

Report on the Ice Storm

When the outages started early Sunday morning (December 9), we immediately started getting crews from other co-ops and from contractors. We have had more crews working on the Illinois Rural Electric system than we have ever had. We had every available crew.

But from Sunday through Wednesday, as soon as we got one section of the electric system fixed, another section would be damaged. We just weren't making any real progress in spite of the crews' hard work. Later on, it was like hand-to-hand combat – we had to install one, two, three or more poles just to restore service to one or two members.

The automated phone system was working. It got your information to us. We'll try to make it easier to use and add a call back feature. But, the fact is, we have to use an automated system to be able to get all of the calls.

Our priorities in restoring service are to keep vital public services running and to get as many members back on as fast as possible. Sometimes that means a crew has to go right by a few members without power to work on the main lines some place else. If you're one of the ones who gets passed by, it looks crazy. But if we don't keep the main lines up, hundreds of members will be without power.

The nature of this storm – ice on the trees and on the ground in parts of the system through Friday – made it even harder for the crews. It's slower going when there's ice everywhere.

We know what a hardship it's been, and we appreciate your patience. We got as much help as we could and used all of our resources. The bottom line is, as your general manager, I know we can improve on our outage response and learn from this storm disaster – you have my promise.

Bruce Giffin
General Manager



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



Prices for Electricity to Increase by an Average of 3.5% in 2008

The Consumer Charge Increases as Energy Charges Decline

Principally because of the costs associated with rebuilding and replacing the electric distribution system – poles, cross arms, wires and all the rest, the cooperative's prices for electric service will rise by an average of 3.5% in 2008. Most consumers will see the increase when they receive their bills for January service at the beginning of March. A small percentage of consumers get their January bills in early February.

Like all electric suppliers, the cooperative groups consumers into rate classes which have historically had similar electric use patterns. Simply put, some rate classes have not been paying all of the costs associated with providing service, and, over the past several years, those rate classes have received higher than average increases.

Again this year, some classes will see higher than average increases, but no rate class will see an increase more than two and a half times the average increase.

As we discussed at the Annual Meeting last June, and as we've discussed here and at member meetings in November, the principal features of the rates for 2008 will be a lowering of the charges for energy and an increase in the consumer charge to \$35 for almost all accounts. Commercial accounts have a higher consumer charge.

The monthly costs for each account, before any electricity gets used, exceed \$60, and the increase to \$35 more appropriately matches what we charge with the costs of service.

The cooperative's management relied substantially on cost studies performed by the engineering department of the Association of Illinois Electric Cooperatives which has extensive experience with accepted regulatory standards and which works regularly with cooperatives throughout Illinois.

We also paid very close attention to what you said when we surveyed the membership this past summer. We spoke to a randomly selected, representative sample of 350 members to have a real understanding of your thoughts about what makes sense and about what's fair.

Continued on the next page.

Over time, the interests of the entire membership would be best served if we get the rates for all residential accounts to be the same, because the costs to provide service to all residential accounts are the same.

But this change in rates does not go that far.

We're changing the rate structure over time so that no rate class gets a huge increase. We'll have some "grand-fathered" rate classes for a while.

One important change is the elimination of seasonal rates which artificially lowered electric heating customers rates in the winter by charging higher rates in the summer.

Every member really would be better off with Budget Billing, particularly electric heating consumers with the elimination of seasonal rates.

We can set up a Budget Billing plan at any time, so call the co-op's office to spread costs evenly throughout the year.

Another change in the way the co-op charges for service is the elimination of transformer charges.

At the beginning of three of the member meetings in November, we gave everybody present a questionnaire. One of the questions asked:

"Should every member of the electric cooperative pay his/her fair share of the costs of supplying electric service, or is it OK for some members to pay for part of the costs of supplying electricity to other members?"

Nearly nine out of ten answered by saying, "Everybody should pay his/her own fair share."

While the only welcome change in electric prices would be a drop, that's just not possible. We can't meet our obligations without the 3.5% average increase.

The change in the rate design is a matter of fairness. The lowering of the energy charges, the increase in the consumer charge and the other changes simply work toward everybody paying his or her fair share.

If you have any question, please give me a call. If the changes create an impossible hardship for you or for somebody you know – a neighbor, somebody at church or a relative, please let me know. We'll try to find some help.

Bruce Giffin
General Manager
1-800-468-4732
1-217-742-3128
Extension 122



Members Fund Donation to the Winchester FFA

Pictured above is Alex Brown, Amy Lawson, Clint Walker, and Tommy Killibrew, representing the Winchester FFA and Bryan Barnett, Winchester High School Agriculture Instructor/FFA Advisor. The Members' Fund donated \$750 to the Winchester FFA. This money helps the FFA maintain strong, viable leadership training and incentive programs. The FFA has long been noted for teaching and developing leadership, citizenship, cooperation, and entrepreneurship.

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 money helps many people in our communities!

NEWS, NOTES & VIEWS 2/08



Bob Moss is our new serviceman for northeastern Pike County.

He began at the co-op in November. He had worked for another electric supplier for seven years.

He and his wife, Angela, have two sons and live in Pittsfield.

**Improper use of a home generator
can seriously injure or kill a lineman.**



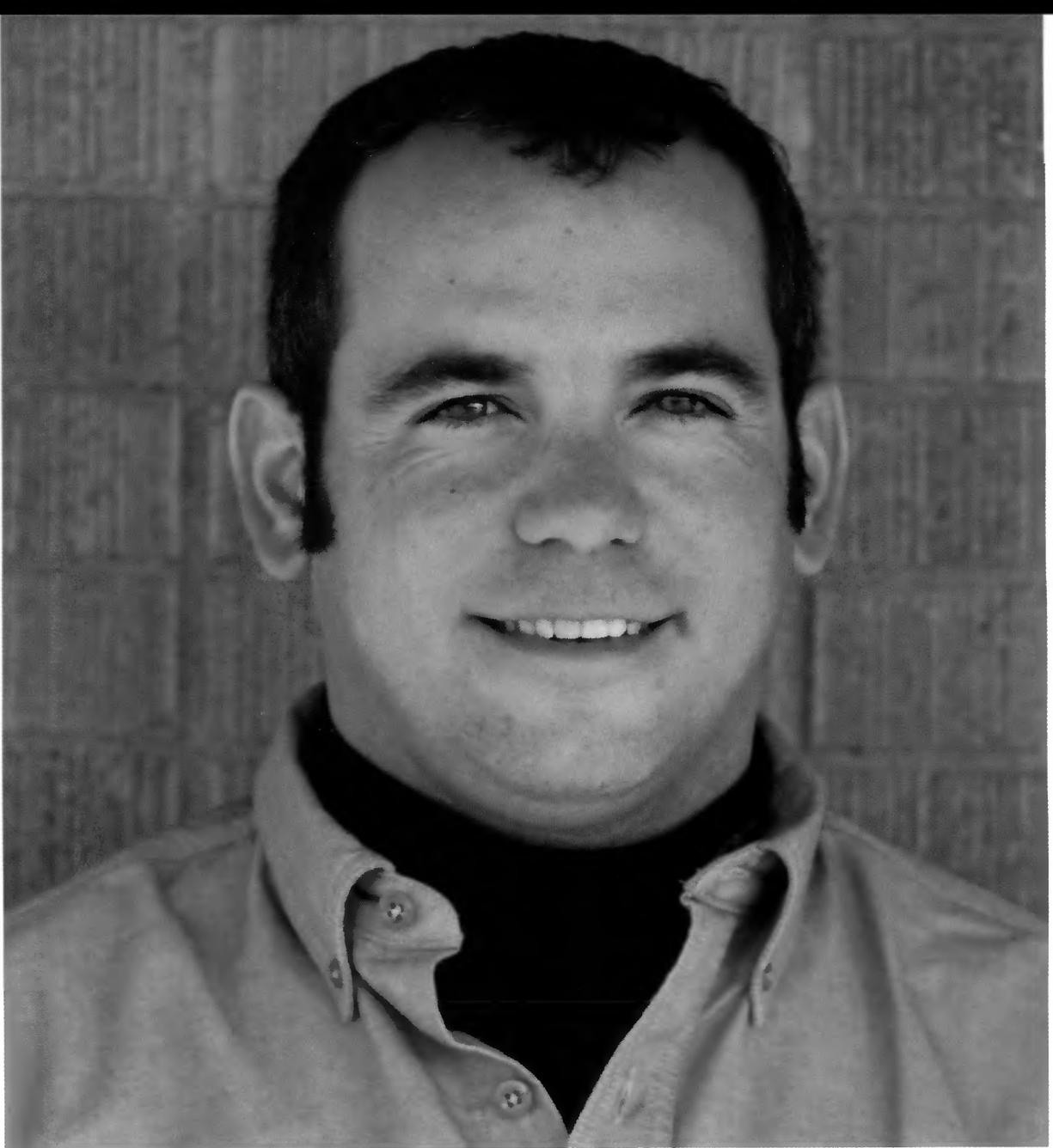
Illinois Rural Electric Cooperative

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

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

Your Touchstone Energy® Partner





Pictured above is Nick Freeman, our new serviceman for Morgan and parts of Greene County. Nick joined the cooperative eleven years ago, and was most recently a Journeyman Lineman. Nick lives in Winchester with his wife, Jessica and their two children.

