



Safety Accreditation – We got a 95!

Every three years, our cooperative goes through a safety accreditation process. The cooperative recently passed the test with a 95 out of 100, which is the highest score it has ever received!

The Rural Electric Safety Accreditation Program, administered by the National Rural Electric Cooperative Association, is a peer-review safety and loss control evaluation of electric utilities. There are currently 437 accredited systems, including one municipal system.

The accreditation program is an organized analysis of a co-op's safety program. It assists electric co-op management to achieve and maintain high safety standards for the protection of employees and members.

Representatives from the Association of Illinois Electric Cooperatives come to our cooperative and check our building and trucks for safety and

Occupational Safety & Health Administration requirements. They make sure all the trucks are set with first aid kits, the proper rubber safety equipment and etc. They ask the inside employees where they would go in case of a tornado, fire and etc.

Here are a few more examples of things they check: What percentage of employees has first aid and CPR training? Are employees trained in hazard recognition? How often is pole-top rescue training conducted? Are the vehicles properly maintained?

Dwight Ala, Manager of Operations, and Donny Ogden, Safety Coordinator, (pictured above) spend a lot of time preparing and educating employees on safety issues.

Great Job!



Illinois Rural Electric Cooperative

P.O. Box 80, Two South Main Street
Winchester, Illinois 62694

www.e-co-op.com
1-800-468-4732

Your Touchstone Energy® Partner



Copper Theft

Innocent people are feeling the impacts from the rising reports of copper theft from electrical facilities. And thieves are risking their lives with electrical equipment to steal the copper. Since July 2006, at least seven men in five states have been electrocuted while hacking through power lines to steal wire made of copper. Copper has been commanding near-record prices.

The Illinois Electric Council reports in Springfield, Illinois, City Water, Light & Power equipment has become a recent casualty to copper thieves. Between mid-August and mid-September, copper was removed from over 120 pieces of utility equipment, which caused power outages and utility pole fires.

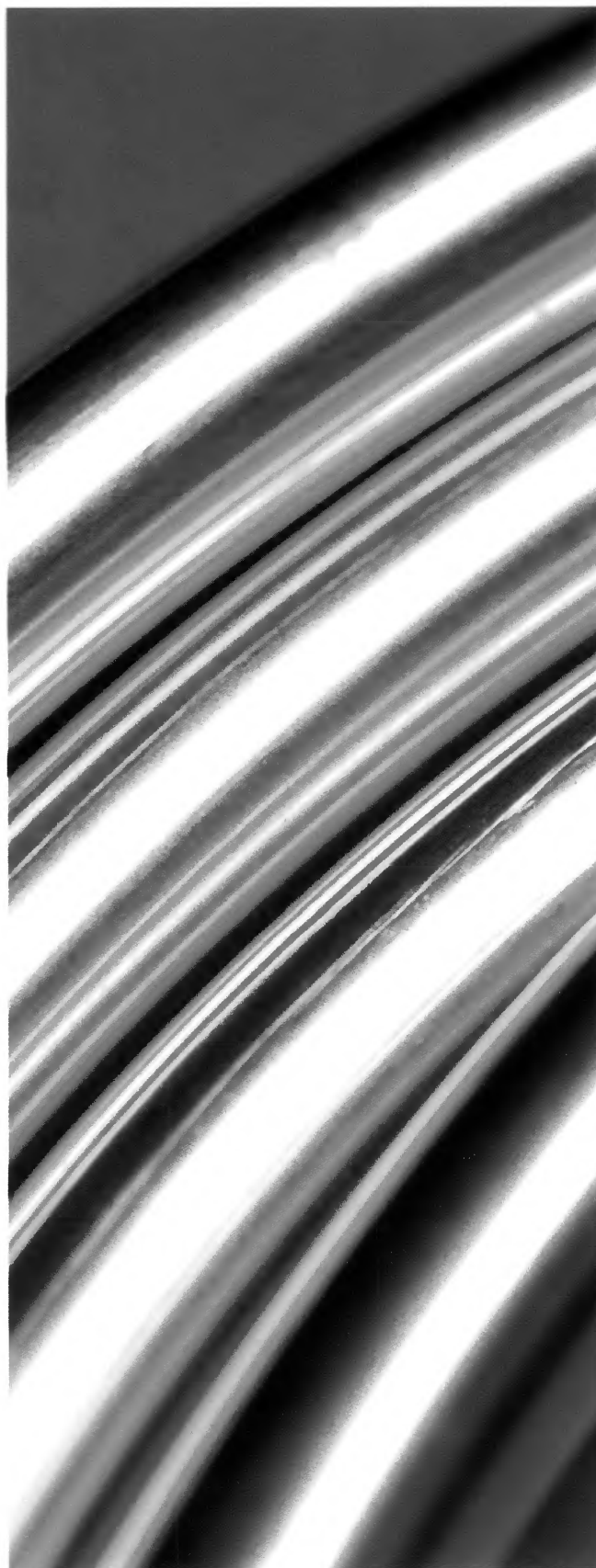
The Safety Electricity program has recently highlighted the growing problem. They are working to educate consumers with news releases, Web site headlines and articles. They want people to understand this is a deadly problem and it's far reaching consequences.

Molly Hall, Executive Director of Safe Electricity, says, "Stealing material from an electric substation or utility pole can cause not only serious injuries and death, but extensive outages, fires and explosions – consequences that impact innocent people."

The thieves are stealing the copper wires and then selling the metal for scrap. Thieves are going as far as climbing power poles, scaling fences and breaking into buildings. Stealing copper is not a new crime. But the recent increase in metal prices is causing robbers to become bolder. This is resulting in more deaths and public impacts.

If anyone would see a suspicious activity around electrical equipment, they should alert their electric provider immediately or call 911. For more information, visit www.SafeElectricity.org.

(From The Illinois Electric Council)



Staying Safe During Outages

Here are some very important reminders to help you be safe during a power outage.



- * Always stay away from downed power lines and remember that tree limbs or debris may hide an electrical hazard.
- * Treat all downed power lines as if they are energized. Warn others to stay away and contact us immediately.
- * A power line does not need to be sparking or arcing to be energized, even if it's sagging close to or on the ground.
- * Lines that appear to be "dead" can become energized as crews work to restore power.
- * Stay inside and dress in warm, layered clothing.
- * Close off unneeded rooms.
- * Place towels and rags underneath doors to keep heat in.
- * Never use a gas oven to heat a room in your home. This can use up the oxygen level and lead to death.
- * Never have a fire in a non-vented situation.
- * Never use a charcoal grill to cook or heat inside the home. Charcoal grills use up oxygen and give off deadly carbon monoxide gas. Grills should only be used outside.
- * If you use a standby generator make sure it has a transfer safety switch or that the power is cut off at the breaker box before you operate it. This prevents electricity from traveling back through the power lines or what's known as "back feed." Back feeds create danger for everyone, especially the crews working to restore power.
- * Always keep the generator outside in a dry protected area, away from windows or air intakes where deadly exhaust fumes can enter living spaces.

Easy 2 pay

Easy 2 Pay allows you to use your touchtone telephone to pay your electric bill! It's simple to use, safe and the transfer will show on your checking account statement for your records.

Just call 1-800-713-4782 to register!



Or

e-co-op.com

Or you can register at e-co-op.com to pay your electric bill! Move money securely from your checking account to the co-op. It is safe, secure and your security is insured for up to \$250,000!

Visit e-co-op.com today!

Both are fast – they'll help avoid late charges!

Illinois Rural Electric Cooperative

In Memory

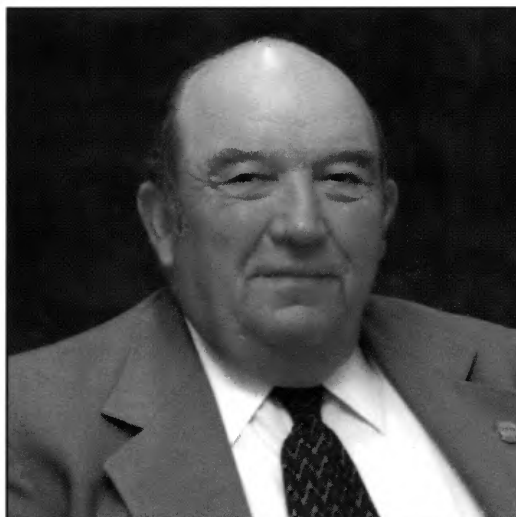
L. William – Bill – Griswold
October 1932 – November 2006
Illinois Rural Electric Cooperative
Director Since February 1975

Bill Griswold, who served as a director of the cooperative for thirty-one years, died at St. John's Hospital in Springfield after a brief illness at the end of November.

He was born in Hillview in 1932, the son of Earnest E. and Margaret King Griswold. He married Barbara Wright, and she survives him, having celebrated 54 years of marriage.

He is also survived by two daughters, Cheri, Mrs. Wayne Chapman of Greenfield, and Rhonda Griswold of Barrington, New Hampshire; two sons, Greg, and his wife, Joyce, of Greenfield and Steve and his wife, Martha, of Hallieford, Virginia; seven grandchildren; two great grandchildren; and his sisters, June Wright of Greenfield and Carole Sue Bettis of Jacksonville.

He was a 1950 graduate of Greenfield High School, and he farmed and raised livestock in the Rockbridge area his entire adult life. He was, as well, an active contributor to the life of the rural community he loved, serving multiple terms on the Boards of the Village of Rockbridge, Greenfield School District and the Greene County Extension Service.



Bill Griswold

Continued on the next page.



Illinois Rural Electric Cooperative

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Bill was the longest serving member of the Illinois Rural Electric Cooperative Board of Directors, which for many years he served as President. He was also a member of the Board of Directors of the Association of Illinois Electric Cooperatives, and a member of the Board of the National Rural Electric Cooperative Association.

He was a faithful communicant of St. Michael Catholic Church in Greenfield and an active member of its Men's Club. A loving husband, father and grandfather, he will be greatly missed by both his family and a wide circle of friends. The results of his lifetime of service will serve as his best legacy.

The members of the Cooperative's Board of Directors, employees and the Cooperative's membership extend our deepest sympathies to his family.

To honor his service to Illinois Rural Electric Cooperative, the Board has made a gift of \$1,000 in his memory to the Association of Illinois Electric Cooperatives Memorial Scholarship Fund.

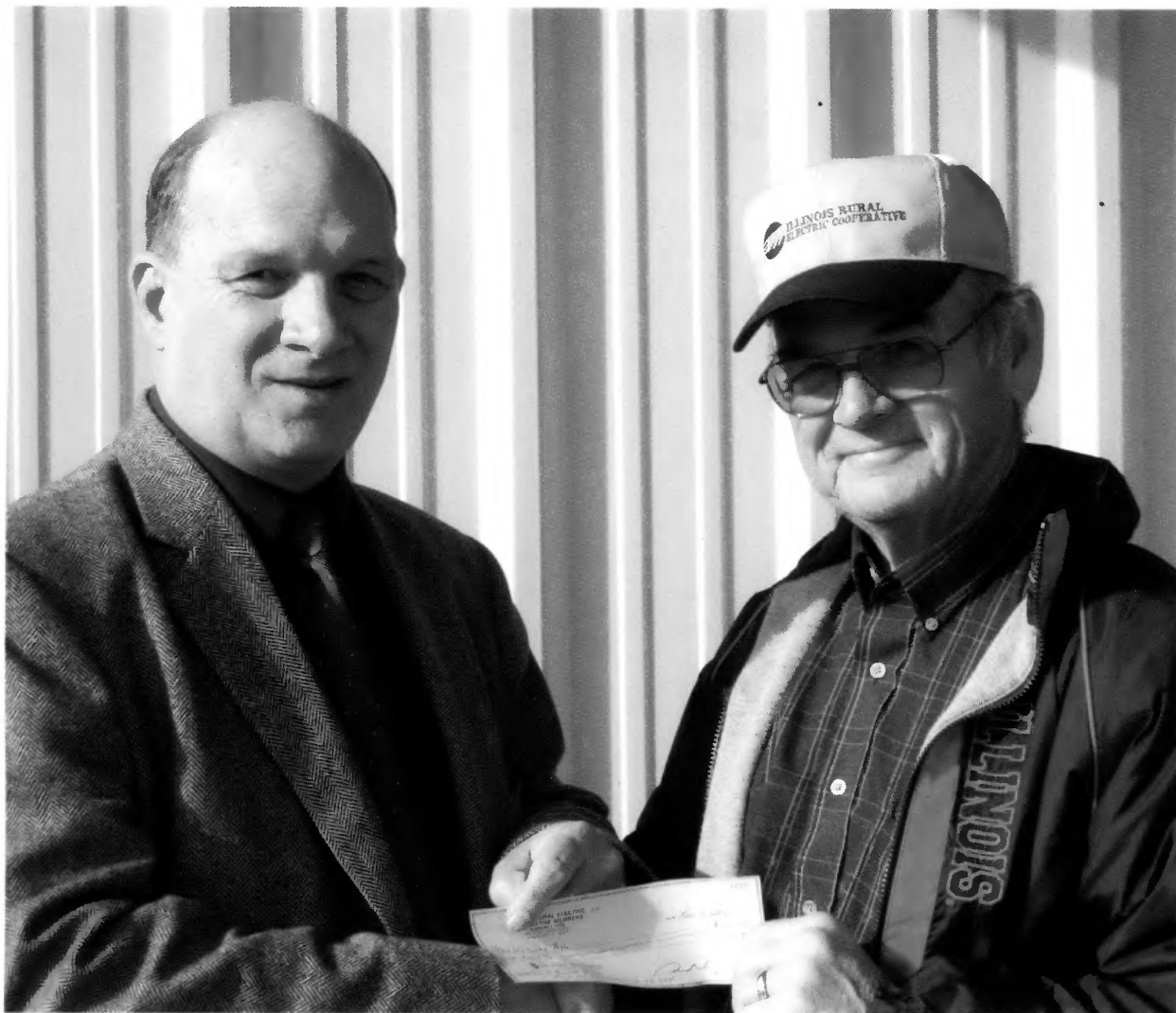
The Cooperative's Bylaws Require the Board to Fill the Vacancy

No one would want the work of the Cooperative to continue more than Bill Griswold, and no one was more faithful to its Bylaws than he was.

A committee of Directors has been appointed to recommend a successor to fill the position for the district which covers south eastern Greene County and parts of Macoupin and Jersey Counties – the areas around Rockbridge, Wrights, Rubicon, Linder, East Kane, Western Mound, and the north part of Jersey County.

The committee has identified a number of potential candidates, and it welcomes your identifying someone whom you believe to be a good candidate and/or your own interest in serving on the Board of Directors.

You can communicate with the committee by writing its chairman, F. Alan Heaton, c/o Illinois Rural Electric Cooperative, P. O. Box 80, Winchester, Illinois 62694.



Pictured above is Lawrence Coultas, Superintendent of Scott County Community Unit School District No. 1 and Robert Brown, President of the Illinois Rural Electric Cooperative Board of Directors. Illinois Rural Electric Members' Fund recently donated \$3,000 to the Winchester High School Science Lab Renovation Fund.

Winchester High School, in conjunction with the district's Educational Foundation, has a fundraising campaign underway to generate money to renovate the WHS science labs. The two science labs, which service 160 students each day, have remained basically unchanged since the high school building was constructed in 1927. In an effort to provide a challenging learning environment in a "state of the art" facility, workstations with water, gas and electricity will be installed in addition to upgrading various science equipment.

This donation was made possible by participating Illinois Rural Electric members paying an even dollar amount on their bill. For example, if the bill is \$88.42, the member will pay an even \$89, with the 58 cents in this example going to the Members' Fund. The fund uses these proceeds to benefit activities throughout the Cooperative's service area. Since March 2000, the fund has distributed over \$200,000 to local schools, families in distress and local charities.



Pictured above is Sean Middleton, Manager of Engineering at Illinois Rural Electric Cooperative and Cindy Gerard, President of the Western Illinois Chapter of Farm Safety 4 Just Kids. Illinois Rural Electric Members' Fund recently donated \$1,000 to the Farm Safety 4 Just Kids. This donation was made possible by participating Illinois Rural Electric members paying an even dollar amount on their bill.

This contribution helps Farm Safety 4 Just Kids hold a day camp at the Western Illinois Fairgrounds in Griggsville, IL. This camp is free to all children ages 5 -12. This year's camp will be held August 11. For more information contact Cindy Gerard at 217-285-2891 or visit www.farmsafe.org for an application.

NEWS, NOTES & VIEWS 4/07



Your local service men – from left, Bill Bergman, Darren Hayn, Randy Long, Dave Gant, Craig Long and Joe Killday – are your first line of defense against blinks. At the beginning of the work day, they check the data for every circuit in their areas for blinks, and every day they work on eliminating them.

