We ran into the house and began turning switches off and on."

He told stories of neighbors digging holes for utility poles with a pick and shovel. They were paid 90 cents per hole. They were eager to do it because they were dreaming of the day when they could do away with kerosene lamps and gas-fired engines for water pumps and cream separators.

Born in 1923, Harry spoke of the great depression and about trust and integrity. "Morris Birkbeck was one of the first directors of Jo-Carroll and I didn't have to worry with people like him in charge," he said. "I feel that the directors still have

that same kind of respect. The depression taught me right from wrong and whom I could trust. A man's word was good and you could go pretty far in life if you were able to gain the confidence and respect of people. Business was done with a handshake."

We all can look back and find a significant event or date that changed the way we live and think. Those

mile markers of life, both big and small, like the first color TV, the Great Depression, milking machines or May 3, 1940, when Jo-Carroll Energy energized the first 20 miles of line.

In today's world, it's hard to understand how someone could be so excited about electricity. I guess we would all have to turn off our breakers for a week or so to fully understand why. That would surely change things!

More than just lights, a better quality of life, a community of members and a set of principles were born May 3, 1940.

We, like Harry, believe that you can go pretty far if you gain the confidence and respect of people. We work hard every day to maintain the reputation and principles that have driven us for more than 60 years. If you ever have an idea on how we can make that experience better, please let us know by sending us an e-mail, giving us a call, or stopping by our office in Elizabeth. Until then, we'll keep the lights on for you!

"More than just lights, a better quality of life, a community of members and a set of principles were born May 3, 1940."



WELCOME TO THE COOPERATIVE!

We would like to introduce a few of Jo-Carroll Energy's newest members!

Peter Antosh,
Park Ridge, IL

Roger Leibfried,
Dubuque, IA

Matt Montgomery,
Galena, IL

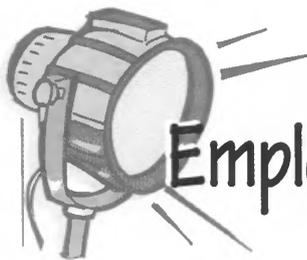
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Employee Spotlight

Sue Glick

Sue Glick is our Operations Coordinator. She began her career at Jo-Carroll Energy in January 1996.

Sue is originally from Galena. After graduation from the University Wisconsin-Platteville, Sue and her husband, Paul, lived in Freeport where she worked for GTE Telephone Operations for several years. While at GTE, Sue worked in the operations department and did some drafting and map work. Although they enjoyed living near Paul's family, they wanted to move to a small town and chose to move back to Galena. Paul's dad is also from Galena.

Paul and Sue have three children. The twins, Michael and



Kevin, are 13 and attend the Galena Middle School, and Gretchen is eight and attends the Galena Primary School. Like most parents with kids, Sue and Paul spend their non-working hours

volunteering at school, for scouts or for any other activities where they are needed. They spend lots of time acting as chauffeurs.

In what spare time she can carve out of her schedule, Sue enjoys gardening, yard work, reading and playing tourist. Someday when she has a little bit more free time, Sue will get back into the world of auctions and flea markets. There are many hidden treasures out there just waiting to be found.



Welcome Joe Mattingley, Director For District 2

Joe Mattingley of rural Scales Mound was appointed to fill the vacant director position from District 2 until the next member election in 2007. **Rudy Lenkeit**

Joe and his wife, Michelle, have a horse farm in Guilford Township and have been members of the co-op since the late 1990s.

Joe graduated from Scales Mound High School and enlisted in the Navy as a Medical Corpsman. Upon completion of his stint in the Navy, he completed his college degree from Highland and then Columbia College of Freeport. Currently, Joe is the General Manger of The Galena Territory Association and is a past Operations Manager of Ferrellgas for Northwest Illinois.

Joe was proud to be appointed to this position and has been interested in being part of the Jo-Carroll Energy Board.

JULIE - Call Before You Dig

Digging Responsibly is the Only Way to Dig

Most electrical equipment is above ground, practically everywhere. But, how often do you think about the electrical lines hidden beneath the surface? They're out of sight, out of mind. That's the beauty of it. However, you must consider that underground electrical lines can be anywhere at any depth. In fact, if you could see beneath the surface, you'd find a vast network of facilities including gas, oil and petroleum, telephone lines, cable TV, water and sewer. Underground facilities are everywhere. Often, the path of these lines is unpredictable.

What is JULIE?

Every time you dig, you are required by Illinois law to call JULIE (Joint Utility Locating Information for Excavators) at 1-800-892-0123. JULIE is the "Illinois One-Call System" for locating and marking of all underground facilities.

JULIE acts as a communication link, taking information about planned digging projects and distributing the information to utilities. You might say, "But I'm only using a shovel. I'm not digging that deep." Whether you're using a shovel or a backhoe, it doesn't matter. You could be locating a garden, planting trees, moving a mailbox, or putting in a new clothesline. Facilities can be located anywhere under the surface.

Necessary information for each call

The person placing the call to JULIE should be the same person who will be doing the digging. Excavators must place their own calls. The locate request should be made at least 48 hours (two working days, excludes weekends and holidays) in advance of

the start of excavation.

The project must be started within 14 days from your call. If possible, mark the area where you will be digging with white paint or flags. This will help the utility locator properly identify your project area. If the markings become unclear at any time before or during your project, call JULIE to have the markings refreshed and be prepared to wait an additional 48 hours. Do not call JULIE on Saturday or Sunday for a project to be marked on the same weekend. Member companies only respond to emergencies on these days-not routine projects.

When you call, be prepared to give the JULIE operator the following information:

- Your name, address and a phone number at which you can be reached. Delays may occur if the utility locator is unable to contact you;
- The county and city OR county and unincorporated township name where you will be digging;
- The location at which the excavation will take place, which may include but not be limited to, address, cross street (within 1/4 mile) and subdivision name (if it applies);
- The start date and time of the planned excavation;
- The type and extent (size of ex-

cavation area) of the work involved, including if white paint, flags and/or stakes were used to outline the proposed excavation area; and,

- Section and quarter-section numbers from your plat of survey if available.

Digging into an underground line could cause serious injuries or death. If someone neglects to call JULIE and digs into a line, he/she is responsible for the costs to make repairs. If underground facilities run beneath a new building or under that new swimming pool, it's your responsibility to pay for repairs. Don't take chances. The call to JULIE is free, the program is funded by member utilities.

Note - The location of Jo-Carroll Energy underground cables will be marked with either red flags or red spray paint. Co-op cables will only be marked to the location of the JCE electric meter. This location is typically the point where the service (cables) transfer ownership to the member (landowner). When requesting a JULIE locate, only the cables owned by the existing utilities will be located. Privately owned facilities are NOT located through the JULIE process. It is the landowner's responsibility to locate any cables not owned by utilities.

For safety guidelines and other information about JULIE, visit www.illinois1call.com.