**Improper use of a portable generator
can kill or injure a lineman.
If you have a generator, you need a
utility grade disconnect.**

Electric Generators

Portable electric generators offer great benefits when outages affect your home. We never want a prolonged outage to affect your home, but with harsh weather conditions it can take longer to restore power.

Unfortunately, generators pose serious safety hazards if used incorrectly. Listed below are some general operating tips.

- **Never connect your generator directly to your home's wiring.** If you connect a portable generator directly to your household wiring, it can be deadly to you or others. A generator that is directly connected to your home's wiring can "backfeed" onto the power lines connected to your home.

*Utility transformers can then "step up" or increase this backfeed to thousands of volts, enough to **kill a utility lineman** making outage repairs a long way from your home. You could also cause expensive damage to utility equipment and your generator.*

The only safe way to connect a portable electric generator to your existing wiring is to have a licensed electrical contractor install a transfer switch.

The transfer switch transfers power from the utility power lines to the power coming from your generator.

- **Never plug a portable electric generator into a regular household outlet.** Plugging a generator into a regular household outlet can energize "dead" power lines and injure neighbors or utility workers. Always connect individual appliances that have outdoor-rated power cords directly to the receptacle outlet of the generator. Or connect these cord-connected appliances to the generator with the appropriate outdoor-rated power cord having sufficient wire gauge to handle the electrical load.
- **Don't overload the generator.** Always check the output rating on the generator. Do not operate more appliances and equipment than the output rating. Overloading your generator can seriously damage your valuable appliances and electronics. Always prioritize your needs and only power your essential equipment.

If your generator isn't properly installed, it can feed electricity onto the electric system and kill a lineman.

- **Never use a generator indoors or in an attached garage.** Just like your car, a generator uses an internal combustion engine that emits deadly carbon monoxide. You want to make sure the exhaust fumes will not enter the house. Only operate your generator in a well-ventilated, dry area. Protect your generator from direct exposure to rain and snow, preferably under a canopy, open shed or carport.
- **Read and adhere to the manufacturer's instructions for safe operation.** Never cut corners when it comes to safety. Read and observe all instructions.
- **Use proper cords.** Use heavy-duty, outdoor-rated cords with a wire gauge adequate for the appliance load to plug individual appliances into the generator. Overloaded cords can cause fires or equipment damage. Make sure your extension cords don't have exposed wires or worn shielding. Don't run cords under rugs where heat might build up or cord damage may go unnoticed.
- **Make sure your generator is properly grounded.** Consult your manufacturer's manual for correct grounding procedures.
- **Do not store fuel indoors or try to refuel a generator while it's running.**
- **Turn off all equipment powered by the generator before shutting down your generator.**
- **Avoid getting burned.** Many generator parts are hot enough to burn you during operation.
- Keep children away from portable electric generators at all times.

**We'll sell you
a utility grade
disconnect,
at cost.
You can spread
that out on your
bill for 24 months
without interest.**

Home generators need to be installed by a professional electrician. When running a generator, you must disconnect your house from the electric system.

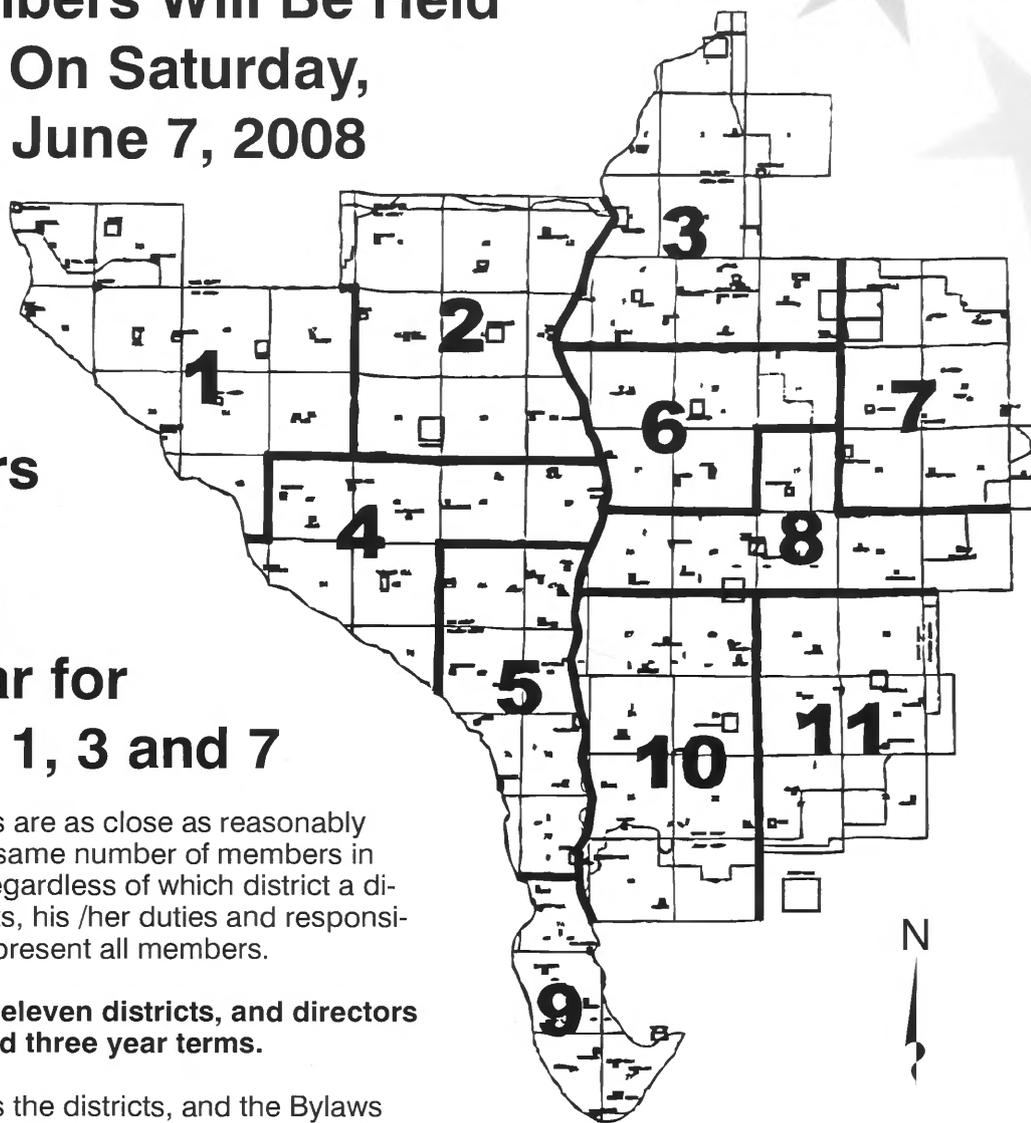
Annual Meeting of Members Will Be Held On Saturday, June 7, 2008

Three
directors
will be
elected
this year for
District 1, 3 and 7

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.



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



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 fifteen 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 fifteen 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 forty-five 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 member, 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.

Nominations for the 2008 Election Must Be Posted in the Cooperative's Office Not Later than April 24, 2008.

A nomination from fifteen 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 \$64,000,000 business, which supplies electricity and other services to about 17,000 accounts in all or part of 10 counties. There are 44 full-time employees, and 12 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 industry 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 wireless or 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.



Illinois Rural Electric Cooperative 2008 Youth Day and Youth to Washington

Illinois Rural Electric is sponsoring the "Youth to Washington" and "Youth to Springfield" programs again this year.

Any sophomores, juniors or seniors who are children of Illinois Rural Electric members are eligible to participate. On Youth Day, April 9, 2008, students will be traveling to Springfield for a full day of events. These students will be meeting with their legislators and touring the State Capitol complex, Illinois Supreme Court, Old State Capitol and the Abraham Lincoln Presidential Museum. At the end of the day, the judges will interview each student. There will be two first place winners, one from each side of the river, who will receive an all-expense paid trip to Washington, D. C. (\$1,100) and each of the runners-up will receive one half of the total Washington expenses (\$550). This is a great opportunity to see many sites in Washington, visit Gettysburg, Pennsylvania, and the Capitol, etc.

Last year's winners were from high schools in Pleasant Hill, Carrollton and Rott. We have had students from Pittsfield, Greenfield, and Calhoun High Schools, and Jacksonville. Participation/application forms can be secured from your local high school guidance counselor or by contacting Dorothy Cox at Illinois Rural Electric Cooperative, 217-742-3128, extension 125.

Illinois Rural Electric Cooperative Adopts “Net Metering” Policy

The co-op's board of directors has taken a pro-active position on “net metering” for members with their own renewable electric generation from wind or solar power, as examples.

Here's how it'll work for members with generators with a capacity rating of up to 10 kW (kilowatts): When the member produces more electricity than he's using, that electricity will go into the co-op's system; and, when the member isn't producing electricity, he gets a one to one credit for the electricity he's put into the system for any electricity he uses during any calendar quarter – the first three months of the year, then the second three months, and so on.

For members with larger generators, the co-op will pay the member its avoided costs for any electricity the member has delivered into the system.

Members' renewable generation systems must naturally meet the co-op's inter-connection policy so that we all can be certain that it's safe and that the electric output won't harm the electric distribution system's equipment or harm the appliances in a house down the road.