Blink Squad: One*

Everybody hates blinks!

Illinois Rural Electric Cooperative's Comprehensive right-of-way maintenance program reduces outages from trees coming down in storms, meets the co-op's responsibility for public safety, and not least of all, minimizes blinks.

Blinks occur because a device called a "recloser" tests the electric line when the line has a fault, which, in turn, is the result of something like a tree hitting the line. If it's a permanent fault, the lights go out. If the line is clear, the recloser lets the power stay on with a blink. Not perfect, but better than an outage.

Servicemen use data from the automatic meter reading devices to locate and fix blinks. They make a variety of repairs, and they install animal guards to protect the system from blinks.

They're a critical part of a maintenance effort that, in total, costs over \$900,000 a year. The co-op also has its own right-of-way crews and contractors as part of that maintenance, and this year it plans to invest an additional \$4,000,000 in capital in the ongoing rebuilding program.

*We'll feature another squad next month!



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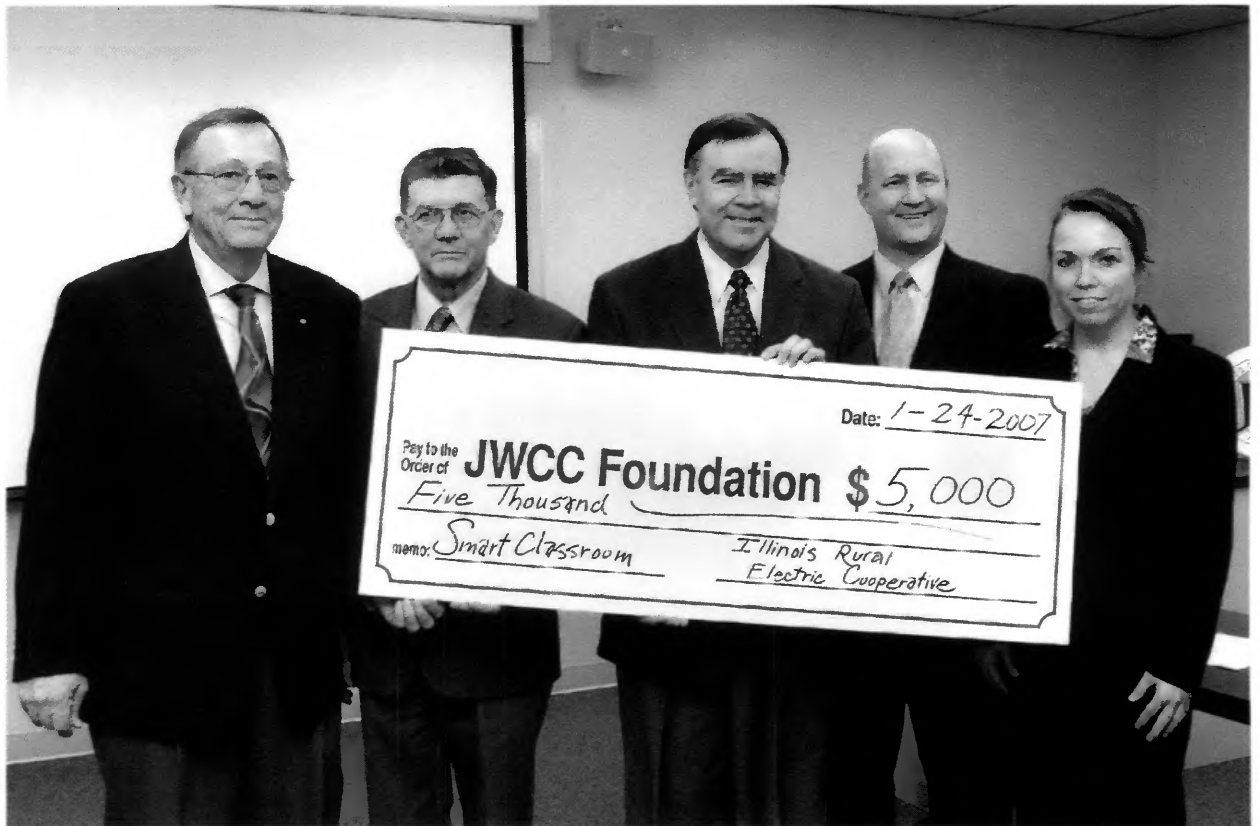
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Annual Meeting
Page 16d

Your Touchstone Energy® Partner





Pictured above is Ronald Myers, Treasurer of the Illinois Rural Electric Board of Directors; Jim Gay, Secretary of the Illinois Rural Electric Board of Directors; Dr. Bill Simpson, President of John Wood Community College (JWCC); Kent Hawley, Director of the Pittsfield Education Center at JWCC; and Barbara Holthaus, JWCC Foundation Director.

Illinois Rural Electric Members' Fund donated \$5,000 to the John Wood Community College Foundation to help cover the cost of converting a classroom at the JWCC Pittsfield Education Center into a "smart" classroom with Internet connectivity.

"The gift will enable the College to modernize the Pittsfield Education Center with classroom technology similar to our Quincy campus," said JWCC President Bill Simpson. "We are grateful for the support from Illinois Rural Electric Cooperative in helping Pike County students have an equivalent learning experi-

ence to their peers in Quincy." The "smart" room equipment allows access to the Internet for classroom presentations as well as Power-Point, video from both VHS and DVD, and any printed material via a document camera.

"More than 200 area residents take credit classes at the Pittsfield center each semester, and providing them with this level of technology has been a goal for quite a while. Rural Electric's generous support of our project has allowed it to happen this year," commented Kent Hawley, JWCC director of education centers.

Mr. Gay has also recently been recognized for the "Pioneer Award." The National Bio Diesel Board recently recognized a long-time supporter of the industry, Jim Gay, a founding member of the original national biodiesel organization. Mr. Gay was the original vice president, and started his service to the industry in 1992.

A Note from the Co-op's Manager about February 13th

Dear Members,

Early in the morning on February 13th – before 7:30 – the lights went out in the southern half of the co-op's service area. But they came back. Then, between 8:00 and 8:30, the lights went out everywhere except around Hardin. The problem in Brussels was a blown transmission fuse, and that was fixed pretty quickly.

Everywhere else, the transmission system failed. No electricity was getting to the substations that feed electricity into the co-op's system.

So around 8:30 am, 95% of the co-op's members didn't have electricity.

Just about everybody called. That's the right thing to do.

Our telephone systems were working fine, but we're told that the telephone company's system in Winchester was overwhelmed. It was flooded, and its messages – things like "This number is not in service." – were wrong. Too many calls were coming in.

It took Soyland, which owns and operates the transmission system, until after 4:00 in the afternoon to fix its problems. It was a very long, cold and snowy day.

Thanks for your patience.

Bruce Giffin
General Manager

P.S. Oh, without the transmission failure, we would have had three outages that day.

Annual Meeting of Members Will Be Held On Saturday, June 9, 2007

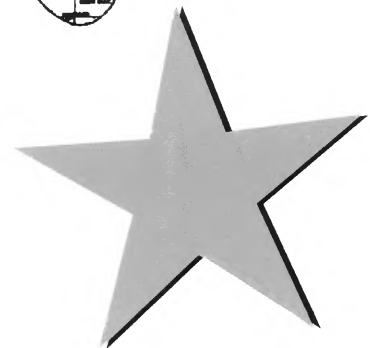
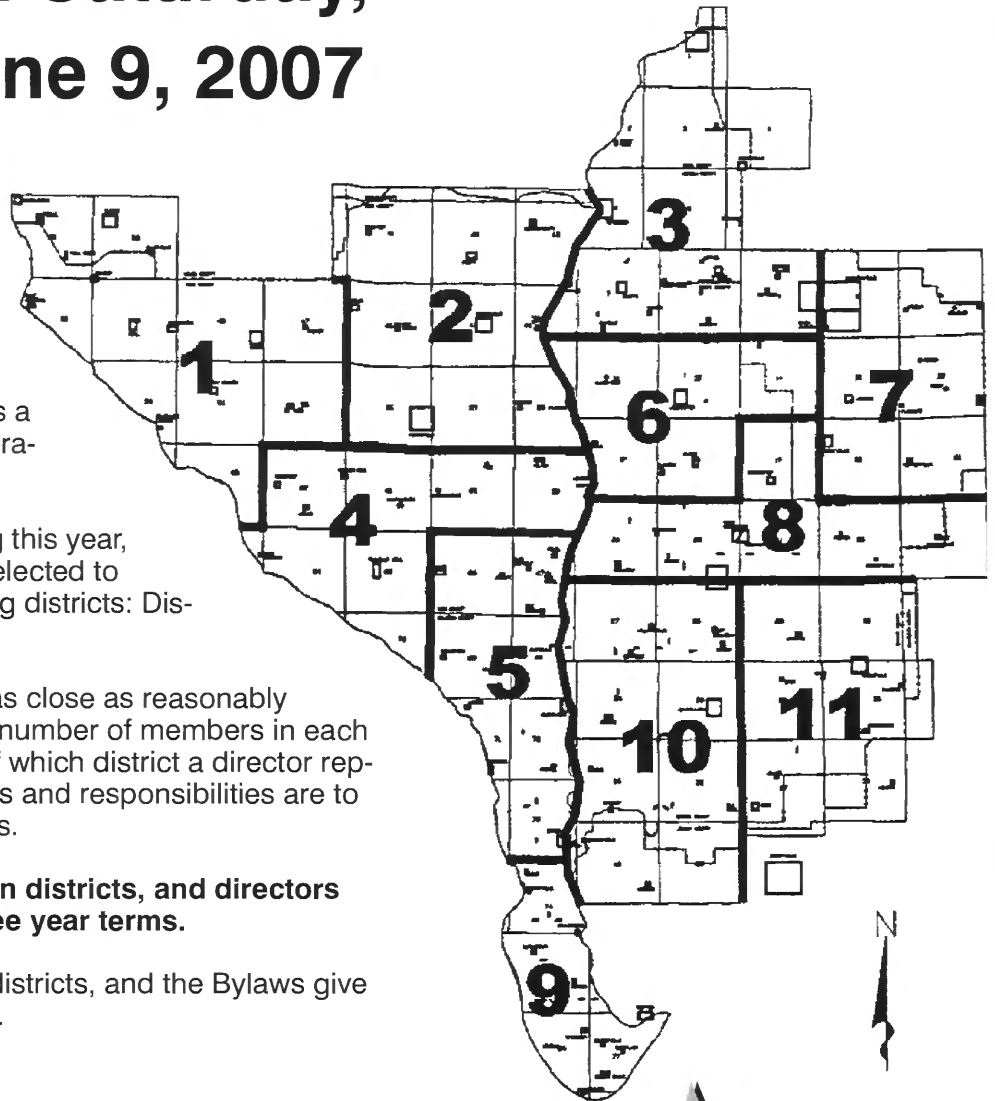
The annual meeting is a vital part of the cooperative's life.

At the annual meeting this year, four directors will be elected to represent the following districts: District 2, 4, 6 and 8.

Director districts are as close as reasonably possible to the same number of members in each district. Regardless of which district a director represents, his /her duties and responsibilities are to represent all members.

In all there are eleven districts, and directors serve staggered three year terms.

This map shows the districts, and the Bylaws give the legal descriptions.



At the 2007 Annual Meeting, members will elect four directors for districts. The present directors from those districts are:

District 2

Ronald Myers



Ronald Myers has served on the board since 1975. Ron is currently the Treasurer of the Illinois Rural Electric Board. Ronald has been farming since 1960, and now owns and operates a grain and livestock farm near Griggsville, IL. Ron is Vice President of the Two Rivers F.S. Inc. Board of Directors, President of the Western Illinois FS Feeds Board of Directors, and on the Board of Directors for the Western Farm Business Management Association. Ron lives in Griggsville with his wife Carolyn.

District 4

Jim Gay



Jim Gay has served on the board since 1999. Jim is currently the Secretary of the Illinois Rural Electric Board. Jim also serves on the IRTC Board. Jim is a local farmer. He is also currently the Chairman of the Board for Illini Hospital and on the John Wood Community College Board. Jim lives in Rockport with his wife Barbara.

District 6

Robert Brown



Robert Brown has served on the board since 1986 and is currently serving as President of the Illinois Rural Electric Board. He farms with his son in Winchester. Robert is also an Elder for First Christian Church and a Director for Soyland Power. Robert lives in Winchester with his wife Linda.

District 8

Tom Meehan



Tom Meehan has served on the board since 1995. He is also the President of the IRTC Board. Tom is in the grocery business with his two brothers and manages Meehan's in Roodhouse. He is a fourth generation grocer. Tom also serves as Treasurer of the Roodhouse Fire Protection District and serves on the Finance Committee at All Saints Catholic Church in White Hall. He is also active with Residents Encounter Christ Prison Ministry. Tom lives in Roodhouse with his wife Karen.

Directors Can Be Nominated in Two Ways, But Not from the Floor at the Meeting

The Bylaws set up a mechanism for a nominating committee, which shall not include current members of the board of directors.

That committee is appointed not less than 90 days or more than 160 days before the meeting, and its nominations are to be posted in the office at least 45 days before the meeting.

Any 15 members may also nominate another member to serve on the board, and such nominations will be on the ballot with those from the nominating committee.

If you want to participate in the election by submitting a petition signed by 15 members be certain that in addition to the members' signature, there is a printed name and address so that the petition can be verified in time for posting 45 days before the meeting.

Remember that often a husband and wife are one membership, not two. A single member may also have more than one meter, but not more than one membership.

When a membership is held jointly by a husband and wife, either one, but not both, may be elected a director.

If you wish to communicate with the Nominating Committee, simply send a letter to the Committee at the Cooperative's address, and it will be given – unopened – to the Committee. You'll receive an acknowledgement. Please print and sign your name clearly.

Nominations for the 2006 Election Must Be Posted in the Cooperative's Office Not Later than April 25, 2006.

A nomination from 15 members must be received at the cooperative's office no later than 45 days before the annual meeting.

Section 3 of Article 4 of the Bylaws Sets Qualifications and Tenure

"At the annual meeting of the members in 1980, four of the members elected shall serve for three years and four members to be elected shall serve for two years, the eight so elected shall determine their respective terms by lot. Each year thereafter only the number of directors shall be elected for a term of three years to fill vacancies of those directors whose terms are expiring. Directors so elected shall serve until their respective term expires or until their successors have been elected and shall have qualified. No member shall be eligible to become or remain a director or hold a position of trust in the Cooperative who is not an actual consumer of goods and services provided by the Cooperative, or who is in any way employed by the Cooperative, or financially interested in a competing enterprise. No person shall take or hold office as a director who is the incumbent of or candidate for an elective public office in connection with which a salary is paid. Upon establishment of the fact, a board member is holding the office in, violation of any of the foregoing provisions; the board shall remove such board member from office. When a membership is held jointly by a husband and wife, either one, but not both, may be elected a director, provided, however, that neither one shall be eligible to become or remain a director or to hold a position of trust in the Cooperative unless both shall meet the qualifications hereinabove set forth. Nothing in this section contained shall, or shall be construed to affect in any manner whatsoever the validity of any action taken at any meeting of the board of directors."

What do Directors Do? What Do They Get for it?

Illinois Rural Electric and its subsidiary are a \$54,000,000 business which supplies electricity and other services to about 17,000 accounts in all or part of ten counties. There are 43 full-time employees, and 16 part-time employees.

The Cooperative, itself, is about average sized among America's 800 electric cooperatives.

The Cooperative's directors are responsible for its financial integrity and for governing policy.

The Cooperative's board of directors is responsible for the organization and IRTC. The board has additional responsibilities to the Cooperative's lenders, employees and the general community.

Basic law requires that a director shall, among other things, undertake the following duties:

- Care – Exercise due care and diligence that an ordinary prudent person in a like position would exercise under similar circumstances, devoting such time and effort to the duties of a board member as may be necessary to oversee the business and affairs;
- Loyalty – Be loyal to the Cooperative, acting at all times in good faith for its best interests and unaffected by any personal interest that is in conflict with the best interests of the Cooperative;
- Obedience – Be obedient to the Cooperative by adhering to all applicable requirements of law, the Bylaws, policies, contracts and the Cooperative's duly made decisions; and
- Attention – Be attentive to and study reports from management on the Cooperative and attentive to and study additional sources of information concerning the in-

dustry and business generally so that the best decisions can be made.

Directors attend monthly meetings, at a minimum, to review financial and management reports and to consider matters brought to them by management and/or other directors.

Directors receive monthly reports and financial statements about the Cooperative and IRTC before board meetings. There are additional articles, memos and trade publications they're expected to read.