**Call
Before
You Dig**

JULIE

**ILLINOIS
ONE-CALL SYSTEM**

Gas, oil or petroleum		High visibility yellow
Electric		Fire protection red
Communication telephone, tv		Alert Orange
Potable water		Precaution blue
Sewer		Safety green
Proposed area of excavation		Safety white

Resume of Minutes

JO-CARROLL ENERGY, INC. • Regular Board Meeting • May 24, 2006

The regular board meeting of Jo-Carroll Energy, Inc. was held at the Cooperative office at 9:30 a.m. on Wednesday, May 24, 2006. All Board members present: Jack Janssen, Vernon Law, Tom Lundy, Dick Reusch, Leonard Ricke, Russ Simpson, Chris Stadel, and Marcy Stanger. Attorney John Cox, recording secretary Dorothy Young, President & CEO Michael Hastings, and senior staff - Pat Keleher, Karen Hirsch, and Rick Knipfer were also present.

■ The agenda was approved as modified.

■ The consent agenda items were approved, including a review of the monthly safety meeting minutes.

Strategic Activity

■ Stadel presented Policy 128 on Investments - Short-Term. The policy was approved as written.

Reader prize

Each month we print the name of a Jo-Carroll 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 and claim your prize no later than the 10th of the month following publication

CEO's Report

■ Acquisition update-Hastings reported on recent acquisition activities. These included a number of agreements with Alliant Energy that needed to be completed and filed with Jo-Carroll's rebuttal due June 5th; continued work on Jo-Carroll's rates for the new service area; and a possible FERC jurisdiction issue involving a natural gas line near Savanna. Hastings also reported on a presentation by Jo-Carroll and Alliant Energy for the Galena City Council.

■ Ethanol Update-Hastings reported on activities associated with various ethanol plant projects being planned in the Jo-Carroll Energy present and future service areas. The board approved the CEO's recommendation to pursue the sale of Jo-Carroll's interest in Fulton Ethanol, LLC.

■ Smith Consulting, LLC - Hastings reported Smith Consulting, LLC had been retained to assist Jo-Carroll with an analysis of various power supply options.

■ Dairyland Settlement Update-The CEO reported on recent positive developments in Jo-Carroll's tentative settlement of Dairyland Power Cooperative. The RUS has approved the power supply arrangements for the new service area contained in the Jo-Carroll and Dairyland tentative settlement proposal.

■ Purchase of property - the CEO reported on recent activities concerning the purchase of a small amount of property.

■ Savanna Army Depot - The CEO discussed the meeting that he & Knipfer had with Judge Rapp, Chairman of the Savanna LRA, and Dave Ylinen. Judge Rapp requested a letter from Jo-Carroll further outlining its position concerning an agreement to

lease and purchase certain property that expired in 2003.

■ Pole Yard Repair- Knipfer reported that some materials had been delivered for the pole yard pavement repairs as well as planned facility repairs.

Board Issues

■ Advisory Group-The CEO reported on a proposed list of advisory group members consisting of present and future members. After additional work by staff, the advisory committees will be appointed.

■ Stanger reported on a meeting of the Director Selection Committee. Two candidates for the position had been interviewed by the Committee. Joe Mattingley of rural Scales Mound was appointed to fill the vacant director position from District 2 until the next member election in 2007.

■ The NRECA International Foundation request for a donation was considered and a donation in the amount of \$200 was approved by the board.

■ NRECA's 2007 Region V Meeting, scheduled for September 12-14 was discussed.

■ The Board went into Executive Session to discuss the CEO's Performance Review and employment agreement. After coming out of executive session, the board approved the employment agreement between Jo-Carroll and the CEO.

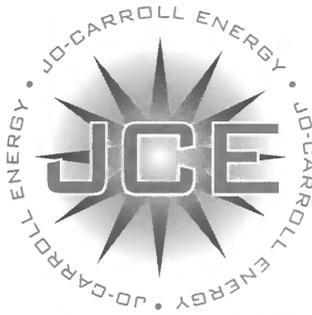
Reports

■ Reports were given on the Legislative Conference by those attending.

■ Stadel & Simpson reported on their attendance at a Dairyland SPAC meeting.

Adjournment

■ The meeting was adjourned.



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

JO-CARROLL

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



Jo-Carroll Energy wants to help you save money.

PRESIDENT'S REPORT

by Michael Hastings

Have you decided to wave the red flag yet? With energy cost on a steep incline across the U.S., many of us have decided to wave the flag and ask for help.

We live in a nation of abundance and security and who could ever imagine that we run low on anything! However, it seems as though our energy resources security bubble has a crack in it and energy producers are doing what they can to play catch-up.

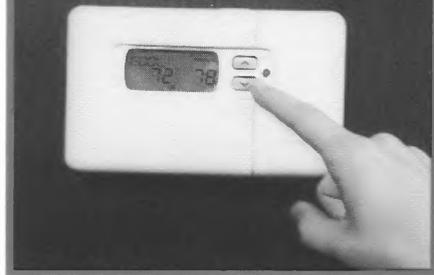
It was fascinating how energy conscious and conservative many folks in our area became after Hurricane Katrina and the fast rise in gas prices. Imagine this, people began to car pool! Hybrid cars became very attractive, Ethanol Plants began sprouting and the list goes on and on. Nothing like a good old crisis to get the ball rolling. But it did!

Many consumers have been conserving for years but others need to know how. At Jo-Carroll Energy, we find ways to help you reduce energy costs and provide reliable service at the lowest possible price.

Did you know?

- Compact fluorescent light bulbs use 75 percent less energy. Incandescent bulbs are hot and add to your cooling costs.
- If you set your temperature back 10 to 15 degrees for eight hours while you're asleep or at work, your energy savings can be five to 15 percent on your energy bill.
- Programmable thermostats help to accommodate your weekly schedule and save money.

Adjust the thermostat to save money.



- Defrost frozen foods in the refrigerator for a day or two before cooking. This is like putting a free block of ice in your refrigerator.
- If your attic has less than six to eight inches of insulation, consider adding more. Proper attic insulation can save up to 30 percent of your cooling bill. Be sure the insulation doesn't block vents or cover exhaust fans.
- Ventilate the attic.
- Run your dishwasher only when it's full. Use the energy saving cycle to save electricity and hot water.
- Grill outdoors, why heat your home in the summer?
- Turn off equipment when not in use. Do not underestimate the energy savings you can get by turning off unused televisions, stereos, computers, etc.

Find more ways to save

- Illinois Electric Council, www.iecouncil.org
 - Energy Star, www.energystar.gov
- These are easy to do and are just a few ways that we can all save money. We have recently added an Energy Savings calculator to our website to help members calculate energy usage and savings through home improvements. www.jocarroll.com



WELCOME TO THE COOPERATIVE!

We would like to introduce a few of Jo-Carroll Energy's newest members!