There are also standard agreements for what the co-op and the member will do.

Wind turbines and solar panels are rated in kilowatts – that's thousands of watts.

If your house uses 1,800 kilowatt hours in a 30 day month, then it's using on average 2.5 kilowatts per hour for 720 hours:

*2.5 times 720 = 1800
kilowatts times hours = kilowatt hours*

Sometimes, of course, you'll use a lot more or a lot less than average.

How Much Electricity Do Wind Turbines Produce?

The co-op's wind turbine is 234 feet high, and it has a rating of 1.65 megawatts (millions of watts).

The higher up you go, the faster the wind, and, naturally, the lower you go, the slower the wind.

There's also a lot of monthly variation. There's more wind in the winter, as you know.

But, on average, at 234 feet high, the co-op's turbine operates at 30% of its rating. We have substantial data about the wind at that level and at 150 feet high.



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



*Here's the math for
this illustration:*

$$3 \text{ times } .217 \text{ times } 720 = 469$$

Or

$$\text{kW times operating capacity times hours} = \text{kilowatt hours.}$$

In Pike County, our data show that when you go 84 feet lower, the average wind speed drops by 15%. If we had put our wind turbine at height 84 feet lower, the output would have dropped to 25.5% capacity on average.

We do not have data for wind at 60 feet high, the height at which a residential unit might be installed, but a similar drop in wind speed would produce an annual

capacity factor of 21.7%. We know the speed drops, but the actual drop may be greater or smaller than this illustration, and different turbines achieve different capacity utilizations at different wind speeds.

So, if a turbine with a capacity rating of 3 kW operated on an annual average at 21.7%, the average monthly production would be 469 kilowatt hours.

To figure out how much those 469 kWh cost, you'd have to know how long the machine is going to last and what maintenance costs are likely to be over that period of time, and how much the small turbines would cost. We don't have that information on the size of wind turbines people would use at a home or farm but we do have a brochure we can provide you that will help you in your planning.

What About Electricity from Solar Cells?

We have an array of solar photovoltaic cells at our office in Winchester. They're in a fixed position. Sometimes, solar cells are on equipment that moves them to follow the sun.

It's also the case, naturally, that different manufacturer's solar cells are going to achieve different efficiencies.

We also don't have a great deal of experience with the solar cells. They were installed in June 2007, so the following capacity may be more or less than average over a longer period of time will show.

Nonetheless, over the past nine months, we've seen an average electric production of 14% of the unit's rating.

What's the Future of These Systems?

We expect that they're going to continue to improve, and that the improvements are going to be pretty significant. There are, for example, photovoltaic solar cells that will be on the market pretty soon that look like a collection of soup bowls on a 4'x8' sheet. They concentrate the solar power at the base of the bowl, and their efficiencies are expected to be significantly higher than existing systems.





The systems we see today are a lot better than those we saw a few years ago, and they're better than we thought they'd be. Certainly, it's reasonable to expect that additional progress is going to be made.

Is There Help in Financing These Systems? Grants? Rebates?

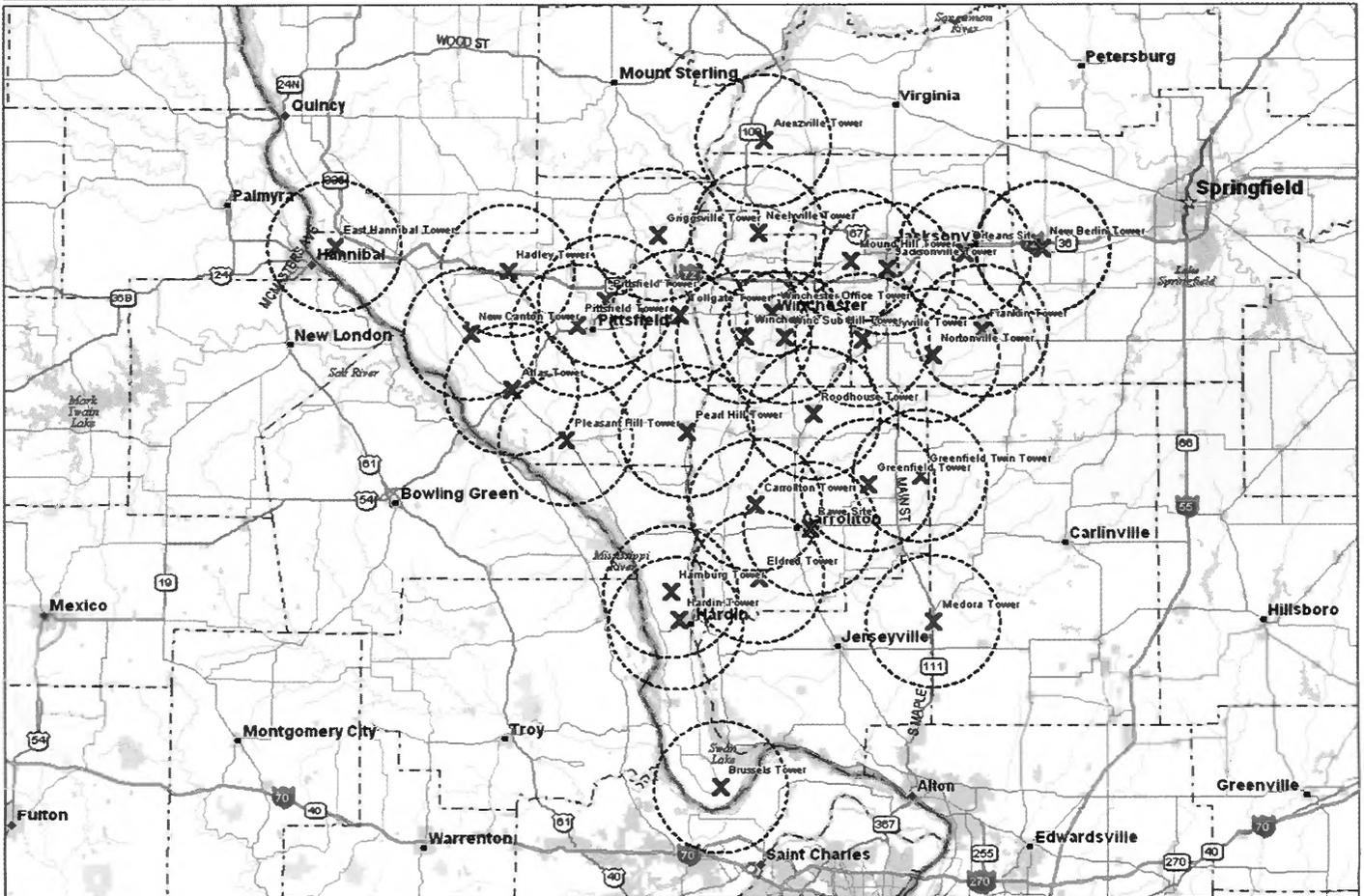
Yes, the co-op participates in the renewable energy grant/rebate program administered by the Illinois Department of Commerce and Economic Opportunity, and you are therefore eligible to apply for assistance from that program. Go to the DCEO website

for all of the information. (www.commerce.state.il.us/dceo)

Furthermore, we expect to see continuing support from the state and federal government to help individuals use small renewable energy systems, and when programs are introduced, we'll report on them here.

Got Questions?

Give us a call at the co-op. Toll free at 1-800-468-4732.



Data use subject to license.

© 2005 DeLorme. Street Atlas USA® 2006.

www.delorme.com



The black circles show where we offer Wireless Internet now. Wireless Internet is \$22 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.



Ron Coultas, Senior Engineer for Illinois Rural Electric Cooperative, is visiting with Senator John Sullivan and Carol Merna, representing Ray LaHood's office. Both of these people were instrumental in helping with the success of the water co-op.

Water Co-op Success

The Scott County Rural Water Cooperative recently held a ground breaking ceremony March 18. How did this happen? These things start with good strong volunteers and the help of our local senators, local congressmen, and local agencies. The combination of all of these people working together brings a great service like this to a community.

Ron Coultas, Senior Engineer for Illinois Rural Electric Cooperative was one of the initial organizers of the project in 2001. With the

backing of Illinois Rural Electric Cooperative, Ron has spent many hours organizing and working with a lot of strong local volunteers. He has also spent much time working with local agencies, senators and congressmen.

The water cooperative began with a steering committee of fifteen people from which a five member Board was elected. Ron Coultas was the President; Charlie Prichett was the Vice President; Marian Worrell was



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 



Senator Sullivan visits with Marian Worrell, Secretary/Treasurer of the Scott County Rural Water Cooperative before the ground breaking begins.

the Secretary/Treasurer; and Geraldine McGuire and Ray Little were Board Members.

The 2.8 million dollar project received most of its funding from the USDA Rural Development, DCEO and received additional grant money from the State. Senator Sullivan was also instrumental in helping the co-op receive grant money.

The rural water cooperative will serve around 120 Scott County farms, businesses and residents. Thirty-three miles of water distribution will be installed. Ron says they hope to have water available by August of this year.

The project engineer is Benton and Associates, Inc. from Jacksonville, Illinois.



Rob Maschoff, representing USDA Rural Development spoke on the rural water project.