Five members of the Co-op's board serve on the IRTC board. Both boards meet monthly and there are committee meetings throughout the year.

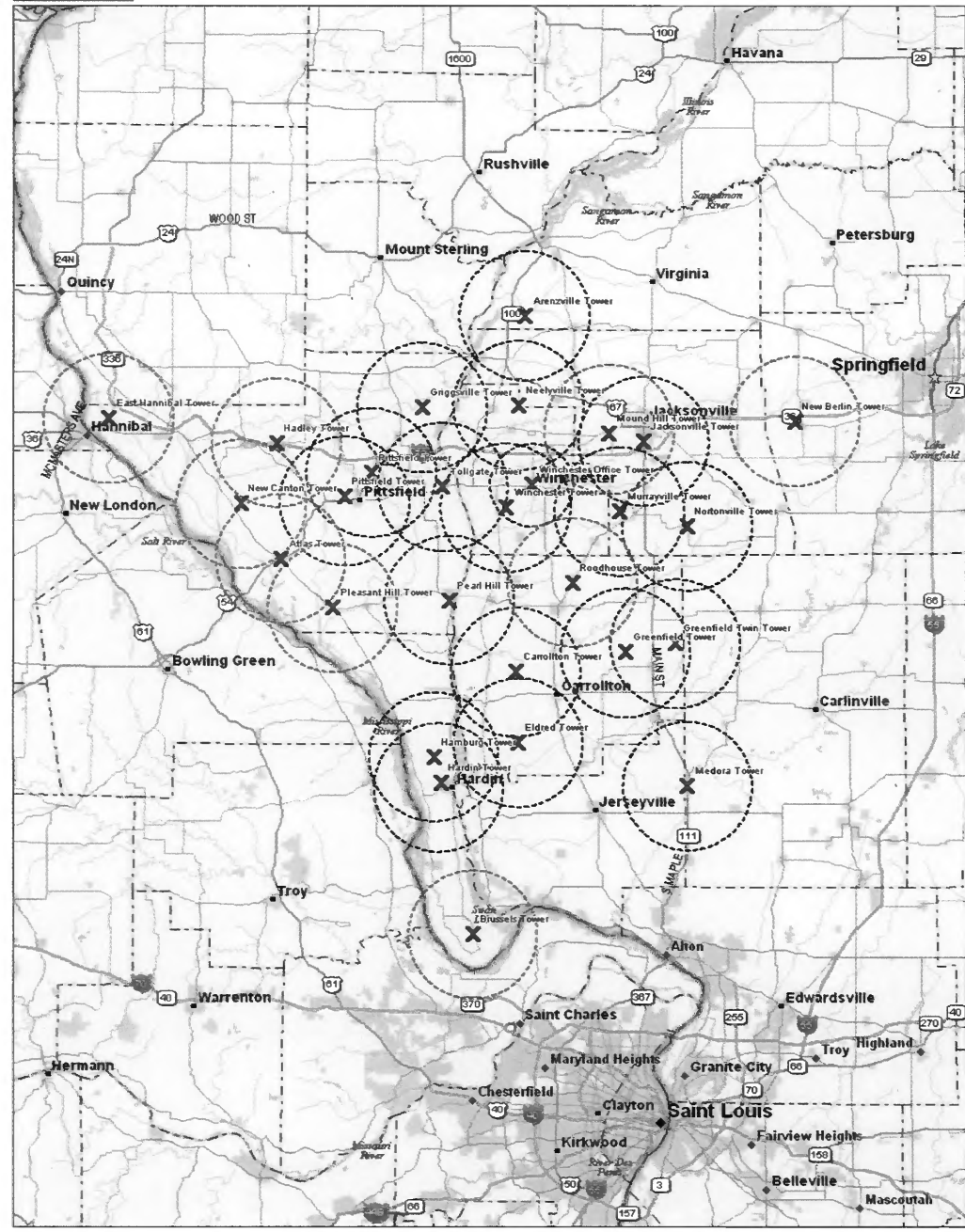
All of the members of the board are expected to pursue ongoing training in Springfield and at other locations.

Directors attend state, regional and national trade association meetings for additional training and to keep abreast of the best practices in the industry.

Directors receive \$100 per day and out-of-pocket expenses for attending meetings, whether a full day or part of a day. Additionally, since it's in the Cooperative's interests that directors have good Internet service to receive material by e-mail, directors get satellite-based Internet service.

If you would like to get a copy of the complete Bylaws, please send us a note or call the office.

There are two ways members can vote in the election. First, you can vote by being present at the meeting, or, second, by sending your proxy with a member who is attending. Members can vote up to three proxies at the annual meeting.



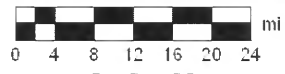
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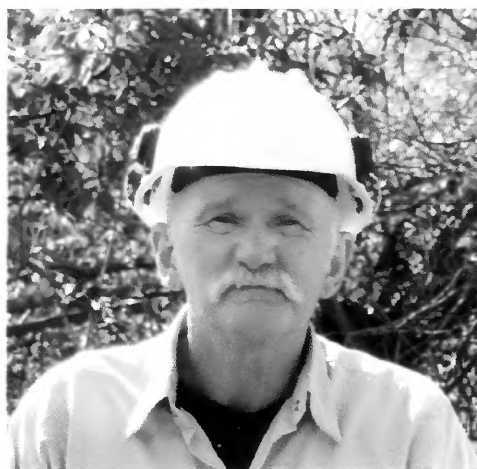
The black circles show where we offer Tower Wireless Internet now. The red circles show where we will offer Wireless Internet soon. Wireless Internet is \$20 per month. You just need a CLEAR line of sight to the towers in the middle of the circle.

Not in a circle? Call about WildBlue.

Call 1-800-468-4732 or 1-800-713-4782 for details.

Illinois Rural Electric Cooperative Illinois Rural Telecommunication Co.

NEWS, NOTES & VIEWS 5/07



Melvin Funk



Eddie Dolen

Blink Squad: Two*

Last month, we began our series on blinks. We featured our local servicemen who are your first line of defense against blinks. At the beginning of the work day, they check the data for every circuit in their areas for blinks, and every day they work on eliminating them.

Another line of defense is two retired, part-time employees with over 60 years of experience in fighting the battle of blinks. Eddie Dolen began working at the cooperative in June 1972 and Melvin Funk began in January 1973. Just think of their extensive knowledge of our system. Their part-time work helps reduce outages from trees coming down in storms and minimizes blinks.

When a member calls in with a tree problem, or a local serviceman sees an area with a problem, we want to get to it immediately. This is where Eddie and Melvin are so important. They go right to the problem area to get the issue resolved for the member.

If we find a tree that is going to be a continuous problem to maintaining our system, we would rather replace the tree than to continuously trim it. This is where our tree replacement program comes in. We will assist the member in purchasing a new tree if we have to take their old tree down.

*There are several fronts on the battle with blinks.



Illinois Rural Electric Cooperative

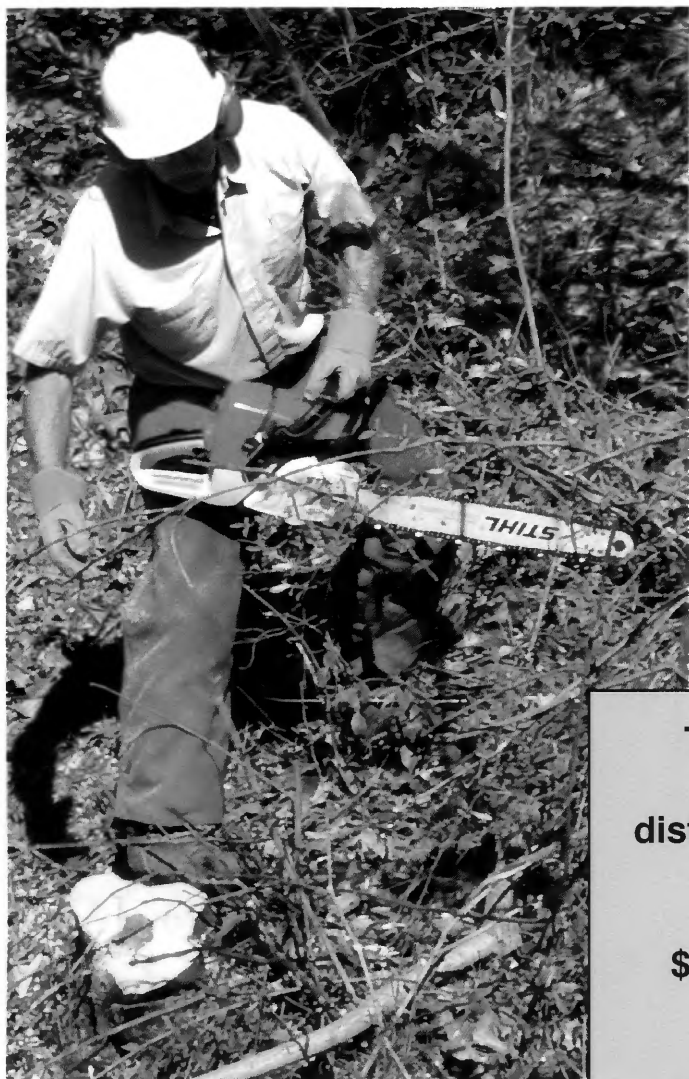
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Your Touchstone Energy® Partner







The cooperative's program to maintain its 3,000 mile distribution system naturally has many components.

\$900,000 a year should have many components!

Last month, we featured the servicemen. This month we feature two, long-term employees who work on special problems.

Next month, the contractor crews who cut and chemically treat.

There's our own crew, which has run the "Bronto" for years, and gets a new machine soon.

Then, not included in the \$900,000 a year, is our continuous rebuilding.



Illinois Rural Electric Cooperative

Annual Meeting

Saturday, June 9
Scott County Fairgrounds
Winchester, Illinois


9:00 AM Registration
Meeting at 10:00 AM

WIN PRIZES!

We will be giving away Thousands in Door Prizes,
a \$10 credit per membership on your electric bill
(if you attend), and \$5,500 to charities!



*Meet the employees and the Board of Directors.
Refreshments will be served.*

Your Touchstone Energy® Partner 

A Supplement to *Illinois Country Living*
Illinois Rural Electric Cooperative

Notice of the 2007 Annual Meeting

To All Active Members of Illinois Rural Electric Cooperative:

The 2007 Annual Meeting of Members will be held on Saturday, June 9, 2007, at 10:00 am at the Scott County Fair Grounds in Winchester, Illinois.

Registration will begin at 9:00 am.

Members will hear reports on the condition of the cooperative; consider a proposal to amend the Bylaws; to consider member initiatives; and elect four directors.

On behalf of the entire board of directors, I urge you to attend. If you can't attend, please send your proxy with a friend or neighbor. We look forward to seeing you on the 9th.

**James C. Gay,
Secretary**



Each membership gets a \$10 credit at registration.



Your favorite local charity could win one of eleven \$500 prizes from the Members' Fund.

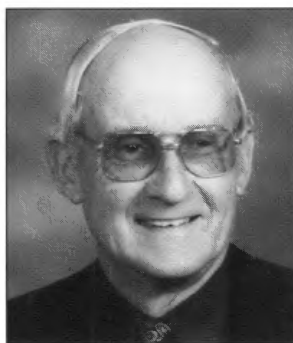


You could win one of four \$500 prizes or one of twenty \$100 prizes!

Members of the Cooperative's Board of Directors



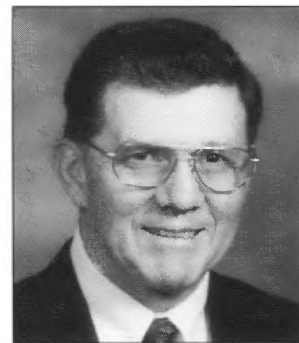
Robert A. Brown,
President,
Winchester
Director since
April 1986.
Born November 1937



F. Alan Heaton,
Vice President,
Murrayville
Director since
August 1986.
Born April 1934



Ronald K. Myers,
Treasurer,
Griggsville
Director since
May 1975.
Born July 1938



James C. Gay,
Secretary,
Rockport
Director since
October 1999.
Born August 1938



Kevin Brannan,
Eldred
Director since
March 2001.
Born October 1957



Gary K. Clark,
New Canton
Director since
October 1997.
Born March 1940



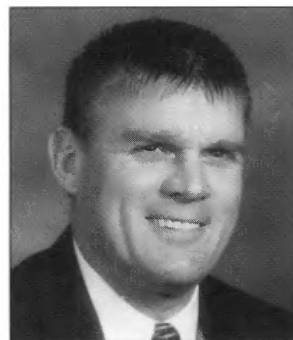
Julia B. Eberlin,
Brussels
Director since
June 1999.
Born May 1964



Julie Rhoads
Carrollton
Director since
April 2007.
Born October 1970



Roger Hurrelbrink,
Winchester
Director since
June 2005.
Born November 1941



Thomas D. Meehan III
Roodhouse
Director since
September 1995.
Born February 1954



Robert Reed,
Nebo
Director since
October 1997.
Born July 1946

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Proposed Agenda

1. Call to Order Robert A. Brown, President
2. Invocation
3. Determination of a Quorum James C. Gay, Secretary
4. Notice of the Meeting Mr. Gay
5. Approval of the Agenda Mr. Brown
6. Adoption of Roberts Rules Mr. Brown
7. Appointment of Robert V. Bonjean, Jr., Esq, as Parliamentarian Mr. Brown
8. Minutes of the 2006 Meeting Mr. Bonjean
9. Treasurer's Report..... Ronald K. Myers, Treasurer
10. President's Report..... Mr. Brown
11. General Manager's Report.....Bruce N. Giffin, General Manager
12. Approval of the Actions of the Board and Officers Mr. Bonjean
13. Report of the Nominating Committee
14. Election of Directors..... Mr. Bonjean
15. Item Tabled from the 2007 Meeting:
A Proposal to Amend the Bylaws Mr. Bonjean
16. Member Initiatives Mr. Bonjean
 - A. Voting by District
 - B. Meeting of the Audit Committee at the Annual Meeting
 - C. Term Limits
17. Adjournment..... Mr. Brown

To Our Members:

Electric Supply

Like every other electric supplier, the most pressing issue we face is a reliable long-term electric supply.

Our electric supply comes from Soyland Power Cooperative, which is owned by your cooperative and ten other Illinois electric cooperatives. Both your president and general manager are members of the Soyland board of directors.

Soyland's contract for power supply runs through December 2008, and we, as part of the Soyland board, have been working for years on power supply options for 2009 and beyond.

We expected that our ownership share of the Prairie State electric generating plant and our contracted share of the Franklin County electric generating plant would begin supplying our needs in 2009 and meet those needs for thirty or more years at very attractive prices.

Unfortunately, the most extreme part of the environmental community has tied up both plants in protracted litigation. If things go very well from this point forward, the Prairie State plant may come on line in 2011. We have no real confidence, at this point, that the Franklin County plant will ever be built.

In 2009 and 2010, the electric supply will, therefore, come principally from the wholesale market. It is now likely that a significant portion of the supply will continue to come from the wholesale market in 2011 and beyond.

While your cooperative working with Soyland will be able to absorb some of the price increases in 2009 and 2010, the actual price for that supply will be markedly higher than current prices.

At the Soyland level, we actively investigate every opportunity for power supply, including electric generating plants in the planning stages and contracts with traditional suppliers. But all options are difficult and costly.

Wholesale market prices are high because needed, new generating capacity hasn't been built in our region for years. The cost of building that new capacity is increasing rapidly, largely the result of the extremist environmentalists. Let us illustrate that. Just a few years ago, we expected that our share of the Prairie State plant would cost about \$18-million. We now expect that to be \$25 to \$30 million.

Certainly, it is not now possible to precisely estimate the additional costs we'll face as the nation grapples with the costs of climate change, most particularly the costs of producing carbon dioxide (CO₂) and other byproducts of the production of electricity from coal. But the costs are likely to be significant.

Transmission

We rely upon the transmission grid to get electricity to our substations, and, in addition to price increases for generation, the price of transmission is going up substantially. Last year we paid an average of seven mills per kWh for transmission, and, this year, the federally regulated price will be about nine mills per kWh, nearly a 30% increase.

While we can expect that the increases won't be that high every year, we will face continuing increases in the cost of transmission in coming years, as the grid is rebuilt and upgraded to maintain reliability.

Renewable Energy

In this generation, transmission and CO₂ environment, our initial success with wind power looks especially good.