Tim Curry,
Ridott, IL

Ed Gatwood,
Arlington Heights, IL

Shane Picker,
East Dubuque, IL



Employee Spotlight

Bill Allen, Foreman

Bill Allen, Foreman for the Jo-Carroll Energy line department, celebrated 39 years of service with the cooperative on June 19, 2006. Bill began his employment in the right-of-way department under former co-op manager, Chuck Youtzy. Before becoming the current, underground foreman, Bill had worked as an apprentice and journeyman line-worker.

Bill lives in Galena with his wife, Cheryl. They have three



daughters: Kellie, who resides in West Palm Beach, Fla.; Kristen who lives in Des Moines, Iowa; and Megan who is a student at the University of Northern Iowa.

In his spare time, Bill

enjoys spending time with his family, especially his two grandchildren, Gio and Bella. He also enjoys a good game of golf and playing cards.

Congratulations Bill for 39 years of service!

Office hours

8:00 a.m. to 5 p.m.
Monday through
Friday

During hours call
815-858-2207
or 800-858-5522.

Jo-Carroll Energy

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



Home Energy Calculator added to our website

Click on our Energy Saving tab at www.jocarroll.com

Labor Day

Our offices will be closed Monday, September 4 in observance of Labor Day.



The First Labor Day

The first Labor Day holiday was celebrated on Tuesday, Sept. 5, 1882, in New York City, in accordance with the plans of the Central Labor Union. The Central Labor Union held its second Labor Day holiday just a year later, on Sept. 5, 1883.

In 1884 the first Monday in September was selected as the holiday, as originally proposed, and the Central Labor Union urged similar organizations in other cities to follow the example of New York City and celebrate a “workingmen’s holiday” on that date. The idea spread with the growth of labor organizations, and in 1885 Labor Day was celebrated in many industrial centers of the country.

Resume of Minutes (unapproved)

JO-CARROLL ENERGY, INC. • Regular Board Meeting • June 28, 2006

The regular board meeting of Jo-Carroll Energy, Inc. was held at the cooperative office at 9:30 a.m. on Wednesday, June 28, 2006. All Board members were present: Jack Jansen, Vernon Law, Tom Lundy, Dick Reusch, Leonard Ricke, Russ Simpson, Chris Stadel, and Marcy Stanger. attorney John Cox, recording secretary Dorothy Young, President & CEO Michael Hastings, and senior staff - Pat Keleher, Karen Hirsch, Richard Larimore and Rick Knipfer were also present. Charlie DeLoach was present for the Youth to Washington presentation. Joe Mattingly was introduced as the new director for District 2 replacing Bernie Bosch.

The agenda was approved as modified.

■ The consent agenda items were approved, including a review of the monthly safety meeting minutes.

Chairman's Comments

■ The Chairman discussed the ACRE program and its importance.

Strategic Activity

■ Stadel presented Policy 129 - Disposition of Offers to Acquire All or Substantially all of The Cooperative's Assets. This policy will go back to the staff for review.

■ Policy 105 - Director's Compensation - was review by the policy committee and a sentence was deleted per committee recommendation. *Melvin Young*

■ Policy 109 - Nepotism - was reviewed and no changes made.

CEO's Report

■ DeLoach gave a Youth Tour slide presentation on the trip to Washington, D.C.

■ Acquisition update-Hastings reported on recent acquisition activities. Jo-Carroll has filed rebuttal testimony. The ICC staff will file rebuttal testimony on or before July 12th. The hearings are scheduled for August 8-10. Jo-Carroll staff is working on several agreements yet to be concluded.

The staff is also working on the transition plan to all items. Knipfer reported on recent hiring activities and additional positions due to the acquisition. Hastings reported on potential environmental liability involving two manufactured gas plant sites. He recommended and the board approved placing the natural gas assets into a wholly-owned LLC subsidiary of Jo-Carroll Energy.

■ Ethanol Plant Update - Hastings reported on the sale of Jo-Carroll's interest in Fulton

Ethanol, LLC and recent activities involving the Carroll County Ethanol project.

■ Dairyland Settlement Update-The CEO reported that Dairyland has acknowledged the RUS approval of Jo-Carroll's tentative settlement agreement with Dairyland

■ Purchase of property - The CEO reported that he continues to work with Jo-Carroll's agent on this project.

■ Savanna Army Depot - The CEO discussed a meeting with Judge Rapp and Dave Ylinen. Judge Rapp requested a letter that more fully outlines Jo-Carroll's position concerning purchase of the property and certain electric lines subject to Department of Interior jurisdiction.

■ Pole Yard Repair- Knipfer reported on the water damage from the boardroom roof and recent improvements made to Jo-Carroll facilities.

■ Member service request - The board discussed a request for a donation from a member. It was requested that Jo-Carroll pay for converting existing overhead electric facilities to underground electric facilities. After discussion, the board voted to deny the request.

Board Issues

■ AIEC Annual Meeting was discussed & the voting representative & alternate were chosen.

Reports

■ Reports were given on the Dairyland Annual Meeting by those attending.

Adjournment

■ The meeting was adjourned.

Reader prize

Each month we print the name of a Jo-Carroll 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 and claim your prize no later than the 10th of the month following publication



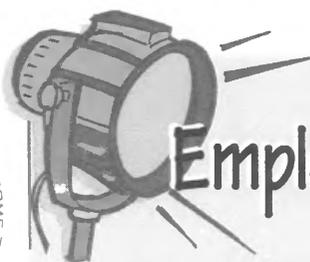
WELCOME TO THE COOPERATIVE!

We would like to introduce a few of Jo-Carroll Energy's newest members!

Edward Fuhl,
Mt Prospect, IL

Marsha Gery,
Galena, IL

Robert Polinski,
Batavia, IL



Employee Spotlight

Tracy Heidenreich, Accountant

Tracy Heidenreich is the accountant for Jo-Carroll Energy. Tracy started working at Jo-Carroll Energy June 28, 2004. Before starting at JCE, she was a Public Accountant for five years and then as an accountant for a construction company for five years. She graduated from the University of Wisconsin - Platteville in 1994 with a Bachelors degree in accounting. She passed the CPA exam in 1997.

Tracy lives in Elizabeth, Ill. with her husband, Loren, who is a self-employed plumber. Tracy and Loren have been married for 32 years and have two children, Nathan and Aaron. Nathan lives



in Elizabeth and works for a local electrician and Aaron is a junior at the University of Illinois, majoring in structural engineering.

Tracy is an active member of the Church of St

Mary in Elizabeth, and serves as the parish council president, confirmation teacher and lector. In her spare time she enjoys quilting, gardening and as she puts it...attempting to play golf. (Well Tracy, welcome to the attempting to play golf club!)

Tracy enjoys working at Jo-Carroll Energy and plans to enter Clark College, MBA program in the upcoming spring semester.

Office hours

8:00 a.m. to 5 p.m.
Monday through
Friday

During hours call
815-858-2207
or 800-858-5522.

Jo-Carroll Energy

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

Kids, have fun and be safe this Halloween!