This is Phase 1 of the project – the southwest portion of Scott County. The design for Phase 2 has been completed and this section will be next. Phase 2 is the Northwest section of Scott County.

Many were in attendance at the ground breaking ceremony. Senator John Sullivan and Carol Merna (representing Ray LaHood's



Robert Brown, Illinois Rural Electric Cooperative Board President, spoke on the water cooperative.

office), Robert Brown, President of the Illinois Rural Electric Board; and Rob Maschoff, representing USDA Rural Development all spoke on the project.

Phase 1 Contractors are C & S Companies, Inc. from New London, Missouri and Laverdiere Construction, Inc. from Macomb, Illinois.



Illinois Rural Electric Cooperative

Annual Meeting

Saturday, June 7
Scott County Fairgrounds
Winchester, Illinois

9:00 AM Registration
Meeting at 10:00 AM

WIN PRIZES!

Four \$500 prizes. Twenty \$100 prizes.
A \$10 credit per membership on your electric bill
when you register in person.
\$5,500 to charities!



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

Your Touchstone Energy® Partner 

Illinois Rural Electric Cooperative

Notice of the 2008 Annual Meeting

The 2008 Annual Meeting of Members of the Cooperative will be held on Saturday, June 7, at 10:00 am at the Scott County Fair Grounds in Winchester.

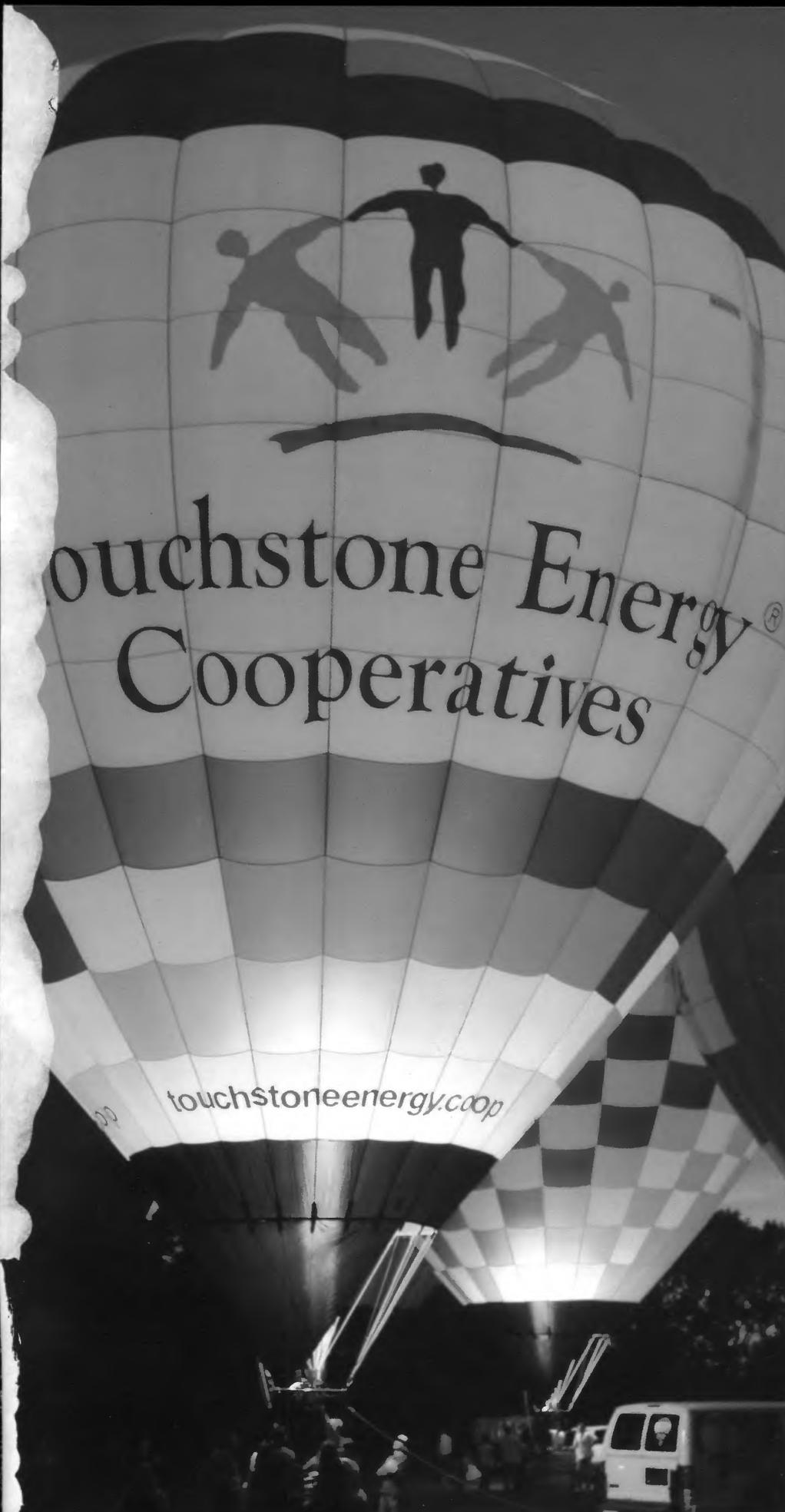
Registration will begin at 9:00 am.

On behalf of the entire board of directors, I urge you to attend. If you cannot attend, please send your proxy with a friend or neighbor.

James C. Gay,
Secretary

Directors will be elected. Members will consider proposals to amend the Bylaws. There will be four \$500 door prizes and twenty \$100 door prizes.

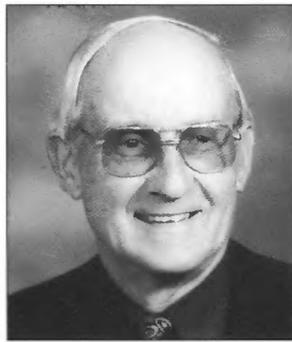
You'll get a \$10 credit on your bill when you



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



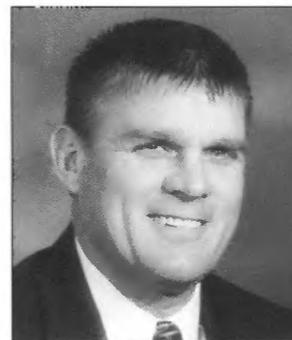
Julia B. Eberlin,
Brussels
Director since
June 1999.
Born May 1964



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

Contents

	Page
Proposed Agenda	2
Letter from the President and the General Manager	3
Minutes of the 2007 Annual Meeting	7
Treasurer's Report	11
Balance Sheets	12
Statement of Operations	14
Proxy	15
Nominees for the Open Board Positions	16
Report of the Nominating Committee	16
Biographies of the Nominees for District Three	17
Proposal to Amend the Bylaws Tabled at the Last Meeting – Article Four – Concerning the Size of the Cooperative's Board of Directors	18
New Proposals to Amend the Bylaws	22
Article One – Termination of Membership	
Article Three – Notice of Members' Meeting	
Article Three – Removal of Directors and Notice for Such Meetings	
Article Three – Proxies	
Articles Four and Six – Compensation	
Article Ten – Disposition of Property	

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 Bruce C. Beal, Esq., as Parliamentarian Mr. Brown
8. Minutes of the 2007 Annual Meeting Mr. Beal
9. Treasurer's Report Ronald K. Myers, Treasurer
10. President's Report Mr. Brown
11. General Manager's Report Bruce N. Giffin
12. Approval of the Actions of the Board and Officers Mr. Beal
13. Report of the Nominating Committee Carol Sue Carnes, Chairperson
14. Election of Directors Mr. Beal
15. Item Tabled from 2007 Meeting:
 A proposal to amend the Bylaws Mr. Beal
16. Additional Proposals to amend the Bylaws Mr. Beal
17. Adjournment Mr. Brown

To Our Members:

It's probably just human nature to think that the present moment has some outstanding qualities.

Certainly that seems to be the case at the cooperative right now. We're working on major, difficult issues, and we're doing so in an energy world that has changed, probably for ever, while more change is inevitable.

It's also the fact that they're the major issues we'll always be working on:

- Power supply,
- Service, and
- Costs.

Let us briefly review these and some subsidiary areas, and then go on to discuss the business you'll need to address at the annual meeting.

Power Supply

As we've reported to you, the cooperative has a major position through our power supplier, Prairie Power, Inc., in the Prairie State Electric Generating Plant being developed in Washington County, Illinois. Our 20 megawatt stake is a \$60,000,000 commitment to secure electric power at a stable, attractive price. The project has withstood protracted litigation and

is under construction now. We expect to get electricity from the first of two units in 2011, with the second unit coming on line in 2012.

Prairie Power's current wholesale power contract runs through this year. With the other cooperative members of Prairie Power, we're contracting for power for the 2009 through 2012 period.

Unfortunately, it's going to be more expensive. On average, we estimate that the additional costs for purchased power alone will increase the retail price we charge by nearly 2¢ a kilowatt hour in 2009.

We continue to work with Prairie Power on ways in which it might own and operate renewable energy resources – wind farms and hydropower, and on ways in which we might own and operate more than our wind turbine in Pike County. We're optimistic that within the coming year, we may be able to report real progress in increasing our renewable portfolio. That's desirable in its own right, and it may help offset some of the almost certain future costs we'll face as the nation deals with climate change and the production of greenhouse gasses, principally CO₂. Nobody knows what that's going to cost, but

it's probably reasonable to expect higher costs beginning by 2011 or 2012 and increasing in each of the succeeding few years.