When we develop large projects cooperatively, we're going to achieve better efficiencies in terms of power generation and in terms of economics than are likely to be achieved by smaller systems. We are beginning to see small scale wind turbines at members' homes, and we expect that to continue along with ever improving solar photovoltaic cells that produce electricity. In fact, we're gaining some experience with a photovoltaic array at our office in Winchester.

We've always encouraged the use of renewable energy, and we'll continue to do that. But we have to do that in a way that makes economic sense for the entire membership. When we deal with cooperative projects, we want to be reasonably certain that the costs are competitive with other options. The economic questions concerning small systems at members' homes revolve around our retail rates, which were, simply put, not designed for an environment in which members produced some portion of their own electricity.

Your board and management are studying the various options for the ways in which we price electric service to members generating their own supply and to members generally to ensure that we get as close as we can to the goal of fairness for the entire membership.

We'll be talking to you more in our monthly publication and at member meetings about this issue throughout the year, and we welcome your comments and questions as we progress.

Your Electric Distribution System

This co-op was formed in 1936, and we began distributing electricity two years later.

The distribution system now consists of nearly 3,000 miles of line, some of which is very old.

When it adopted the budgets for this year, your board voted to substantially increase the funds for rebuilding the system. This year, in addition to the \$2-million we spend maintaining the distribution system, we'll increase capital spending for rebuilding the system from \$2- to \$4-million.

Naturally, over the long-term that additional capital will increase costs, but we believe that the increase will be no more than the costs of responding to storm damage which is especially hard on the old system and on the members who rely on it.

Electric Rates

We increased electric rates by an average of 3.3% at the beginning of this year. We expect that for the next three years – through 2010 – that our electric rates will increase no faster than the cost of living. In fact, our increases will in all likelihood be smaller than cost increases generally.

Proposal to Amend the Bylaws

If you were at the annual meeting last year, you know we enjoyed a lively discussion of the proposal to amend the bylaws. The proposal was tabled to this year, and it is, again, included in this notice.

Let us quickly review the substance of the proposal and discuss some of the issues raised at the meeting last year.

The proposed Bylaw amendment would reduce the size of the board – over time, as individuals leave the board – from eleven members to nine. On average over the past ten years, there has been an opening on the board every year and a half, with seven new members seated since 1997.

There are twenty-five electric distribution cooperatives in Illinois.

- Seventeen have nine members on their boards.
- One has fifteen.
- Four have eleven.
- Three have seven.

There is no consistent relationship of directors per member, per mile of distribution lines, or per number of counties served.

The board's overriding reason for recommending the change to a smaller board was good governance, but it's clearly understandable that people wondered about costs as well. Over the past several years, the total costs for the board have been about \$120,000 a year for three board areas of expenses:

- Education and training.
- Advocacy.
- The daily compensation a member receives.

Just like employees, members of the board attend ongoing training to be in the best position to deal with the increasingly complex issues the cooperative faces. It's expensive, but there is no alternative.

Annually, some members of the board participate in our national trade association's legislative conference in Washington to meet with our Senators and Congressmen. That, too, is expensive, but the fact is that this program began in politics, and it will succeed or fail in politics.

Finally, insofar as expenses are concerned, members of the board get \$100 a day for their service. That's the second lowest level in Illinois, and, generally speaking, the typical Illinois rate is lower than the national average.

We believe it all boils down to this: With a smaller board, each member has to participate more fully in preparation, in questions and debate, and in decision making. That leads to better representation for the membership.

We look forward to the discussion of this issue again and to your support which is appreciated very much.

Broadband

The cooperative provides wireless broadband Internet service to its members, and our subsidiary, Illinois Rural Telecommunication Co., provides wireless and satellite based Internet service throughout the counties we serve.

We control the pricing and service for the wireless option, and we're able to make that available to members for the attractive price of \$20 a month, essentially our cost. Wireless is not, however, ever going to reach all members – it won't go through trees, hills or buildings. Our satellite service may be the only realistic option for some people.

Nonetheless, we have a broadband option for everybody, because broadband Internet's availability is important to the quality of life in the communities we serve.

Wireless is a technically difficult service to provide and maintain. Electricity was probably considered difficult, too, in 1938, but, then as now, if we didn't do it, nobody else would.

Propane

Illinois Rural Telecommunication Co. owns two propane companies which it operates as Illinois Propane.

Our strategy is simple: We'll achieve good growth through fair pricing and good service, which will result in real financial benefit to the electric membership over the long-term. Our growth is on target and nicely exceeds the growth in population or number of dwellings.

Just as it took a few years to grow the Direc-TV business, we plan to spend the necessary time to develop our propane business so that once again we'll be able to capitalize on our success.

Directors

As many of you know and as we reported to you earlier this year, our long-time director Bill Griswold died at the end of last November. Bill had served on the Illinois Rural Electric board of directors since 1975 and was its president for many years. He was also a member of the board of directors of the Association of Illinois Electric Cooperatives and the National Rural Electric Cooperative Association in addition to his service to many organizations in the community.

The Bylaws require the board of directors to fill the remainder of the term of a director when a vacancy occurs.

A committee chaired by director Alan Heaton, with members Kevin Brannan and Thomas Meehan, worked to solicit interest in serving on the cooperative's board from members who are community leaders in the district in southern Greene County. We also solicited expressions of interest from members in *Illinois Country Living*.

After meeting with several, outstanding candidates, the committee nominated Julie Rhoads to fill the remainder of the term to which Bill Griswold was elected last year. The board voted to seat her at its April meeting.

Julie is a life long resident of the district and attended Greenfield Schools. She and her husband, Scott, live outside Carrollton with their son.

She works at Whitworth-Horn-Goetten Insurance in Carrollton as an independent insurance agent, and we look forward to her serving you with distinction.

Thanks

Just as we appreciate the support of the cooperative's membership, we value the hard work, dedication and loyalty of the cooperative's full- and part-time employees who do an outstanding job for us all day in, day out, year in, year out. They'll be at the annual meeting.

Please join us at the annual meeting, yourself, to continue the democratic, cooperative process, one unavailable to most electric consumers in Illinois and one which needs your participation to remain vital.

We look forward to seeing you on June 9.

Robert A. Brown
President

Bruce N. Giffin
General Manager

REGULAR ANNUAL MEETING OF MEMBERS ILLINOIS RURAL ELECTRIC COOPERATIVE

Held on June 10, 2006

MEETING MINUTES

The annual meeting of members of Illinois Rural Electric Cooperative was held at the Scott County 4-H Association Grounds at the north edge of Winchester, Scott County, Illinois, on Saturday, June 10, 2006 at 10:00 a.m. Central Daylight Time. President Robert A. Brown, acted as the Chairman of the meeting and James C. Gay, Secretary of the cooperative acted as the Secretary for the meeting.

President Brown called the meeting to order and welcomed the members of the cooperative who were present for the meeting.

President Brown then recognized F. Alan Heaton who gave the invocation for the meeting.

The Chairman called upon Secretary Gay to report on the registration of members, both those attending and those represented by proxy, to determine if a quorum existed. Secretary Gay reported that a quorum was present. Secretary Gay then read the notice of the meeting and the proof of mailing of the notice to the members. The Chairman declared the meeting duly convened and directed that a copy of the notice of the meeting and of the proof of the mailing of that notice be annexed to the minutes of the meeting.

The Chairman next asked for a motion to approve the agenda as mailed. A motion was then made and seconded to approve the agenda as mailed with the meeting notice. That motion was approved without objection.

Chairman Brown next asked for a motion to approve Roberts Rules of Order as the rules of the meeting and the cooperative's attorney, Robert V. Bonjean, Jr., as parliamentarian of the meeting. That motion was made, duly seconded and approved.

The Chairman then called upon Attorney Bonjean to present the minutes from the last meeting for approval by the membership. Attorney Bonjean asked for a motion to waive the reading of the minutes in light of the fact that the minutes were distributed to members at registration. Whereupon a motion was made to dispense with the reading of the minutes of the last meeting, which motion was seconded and approved. Attorney Bonjean asked for a motion to approve the minutes as distributed, such a motion was made, seconded and passed approving the minutes of the June 18, 2005, annual meeting of members as distributed.

The Chairman then called upon Treasurer Ronald K. Myers to present his treasurer's report. Treasurer Myers referred the members to his written report in the meeting booklet. Treasurer Myers stated that the audit of the cooperative financial statements was available for member's inspection at the cooperative offices. Treasurer Myers then commented on the fact that the deferred revenue program was ending. He also commented on the purchase of another propane business and sale of the fuel oil business by the cooperative's subsidiary and the income and expenses created by those transactions. Treasurer Myers then asked if there were any questions regarding the financial statements of the cooperative. There were no questions. Chairman Brown then asked for a motion to approve the treasurer's re-

port as mailed with the meeting notice and as presented at the meeting. A motion was made and duly seconded to approve the treasurer's report which motion carried without objection.

President Brown began his report by introducing the members of the Board of Directors. President Brown asked the members to review closely the reports in the annual meeting booklet. President Brown then reported on the member meetings and urged the cooperative members present who had not yet attended a member meeting to contact the cooperative's staff if they had an interest in attending an area member meeting. President Brown next reported on the status of the cooperative's wind turbine project and the future of wind energy. President Brown commented on the proposed bylaw amendment which the members would address at this annual meeting. President Brown expressed the appreciation of the Board of Directors for the efforts of the cooperative's employees during the November 2005, ice storm. President Brown asked for a round of applause by the members for their extraordinary efforts after the ice storm. The membership responded with a round of applause for the cooperative employees. President Brown ended his report expressing his thanks and that of the Board of Directors for the loyalty and support from the members of the cooperative. He urged members to communicate with members of the Board of Directors and with the cooperative staff.

Bruce N. Giffin, began his manager's report by commenting on the cooperative's 70th anniversary. He went on to report that the cooperative's Members' Fund has now given approximately \$181,500.00 to local charities and individuals in need since its inception. Manager Giffin then described the efforts being made by Soyland Power Cooperative toward obtaining a sufficient electrical supply for the cooperative and the other cooperatives which make up Soyland. Manager Giffin introduced employees of

the cooperative with service anniversaries from 10 to 30 years. Manager Giffin asked members to participate in and support the ACRE political action committee. Manager Giffin discussed the need to rebuild the cooperative's distribution system, which consists of 3,000 miles of line. Manager Giffin stated that a large portion of the cooperative's electric distribution system consists of old copper conductor and older poles. He went on to state that this is an important issue which the cooperative needs to address. Manager Giffin reported on the propane services offered by the cooperative's subsidiary describing the services provided and the plans available for purchase of propane. He then gave a report on the wireless internet project being implemented by the cooperative's subsidiary.

Chairman Brown then called upon Attorney Bonjean who informed the members that the cooperative by-laws require the members to approve and ratify the actions and deeds of the officers and board of directors for the preceding year. Attorney Bonjean asked for a motion to ratify and approve the acts and deeds of the board of directors and officers during the past year, such motion was duly made, seconded and approved unanimously to ratify and approve the actions and deeds of the board of directors and officers for the 2005 fiscal year.

Robert Pembrook gave the Nominating Committee report. Mr. Pembrook reported that the Nominating Committee selected nominees for Directors in District #5, #9, #10 and #11. The nominees were as follows: Robert Reed for District #5; Julia Eberlin for District #9; Kevin Brannan for District #10; and William Griswold for District #11.

Attorney Bonjean then conducted the election of Directors. Attorney Bonjean first described the nomination process, which includes nomination either by committee or by petition. There were no nominations by petition. Attorney Bonjean then called for

a vote for Director for District #5, at which time Robert Reed was elected Director for District #5. Mr. Bonjean next called for a vote for Director for District #9, at which time Julia Eberlin was elected Director for District #9. Mr. Bonjean next called for a vote for Director for District #10, at which time Kevin Brannan was elected Director for District #10. Mr. Bonjean then called for a vote for Director for District #11, at which time William Griswold was elected Director District #11.

Chairman Brown next asked the members to consider the bylaw amendment which would provide for a reduction by attrition in the number of board members from eleven (11) to nine (9). Attorney Bonjean described the bylaw proposal to the members. Merton Pond spoke in opposition to the bylaw amendment. Another member spoke in opposition to the proposed amendment, expressing the concern that lesser number of board members would make it more difficult for additional female members to become board members. There was a discussion concerning the cost savings to the cooperative with a reduction in the number of board members. A motion was then made and duly seconded to approve the bylaw amendment as proposed by the Board of Directors. A voice vote was taken on that motion. The Chair was unable to determine the result of the voice vote. It was then determined that a standing vote should be taken with members raising their hand in favor of or against the bylaw proposal. That vote began but was terminated by the Chair in response to a concern regarding votes being cast by both husbands and wives with respect to a one vote joint membership. The Chair then asked that the members vote by ballot. Ballots were distributed but the Chair terminated ballot voting in response to a concerned express regarding proxies and the vote of the proxies members had brought to the meeting. The Chair indicated that it would entertain a motion to table the proposed bylaw amendment until the 2007 annual meeting of members. A motion was

then made and duly seconded to table the proposed bylaw amendment to the 2007 annual meeting of members. A member complained that the motion was out of order based on the fact that the voting had already commenced. The Chair responded that the point of order would be well taken except for the fact that a proper vote could not be taken in any timely manner due to the proxy voting problem. The Chair then asked for a vote on the motion to table the proposed bylaw amendment to the 2007 annual meeting of members. That motion carried.

Chairman Brown then asked if there was any other business to come before the meeting. There was no other business.

The Chairman then stated that a motion would be in order to adjourn the meeting at which time there was a motion made and duly seconded to adjourn the meeting and the meeting was so adjourned.

James C. Gay Secretary

ATTEST:

Robert A. Brown, President

Treasurer's Report

To the Membership:

The preceding pages show the audited, consolidated balance sheets and the audited statement of operations for the past two years.

Let me comment on the significant changes here.

Assets

Electric plant in service increased by \$2.5-million, or 5.5%, as we continue to rebuild the system.

The nearly half million dollar decline in accounts receivable is principally the result of our subsidiary's sale of its fuel oil business.

Liabilities

Members' equity increased by a healthy 7.7%, but the increase was entirely the result of non-operating income, principally the sale of the DirecTV franchise in 2005.

Notes payable – our short-term debt – increased by over a million dollars, the result largely of two factors:

- First, you'll note that the following line – accounts payable – declines by just over a half million dollars,
- and, second, the cooperative's rates have not covered its operating costs, straining cash.

The Statement of Operations

The 2005 revenue from the sale of electricity included \$882,000 of "deferred revenue," the last of revenue that had been set aside from prior years. The 2006 decline, then, is principally a result of accounting. There was a small decline in electric sales because of the

weather, but not of the magnitude indicated by the change in revenue. The decline in telecommunications revenue is the result of the sale of the DirecTV franchise and the exit of that line of business, and the decline in propane, fuel oil and related revenues is the result of the sale of the fuel oil business.

The sale of the DirecTV franchise accounts for \$1.2-million of the non-operating margin, and the sale of the fuel oil business allows our staff to concentrate on the propane business, which, we believe has a lower risk profile and which enjoys higher unit margins.

The increase in operations and maintenance is the result of more storm damage in 2006 and of higher costs generally.

Interest on long-term debt increased because of somewhat more debt outstanding but to a greater degree because of the increase in rates.

The 2006 operating loss is principally the result of our having set electric rates too low. We were concerned at the end of 2005 with the then weak, local farm economy and that restrained us in the rates area. We did increase rates by an average of 3.3% at the beginning of this year, and we will need to continue to set rates so that they will cover the cost of providing electric service.

The decline in the net margins is almost entirely the result of the end of the deferred revenue, mentioned above.

We will be happy to answer your questions about the cooperative's financial position at the annual meeting on June 9 and we look forward to seeing you there.