Come See the Touchstone Energy Balloon at Galena's Halloween Balloon Festival

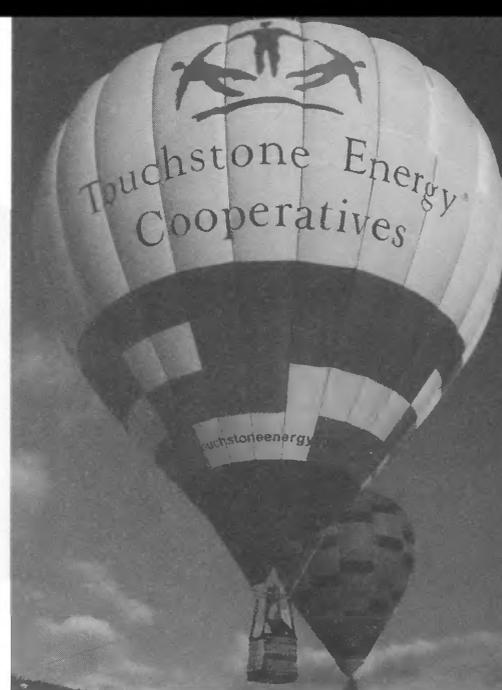
The Touchstone Energy hot air Balloon will be in Galena, Oct. 28-29, for the Galena Balloon Festival and for the Halloween parade.

The Touchstone Energy balloon was part of Guinness World Record flight December 8, 2001, for a record number of balloons crossing the Continental Divide in Breckenridge, Colo. Tracy Fox

Come see and hear what pilot; Cheri White has to say about Touchstone Energy cooperatives. Cheri will have the Balloon tethered on the levy after the parade for all to see. She is a former Women's National Hot Air Balloon Champion.

All three of the Touchstone Balloons were created at Lindstrand Balloon Company in Galena.

For more information visit, www.cbaballoon.com



Health Fair

Jo-Carroll Energy and Jo-Daviess County Health Department invite members to the fourth annual "Health Fair", held at the cooperative offices 793 U.S. Route 20 West, Elizabeth Ill. Nov. 7 - 8:00 - 9:00 A.M.

- ▶ Blood pressure checked- FREE
- ▶ Cholesterol Triglycerides. High Density Lipoprotein, Low Density Lipoprotein.-FREE!
- ▶ Above Cholesterol test along with blood chemistry test.- \$11.00
- ▶ Complete blood count- \$ 6.00 (must be done in conjunction with cholesterol or cholesterol & Blood Chemistry.)
- ▶ High sensitivity-C-Reactive Protein (hs-CRP) - \$16.00
- ▶ PSA test for men - \$22.00 Physicians order required - results sent to your physician you must bring physician's order to screening.
- ▶ TSH, a thyroid test - \$22.00 Physicians order required - results sent to your physician you must bring physician's order to screening.

* Fasting is required

1. Eat a low fat meal the night before your blood is drawn for cholesterol testing.
2. From 8:00 P.M. until midnight, drink only coffee or water.
3. From midnight until your blood is drawn, DO NOT eat or drink.
4. Prescription medications may be taken with a sip of water.

Call Dorothy Young at JCE to schedule your tests at 800-858-5522 extension 211.

Deadline for scheduling is Nov. 1.



Resume of Minutes

JO-CARROLL ENERGY, INC. • Regular Board Meeting • July 26, 2006

The regular board meeting of Jo-Carroll Energy, Inc. was held at the Holiday Inn Express, Springfield, Illinois at 4:30 p.m. on Wednesday, July 26, 2006. All Board members were present: Jack Janssen, Vernon Law, Tom Lundy, Joe Mattingley, Dick Reusch, Leonard Ricke, Russ Simpson, Chris Stadel, and Marcy Stanger. President & CEO Michael Hastings, and senior staff member Richard Larimore were also present.

■ The agenda was approved as modified.

■ The consent agenda items were approved, including a review of the monthly safety meeting minutes.
Chairman's Comments

■ The Chairman discussed e-mail addresses for board members and utilizing the co-op website for communicating with members.

CEO's Report

The CEO reported on the following:

■ **Acquisition Update** - The Illinois Commerce Commission (ICC) Staff filed their rebuttal testimony in the IPL - Jo-Carroll Energy acquisition case. It appears that there are no substantive issues left in the case. Jo-Carroll Energy filed limited surrebuttal testimony to clarify one liability issue. IPL and Jo-Carroll Energy attorneys are exploring the idea of telephone conference hearings in the case. The hearings in the acquisition case are scheduled for August 8 - 10, 2006 in Springfield. Attorneys for the intervenors are to be contacted by IPL counsel to determine if any of the intervenors have questions for witnesses. In other activities relating to acquisition preparations, Hastings discussed a retirement incentive package.

■ **Dairyland Settlement Update** - The CEO reported that Dairyland has contacted him about formalizing

the tentative settlement agreement between Jo-Carroll and Dairyland. This will be completed over the next several months.

■ **Purchase of Property Update** - Hastings reported that Jo-Carroll's agent is scheduled to meet with the property owner. A motion was made by Stadel that was seconded by Stanger and carried to authorize payment for the property.

■ **Savanna Army Depot update** - A walk-through of facilities at the old Savanna Army Depot was conducted last week. It appears that an agreement has been reached with LRA staff on issues. John Cox is working with LRA attorney Phil Jensen on the resolution of all issues. The CEO reported on a meeting held with a representative of a group pursuing the server farm project at the Depot.

■ **Pole Yard Pavement Repair** - Hastings reported that repairs to the buildings and other projects are almost completed. Repairs from the water damage caused by rain also appear to be completed.

■ **401K Program Changes** - The CEO reported on the three recent journeyman linemen hired by the co-op. He explained that all three individuals had 401K programs in place at previous employers. Hastings recommended that the Jo-Carroll Energy 401K program be modified to allow new employees at Jo-Carroll Energy to begin contributing to his or her 401K account after one month of employment at the co-op rather than the present one year requirement. Hastings noted that this modification would not add any additional expense to Jo-Carroll Energy. A motion was made by Stadel that was seconded by Reusch and carried to approve the modification of the Jo-Carroll Energy 401K program as recommended by staff.

■ **Meeting with Neighboring Co-op** - Hastings reported on a meeting

he and Simpson had attended with the CEO and Board Chairman of a neighboring co-op about opportunities to work closer together in the future. After the acquisition, the neighboring co-op office will be closer to some of Jo-Carroll's acquired facilities than Jo-Carroll's office will be. A motion was made by Janssen and seconded by Stanger to authorize the CEO to pursue further dialogue about possible ways for the co-ops to work together.

■ **August Board Meeting - Cookout** - It was the consensus of the Jo-Carroll Energy board to hold a cookout in conjunction with the regular August 2006 board meeting.

Board Issues

A discussion was held regarding future meetings dates for various board committees. Stanger was chosen as the Delegate and Stadel the Alternative Delegate to represent Jo-Carroll Energy at the NRECA 2006 Region V meeting to be held in Springfield, Illinois on September 12-14, 2006.