Service

Prior to the 2004 Thanksgiving storm, we probably hadn't had a member without service for more than 24 hours since the ice storm of 1978, but for the past three-and-a-half years we have had increasingly severe and expensive storms – heavy snow, wind and ice, and you've experienced sometimes prolonged outages.

We spend more than \$2,000,000 a year to maintain the electric system, and we invest another \$2,000,000 a year to replace and rebuild it. We have a loan application at Rural Utilities Service for an \$18,000,000 loan which will allow us to increase our annual investment in the system to \$4,000,000 a year. We believe these are appropriate levels and about as much as we can afford.

Nonetheless, there are always things to learn from a storm, and we've tried to get the automated calling system to be easier to use, as one example.

With the December 2007 storm, we called for help from other co-ops and from contractors on Sunday morning as members whose power was out started to call. We now call contractors and get crews and trucks on standby based on a forecast of icing. We're sharpening internal procedures as well.

That December 2007 storm was the worst in 30 years. The bad weather started Saturday afternoon, and it wasn't until Wednesday morning that trees and limbs stopped falling on our electric lines. We had more people and equipment working on the system than at any time since 1978. Restoring service that week cost \$700,000. While it was comparatively minor, we had another storm in January 2007 which cost \$300,000, and \$1-million is, to say the least, a great deal of money for a small cooperative like ours.

But please be certain that when we have a storm, we use every available resource to restore service as quickly as possible, and we always will.

Rates

Up until very recently, the more electricity the cooperative purchased,

the less it cost, and the costs next year would almost certainly be lower than the costs this year.

Neither of those statements is true today, and neither is likely to be true in the foreseeable future.

Given that, rates which promote the use of electricity are not appropriate, and we have phased out almost all of the promotional features in our rate structures.

Additionally, it's not appropriate for some members to pay more than their fair share of costs, and that's what members have told us in overwhelming numbers, time and again. We have dramatically reduced the subsidies flowing from some rate classes to others and reduced the subsidies within rate classes. If there's a subsidy, it simply means that some members are paying costs associated with providing service to other members.

While there are some grandfathered rate classes, for new and transferred accounts, we have reduced the number of rate classes from twenty-one to six. Those six classes have similar demand characteristics and similar costs to serve, and we can fairly assign

costs to them. We can, as well, be certain that accounts are in the right class.

For electric heating accounts, we've eliminated the winter/summer differential which understated costs in the winter and shifted them to the summer. That with cold January/February weather meant that some people saw bills with higher percentage increases than they'll see over the course of an entire year. We're working with these members to set up budget billing plans and whatever arrangements we can to minimize any difficulties these changes have caused.

We've also raised the consumer charge from \$22 to \$35 a month for virtually all accounts, as we lowered the charges for energy. It costs the cooperative \$64 a month before any account uses one kilowatt hour, and when there's no electric use – when the monthly bill is limited to a consumer charge lower than the costs, other members carry the costs we don't recover.

In that context, the \$13 increase did not seem unreasonable to us.

Internet

The cooperative provides wireless Internet service to members for \$22 a month, our cost. We now provide this service to more than one in ten members, and by the end of this year, we'll provide it to one in five.

We're the only organization in the area that has the ability, the means and the interest necessary to get good Internet service to our members. It's just as it was in the 1930s and 1940s: If we hadn't brought electricity to our members, nobody else would, and, today, if we don't provide high quality Internet, nobody else is going to.

Our subsidiary, Illinois Rural Telecommunication Co., provides wireless Internet to non members, and it provides satellite based Internet and dial up.

Propane

IRTC owns the companies which it operates as Illinois Propane, and we've enjoyed good growth. The operations meet their own cash flow requirements and they're meeting the targets established in their operating and financial plan. That's all to the good, and it

points to our building another valuable asset. Nonetheless, this is a lot more difficult business than when we entered, and we review our options on a continuing basis.

Tabled, Proposed Bylaw Change – Size of the Board

The first matter concerning the Bylaws to come before you is the size of the cooperative's board of directors. A super majority of the board voted to recommend a gradual reduction in the size of the board, as current members retire, resign or die, from eleven members to nine. This was tabled at the last annual meeting, and, as a result, it returns in the same form, as it must.

Other Proposed Bylaw Changes

The cooperative's new general counsel, Bruce C. Beal of Claudon, Kost, Beal & Walters, has reviewed the Bylaws and recommended to the board of directors the following changes which the board in turn recommends to you, the membership.

Proposed Elimination of Reference to Membership Fee

Article One, Section Six refers to the membership fee which the cooperative has not collected for several years. That reference would be removed, and instead of deducting any money due the cooperative from the membership fee, any debts owed to the cooperative would be deducted from the member's capital credit account.

Notice of Members' Meeting

The proposed change in Article Three, Section Three would bring the language of the Bylaws into conformance with the Illinois Not For Profit Corporation Statute.

Removal of Directors by Members

The proposed change in Article Three, Section Six would bring the language of the Bylaws into conformance with the Illinois Not For Profit Corporation Statute.

Proxies

The proposed change would set the number of proxies a member could carry for any issue at three. The current Bylaws set no limit for certain issues and at three for

others, so we could have the situation in which members had three proxies for some votes and an unlimited number of proxies for other votes at the same meeting.

Compensation,
Article Four

The proposed change would allow the board to set its compensation on a monthly basis instead of a daily basis if it chose to do so, and it would eliminate the language concerning close relatives and members voting on their compensation.

The cooperative has a policy which prohibits employing close relatives of members of the board and of existing employees. That policy was adopted more than ten years ago, but there are cases in which employees are grandfathered.

Compensation, Article Six

This is the same close relative issue as in Article Four.

Technical Change in
Article Ten

The proposal corrects the way Illinois statutes are referenced.

All of the proposed
changes to the Bylaws are

included in this booklet,
beginning on page 22.

Election of Directors

The Bylaws require the Board of Directors to appoint a nominating committee which shall not include any current members of the Board.

The committee's report is at page 16 in this notice.

This year's committee consisted of Carol Carnes, Jim Koeller, Tom Benz, Eric Lakin, John White and Jeff Shone. Many of you, we're sure, know them.

Whether you know them individually or not, we think it's important to know how carefully the committee members considered their responsibilities and the manner in which directors are and have been nominated.

Their meeting was no "rubber stamp." They seriously considered the issues the cooperative must deal with and the roles members of the board of directors have played.

The nominating committee's role in the democratic process is a critical one at your cooperative, and you would have been proud of the manner in which the committee did its job.

In addition, we're pleased to report that a member has submitted a petition to be on the ballot for the director's seat for District 3. Biographies of both candidates for the district are on page 17.

**Annual Meeting:
June 7**

We hope you can come to the Annual Meeting on Saturday, June 7, at the Scott County Fair Grounds. The cooperative's directors and employees will be there to greet you. We look forward to a lively discussion of the issues and your participation in this vital, democratic process of ours.

Finally, on behalf of every employee and director, we send our heartfelt thanks for your continuing support and goodwill. It is very much appreciated.

Sincerely,

Robert A. Brown
President

Bruce N. Giffin
General Manager

Minutes of the 2007 Annual Meeting

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 9, 2007, at 10:00 a.m. Central Daylight Time. President Robert A. Brown, acted as the Secretary for 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 asked for a moment of silence in honor of the passing of long time board member William Griswold. Mr. Heaton also gave the invocation and led the members in the pledge of allegiance.

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 proposed revised agenda distributed at the time of registration. A motion was then made and seconded to approve the proposed revised agenda as the agenda for the meeting. 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 Kevin Brannan 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 set forth in the annual meeting booklet mailed to all members. 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 10, 2006 annual meeting of members as distributed.

The Chairman then stated that tellers needed to be appointed should there be a ballot vote. He listed the proposed tellers and asked if any additional members wished to act as tellers. One additional teller was willing to serve. A motion was then made and duly seconded to elect Harold Gates as head teller and the other tellers as proposed by President Brown and that motion was approved without objection.

Chairman Brown then turned the chairmanship of the meeting over to Attorney Bonjean to address the Bylaw proposals. Temporary Chairman Bonjean addressed the membership regarding the four Bylaw amendments to be considered at the meeting. Temporary Chairman Bonjean then set forth the proposed rules with regard to debate for each of the proposals. Temporary

Chairman Bonjean asked the membership to consider the proposed Bylaw amendment reducing the number of board members from eleven to nine by attrition. There was then debate on the proposal to amend the Bylaws reducing the number of board members from eleven to nine board members by attrition. Temporary Chairman Bonjean then asked for a voice vote with respect to the proposed bylaw amendment to reduce the number of board members from eleven to nine by attrition. Mr. Bonjean was unable to determine the result of the voice vote. Temporary Chairman Bonjean then stated that there would be a ballot vote of the issue and he began explaining the manner in which the ballot voting would be conducted. It was then learned that there were insufficient ballots resulting in approximately 25 members not receiving ballots at registration. There was then a discussion as to how to proceed in light of the fact that there were insufficient ballots. After the discussion there was a motion made and duly seconded to table the proposed Bylaw amendment to reduce the number of board members from eleven to nine by attrition until the 2008 annual meeting. That motion was approved.