Ronald K. Myers
Treasurer

Audited Consolidated Balance Sheets
December 31, 2006 and 2005

Assets

	2006	2005
Utility Plant		
Electric Plant in Service	\$ 47,551,324	\$ 44,822,043
Construction Work in Progress	948,017	1,165,962
	48,499,341	45,988,005
Less: Accumulated Depreciation	(12,116,579)	(12,301,712)
Total Utility Plant	36,382,762	33,686,293
Investments		
Subordinated Certificates	800,497	801,323
Investments in Associated Organizations	1,349,038	1,229,089
Non-utility Property	2,278,335	2,245,721
Other Investments	5,773,457	5,986,707
Total Investments	10,201,327	10,262,840
Current Assets		
Cash and Cash Equivalents	602,987	1,049,682
Accounts receivable (Net of allowances of \$223,000 and \$227,000 in 2006 and 2005 for doubtful accounts)	1,826,174	2,324,221
Notes Receivable	1,013,250	1,013,250
Material and Supplies	468,978	463,199
Other Current	1,466,334	1,429,942
Total Current	5,377,723	6,280,294
Deferred Charges	5,855,038	6,222,253
Total Assets	\$ 57,816,850	\$ 56,451,680

Audited Consolidated Balance Sheets
December 31, 2006 and 2005

Liabilities

	2006	2005
Members' Equity		
Patronage Capital	\$ 12,871,683	\$ 13,040,941
Other Equities	5,431,435	3,957,460
Total Members' Equity	18,303,118	16,998,401
Long-term Debt		
Mortgage Notes	24,563,967	24,045,207
Other Long-term	4,991,082	4,979,571
	29,555,049	29,024,778
Less: Current Maturities	(1,660,000)	(1,700,000)
Total Long-term Debt	27,895,049	27,324,778
Accumulated Provision for Post Retirement Benefits	487,031	479,189
Current Liabilities		
Current Maturities of Long-term Debt	1,660,000	1,700,000
Notes Payable	2,914,647	1,820,773
Accounts Payable	987,276	1,502,475
Funds due Bank	222,086	--
Accrued Interest	15,676	77,227
Accrued Taxes	34,326	77,041
Other Current	496,105	414,852
Total Current Liabilities	6,330,116	5,592,368
Deferred Credits	4,801,536	6,056,944
Total Members' Equity and Liabilities	\$ 57,816,850	\$ 56,451,680

Audited Consolidated Statement of Operations
For the years ended December 31,

	2006	2005
Operating Revenue		
Sale of Electricity	\$ 16,268,477	\$ 16,662,618
Telecommunications Revenue	391,097	957,456
Propane, Fuel Oil and Related Revenue	3,614,790	5,856,328
Other Revenue	147,272	164,265
Total Operating Revenue	20,421,636	23,640,667
Operating Expense		
Cost of Power	9,731,964	9,762,915
Cost of Telecommunications Revenue	281,467	386,149
Cost of Propane and Related Revenue	2,832,803	5,045,338
Operations and Maintenance	2,247,558	2,053,942
Customer Accounts	426,914	453,568
Customer Service and Information	601,017	512,541
Administrative and General	2,112,927	2,467,077
Depreciation and Amortization	1,315,899	1,260,126
Taxes	76,561	41,471
Interest on Long-term Debt	1,303,029	1,077,435
Other Interest	98,933	103,573
Other Deductions	29,005	32,103
Total Operating Expense	21,058,077	23,196,238
Net Operating Margin (Loss)	(636,441)	444,429
Non-operating Margin		
Interest Income	410,660	384,764
Other Non-operating Income	1,274,909	1,136,681
Capital Credits	343,819	571,183
Total Non-operating Margin	2,029,388	2,092,628
Income Taxes	9,173	21,625
Net Margins for Period	\$ 1,383,774	\$ 2,515,432

Report of the 2007 Nominating Committee

The 2007 Nominating Committee met at the Cooperative's office on March 22, 2007, and duly nominated Ronald K. Myers of Griggsville for the open position in District 2; James C. Gay of Rockport for the open position in District 4; Robert A. Brown of Winchester for the open position in District 6; and Thomas D. Meehan III of Roodhouse for the open position in District 8.

Respectfully submitted,

Harold Gates, Jacksonville
Eric Miller, Pittsfield
Jerry Rodhouse, Pleasant Hill
Mark Vortman, Bluffs
Jim Wilson, Murrayville

Proxy

I, _____, a member of Illinois Rural Electric Cooperative,
Printed Name Please

do hereby appoint _____ to be my Proxy at the Annual
Printed Name Please

Meeting of Members to be held on June 9, 2007, at the Scott County Fair
Grounds and do hereby affirm and ratify his vote.

Signature

Date

Proposal to Amend the Bylaws

Following general discussions during the past few years and specific discussions during the past few board meetings, the board of directors voted, at its April 2006 meeting, to recommend the following change in the Cooperative's Bylaws to the members at the meeting this year.

In short, the proposed change would reduce the number of directors from eleven to nine, through attrition, while keeping director districts.

When the Cooperative was formed in 1936, the members of the board of directors played an active role in getting new members to sign up and in communicating with members. Having more directors had to have been helpful then because it had to have been harder to get around the territory and to communicate with people: It was before universal telephone service, and, for the most part, paved roads.

Today, however, we're able to communicate with people just about anywhere almost immediately, and we've achieved not only universal telephone coverage, but also universal electric service.

Because of the importance of the Bylaws, the board of directors adopted a policy to ensure that it would not recommend any changes to the members without at least a two-thirds majority. The Bylaws are, after all, the Cooperative's agreement with the membership.

While there could be some modest cost savings from the proposed reduction in the number of directors, there were two principal reasons for supporting the change. Members felt that since the number of full-

time employees has fallen so dramatically over the past few years, it was appropriate for some streamlining within the board as well. Seventeen of Illinois' twenty-five electric distribution cooperatives have nine directors or less.

Second, the board believes that with a smaller number, each member will have more opportunity to be fully involved in the issues the board deals with and its discussions, and, therefore, that the result would be better governance of the affairs of the cooperative.

Even though each director represents every member, there are now eleven director districts, which must be reviewed at least every three years to ensure that each district has approximately the same number of members. The proposal would not change the district system. It would, instead, drop the number of districts as the number of members on the board dropped, keeping the districts with approximately the same number of members.

If the change is adopted, the number of directors would decrease as seats on the board become vacant for whatever reason. The proposal does not envision forcing any directors to give up their service to the Cooperative.

The proposed changes would affect parts of the first five Sections of Article Four.

The proposed changes are underlined and follow.

We will have copies of the Bylaws at the Annual Meeting, and we'd be happy to send you a copy at any time.

ARTICLE FOUR Board Members

Section 1. General Powers. The board of directors shall consist of eleven (11) members. However, if a vacancy should occur with respect to a member of the Board of Directors, that vacancy shall not be filled by the Board of Directors and instead the number of members of the Board of Directors shall reduce to the then remaining number of board members until there are nine (9) board members. Thereafter, the Board of Directors shall consist of nine (9) members. Except as otherwise provided by law, the Certificate of Incorporation of the Cooperative or by these bylaws, the board of directors shall manage the business, affairs and property of the Cooperative, authorize contracts, fix charges, for its services for furnishing electric energy to its members, and for other services rendered for and to its members, and shall otherwise manage the affairs of the Cooperative in such manner as may be necessary, convenient or proper in order to carry out its objects and purposes; provided, however, that the Cooperative shall not be operated for pecuniary profit either to itself or to its members.

Section 2. Director Districts. The territory served by the Cooperative shall be divided into Director Districts. Each District shall be represented by one director, and the Districts as described, as follows:

Director District 1

Hadley, Kinderhook, North Part of Cincinnati (in T.6S), Barry, Levee, Pleasant Vale, Derry, and part of Atlas in R. 6W in Pike County.

Parts of Fall Creek, and Payson in Adams County.

Director District 2

Fairmont, Perry, Chambersburg, Flint, New Salem, Griggsville, Pittsfield, Newburg and Detroit in Pike County.

Parts of Buckhorn, Elkhorn and Versailles in Brown County.

Beverly in Adams County.

Director District 3

West Hagener and Parts of East Haegner, Arenzville, and South Part of Beardstown (in T.18N) in Cass County.

Exeter-Bluffs, Naples-Bluffs and Merritt in Scott County.

T.16N, R.13W; T.16N, R.12W; T.15N, R.12W; T.15N, R.11W and Part of T.16N, R.11W in Morgan County.

Director District 4

Part of Atlas in R.5W, Martinsburg, Ross, Pleasant Hill, Montezuma, Hardin, and South part of Cincinnati (in T.7S) W. Bellevue in Pike County.

R.4W & R. 5W in Calhoun County.

Director District 5

Pearl and Spring Creek Carlin, E. Bellevue (in R.3W), Hamburg in Pike County.

Crater and parts of Hardin and Gilead in T.10S in Calhoun County.

Director District 6

Alsey, Winchester, North part of Manchester (in T.14N), Bloomfield and Glasgow in Scott County.

T.14N, R.11W in Morgan County.

Director District 7

T.14N, R.10W; T.14N, R.9W; T.13N, R.10W and Parts of T.15N, R.10W; T.15N, R.9W; T.13N, R.9W and T.13N, R.8W in Morgan County.

Director District 8

T.13N, R.11W in Morgan County. South part of Manchester (in T.13N) in Scott County. Part of Scottville in Macoupin County.

Northeast and Northwest parts of White Hall (in T.12N), Patterson, Roodhouse and Athensville in Greene County.

Director District 9

Parts Hardin & Gilead in T.11S, Richwood and Point in Calhoun County.

Director District 10

Richwood and English in Jersey County.

Walkerville, Bluffdale, Carrollton, Part of Woodville in T.9N, Central & West Kane (in R.12W & R.13W) and South Part of White Hall (in T.11N) in Greene County.

Director District 11

Wrights, Rubicon, Linder Rockbridge and East Kane (in R.11W) and Part of Barr in Greene County.
Western Mound in Macoupin County.

Part of the North part of Jersey (in T.9N) and Parts of Ruyle and Part of the South Part of (in T.8N) in Jersey County.

However, the number of Districts set forth above shall be revised as the number of board members reduces to nine (9) board members so that during the period the board is reducing the number of board members to nine (9) there are the same number of Director Districts as directors. The revision of the Director Districts shall be consistent with the criteria set forth in the following paragraph for maintaining equity in the makeup of the Director Districts. Notwithstanding the foregoing Director District descriptions, every three years the Board of Directors, not less than ninety (90) days prior to the earliest date on which the annual member meeting may be scheduled by these Bylaws to be held, shall review the

Districts and, if the Board determines that they should be altered so as to correct any substantially inequitable factors regarding the residence of members, or the geographic location of Districts, and/or the number of directors to be elected from such Districts accordingly, in which event all Districts as so changed shall be noticed with specificity in writing to the members not later than five (5) days prior to the date on which the Committee on Nominations for the annual meeting shall first convene. After such notice, these Bylaws shall have been effectively amended accordingly until at least after the succeeding Annual Member meeting; PROVIDED, that no such change shall be made by the Board as to compel the vacancy of any director's office prior to the time such director's term would normally expire unless such director consents thereto in writing.

Section 3. Qualification and Tenure.

At the annual meeting of the members in 1980, four members to be elected shall serve for three years and four members shall serve for two years, the eight so elected shall determine their respective terms by lot. Each year thereafter only the number of directors shall be elected each for a term of three years to fill vacancies of those directors whose terms are expiring. Directors so elected shall serve until their respective term expires or until their successors have been elected and shall have qualified. No member shall be eligible to become or remain a director or to hold a position of trust in the Cooperative who is not an actual consumer of goods or services provided by the Cooperative, or who is in any way employed by or financially interested in a competing enterprise. No person shall take or hold office as a director who is the incumbent of or candidate for an elective public office in connection with which a salary is paid. Upon establishment of the fact that a board member is holding the office in violation of any of the foregoing provisions, the board shall remove such board member from office. When a membership is held jointly by a husband and wife, either one, but not both, may be elected a director,

provided, however, that neither one shall be eligible to become or remain a director or to hold a position of trust in the Cooperative unless both shall meet the qualifications hereinabove set forth. Nothing in this section contained shall , or shall be construed to affect in any manner whatsoever the validity of any action taken at any meeting of the board of directors.

Section 4. Nominations. It shall be the duty of the Board of Directors to appoint, not less than ninety (90) days nor more than one-hundred sixty (160) days before the date of the meeting of the members at which directors are to be elected, a committee on nominations consisting of not less than five (5) nor more than eleven (11) members who shall be selected so as to give equitable representation on the committee to the geographical areas served or to be served by the Cooperative. No officer or member of the board of directors shall be appointed a member of such committee. The committee shall prepare and post at the principal office of the Cooperative at least forty-five (45) days before the meeting a list of nominations for directors and such nominees shall be selected from the respective director districts of the cooperative service area scheduled for election under Section 2 of this Article. In addition, any fifteen (15) or more members may

make other nominations for directors in the respective director districts scheduled for election under Section 2 of this Article, in writing, over their signatures not less than forty-five (45) days prior to the meeting and the secretary shall post the same at the same place where the list of nominations made by the committee is posted. The secretary shall mail with the notice of the meeting a statement of the number of directors to be elected from each district and showing separately the nominations made by the committee on nominations and any nominations made by petition for each director district. The members may, at any meeting at which a director or directors shall be removed, as provided in Article Three, Section 6, elect a successor or successors thereto without compliance with the foregoing provisions with respect to nominations. Notwithstanding anything in this section contained, failure to comply with any of the provisions of this section shall not affect, in any manner whatsoever, the validity of any election of directors.

Section 5. Vacancies. Subject to the provisions of these bylaws, a vacancy occurring in the board shall be filled by the affirmative vote of the majority of the remaining board members for the unexpired position of the term except as otherwise provided in Section 1 of this Article.

Member Initiatives

As the Cooperative has regularly reported in *Illinois Country Living*, a member may bring an issue to a vote at an Annual Meeting by submitting a petition with the signatures of fifteen members. This year, two members have taken advantage of that provision in the Bylaws, offering a total of three issues for members' consideration.

One of the most basic cooperative principles holds that cooperatives must be democratic, and certainly this is an example of an open democratic process.

Following are the proposals with the cooperative's recommendations.

Voting by District

In accordance with the Bylaws, member James A. Telzrow, of White Hall, puts forth the following question to be voted on by members at this Annual Meeting:

"Shall Section 6 of Article Four of the Bylaws of Illinois Rural Electric Cooperative be amended to provide that 'In the election of directors, each member shall be entitled to cast one vote for one director nominee resident within the member's Director District'?"

The Cooperative's Recommendation

The members of the executive committee of the Board of Directors of the cooperative discussed this petition and are reviewing it with the cooperative's general counsel.

The sole reason the cooperative has director districts is to ensure representation fairly spread across the service area. Every director represents every member.

While this suggestion has been made by other members as well as Mr. Telzrow, each member of the board of directors represents every member in every district. If members in some of the districts could not vote in

some elections, they would have no voice in electing some of the individuals who represent them. They would be unfairly disenfranchised – unfairly prevented from voting in elections which affect all members.

Counsel's advice, as well, leads us to believe that the proposal could violate the Illinois Not For Profit Corporation statute. It's not only unfair, we believe, but potentially illegal.

The cooperative recommends a no vote.

Meeting of the Audit Committee at the Annual Meeting

Member Telzrow also submitted a petition reading:

"Shall Section 8 of Article Three of the Bylaws of Illinois Rural Electric Cooperative be Amended to Provide that 'The auditing committee of the Board of Directors shall make available to the Members the previous year's financial statement and allow 30 minutes for questions and answers immediately preceding each annual meeting of the Cooperative.'?"

The Cooperative's Recommendation

The members of the executive committee of the Board of Directors discussed this petition at length and offer the following observations and recommendation.

The cooperative has always made its financial statements available to members and always welcomed the opportunity to answer questions members might have.

In this Notice of the Annual Meeting, for instance, you will find the audited financial statements for the consolidated operations and the Treasurer's comments on those statements. The Treasurer has always solicited questions from those attending the meeting, and members of the Board of

Directors and the cooperative's management have met with individual members when they had questions, just as they did with Mr. Telzrow just a few months ago.

Creating an additional session immediately prior to the Annual Meeting would do nothing more than duplicate material which would need to be covered again during the meeting.

The cooperative recommends a no vote.

Term Limits

In accordance with the Bylaws, member Harold McEvers of Rockbridge put forth the following petition for members' action at the Annual Meeting:

"We, the members of Illinois Rural Electric Cooperative would like to have the Bylaws of the Cooperative to read 'No director shall serve more than two consecutive 3 year terms.'"

The Cooperative's Response

Once again, the executive committee reviewed this recommendation, a matter which the Board, itself, has considered over the years.

Illinois Rural Electric Cooperative and its subsidiary have a capitalization of over

\$57-million dollars. Its directors deal with complex power supply options; the ongoing capital program for a 3,000 mile distribution system; the significant costs of maintaining that system; borrowing from the federal government and from secondary lenders; the technologies involved in supplying Internet service; the issues involved in supplying propane service; and sets policy for all aspects of the cooperative's operations which are under the day-to-day direction of the general manager.

In short, it's a fairly complex and complicated business which requires more than a couple of years to fully master.

As you can see from the data showing the existing directors' terms, on the inside cover of this Notice, there is regular turnover on the Board of Directors, with a new director being seated, on average, every eighteen months over the past ten years.

We believe the membership benefits from experienced directors and from directors continuing to become more knowledgeable about the business. A board without any long-term experience would not serve the interests of the membership as well

The cooperative recommends a no vote.