Legal Update

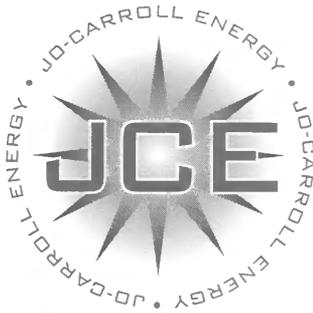
Attorney Cox discussed negotiations and activities with the LRA at the Savanna Army Depot, the receipt of signed agreements that conclude the Great Plains Locating Service litigation, formation of a natural gas subsidiary, and consideration of a public proceeding to address issues raised in the PURPA amendments of 2005 under federal law. A proposed resolution was presented that addressed the issues. A motion was made by Stadel that was seconded by Law and carried to approve the PURPA resolution as presented.

Adjournment

There being no further business to come before the meeting, it was the consensus of the Board to adjourn the meeting.

Reader prize

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

JO-CARROLL

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



A Great Opportunity

PRESIDENT'S REPORT

by Michael Hastings

As I write this month's column, I realize that this could be my last report to you before Jo-Carroll Energy's anticipated closing of its acquisition. So much has happened since we, along with all of you, read in the paper in August of 2004 that Alliant Energy was planning to sell its Illinois facilities. Your board of directors had the vision to see that acquiring these facilities would be a great opportunity for Jo-Carroll Energy's members. I want you to know that, over two years later, I believe the opportunity is greater than ever!

The energy markets have changed so much over the past two plus years. Natural gas and propane prices have continued to skyrocket. The costs to generate electricity with coal, natural gas or diesel have risen dramatically and the cost to transport western coal from Wyoming, Utah and Colorado has almost doubled in the last year. These are reasons why spreading overhead costs over more members becomes even more important than ever.

I have had the great fortune to lead more than 45 separate meetings with you and the new members

from Alliant Energy. I have heard your concerns about energy prices, reliable service and cooperative membership. We are doing everything we can at Jo-Carroll Energy to serve you with the best and most reliable electric service possible, at the lowest possible price. I believe

that in the future, we will be able to improve our service to you, as we will have more employees to meet your needs.

I know that there will be additional challenges in the future for us. We are planning to move the 2007 annual meeting to later in the year to help accommodate the changes necessitated by the ac-

quisition. There will likely be bylaw amendments to consider, new director districts and other important issues in 2007.

Even with all that is happening, I believe that this acquisition is still the greatest opportunity Jo-Carroll Energy's members have had since its inception to stabilize rates and increase service quality. We'll be here to assist you now and in the future.

As always, if you have any questions or concerns, please don't hesitate to call. And, we'll keep the lights on for you!

We are doing everything we can to serve you with the best and most reliable electric service possible, at the lowest possible price.



WELCOME TO THE COOPERATIVE!

We would like to introduce a few of Jo-Carroll Energy's newest members!

Julie Clough,
East Dubuque, IL

Larry Crone,
Lake Zurich, IL

Lou Mallers,
Darien, IL

Office hours

8 a.m. to 5 p.m.
Monday through
Friday

During hours call
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or 800-858-5522.

Jo-Carroll Energy

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61028-0390



Employee Spotlight

Herman Lewis Storekeeper

Herman Lewis has been an employee of Jo-Carroll Energy for 19 years. Herman is currently the cooperative's Storekeeper, where he maintains the cooperative's line-material inventory.

Herman lives in Mount Carroll with his wife, Melody, and their four children, Lydia, Felicia, Herman-Tilson and Gabrielle.

The Lewis family currently live in the home formerly occupied by the descendants of Caroline Mark, who in 1894 set-up an endowment home for aged women in Mount Carroll and the adjoining counties.

The Lewis children attend West Carroll schools and Her-



man Jr. plays Junior Varsity football for the high school. Herman says, "We are a musical family - with oboe, flute, saxophone, piccolo and a clarinet being played." (Could this be the Lewis Family Von Trapp group?)

Prior to his current position as storekeeper, Herman also worked as Staff Assistant and Billing Clerk. Herman said, "Some of my most interesting duties were Energy Auditor and Satellite TV Coordinator.

Away from Jo-Carroll Energy, Herman has worked as the City Treasurer for Mount Carroll and served in the US Army Reserve for 28 years.

Welcome Judy Glew, Billing Services Representative

Judy lives in Elizabeth and moved here from Genoa, Ill. in December 2003. She has two sons, Ryan and Shane. Ryan and his wife, Jacki, reside in Evanston, Ill. and Shane lives in Clinton, Iowa. Since the boys left home, Judy acquired three cats and a new puppy to fill those quiet times.

Prior to coming to Jo-Carroll Energy, Judy worked for the Union Bank in Elizabeth where her primary duties were in the Commercial/AG Loan depart-



ment as support staff.

Judy loves NAS-CAR racing along with watching the Iowa Hawkeye's football and basketball teams. Judy also enjoys walking, cooking, camping, painting and decorating. Judy

says, "Time spent with family and friends is something I look forward to. I am pleased to have this opportunity to work with the JCE staff and to serve the Jo-Carroll Energy members." Please join us in welcoming Judy.

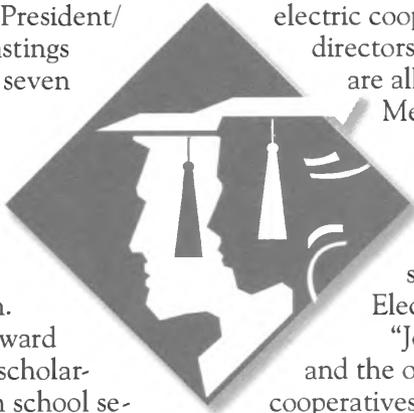
College Scholarships

Jo-Carroll Energy and IEC Memorial scholarships now available

Jo-Carroll Energy President/CEO Michael Hastings has announced that seven college scholarships are now available through Jo-Carroll Energy and the Illinois Electric Co-operative Memorial Scholarship program.

Jo-Carroll will award two \$500 academic scholarships to current high school seniors who are sons or daughters of active Jo-Carroll Energy members and are planning to pursue a formal post high school education. One scholarship will be awarded to a student in Jo Daviess County and the other to a student in Carroll County.

The IEC Memorial Scholarship program will award five \$1,250 scholarships in 2007 to high school students planning to pursue a college education anywhere in the United States. Three scholarships will be awarded to the son or daughter of an Illinois electric cooperative member. A fourth award will go to the son or daughter of an Illinois electric cooperative director or employee. A fifth scholarship will be reserved for use at a two-year Illinois community college, and sons and daughters of Illinois



electric cooperative members, directors and employees are all eligible. The IEC Memorial Scholarship program was established in 1994 by the board of directors of the Association of Illinois Electric Cooperatives. "Jo Carroll Energy and the other Illinois electric cooperatives want to make a difference in their communities. One of the best ways we can do that is by lending a hand to our youth," said Hastings.