Temporary Chairman Bonjean then asked the membership to consider the next proposed Bylaw amendment to elect directors by district with the election to include only the members living within that district. A number of members spoke in favor of and against the proposal. Temporary Chairman Bonjean then conducted a voice vote on the question of whether to amend the Bylaws to conduct the election of directors by members of each director's district only. The votes in opposition to the Bylaw proposal being greater than the votes in favor of the proposal, Temporary Chairman Bonjean declared the proposal defeated.

Temporary Chairman Bonjean then asked the members to consider the next proposed Bylaw amendment which would require the Audit Committee to meet thirty minutes prior to the annual meeting for the purpose of answering questions of members. There was then a debate of the issue. Thereafter, Temporary Chairman Bonjean conducted a voice vote on the question of whether or not the Bylaws should be amended to require the Audit Committee to meet for members questions and answers immediately preceding each annual meeting of the cooperative. The votes in opposition to the Bylaw proposal being greater than the votes in favor of the proposal, Temporary Chairman Bonjean declared the proposal defeated.

Temporary Chairman Bonjean then asked that the members consider the proposed Bylaw amendment to impose a limit of two consecutive three-year terms on director service. A number of members spoke on this issue. Temporary Chairman Bonjean then conducted a voice vote on this proposed Bylaw amendment. The votes in opposition to the Bylaw proposal being greater than the votes in favor of the proposal, Temporary Bonjean declared the proposed Bylaw amendment defeated.

President Brown then resumed the chairmanship and 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 and to the cooperative's audited financial statements also set forth in the meeting booklet. Treasurer Myers then asked if there were any questions. There were several questions regarding the current profitability of the propane business and related to patronage capital. Those questions were answered by Treasurer Myers and Manager Giffin. Chairman Brown then asked for a motion to

approve the treasurer's report. A motion was made and duly seconded to approve the treasurer's report as presented, which motion was approved.

President Brown began his report by introducing the members of the Board of Directors. President Brown also commented on the excellent employees of the cooperative and asked members to give the employees a round of applause and in response to his request members gave a round of applause to the employees. President Brown stated that in light of the fact that the membership had addressed the Bylaw proposals he was closing his remarks and referred members to his written report in the membership booklet.

General Manager, Bruce N. Giffin, began his report commenting on the ACRE program and its importance to the cooperative, especially in light of the efforts in Washington, D.C. to terminate funding for the Rural Utilities Service which provides low cost financing for the cooperative. Manager Giffin then reported on employees celebrating service anniversaries with the cooperative. He also stated that there had only been one small accident during the past year and asked the members to give a round of applause to the employees for their efforts to maintain a safe working environment. Manager Giffin next described the status of the propane and internet businesses owned by the cooperative's subsidiary. Manager Giffin discussed with the members the status of energy prices and the changes that have taken place since the last annual meeting. He commented on the fact that the energy prices were very high and the problems being experienced by Soyland as it seeks electric power for the cooperative once the existing contract with Ameren expires in 2008. Manager Giffin specifically commented on the status of the coal plants which have been

delayed by environmental objections. Finally, Manager Giffin discussed the rate system of the cooperative and the need to change that rate system as the world changes with respect to the use of electricity and the cost of electricity.

Chairman Brown then called upon Attorney Bonjean who informed the members that the cooperative Bylaws require the members to consider the approval of the acts 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 2006 fiscal year.

Attorney Bonjean then next directed the members to the Nominating committee report in the annual meeting booklet. The report sets forth the Nominating Committee's decision to nominate directors for District #2, #4, #6 and #8. The nominees were as follows: Ronald K. Myers for District #2; James C. Gay for District #4; Robert A. Brown for District #6; and, Thomas D. Meehan, III for District #8.

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 #2, at which time Ronald K. Myers was elected Director for District #2. Mr. Bonjean next called for a vote for Director for District #4, at which time James C. Gay was elected Director for District #4. Mr. Bonjean next called for a vote for Director for District #6 at which time Robert A. Brown was elected

Director for District #6. Mr. Bonjean then called for a vote for Director for District #8, at which time Thomas D. Meehan, III was elected Director for District #8.

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

Equity

Even though the total margin increased by \$681,000 in 2007, equity as a percent of capitalization declined from 32.6% at the end of 2006 to 29.7% at the end of the past year.

That decline was, first, the result of the cooperative's \$6,000,000 investment in the Prairie State Plant and the associated debt.

We are also now required to reduce equity by the estimated future costs of providing post retirement benefits to our employees. The cooperative provides medical insurance benefits to employees who retire before being eligible for Medicare until they are eligible. The current estimate, by an outside consultant, of those future costs is \$1,100,000. (Without the effect of the accounting change, the drop in equity would have been to 31.4% instead of 29.7%, but we have no choice in the matter.)

The importance of all this is, of course, the cooperative's creditworthiness. On average, America's electric co-ops have equity ratios of 40%, and that ensures our access to relatively abundant, low cost capital.

We're unlikely to be penalized by the federal government or our bankers

for the current drop in equity, but your board of directors and management must work to improve the current equity ratio, and that means, among other things, that rates must be sufficient. We simply can't operate the cooperative without access to credit, and our equity ratio is key to our creditworthiness.

Operating Statement

Operations and maintenance expenses increased principally because of the extraordinary costs of dealing with two major storms, but day-to-day maintenance costs increased as well.

Depreciation expense is up sharply because the growth in utility plant included significant growth in facilities for wireless Internet and for the cooperative's own communications systems. Those facilities have a higher depreciation rate than other utility plant. We're beyond the peak of those investments, and the growth in this expense area should moderate in the coming year.

Interest expense is up because of more debt outstanding and higher rates in 2007. The current decline in rates is principally for loans with relatively short maturities. As that decline extends to longer maturities, we will benefit, but we continue to have high debt levels.

Future Operating Costs

Your cooperative's distribution system includes some relatively old facilities – aging copper conductors and, here and there, poles dating from as far back as the 1940s.

It's reasonable, we think, to expect poles and wire to last 35 to 40 years, and, therefore, we need to be on a schedule of replacing all of our facilities on a minimum of a 40 year cycle. As we move to a 40 year cycle, the costs of operating the cooperative will increase at a rate faster than our costs have increased historically, principally because of higher depreciation and interest costs.

Unfortunately, these costs will increase as the costs of power increase and as we face the costs of mitigating our contribution to climate change. The net result of all of this is that electric costs – not just from your cooperative, but from just about every electric supplier – will increase more rapidly than the cost of living in the foreseeable future.

We work all the time to be the best possible stewards of your resources, and, on behalf of your entire board, I assure you we'll continue to do that in the difficult years we see coming.

Sincerely,

Ronald K. Myers
Treasurer

Audited, Consolidated Balance Sheets
December 31, 2007 and 2006

Assets

	2007	2006
Utility Plant		
Utility Plant in Service	\$50,698,033	\$47,551,324
Construction Work in Progress	1,245,905	948,017
Less: Accumulated Depreciation	(12,604,406)	(12,116,579)
Total Utility Plant	39,339,532	36,382,762
Investments		
Investments in Associated Organizations	2,136,595	2,149,535
Non-utility Property	2,230,519	2,278,335
Other Investments	11,329,912	5,773,457
Current Assets		
Cash	84,118	602,987
Accounts Receivable	2,219,761	1,826,174
Current Portion of Notes Receivable	1,013,250	1,013,250
Material and Supplies	570,597	468,978
Other Current	1,750,787	1,466,334
Total Current	6,396,313	5,377,723
Deferred Debits	4,886,284	5,855,038
Total Assets	\$66,319,155	\$57,816,850

Audited Consolidated Balance Sheets
December 31, 2007 and 2006

Liabilities

	2007	2006
Members' Equity		
Patronage Capital	\$13,258,788	\$12,871,683
Other Equities	6,995,257	5,431,435
Accumulated Other Comprehensive Margins	(1,113,481)	
Total Members' Equity	19,140,564	18,303,118
Long-term Debt, Net of Current Maturities	34,658,272	27,895,049
Accumulated Provision for Post Retirement Benefits	1,740,800	487,031
Current Liabilities		
Current Maturities of Long-term Debt	2,612,000	1,660,000
Notes Payable	2,019,363	2,914,647
Accounts Payable	1,428,009	987,276
Other Current	760,387	768,193
Total Current	6,819,759	6,330,116
Deferred Credits	3,959,760	4,801,536
Total Members' Equity and Liabilities	\$66,319,155	\$57,816,850

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

	2007	2006
Operating Revenue		
Sale of Electricity	\$17,747,352	\$16,268,477
Telecommunication Revenue	392,393	391,097
Propane Revenue	3,503,739	3,614,790
Other Revenue	161,591	147,272
Total Operating Revenue	21,805,075	20,421,636
Operating Expense		
Cost of Power	9,728,937	9,731,964
Cost of Telecommunication Revenue	242,223	281,467
Cost of Propane Revenue	2,531,290	2,832,803
Operations and Maintenance	2,729,520	2,247,558
Consumer Accounts	461,456	426,914
Consumer Service and Information	472,737	601,017
Administrative and General	2,067,152	2,112,927
Depreciation and Amortization	1,623,375	1,315,899
Taxes	47,482	76,561
Other Interest	64,336	98,933
Other Deductions	25,804	29,005
Total Operating Expense	19,994,312	19,755,048
Operating Margins Before Fixed Charges	1,810,763	666,588
Interest on Long-Term Debt	1,539,146	1,303,029
Capital Credits	199,717	343,819
Operating Margins	471,334	(292,622)
Non-Operating Margins		
Interest Income	513,440	410,660
Other	1,079,948	1,274,909
Total Non-operating Margin	2,064,722	1,392,947
Income Taxes		9,173
Net Margin	\$ 2,064,722	\$ 1,383,774

Proxy

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

Electric Cooperative, do hereby appoint _____
Printed

_____ to be my Proxy for all matters to come
Name Please

before the membership at the Annual Meeting of Members to

be held on June 7, 2008, at the Scott County Fair Grounds and

do hereby affirm and ratify his vote(s).