Helen always knows what the owners of her local electric co-op are thinking. Because she's one of them.

Only your local electric co-op makes every customer an owner of the business. Unlike other electric utilities, your co-op exists to make sure your needs are always met, not to make a profit. And since every electric co-op is locally owned and operated, your co-op is always there with you, reinvesting in your community. That's why in an electric co-op, the people have the power.



Illinois Rural Electric Cooperative

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NEWS, NOTES & VIEWS 07/07



Blink Squad: Three*

We have been featuring a series on blinks. We first featured our local servicemen who are your first line of defense against blinks. At the beginning of the work day, they check the data for every circuit in their areas for blinks, and every day they work on eliminating them.

Next we featured two retired, part-time employees with over 60 years of experience in fighting the battle of blinks: Eddie Dolen and Melvin Funk. When a member calls in with a tree problem or a local serviceman sees an area with a problem, Eddie and Melvin go right to the problem area to get it resolved.

(Continued on next page)

Pictured is Craig Lawson.



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Another line of defense is our contractor crews who cut and chemically treat. We use contractors because it is the most cost effective way to maintain our 3,000 mile distribution system. Each year we take bids to find the contractor with the best price. Currently we are working with Funk Pest Control & Tree Service (owned by Gary Funk of Batchtown). They cut brush, trim trees, and spray the brush.



Pictured above is Rob Sprong of Funk Pest Control & Tree Service. Rob is also a member of Illinois Rural Electric Cooperative. Rob has been in the tree business for 27 years.

Funk Tree Service gets their work assignments from Rob Winters, the cooperative's Right-of-Way Coordinator. Rob has set up circuit trimming which starts at each substation and follows the line and clears each circuit. We have twenty substations.

Funk Tree Service also assists our own crew, which has run the "Bronto" for years. Two seasons after the "Bronto" has cleaned up an area of brush, Gary's crews will spray it. This is the most productive way to keep the brush under control.

All of these components are a critical part of our maintenance efforts in fighting the battle of blinks.



Rob and Craig work in an area in Bluffs taking down trees to clear the line.

*There are more. We'll show a couple of additional squads later this year.



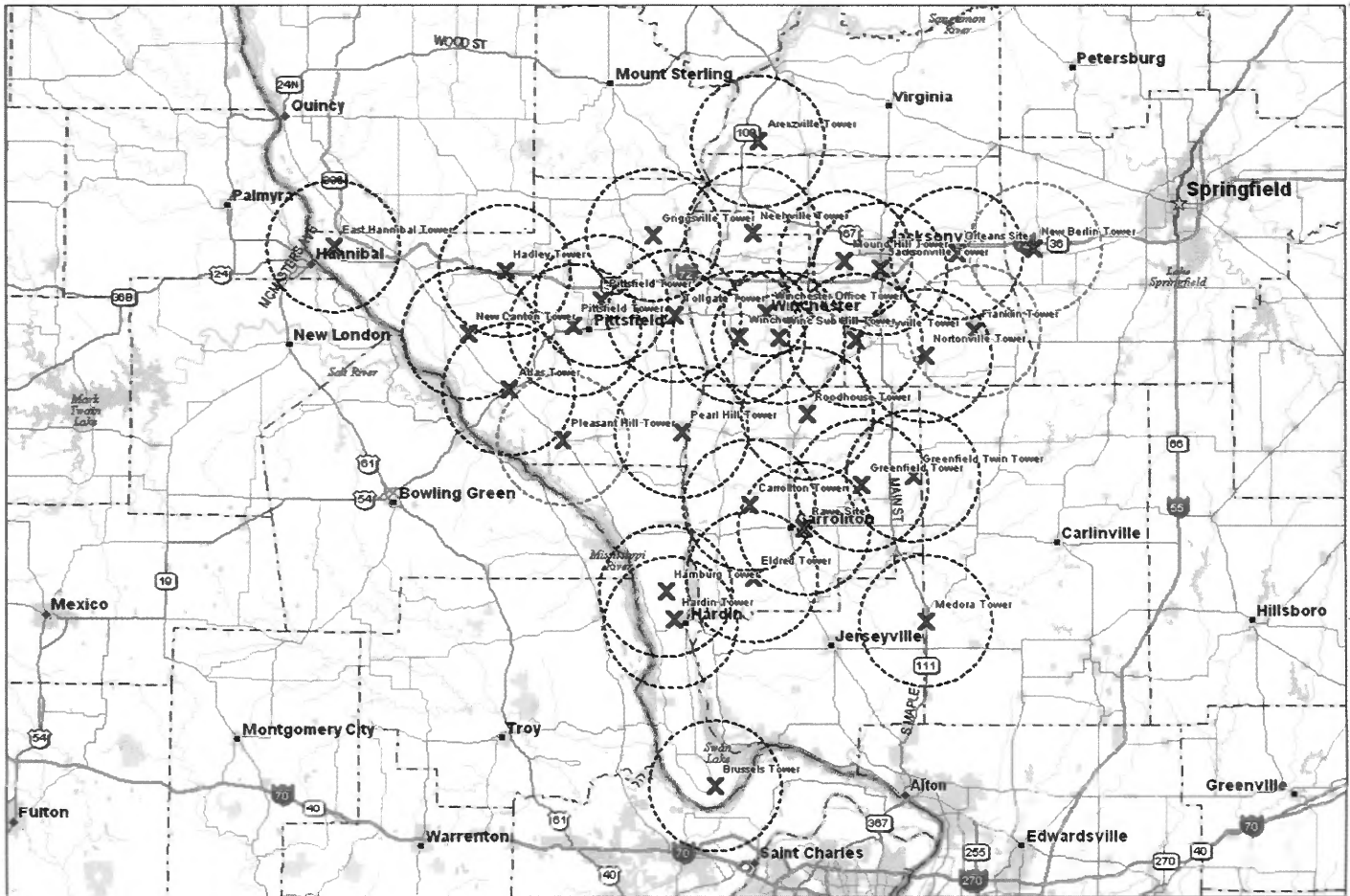
Treasures of the Earth



The students get a look at the controls inside of the turbine.

Sean Middleton, Manager of Engineering at Illinois Rural Electric Cooperative, gave a tour of the Wind Turbine in Pittsfield to Mrs. Koster-Fester 6th grade class from Calhoun Community Unit District 40. Mrs. Koster-Fester's class was studying "Treasures of the Earth" which is a science unit that involves three sub topics – rocks, energy and geological time. Sean explained how the wind turbine worked and then gave the students a tour of the inside of the turbine. The class was able to make the trip from a donation from the Members Fund.

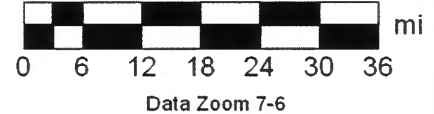
The Members Fund also assisted the class in traveling to Springfield, Illinois to visit Abraham Lincoln Sites in their second unit named "Lincoln". The students were studying a reading and social studies unit that highlights Abraham Lincoln's political and personal life in Springfield, Illinois and Washington D.C.



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Illinois Rural Electric Cooperative Illinois Rural Telecommunication Co.

NEWS, NOTES & VIEWS 08/07



Members register for a chance for their favorite charity to win \$500 from the Members' Fund at the annual meeting. Since March 2000, the Members' Fund has given away over \$225,000 to local charities and organizations.

2007 Annual Meeting: Attendance Doubles, One Unanswered Question, and Future Rates

by Bruce Giffin,
General Manager

It was a nearly perfect day, really as good as could be for the second Saturday in June, the day of the cooperative's annual meeting.

The meeting was set to begin at 10:00 am, and by 9:10 am, there were over 150 members present in person. That made a quorum. By the

time the meeting began, just a little past the appointed hour, there were 497 members present in person and 74 proxies for a total of 571, far more than at any time in the past ten years.

At last year's meeting, 258 were present in person and 26 by proxy.

We had an increase of 101%!

Unanswered Question

Unfortunately, we had printed official ballots for 500 members, thinking that that increase from last year's 284 would be more than enough. It wasn't, and we apologize for the inconvenience.

Continued on page 16b.



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Norman Strang registers with his two daughters at the annual meeting, along with board member Gary Clark.

The voice vote for the question on the size of the board of directors – either staying at eleven or moving to nine over time – was too close to call. That issue was tabled to the 2008 annual meeting.

Probably the easiest thing to do next year would be to mail a ballot to every member before the meeting, and have the ability to print them at the meeting if members forget to bring them. In any case, rest assured that there'll be plenty of ballots at the meeting in 2008.

Member Initiatives

Three member initiatives were brought to the membership at the meeting: one on having the audit committee of the board meet with the membership immediately before the annual meeting; another on voting only for candidates for the board by members within the district in which there is an open board seat; and the last concerning term limits for board members. After discussion both in support of the initiatives and in opposition, all were defeated.

Board Members Elected

Ronald K. Myers of Griggsville, James C. Gay of Rockport, Robert A. Brown of Winchester and Thomas D. Meehan III of Roodhouse were elected for three year terms.

Future Rates: Operating the Co-op and Wholesale Power

At the meeting, I talked about costs of operating the cooperative and the costs of wholesale power from the cooperative's supplier.

The costs of operating the cooperative, itself, are forecast to be about the same as the cost of living generally, with rate increases in the range of 2% per year on average for things like maintenance, postage and billing, interest, pole and conductor replacement, operating a fleet of trucks and so forth.

The cost of wholesale power is, however, going to be higher. A lot higher.

The present contract for wholesale power runs through the end of 2008.

But we face higher costs right now, because we must now pay our share of the up front costs of a new electric generation plant, the Prairie State Plant. Those costs, which will total about 5% of an average bill, will have to be passed on to the membership.

We expect 50% of the Prairie State plant to come on line in 2011 and the remainder in 2012. We had initially expected the plant to come on line in 2009.

In 2009 and 2010, we will rely on the wholesale power market, and we will rely on the wholesale power market for a portion of our needs in 2011 and beyond.

Wholesale power costs are expected to be 2.5¢ a kilowatt higher in 2009 and beyond than they are now. We'll be able to absorb some of the increase in 2009 and 2010. We're also confident that the power from the Prairie State Plant will be the least expensive power available once it starts operating in 2011. Nonetheless, future wholesale power costs could increase members' bills by 20% over the next five years.

We haven't built power plants for thirty years, and, as a result, we don't have enough "base load plants" to meet our needs. It's extraordinarily expensive to build the plants, and the delays caused by the most extreme element of the environmental community make it worse. The estimates are that the Prairie State Plant will cost nearly \$4-billion. Without the delays caused by the extremists' litigation, it may have cost \$750-million less.



Future Rates: Structure

The cooperative's rate structure consists of a consumer charge of \$22 a month and "declining blocks" – so much for the first few hundred kilowatt hours, less for the next few hundred kilowatt hours and even less for the next few hundred kilowatt hours.



Members wait for the meeting to begin. We had record crowds – an increase of 101% from last year.

That rate structure was designed for a world in which wholesale prices were always declining and in which consumers' use was ever increasing.

That's not likely to be the world of the future, and, as far as ever increasing use is concerned, it shouldn't be the world of the future.

If, instead of the current rate structure, the cooperative collected the costs of operating the cooperative in the consumer charge and collected only energy costs in the energy charge, the cooperative would be in the best position to help members use no more energy than necessary and to help members use renewable power to the extent that they could.

If we made that kind of change, the cooperative, itself, would financially be indifferent to how much energy members used, and, frankly, the co-

operative must always be in a position to meet its financial responsibilities to its lenders, principally the federal government, and to meet its responsibilities to operate the electric system safely.

If we changed the rates this way – flattening them that is, the percentage increase for very low use accounts would be high. We'd want to protect low-income seniors from that kind of increase, and we could do that.

The fact of the matter is, nonetheless, that it costs the cooperative \$60 a month to serve a residential account, 12 months a year, before one kilowatt hour is ever used by the member. There's really not any difference in the costs to serve residential accounts, other than the cost of purchased wholesale electricity. That's true whether or not the account uses a great deal of electricity or only uses a little electricity in a couple of months a year. The only real difference is the cost of the electricity itself.

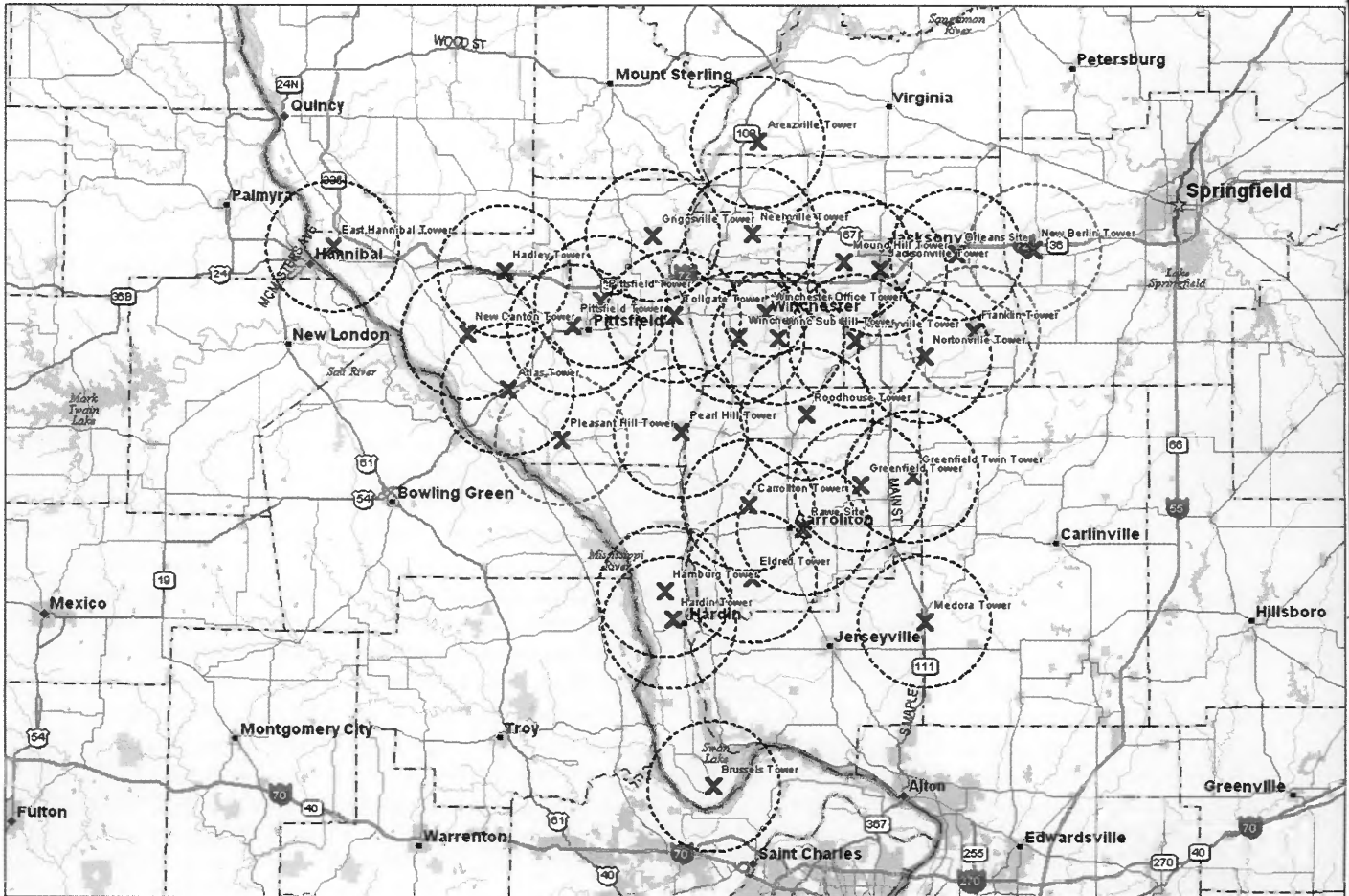
All that aside, the most peculiar thing, in my judgment, about the current rate structure is this: The co-op does well when the members use a lot of energy and have very high bills, that is when the member doesn't do well. Somehow, that's not the way it should be.

We'll be discussing these issues more here in Illinois Country Living and at member meetings in the fall. If you'd like to attend one of the November member meetings, please let me know.

If you have any questions or want to make a comment, e-mail me at giffin@e-co-op.com. Or call me at the office – I'm at extension 122.



Board member Jim Gay speaks to some members before the start of the meeting.



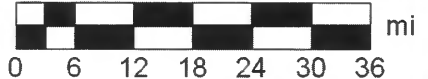
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MN (0.3° W)



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Illinois Rural Electric Cooperative Illinois Rural Telecommunication Co.