Candidates for the JCE and IEC Memorial Scholarship are judged based on grade point average, college entrance exam scores, work and volunteer experience, school and civic activities and a short essay that demonstrates their knowledge of electric cooperatives.

The deadline for returning scholarship applications for both scholarship programs to Jo-Carroll Energy is December 15, 2006.

For further information on the Jo-Carroll Energy and IEC Memorial Scholarship program, contact Charles DeLoach, Director of Communications, at 1-800-858-5522 or ask your high school guidance counselor.

Dual Fuel Test

Fall 2006 Test of interruptible heating (Dual Fuel) loads in preparation for winter control

If you are a Jo-Carroll Energy member that participates in a residential dual fuel or heating load management program, the system will be tested beginning at 5:00 p.m. **Wednesday, November 15, 2006.** This means that controlled electric heating will be turned off at 5:00 p.m. and remain off throughout the

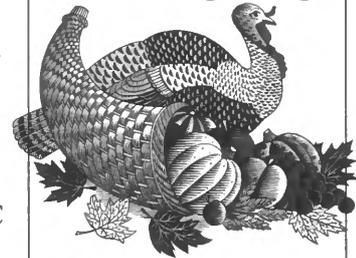
evening. During the time the electric heat is off, customers will rely on their back-up heating systems. All electric heating systems will be turned back on by 11:15 p.m.

If you experience any problems with your electric heating system during this test, please contact Jo-Carroll Energy at 1-800-858-5522.

Veterans Day

Our office will be closed Friday, Nov. 10 in observance of Veterans Day. Please remember the men and women who have fought for our country.

Happy Thanksgiving



The board of directors and employees of Jo-Carroll Energy wish our members the most blessed Thanksgiving.

Our office will be closed Thursday and Friday, November 23 and 24 to allow our employees time to spend with their families. As always, please call 800-927-5254 to report an outage during office closings and after normal business hours.

Reader prize

Each month we print the name of a Jo-Carroll 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 and claim your prize no later than the 10th of the month following publication

Resume of Minutes

JO-CARROLL ENERGY, INC. • Regular Board Meeting • August 23, 2006

The regular board meeting of Jo-Carroll Energy, Inc. was held at the Cooperative office at 9:30 a.m. on Wednesday, August 23, 2006. All Board members were present: Jack Janssen, Vernon Law, Tom Lundy, Dick Reusch, Leonard Ricke, Russ Simpson, Chris Stadel, and Marcy Stanger. Attorney John Cox, recording secretary Dorothy Young, President & CEO Michael Hastings, and senior staff – Pat Keleher, Karen Hirsch, Richard Larimore and Rick Knipfer were also present. Joe Mattingley was absent.

- The agenda was approved as modified.
- The consent agenda items were approved, including a review of the monthly safety meeting minutes.

Chairman's Comments

- The Chairman discussed an article on board governance that had been distributed with the board packets.

Strategic Activity

- Policy Committee: Stadel presented the policies that were reviewed by the Policy Committee and the monthly policy up for review. Existing policies 114 (Contributions and Donations), 129 (Disposition of Offers to Acquire All or Substantially All of the Cooperative's Assets), 130 (Capital Credit Retirements) and 133 (Wage and Salary Plan) were approved by the board as modified.
- Executive Committee: Simpson gave a report from the Executive Committee. He reviewed issues associated with new director districts relating to the Alliant Energy service territory acquisition as well as potential bylaw amendments. He outlined the following points and recommendations from the Executive Committee:
 - That the Executive Committee would begin the work this fall of redrawing the present nine director district lines to make the number of members in each district the same immediately after the acquisition was completed;
 - That the Alliant Energy acquisition closing would probably occur in December 2006;
 - That Cooperative members (including new and current) would be notified soon after the closing of the acquisition of the new director district boundaries and their present director;
 - That the same director and director districts normally up for election in 2007 would continue as planned. Districts 1, 2 and 4 (Ricke, Mattingley and Stadel) would vote for directors in advance of the Cooperative's 2007 annual member meeting. These district boundaries may be different than the present boundaries;

- That the 2007 annual meeting of members would be pushed back to about August 2007. This would allow the Cooperative time to resolve possible issues associated with new members (examples are unforeseen billing issues);
- That the three advisory groups (new members, existing members and retired directors) would meet in the spring of 2007 to develop recommendations concerning Jo-Carroll board governance (possible new directors and director districts, etc.) for the Board of Directors' consideration;
- That during the winter of 2006 and spring of 2007, the Cooperative's Policy Committee would work with John Cox and staff to develop bylaw amendment recommendations. These bylaw modifications would take into account the recommendations from the new member, existing member and retired director advisory groups. These bylaw amendment recommendations would be presented to the Jo-Carroll members for consideration at the 2007 annual meeting of members; and
- That subsequent to the 2007 annual meeting of members, new directors (if any) would be appointed by the Board of Directors to the new director districts (if any);
- Staff was also instructed to provide the Board of Directors with the latest member numbers after the acquisition for each present director district. It was the consensus of the Board of Directors to accept this proposed plan presented and recommended by the Executive Committee.

CEO's Report

- Acquisition Update – The Illinois Commerce Commission (ICC) held its hearing in the Alliant Energy acquisition case on August 10, 2006. Neither Hastings nor Knipfer were required to answer examination questions. No interveners entered an appearance for the hearing. The case has been marked "heard and taken". ICC staff, counsel for Alliant Energy and counsel for Jo-Carroll Energy will work on a joint Proposed Order for the judge's consideration. It appears that the acquisition is on schedule to close by the end of the year. The Cooperative staff is working on final checklists of items to be completed prior to the closing date.
- Dairyland Settlement Update – No new activities had occurred since last month's report.
- Purchase of Property Update – Hastings reported that Jo-Carroll's agent

had received an offer to sell from the property owner, with the Cooperative to pay the commission. The agent was instructed to thank the property owner, but that the Cooperative was not interested in buying at that price. This asking price is about \$200,000 over the estimated market value of the property.

- Savanna Army Depot update – Cox is attempting to meet with LRA's legal counsel to negotiate a final settlement of all issues.
- Ethanol Projects Update – The CEO reported on the progress of several ethanol projects being pursued in the Cooperative's present and future service area.
- Personnel Matters – The CEO reported on a retirement incentive package that was being planned for certain eligible Cooperative employees.

Board Issues

- Stadel was chosen as the Delegate and Stanger as the Alternate Delegate to represent Jo-Carroll Energy at the CFC 2006 Region V meeting to be held in Springfield, IL on September 13, 2006.
- Janssen was chosen as the Delegate to represent Jo-Carroll Energy at the Federated Region V meeting to be held in Springfield, IL during the Region V meeting.
- Two area political fundraisers were discussed (Senator Jacobs and representative Sacia). Attendees from Jo-Carroll Energy to represent Illinois ACRE were determined by consensus.

Legal Update

- Attorney Cox discussed negotiations and activities with the LRA at the Savanna Army Depot. It was the consensus of the Board of Directors to proceed with negotiations as outlined by Cox.