Signature

Date

Nominees for the Board of Directors

There are eleven members of the cooperative's board of directors, and they serve staggered, three year terms. The Bylaws require the board of directors to appoint a nominating committee, and the committee's report follows.

Members of the cooperative may also nominate an individual to run for an open seat by submitting a petition from fifteen members, and this year the cooperative received a nomination for Jeffery Hill by petition for the opening for district three.

Report of the Nominating Committee

The committee met at the cooperative's office on February 27, 2008. It's agenda included consideration of the major issues affecting the membership – rates, service and the long-term power supply. In addition to a discussion of these issues, the committee discussed how it could best serve the membership in its role as the nominating committee, and, after a lengthy discussion, the committee nominated Gary K. Clark for the open position for district one; Roger Hurrelbrink for the open position for district three; and F. Alan Heaton for the open position for district seven.

Carol Sue Carnes, Chairperson, Brussels
Thomas Benz, Kane
James Koeller, New Canton
Eric Lakin, Murrayville
Jeff Schone, Bluffs
John White, Baylis

Since there's a contested election, both candidates were asked to provide a written statement about themselves and their interests in serving on the cooperative's board of directors.

Their statements are on the following page.

Jeffery S. Hill

Family:

I've been married to Karol Hill for 32 years. I am 51 years old. We have a daughter, two sons and one grandson. Our three children are graduates of Triopia High School. Our oldest son attends Southern Illinois Univeristy in Carbondale and our youngest son attends the University of Illinois in Springfield.

Residency:

We live on a small farm, which is located between Chapin and Meredosia. We have lived at this location for 14 years which is in District #3.

Education:

I graduated in 1975 from Franklin High School in Franklin, Illinois.

Employment:

I am employed by United Contractors Midwest/Illinois Valley Paving Company of Winchester, Illinois. I have been employed there for 27 years. My duties through the years have included payroll, accounts payable, office manager, dispatching and some estimating. I currently work at the Winchester location.

Church Affiliation:

I attend church at First Christian Church in Jacksonville.

Reason for running:

I have thought about running for this position for the past couple of years and feel like with my work and life experience qualifies me for this position. I have full plans on attending the monthly meetings and any other meetings or training seminars necessary to do the job efficiently.

Personal Interests:

I enjoy my family, work and deer hunting.

Roger Hurrelbrink

Roger Hurrelbrink is a 66 year old farmer who is a life long resident of Scott County. He graduated from Winchester High School and has been an active member of the Winchester Community for his adult life.

Roger is a member of Christ Lutheran Church in Winchester and has served on several boards.

He is presently completing a three year term with the Illinois Rural Electric Cooperative and is also on the Illinois Rural Telecommunication Co. board. In that period of time he has attended the required classes to be a Credentialed Cooperative Director. At present he is taking classes working towards a Board Leadership Certificate. And he is serving on the Audit Committee, Policy Committee and the Economic Development Committee.

Other boards he has served on include Scott Farm Service, Scott Co. Service Co-op, Western Farm Service, Winchester National Bank, Scott County Junior Fair Board and Farm Bureau board.

Roger takes great pride in his community and his family. He is married to the former Sandra Oakes of Bluffs and he is the father of three children and has five grandchildren. His extended family includes his wife's five children and eight grandchildren.

Besides his family his interests include traveling and golf.

Proposal to Amend the Bylaws Tabled at the 2007 Meeting

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. Belleview in Pike County.

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

Director District 5

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

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

Director District 6

Aley, 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.

NEW, PROPOSED BYLAW CHANGES

The following proposed changes are a result of the cooperative's new general counsel's review of the Bylaws. Proposed additions are underlined. Proposed deletions are crossed out.

ARTICLE ONE – Section 6. Termination of Membership. Change the last sentence as follows: In case of withdrawal or termination of membership, in any manner, ~~the Cooperative shall repay to the member the amount of membership fee paid by him; provided however that the Cooperative shall deduct from the amount of member's capital credit account ship fee the amount of any debts or obligations owed by the member to the Cooperative.~~

ARTICLE THREE – Section 3. Notice of Members' Meeting. Written or printed notice stating the place, day and hour of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than five (5) days nor more than ~~twenty (20)~~ sixty (60) days before the date of the meeting, either personally or by mail by or at the direction of the secretary, or by the persons calling the meeting, to each member; provided, however, that with respect to all meetings at which directors are to be elected such notice shall be so delivered not less than five (5) days nor more than fourteen (14) days before the date of the meeting. Notice of a meeting where the removal of one or more directors, a merger, consolidation, dissolution or sale, lease or exchange of assets are being considered by the membership, notice must be given not less than twenty (20) nor more than sixty (60) days before the date of the meeting.

ARTICLE THREE – Section 6. Removal of Directors by Members. One or more directors may be removed whenever in the judgment of the members there is reason for the removal and the best interest of the Cooperative would thereby be served. The request to remove one or more directors must be submitted to the secretary of the

Board of Directors a minimum of forty-five (45) days in advance of the meeting where the removal action is to be considered, and notice of the meeting must be given to all members not less than twenty (20) nor more than sixty (60) days before the date of the meeting to remove said director.

ARTICLE THREE – Section 7. Proxies. At all meetings of members, a member may vote by proxy executed in writing by the member. Such proxies shall be filed with the secretary before or at the time of the meeting. No proxy shall be voted at any meeting of the members unless (1) it shall designate the particular meeting at which it is to be voted and (2) it designates the particular issue or subject matter for which it is to be voted (i.e. director election, bylaw change). No proxy shall be voted at any meeting other than the one so designated or any adjournment of such meeting. No member shall vote as proxy for more than three (3) members for all issues or subject matters for which a proxy may be designated. ~~for more than three (3) members at any meeting of the members except where such person is exercising a proxy in connection with the borrowing of funds from the United States of America, or a sale, mortgage, lease or other disposition of encumbrance of property to the United States of America, or any agency or instrumentality thereof or in connection with an amendment to the Articles of Incorporation of the Cooperative.~~ No proxy shall be valid after sixty (60) days from the date of its execution. The presence of a member at a meeting of the members shall revoke a proxy theretofore executed by him and such member shall be entitled to vote at such meeting in the same manner and with the same effect as if he had not executed a proxy. In case of a joint membership, a proxy may be executed by

either husband or wife. The presence of either husband or wife at a meeting of the members shall revoke a proxy theretofore executed by either of them and such joint member or members shall be entitled to vote at such a meeting in the same manner and with the same effect as if a proxy had not been executed.

ARTICLE FOUR – Section 7.

Compensation. Board members shall not receive any salary for their services, as such, except that the board of directors may, by resolution, authorize a fixed sum either by (1) month or (2) per diem for each day or portion thereof spent on Cooperative business, such as attendance at meetings, conferences, and training programs, or performing committee assignments when authorized by the board. If authorized by the board, board members may also be reimbursed for expenses actually and necessarily incurred in carrying out such Cooperative business or granted a reasonable ~~per diem~~ allowance by the board in lieu of detailed accounting for some of these expenses. No board member shall receive compensation for serving the Cooperative in any other capacity ~~nor shall any close relative of the board member receive compensation for serving the Cooperative unless the payment and amount of compensation shall be specifically authorized by a vote of the members or the service by the board member or his close relative shall have~~ has been certified by the board as an emergency measure.

ARTICLE SIX – Section 11.

Compensation. The compensation, if any, of any officer, agent or employee who is also a director ~~or close relative of a director~~ shall be determined by the members as provided elsewhere in these bylaws, and the powers, duties and compensation of any other officer, agents, and employees shall be fixed by the board of directors.