Pictured above is Kevin Baird, Line Foreman, removing the electrical equipment from an old pole. The crew was replacing poles in Greene County.

Blink Squad: Four

We have been featuring a series on blinks. We first featured our local servicemen who are your first line of defense against blinks. At the beginning of the work day, they check the data for every circuit in their areas for blinks, and every day they work on eliminating them.

Next we featured two retired, part-time employees with over 60 years of experience in fighting the battle of blinks: Eddie Dolen and Melvin Funk. When a member calls in with a tree problem or a local serviceman sees an area with a problem, Eddie and Melvin go right to the problem area to get it resolved.

Continued on page 16c



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Zachary Vedder, Apprentice (above in the bucket truck and picture below), takes the single phase line off the pole so the pole can be replaced and the customer does not lose electrical service during the process.



The old pole is taken down by Baird (in the bucket truck), Vedder holding the single phase line, and at the bottom of the pole, Dave Gant, area serviceman, and Cole Hurrelbrink, a summer college worker.

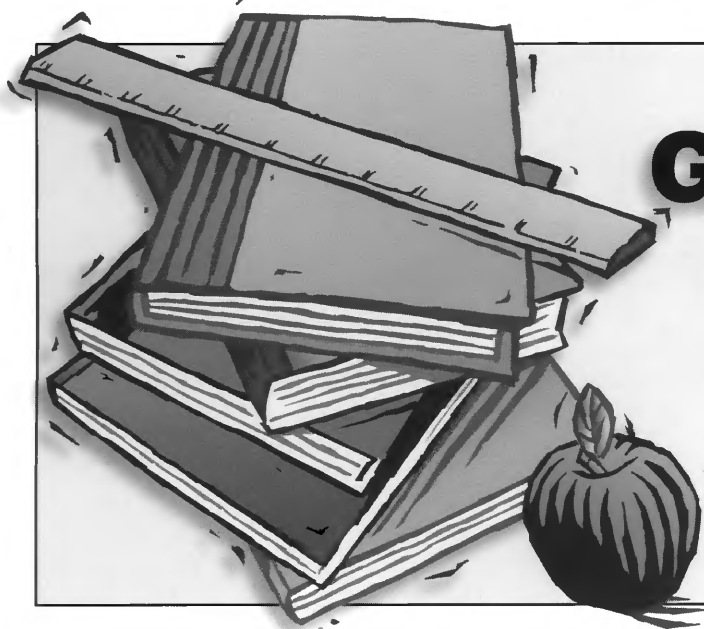


Monthly Electric Bills



Currently, when a member receives his or her electric bill in September, he is paying for service from July. This is how our system had always been set up to work. With new technology, today any new member pays the last month's service, for example, in September the new member is paying for service from August. If you would like to be set up to pay the last current month's bill instead of being two months behind, just give us a call. We can set this up for you. The only drawback will be, to catch up you will have to pay two months service at one time. After this one time of paying two months, you would always be paying for the last month of service.

Please feel free to call us with any questions.



Good Luck Back at School

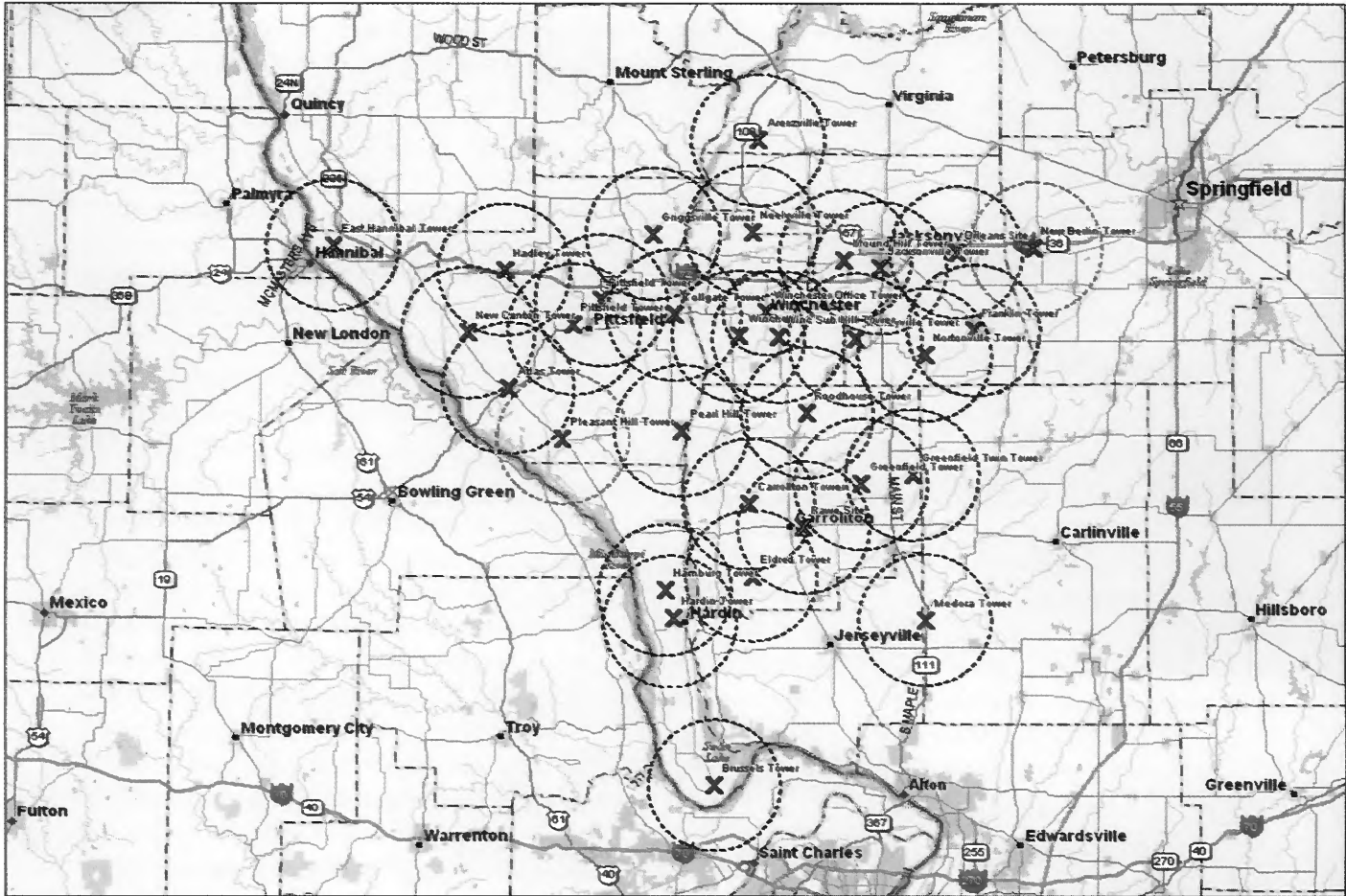
Blink Squad: Four *Continued from page 16a*

Another line of defense is our contractor crews who cut and chemically treat. We use contractors because it is the most cost effective way to maintain our 3,000 mile distribution system. Each year we take bids to find the contractor with the best price. Currently we are working with Funk Pest Control & Tree Service (owned by Gary Funk of Batchtown). They cut brush, trim trees, and spray the brush.

Our next line of defense is the line crews who are working to rebuild the system. The line crews are working to replace the old poles and

old lines that cause blinks and outages. Storms, snow, and ice cause the lines to become brittle and the poles to become weak. The linemen working with the engineering department and the operations manager, Dwight Ala, are given work orders to replace the old lines and poles. Some of the wire is 40-50 years old. Sometimes the line crews can change the poles in about 15 to 20 minutes or depending on the terrain it can take a couple hours.

All of these defenses are important parts of fighting the battle of blinks.



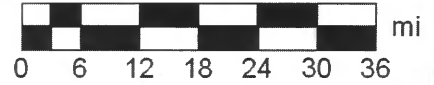
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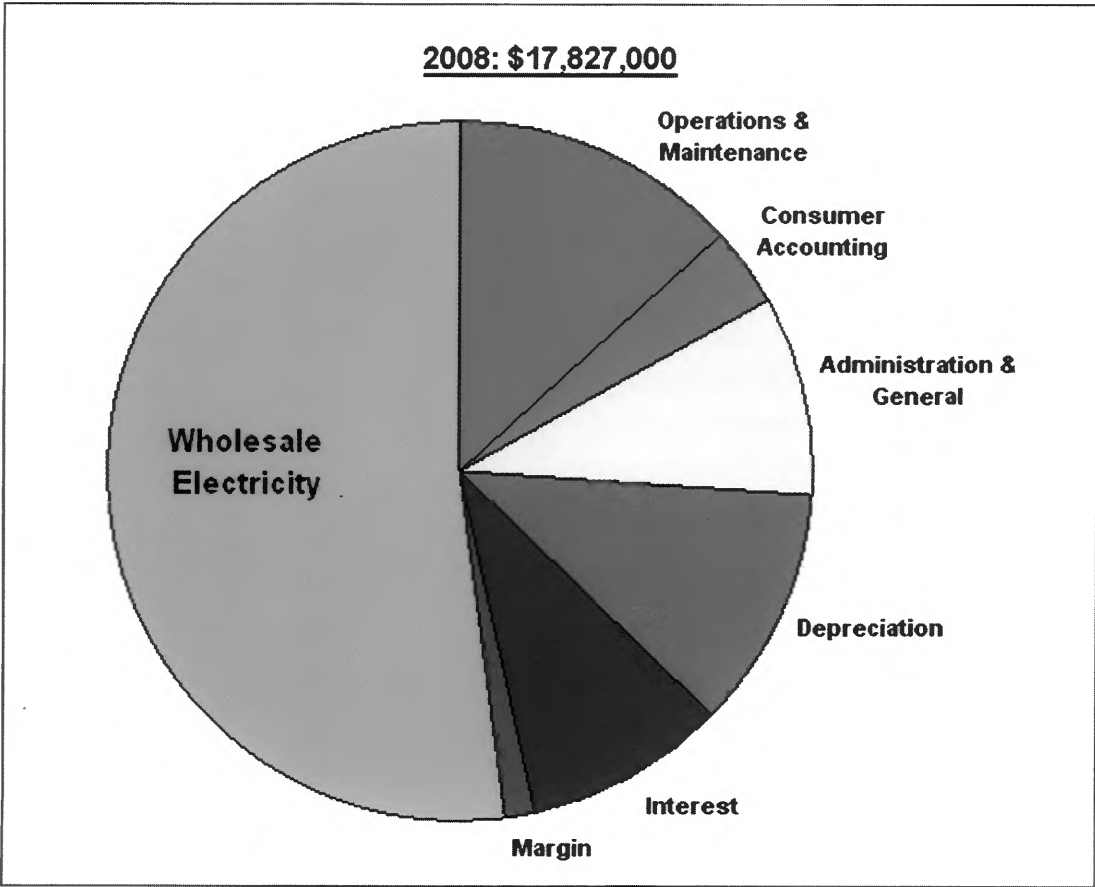
Data Zoom 7-6

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Illinois Rural Electric Cooperative Illinois Rural Telecommunication Co.

NEWS, NOTES & VIEWS 10/07



2008 Costs and Rates

Bruce Giffin,
General Manager

In the August magazine, I wrote about costs and rates, generally as they'll affect you over the long-term. Let me answer a few questions that came up and fill you in on what costs are going to be for 2008.

Total costs will be \$17.8 million in 2008, an increase of 3.5% above 2007 levels. The principal reason for the increase, other than inflation, is the interest and depreciation for the capital we're spending to rebuild the distribution system.

Continued on the next page.



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Costs

The major items are outlined below.

Wholesale Electricity

The biggest cost, of course, is purchased power at \$9.3 million. While we don't expect much change here, to the extent that the co-op's price for electricity goes up or down, your costs go up or down on a dollar for dollar basis through the purchased power adjustment.

Operations & Maintenance

The \$2.4 million covers right-of-way cutting and spraying; restoration of service in outages; wages, trucks and supplies for the area servicemen; and general operations and maintenance of the 3,000 miles of electric lines. That doesn't include the capital for rebuilding the system. Capital for replacing poles and wire will exceed another \$4 million.

Consumer Accounting

At \$650 thousand, this covers the office staff that handles billing and related work, the costs of printing and mailing the bills, and the costs for collections and accounts that are written off when we're unable to collect.

Administration & General

The \$1.6 million pays for legal services, auditors, board expense, staff and systems for financial accounting as required by the federal government, a large part of the office building costs, insurance and management.

Depreciation

Depreciation will be \$2 million in 2008. It's an item which generates cash so that we're able to make principal payments.

Interest

Most of the \$1.6 million dollars in interest costs next year is paid to the federal government. The interest rates we pay are favorable, but there's simply a great deal of debt for money used to build the electric facilities.

Margin

Our lenders require a margin, and the \$242 thousand budgeted for 2008 is just above the minimum requirements.

Total

It adds up to \$17.8 million, which is a great deal of money to collect from 10,284 residential accounts, 148 commercial accounts and 3,500 street and security lights. That said, there's absolutely nothing we can do about wholesale power, depreciation, interest and the required margin – 74% of the total costs.

In fact, there's not much choice regarding the other 26%. We have to take care of the distribution system both so that you have reasonably good service and so that it's safe, and we have to run the business.

We competitively bid contract work, the right-of-way contractor for instance, and we get the best price we can when we buy things. Finally, wages are the same as those paid at other Illinois electric cooperatives.

I believe this is the lowest possible cost, and I just want to assure you that we all take this very seriously.

Now let me answer a few questions.

Why are the costs, other than wholesale electricity, so high per account?

I said here in August, the co-op has expenses of \$60 a month every month for residential accounts before the member buys one kilowatt hour of electricity. In 2008, they'll be higher still.

Illinois Rural Electric Cooperative has 10,400 accounts and 3,000 miles of electric lines. An electric supplier in a town would have ten times as many accounts per mile.

Think about Operations & Maintenance: The cost per account comes to \$231 a year. The cost to maintain a mile of line doesn't change, however, if there are three accounts or thirty accounts per mile. The other costs don't change much either, whether we're serving three accounts per mile or thirty.

The cost per account is simply very high because there are so few accounts per mile, so few accounts to spread costs over.

Simply stated, what are you thinking about doing with rate design?

Increasing the consumer charge so it's closer to the cost of serving an account, and lowering the energy charges so they're closer to our cost for electricity.

Remember, though, the board of directors has the final say, and no decision has been made.

Did the co-op survey members in late August?

Yes, we surveyed 350 members at the end of August to get a better understanding of what the membership thinks about different ways of charging for electric service. We don't, as this is being written, have the results of that. We plan to share the results with you here in November.

Would you increase the consumer charge to \$60 in one step?

No. I think the co-op is better off if we increase it over time in a number of steps.

If the consumer charge goes up, does the energy charge go down?

Yes, in total, we don't charge any more than our cost.

Why are you thinking about this anyway?

There are two reasons. First, collecting most of the operating costs in the consumer charge is fairer to the entire membership because charges get closer to costs.

It also means that when somebody uses more or less electricity for whatever reason, his bill increases or decreases just as the co-op's costs to serve him increase or decrease.

Second, putting more of the costs in the consumer charge would help the co-op financially by reducing the seasonal swings in revenue collections.

What about electric heating consumers?

Their total annual costs wouldn't change very much at all. They'd pay more in the winter and less in the summer, but on average they wouldn't see much change.

Like any member they could use budget billing to average out their monthly costs throughout the year.

What about electric water heating discounts?

Accounts with electric water heaters use more than the average amount of electricity, and, by lowering their energy costs, they'd benefit.

Give me a call at the office or e-mail giffin@e-co-op.com if you have a question or some advice. I'm not always sitting at my desk, but, if you leave a message, I will call you back.



Computer Banc

Computer Banc is a central Illinois not-for-profit whose primary mission is to bridge the technological divide affecting low-income children by providing them with computers and educational software in their home. Computers distributed are 5 years old or newer, which means systems are equivalent to those used in many businesses and homes.

Computers come with fully licensed software including Windows 2000, an office suite, educational games, a typing tutor, and a children's library of nearly 300 books. The software package enables children to strengthen academic success and both parents and children to gain computer skills that can lead to better job security.

Computer Banc serves families directly through a Family Orientation session in Springfield. In order to provide technology to as many as possible, School Partnerships provide Family Orientations that can be held in rural areas. Families are asked to help cover the cost of refurbishing the PC by contributing \$10 to \$70, based on income and number in the household. Individuals or school personnel may call to find out more about eligibility and available orientation dates.

For more information on how to get a computer, check the Web site at www.computerbanc.info. Business hours are Monday, Wednesday and Friday from 1-4 p.m. and the number is 217-528-9506.