Reports

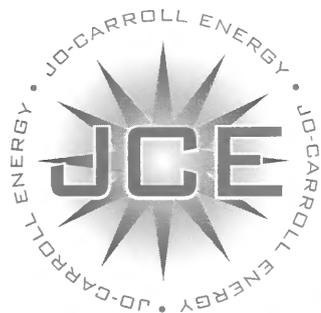
- Attendees at two recent legislative fundraisers on behalf of Illinois ACRE (Senator Sieben and Congressman Manzullo) reported on those events.

Adjournment

- There being no further business to come before the meeting, it was the consensus of the Board to adjourn the meeting.

Jo-Carroll Energy

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Elizabeth, Illinois 61028-0390



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

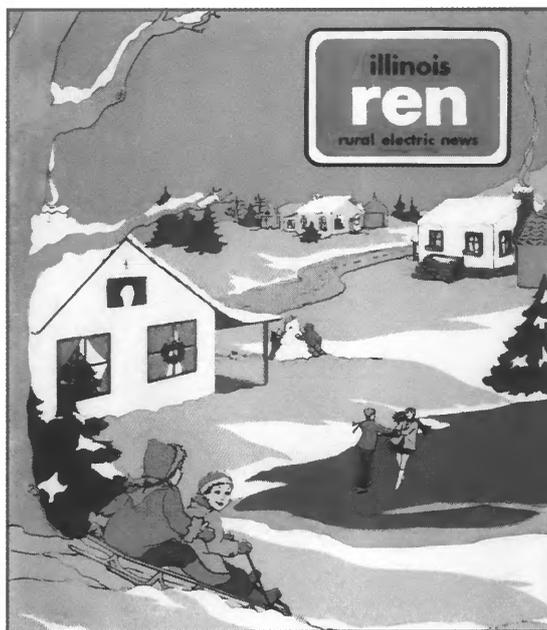
The other day, I happened to pick up an old copy of our newsletter dating back to 1976. It was the Christmas edition that had immediately captured my attention. The cover looked like a Hallmark Card or a Norman Rockwell painting. Back then, the Illinois Country Living magazine was called the Illinois REN (Rural Electric News).

The cover reminded me of all the things that are so good about the holiday season and the area in which we live. The spirit of the season is visible here in many ways. The landscape is so beautiful, especially with the added flavor of a fresh snowfall on the rolling terrain. You just can't help but get excited about the holidays.

For newcomers to the area like my family, it is a real bonus because we come from an area downstate that is typically warmer and flatter. In the short time that my family has lived here we have grown to cherish the storybook setting that this area offers. I am thankful for the good fortune of living in a great community surrounded by good neighbors while being able to serve the members of Jo-Carroll Energy.

Tim Freese

As we spend time with our families this Christmas season, we can be truly thankful for the abundance that Jo Daviess, Carroll and Whiteside counties provide. There aren't many places more Christmas-like than here. This is a place where families can take sleigh rides, experience a mistletoe ball, snow ski, go caroling, build a snowman and more.



With all the joy of this season, safety can sometimes take a backseat. Problems such as improperly wired Christmas lights, overloaded circuits and under-watered Christmas trees can quickly turn a celebration into a tragedy. Visit our Web site, www.jocarroll.com, for tips to keep your home and family safe this season.

The employees and directors of Jo-Carroll Energy would like to extend our warmest greetings to you and your family during this holiday season. From the glow of the lights on the tree and the warmth of your home to the sound of holiday music, we are a part of your annual celebrations. Whatever your holiday traditions may be, your electric co-op is there for you, providing safe and reliable electric service at the lowest possible cost.

*Merry Christmas
and Happy New Year!*



Office Closing

Our office will be closed December 25 and 26 for Christmas and January 1 for New Year's Day.

Q&A About Green Power

EvergreenSM
YOUR ENERGY CHOICE FOR THE FUTURE

Welcome New Members

Bob Barnett,
Hinckley, IL

Jim Festle,
Downers Grove, IL

Eric Peterson,
Milwaukee, WI

Office hours

8 a.m. to 5 p.m.
Monday through
Friday

During hours call
815-858-2207
or 800-858-5522.

Jo-Carroll Energy

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20 West
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61028-0390

Q: What is all this talk about "Green Power" and what is "Evergreen"?

A: Green Power is energy produced from renewable resources. Evergreen is a renewable energy (green power) program offered by Jo-Carroll Energy and other electric cooperatives that purchase power from Dairyland Power Cooperative in La Crosse, Wisconsin. This provides cooperative members with an "earth-friendly" energy choice. Through the Evergreen program, members can choose to receive a portion or all of their electricity (average residential monthly electric usage) through a renewable energy source.

Q: Where does Evergreen energy come from?

A: Evergreen renewable energy comes from the wind and waste-to-energy sources such as landfill gas and livestock manure.

Q: Where does wind energy come from?

A: Probably the most well known type of renewable energy is wind. Dairyland initially invested in wind energy during the 1990s with a one-third interest in a wind turbine in Chandler, Minnesota. This participation launched the Evergreen program and the Chandler Wind Farm continues to provide 2 megawatts (mw) of renewable energy, enough to power the homes of nearly 600 member-consumers.

Since then, Dairyland has greatly expanded its wind investment. In October 2003, Dairyland contracted for wind energy output from the G. McNeilus Wind Farm (Adams, Minn.) and in March 2004 doubled its participation in the wind farm. This growing partnership nets 17 mw of renewable energy -- enough to power 4,800 residential homes in the Dairyland cooperative system.

Q: Are wind turbines dangerous to birds?

A: There is a risk if a bird flies into the spinning turbine. However, the new large turbine blades rotate at a relatively slow speed and have a much lower risk to birds than earlier turbine designs.

Q: How can energy be produced from manure and landfills?

A: Did you know that the average cow yields 12 gallons of manure each day? No longer just a waste problem, that manure can now be used as the

resource to generate electricity. Several animal waste-to-energy projects are in development on dairy farms in Dairyland's system. Through anaerobic digestion, manure decomposes to produce methane gas, which fuels the engine to generate renewable energy for you. Currently, three animal waste-to-energy projects are online with a total output of 2.4 mw, which is enough to power about 1,800 homes. That means the stinky stuff is not just lying around making us miserable!

Like the animal manure program, the landfill program literally will not let waste go to waste. Dairyland has partnered with landfill companies to use residential garbage to generate electricity. As the landfill waste decomposes, methane is created naturally and used as fuel to generate renewable energy. This first facility came online in March 2004 and can power 2,600 homes in the Dairyland system. The second and third facilities came online in early 2006 and a fourth facility is planned for late 2007.

Q: How much energy can manure or landfill programs produce?

A: One MW of animal or landfill energy powers 790 homes. This renewable, earth-friendly energy is then added to our mix of power sources and made available to Jo-Carroll Energy members who place a special emphasis on environmental concerns. You can voluntarily support green energy through this program by paying only slightly more than you normally would each month for your electricity.