Compact Fluorescent Light Bulb (CFL)



Incandescent Light Bulb

Bright Ideas

Did you know that switching from regular incandescent light bulbs to compact fluorescents can help make your home more energy efficient and save money? A 100-watt lamp costs roughly a penny an hour to operate. When you switch to a Compact Fluorescent Light bulb (CFL), it uses a fraction of the wattage, lasts much longer and gives off less heat.

CFLs consume 66% less energy than comparable incandescent light bulbs, yet last up to ten times longer. So they are better for the environment and save the consumer money. If every American home replaced just one light bulb with a CFL bulb, we would save enough energy to light more than 3 millions homes for a year, more than \$600 million in annual energy costs, and prevent greenhouse gases equivalent to the emissions of more than 800,000 cars, according to energystar.gov.



Illinois Rural Electric Cooperative

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Winchester, Illinois 62694

www.e-co-op.com
1-800-468-4732

Your Touchstone Energy® Partner



Different Types of CFLs

CFLs can be purchased at Wal-mart, Home Depot, Lowes, Menards, on the Internet and etc. Their upfront cost is a little more than the incandescent bulbs, but the savings are worth it!



The CFL globe is good for table lamps and wall sconces. This decorative CFL produces a “warm light” light equivalent to a 40-watt traditional bulb. Its frosted-white globe also can be installed in a bathroom. But CFLs used in the bathroom won’t last as long as in other places where lights may stay on for several hours.



These indoor and outdoor CFL lights are perfect for the patio or an indoor ceiling fixture. No matter where you put this light bulb, it should burn 10,000 hours – 10 times longer than traditional bulbs.

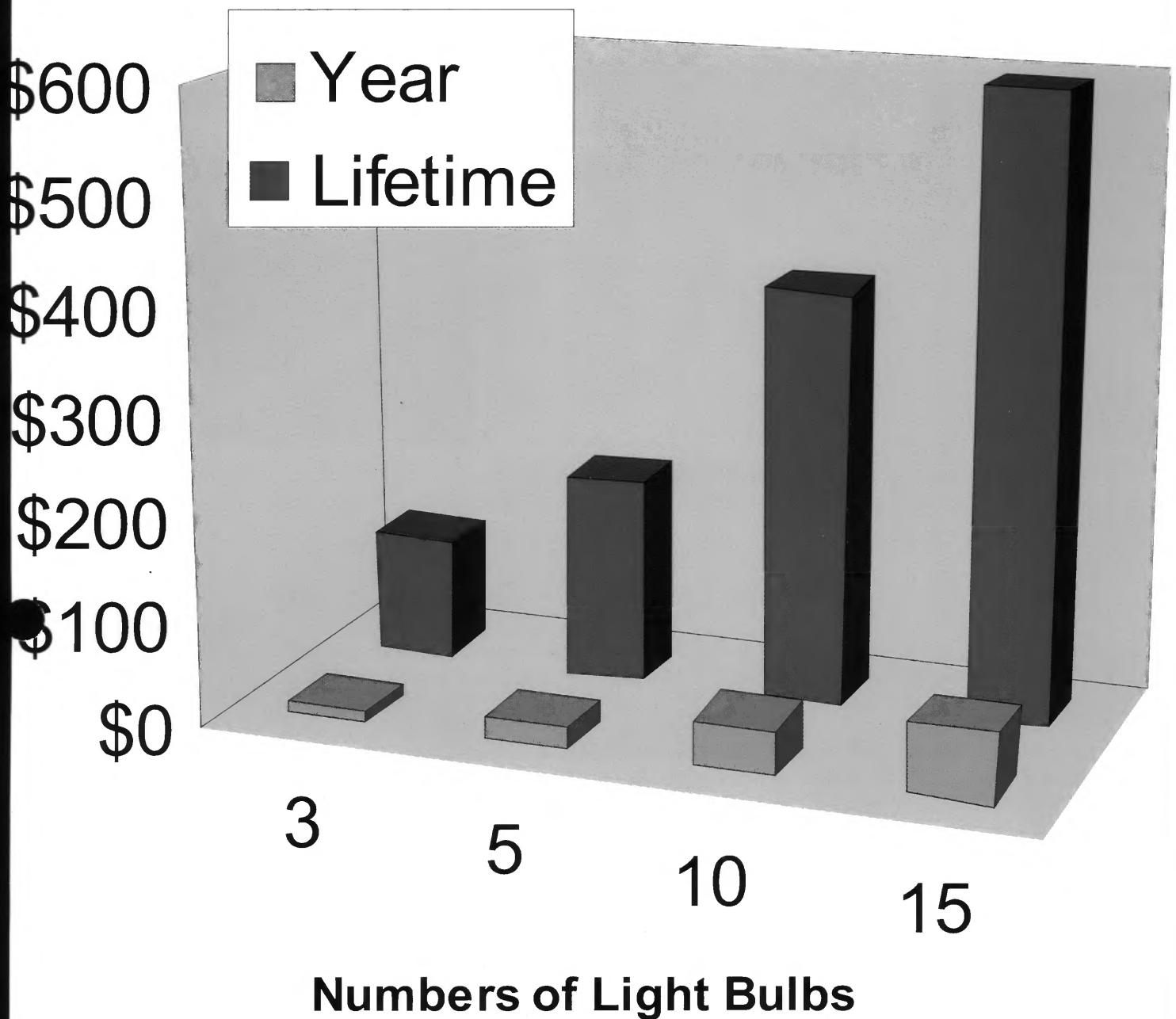


The spiral CFL is small enough to use in table lamps, wall sconces, ceiling-mounted fixtures, ceiling fans and etc. And unlike incandescent bulbs that waste about 90 percent of their power on heat, CFLs offer a much cooler alternative for your kitchen. The 26-watt, energy-sipping bulb strongly illuminates a room just like a 100-watt traditional bulb. It should last for 10,000 hours, so you’ll always see what’s on the stove.

Disposing of your CFLs

CFLs contain a small amount of mercury and should be disposed of properly, ideally recycled. Please bring your used CFLs into our office in Winchester and we will send them off to be recycled.

Savings of Using CFLs



The Savings of Replacing Incandescent Bulbs with CFLs

If you replaced 5 incandescent bulbs in your home with CFLs, you would save \$22 per year. Over the lifetime of the CFLs, you will save \$199! (This is assuming that 60 watt incandescent bulbs with 750 hours life will be replaced with 14 watt CFLs with a

10,000 hours life, at 3 hours a day use, at a rate of .0888/kWh.) Now if you replaced 10 incandescent light bulbs, you could save \$44 per year. Over the lifetime of the CFLs, you will save \$398! Above is a graph showing the savings!



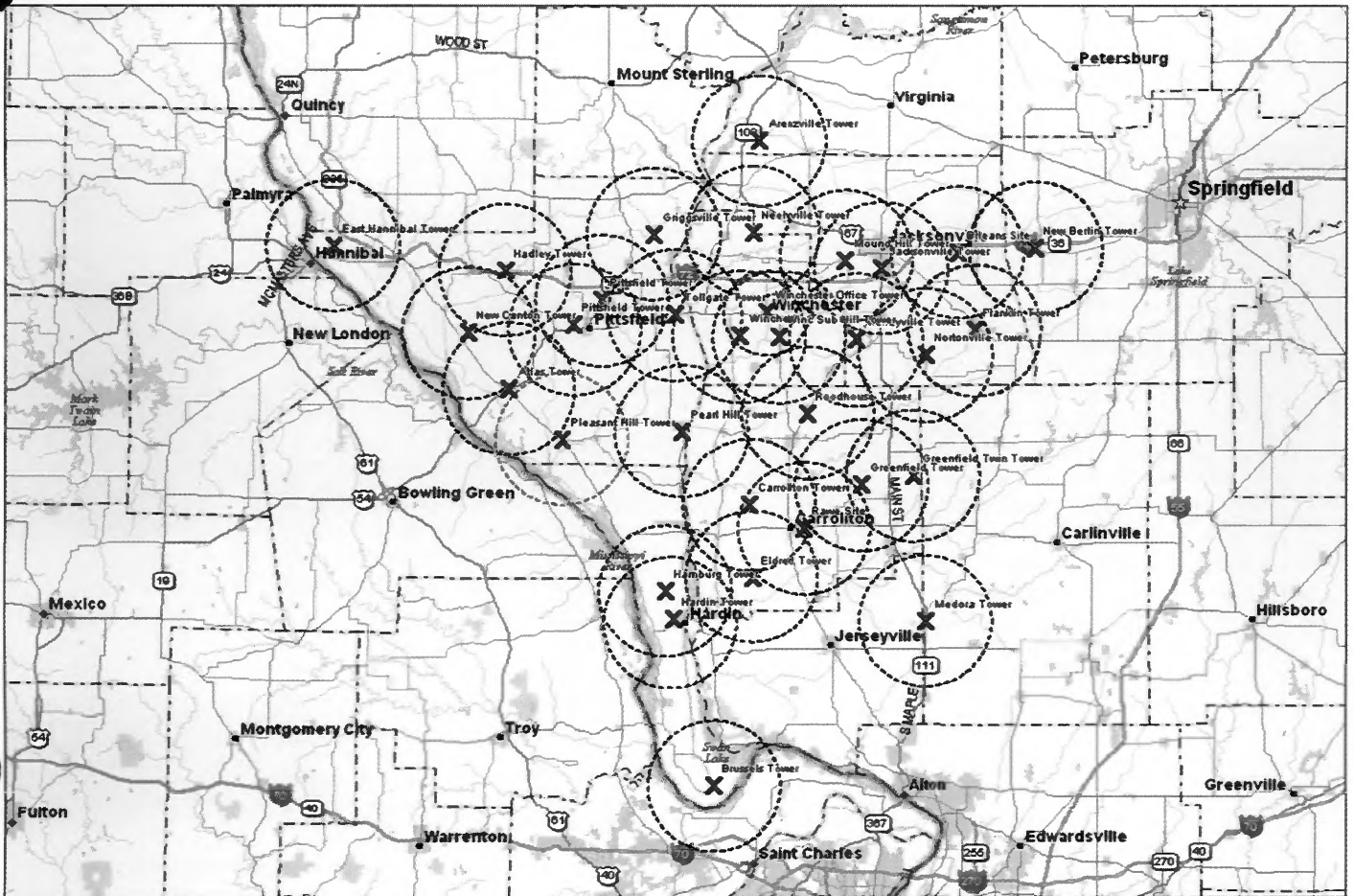
Pictured above is Gary Harbison, Line Foreman; Zach Vedder, Apprentice; and Bill Bergman, Area Serviceman in Pike County, all employees of Illinois Rural Electric Cooperative.

Annual Lineman's Safety Rodeo

Gary Harbison, Zach Vedder and Bill Bergman participated in a recent statewide Lineman's Safety Rodeo. The team placed first place in the overhead line switching and the egg climb events.

The Tenth Annual Lineman's Safety Rodeo, held at Lincoln Land Community College, (LLCC) in Springfield on Friday, September 21, coincided with a series of courses designed to help electric line personnel improve their work skills in safe and efficient ways. Several electric suppliers joined the Association of Illinois Electric Cooperatives (AIEC) and LLCC in co-sponsoring the event.

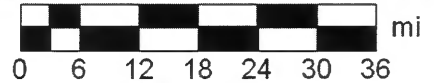
Line personnel from 10 Illinois electric cooperatives competed in five team events and two individual events. Team events included hurt man rescue, egg climb (linemen climbing a 30-foot pole with a raw egg in their mouths), single phase insulator change, overhead line switching and a written test of lineman knowledge.



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Data Zoom 7-6

The black circles show where we offer Wireless Internet now.
 Wireless Internet is \$20 per month. You just need a CLEAR line of
 sight to the towers in the middle of the circle.
 Not in a circle? Call about WildBlue.

Call 1-800-468-4732 or 1-800-713-4782 for details.

Illinois Rural Electric Cooperative
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Pictured above are Mrs. Angie Brown's fourth, fifth and sixth graders from Winchester Grade School with Dennis W. Taylor, Manager of Accounting and Benefits for Illinois Rural Electric Cooperative.

Donating Calculators to Help the Class!

The Members' Fund recently donated \$500 to Mrs. Brown's class for the students to use with assignments and tests.

By paying the next highest dollar amount, members of the cooperative have given more than \$220,000 to local organizations, churches, 4-H clubs, community schools and more. This means so much to a lot of people! You should pat yourselves on the back!

New Energy Efficiency Resources Debut Online



Residential energy efficiency just got a little bit easier for members of Touchstone Energy co-ops, thanks to a new set of animated applications. Known collectively as "Touchstone Energy \$ Savers," the new applications identify quick and simple ways for co-op members to save on their energy bills. All of the new applications can be found at www.touchstoneenergysavers.com.

In addition to the Light Bulb Energy Saver—an animated savings calculator that promotes the use of compact fluorescent light bulbs—the Touchstone Energy \$ Savers Web site features a Kids Energy Zone, which teaches younger co-op members about electricity, saving energy, safety, renewable energy and more. The site contains stories, games, coloring books and

links to Touchstone Energy resources. While the focus is on fun and games, the site provides kids with ways they can help their parents save money on their electric bills and create a more energy-efficient home.

The site also includes a Virtual House Tour, which takes users through each room in a typical home, providing tips along the way on simple ways to save energy. For example, a stop in the virtual home's bedroom advises users to keep vents clear and clean, use Energy Star appliances, turn off lights when possible and use compact fluorescent light bulbs. The virtual home's living room encourages users to use power strips as a central "turn-off" point for appliances, close drapes in the summer to help keep the house cool, and close the fireplace damper when not in use.

The new Water Heater Energy Saver features a virtual battle between an electric and gas water heater. The victory of the energy-efficient electric water heater is an entertaining way to promote the overall benefits of using an electric water heater. The tool also links users to additional resources and tips for ensuring an electric water heater is as energy-efficient as possible.

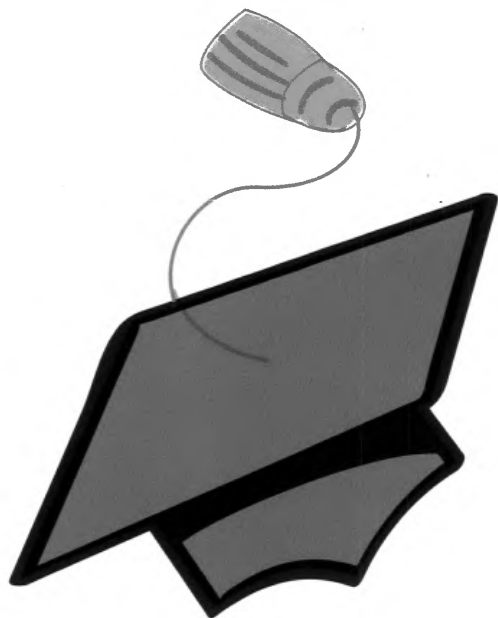
Co-ops will soon be able to access customized links to each individual application that they can place on their Web sites to provide to their members. For now, co-ops are encouraged to link members directly to www.touchstoneenergysavers.com. The logos for the Kids Energy Zone and Touchstone Energy \$ Savers can be downloaded from the Touchstone Energy Web site.

You can visit www.touchstoneenergy.com



Touchstone Energy[®]
Kids Zone

Seven 2008 Memorial Scholarships Available



Apply NOW!

Robert A. Brown, President of Illinois Rural Electric Cooperative, has announced that for the thirteenth consecutive year the Illinois electric cooperatives will award academic scholarships to high school seniors.

Seven scholarships of \$1,250 each will be awarded in 2008 to eligible high school seniors through the Illinois Electric Cooperative (IEC Memorial Scholarship Program).

Four scholarships will be awarded to students who are the sons or daughters of an Illinois electric cooperative member receiving service from the cooperative. A fifth scholarship, the Earl W. Struck Memorial Scholarship, will be awarded to a student who is the son or daughter of an Illinois electric cooperative employee. The sixth and seventh scholarships are reserved for students enrolling full-time at a two-year Illinois community college who are the sons or daughters of Illinois electric cooperative members, employees or directors. Illinois Rural Electric Cooperative will be matching the Illinois Electric Cooperative Memorial Scholarship won by the child of one of its members.

"We hope to assist electric cooperative youth while honoring past rural electric leaders with this scholarship," says Robert Brown, President of the board. "Illinois Rural Electric Cooperative and the other Illinois electric cooperatives are always seeking ways to make a difference in the communities. One of the best ways we can do that is by helping our youth through programs like this one."

Candidates are judged on the basis of 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.

For more information contact Dorothy Cox at Illinois Rural Electric Cooperative at 217-742-3128, ext. 125 or ask your high school guidance counselor.