Q: How can I get Evergreen?

A: Each 100-kilowatt hour block of renewable energy is \$1.50. You can choose to purchase a single block, or enough blocks to equal your normal monthly electric usage (an average home uses a total of 800 - 1,000 kilowatt hours per month). This is a small, additional payment to your bill and will offset the additional cost it takes to generate renewable energy. A one-year subscription is required. After that, the membership can be canceled at anytime with a 30-day notice.

Wind, animal and landfill waste are all part of the renewable energy mix that help power your home and business. Participating in the Evergreen program is an investment in the future of the environment for our children and grandchildren.



Employee Spotlight

Elizabeth Eichner

Elizabeth (Liz) Eichner of Davenport, Iowa accepted the position of Mapping Technician/Engineering Assistant for Jo-Carroll Energy on September 5, 2006. She has a daughter, Sarah, who still lives nearby in Bettendorf, Iowa, and a son, Roger, who attends the University of Iowa in Iowa City. Liz previously worked for Shive Hattery Inc. as a GIS Analyst and worked for the City



of Davenport as an Engineering Aide. She has previous utilities mapping experience with both the City of Davenport and MidAmerican Energy in Rock Island, Ill. Liz enjoys time with family and socializing with good friends. Her hobbies include golf, fishing and bowling. Liz states, "The move to Elizabeth was exciting for me. It is just so beautiful here."

Please join us in welcoming Liz to the cooperative!

Jo-Carroll Energy Adds Three Lineworkers

Three lineworkers joined the cooperative in July. From left are Steve Ludwig, Dale Hereau and Jeremy Whitmer.

Steve Ludwig and his wife, Terri, have two children, Kyle, who is eight, and Megan, who is five. Steve previously worked nine years as a lineworker for Maquoketa Valley Electric Cooperative in Anamosa, Iowa. Steve likes to deer hunt with his son and enjoys fishing.

Dale Hereau previously worked nine years as a Lineworker for Alliant Energy. Dale is married to Sheryl and they live in Schapville with their son, Thomas, who is seven months old. Dale enjoys hunting and fishing.



Jeremy Whitmer worked for Maquoketa Valley Electric Cooperative and is originally from Elizabeth. Jeremy enjoys spending time with his son, Samuel, and likes to hunt and fish a bit, too.

Please join us in welcoming Steve, Dale and Jeremy to the cooperative!

Lineworker Jim Schaible Promoted To Foreman

Jo-Carroll Energy Lineworker Jim Schaible was promoted to Foreman in August. Jim has worked for Jo-Carroll Energy for 26 years. He and his wife, Mary Lou, live in Elizabeth. Jim likes to hunt morel mushrooms in the spring and enjoys sports.

Congratulations Jim!



Reader prize

Each month we print the name of a Jo-Carroll 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 and claim your prize no later than the 10th of the month following publication

Resume of Minutes

JO-CARROLL ENERGY, INC. • Regular Board Meeting • September 27, 2006

The regular board meeting of Jo-Carroll Energy, Inc. was held at the Cooperative office at 9:30 a.m. on Wednesday, September 27, 2006. Board members and others present were: Jack Jansen, Vernon Law, Tom Lundy, Joe Mattingley, Leonard Ricke, Russ Simpson, Chris Stadel, and Marcy Stanger. Attorney John Cox, President & CEO Michael Hastings, and senior staff – Karen Hirsch, Richard Larimore and Rick Knipfer were also present. Secretary Ricke served as Chairman for the meeting at the request of Board Chairman Russ Simpson.

- The agenda was approved as modified.
- The consent agenda items were approved as modified, including a review of the monthly safety meeting minutes.

Resignation of Richard Reusch

The resignation letter of director Richard Reusch came before the Board for consideration. The resignation was accepted with reluctance.

Election of Officers

- Ricke turned the chair over to Attorney Cox to conduct Board of Director Officer elections.
- By secret ballot, Ricke was elected Vice Chairman by his fellow Directors to fill the Vice Chairman position that was vacated by the resignation of Richard Reusch.
- Election was then held for the position of Secretary, vacated by the election of Ricke to Vice Chairman. Stanger was elected Secretary of the Board by her fellow Directors.

Chairman's Comments

Hastings introduced Duane Noland, President and Chief Executive Officer of the Association of Illinois Electric Cooperatives, Inc. (AIEC) who was in attendance at the meeting. Mr. Noland commented on events taking place at the AIEC.

Simpson thanked the Board and Staff for the cards, letters, flowers and prayers he received during his recent illness.

Strategic Activity

- Policy Committee: Stadel presented the monthly board policy 134 – Workplace Violence, which was approved as amended.
- The board of directors considered the issue of the 2006 financial audit to be conducted and the auditing firm to be selected. The accounting firm of Bennet & Middendorf was selected by the Board to conduct the Jo-Carroll Energy, Inc. 2006 audit.

CEO's Report

- **Acquisition Update** – A joint proposed Order was prepared by counsel for Alliant Energy, Jo-Carroll Energy, Inc. and the Illinois Commerce Commission for filing and consideration by the Administrative Law Judge. The joint proposed order was filed on September 15, 2006. Hastings also reported on activities at the Cooperative in preparation for the closing of the Alliant Energy transaction, new employees at the Cooperative & issues regarding the natural gas properties being acquired by Jo-Carroll Energy, Inc.
- **Dairyland Settlement Update** – A proposed settlement agreement between Dairyland Power Cooperative and Jo-Carroll Energy, Inc. has been forwarded to Dairyland's counsel for review.
- **Savanna Army Depot update** – Cox is attempting to meet with LRA's legal counsel to negotiate a final settlement of all issues. The board gave Attorney Cox authority to proceed as planned regarding a possible settlement.
- **Ethanol Projects Update** – The CEO reported on the progress of several ethanol projects being pursued in the Cooperative's present and future service area.
- **Personnel Matters** – The CEO reported on a retirement incentive package that has been accepted by certain eligible Cooperative employees.

Board Issues

- Hastings reported on the CFC Key Ratio Trend Analysis (KRTA) executive summary that was provided to the Board of Directors. The summary listed a number of financial & other ratios that compared the Cooperative with other cooperatives in the United States.
- The Board of Directors considered a written request from the Galena Log Cabin Getaway to erect a billboard on the Cooperative's property. The Board declined the billboard proposal.
- A preliminary discussion was held regarding possible attendees at the 2007 NRECA Annual Meeting.

Legal Update

Attorney Cox discussed negotiations and activities with the LRA at the Savanna Army Depot and a recent lawsuit.

Reports

Attendees at two recent legislative fundraisers on behalf of Illinois ACRE (Senator Jacobs and Representative Sacia) reported on those events. The Board of Directors also discussed the NRECA Region V Meeting, held in Springfield, IL earlier in the month.

Other Business

The CEO reported on recent activities with a neighboring Cooperative.

Adjournment

There being no further business to come before the meeting, it was the consensus of the Board to adjourn the meeting.

Jo-Carroll Energy

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