ARTICLE TEN – Disposition of Property. The Cooperative may not sell, mortgage, lease or otherwise dispose of or encumber all, or substantially all, of its property unless such sale, mortgage, lease or other disposition or encumbrance is authorized at a meeting of the members thereof by the affirmative vote of not less than two-thirds of the members present in person or by proxy and unless the notice of such proposed sale, mortgage, lease or other disposition or encumbrance shall have been contained in the notice of the meeting; provided, however, that notwithstanding anything hereinabove contained, the execution and delivery of a mortgage or mortgages or a deed or deeds of trust upon, or the pledging or encumbering of, any or all of the property, assets, rights, privileges, licenses, franchises and permits of the Cooperative, whether acquired or to be acquired, and wherever situated, as well as the revenues and income therefrom, to secure any indebtedness of the Cooperative to United States of America or any instrumentality or agency thereof, or to a national financing institution organized on the cooperative plan for the purpose of financing its members' program, projects and undertakings, in which the cooperative holds membership may be authorized in the manner provided by Section 111.55 of the General Non-For-Profit Corporation Act of 1986 of the State of Illinois (805 ILCS 105/111.55) or any amendment thereof; provided further that notwithstanding anything hereinabove contained the board of directors of the Cooperative, without authorization by the members of the Cooperative, shall have full power and authority to sell, lease, exchange, transfer on assumption of indebtedness or otherwise dispose of property of the Cooperative, even though it be a substantial portion thereof, to another cooperative or foreign corporation doing business in the State of Illinois pursuant to the Act under which this Cooperative is incorporated if such other cooperative or foreign corporation doing business in this

State is organized on a non profit basis for the purpose of engaging in or furthering the cause of rural electrification, or if such other corporation is organized for the purpose of providing or acquiring electric energy or providing services or facilities on a cooperative basis, and provided further that the board of directors may, upon the authorization of a two-third vote of those members of the Cooperative present in person or represented by proxy at a meeting of the members thereof, sell, lease, or otherwise dispose of all or a substantial portion of its property to another cooperative or foreign corporation doing business in this State pursuant to the Act under which this Cooperative is incorporated.



Accountability

You hold us accountable. As a Touchstone Energy Cooperative, we are accountable to you, our members.

After all, you own this cooperative.



Illinois Rural Electric Cooperative

Your Touchstone Energy® Partner



NEWS, NOTES & VIEWS 8/08

18



Teresa Sipes (left) a Customer Service Representative at the cooperative, helps Megan Little register for the meeting.

2008 Annual Meeting

421 Members Attended

in Person, and

93 Members Sent Proxies



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





Geraldine McGuire of Winchester visits with Ron Coultas, Senior Engineer of Illinois Rural Electric Cooperative.

We had good attendance at the meeting which, given the National Weather Service forecast, was moved to the Winchester Grade School.

Get your Notice a little late?

Even though we got the Notice of the Annual Meeting to the Post Office from the printer within the time frame set forth in the Bylaws, some members got their Notice later than they should have. We know that the local post offices were not the problem, and we'll get the Notice to the Post Office as soon as the Bylaws allow for 2009.

2009 Meeting Date

The 2009 Annual Meeting will be held on Saturday, June 13, at the Scott County Fairgrounds.

Director Elections

Gary Clark, who represents Director District One, and Alan Heaton, who represents District Seven, ran unopposed.

We had a contested election for District Three, and Jeffery S. Hill won that election with 208 votes to 195 votes for Roger Hurrelbrink.

Bylaw Amendments

There were several proposed amendments.

Size of Board

The first proposed amendment, which had been tabled from the 2007 meeting, would have reduced the number of directors from eleven to nine as members of the board retired, resigned or died.



Kevin Baird, Line Foreman at Illinois Rural Electric Cooperative, visits with members before the meeting begins.

The proposal was defeated by a vote of 271 to 116.

Reference to Membership Fee

The cooperative has not collected a membership fee for years, and the reference to it was removed from the Bylaws. Additionally, any money owed to the cooperative would be deducted from the member's capital credit account, rather than from the membership fee.

That proposal passed 270 to 110.

Notice of Members' Meeting

The proposal was to bring the language of the Bylaws into conformance with the Illinois Not-For-Profit statute.

It passed 354 to 28.

Removal of Directors by Members

The proposal was to bring the language of the Bylaws into conformance with the Illinois Not-For-Profit statute.

It passed 354 to 28.



Retha Anders and Helen Coats, both of Winchester, visit before the annual meeting.

Proxies

The proposal was to limit each membership to three proxies for all issues at an annual meeting.

It passed 316 to 60.

Compensation, Article Four

The proposal was to allow the board to set its compensation monthly rather than daily if it chose to do so, and it eliminated the language concerning close relatives of board members having their salary voted on by the membership.

The co-op's policy prohibits the employment of close relatives, but close relatives hired before its adoption were grandfathered.

The proposal passed 262 to 116.

Compensation, Article Six

The proposal was to remove language on the same close relative issue.

It passed 236 to 142.

Technical Change in Article Ten

The proposal was to correct the way the Illinois statutes were referenced.

It passed 312 to 59.

Prize Winners

The following won \$500 door prizes in the form of credits on their electric bills: James Arnold, Mike Krueger, Stephen Rives and Bill Richardson.

The following won \$100 credits: Harold Baird, Linda Brown, Herschel Carter, Hugh Cross, Roger Dunham, William



Ronald Myers, Treasurer of Illinois Rural Electric Cooperative Board of Directors, left, visits with Irvin Franklin of Nebo before the meeting begins.

Ehrheart, Gary Harbison, Thomas Juhl, Karen Kirchner, Dennis Miller, Paul Miller, Jeff Moore, Pleasant Hill Church, Robert Renner, Oren Russwinkel, Robert Sapp, Joseph Schnelt, Maxine Schnepf, Melissa White and Matt Wisdom.

Members' Fund Winners

The following won \$500 prizes from the Members' Fund: Christian Church of Barry, Pike County 4H, Winchester Methodist Church, Blue River Cemetery, Spring Creek Fire Department, Passavant Hospital Lifeline, Our Redeemer Daycare, American SIDS Institute, St. Mary's School in Brussels, Berdan Baptist Church, and Just Good Friends – Relay for Life.

Electric Prices in 2009 and Beyond

The co-op's general manager, Bruce Giffin, spent most of his report on the factors that would affect electric prices next year and in the next several years. The following is from his prepared report:

LAST YEAR AT THE ANNUAL MEETING I TOLD YOU I WASN'T OPTIMISTIC AT ALL ABOUT FUTURE ENERGY PRICES, AND I AM INCREASINGLY LESS OPTIMISTIC.

PERHAPS NOT THIS YEAR, BUT ALMOST CERTAINLY IN THE NEXT COUPLE OF YEARS, CONGRESS IS GOING TO DEAL WITH GLOBAL WARMING AND, YOU'D HOPE, ENERGY SECURITY.

THE DEBATE IS REALLY OVER WITH GLOBAL WARMING. WE'VE REACHED THE POINT OF BEING THE GRAND-PARENT HOLDING OUR PRECIOUS GRANDCHILD AND HEARING 97 OUT OF 100 DOCTORS TELL US WE HAVE TO TAKE THE BABY TO THE HOSPITAL. THREE SAY, "MAYBE, THE BABY IS ALRIGHT." THE ODDS JUST AREN'T ACCEPTABLE, WE HAVE TO REDUCE GREENHOUSE EMISSIONS, PARTICULARLY CO₂, BUT WE DON'T HAVE TO STOP LIVING AND WE SHOULDN'T KILL THE AMERICAN ECONOMY AS WE SAVE THAT GRANDCHILD.

PLEASE VISIT THE "OUR ENERGY, OUR FUTURE" WEB SITE — www.ourenergy.coop — TO JOIN US IN URGING CONGRESS:

- 1.) NOT TO REQUIRE THE USE OF TECHNOLOGY WHICH IS NOT YET AVAILABLE AND
- 2.) NOT TO LET THE PRICE OF ELECTRICITY INCREASE UNNECESSARILY.

WE CAN DRAMATICALLY REDUCE EMISSIONS FROM ELECTRIC PLANTS AND USE MORE RENEWABLE ENERGY, BUT WE NEED TIME TO FULLY DEVELOP THE TECHNOLOGY. JUST TRYING TO DO IT OVERNIGHT ISN'T VERY PRODUCTIVE AND IT COULD COST US THE AMERICAN ECONOMY. GO TO THE "OUR ENERGY" WEBSITE AND FOLLOW THE INSTRUCTIONS TO SUPPORT A MEASURED, RESPONSIBLE RESPONSE TO GLOBAL WARMING.



NONETHELESS, THERE'S GOING TO BE SOME COST WHICH I HOPE COULD BE LIMITED OVER THE NEXT FEW YEARS TO A PENNY A KILOWATT HOUR.

THAT'S GOING TO COME ON TOP OF AN INCREASE OF ALMOST TWO CENTS A KILOWATT HOUR WHICH YOU'LL SEE IN YOUR MARCH BILLS FOR JANUARY 2009 USE BECAUSE OF THE WHOLE-SALE POWER MARKET.

WE HAVE HAD A VERY GOOD CONTRACT THROUGH OUR SUPPLIER, PRAIRIE POWER, FOR THE PAST EIGHT YEARS, AND IT ENDS DECEMBER THIS YEAR.

WE HAD HOPED THAT THE PRAIRIE STATE COAL PLANT WOULD BE OPERATING IN 2009, BUT IT NOW LOOKS MORE LIKE 2012, EVERYTHING GOING WELL. WE'RE DONE WITH THE ENVIRONMENTAL LITIGATION, I THINK, BUT IT'S BEEN AWFULLY TIME CONSUMING AS PRICES FOR EVERYTHING HAVE GONE UP DRAMATICALLY. THE COST OF THE PLANT MAY BE 40% MORE THAN PLANNED BECAUSE OF THE EXTREME ENVIRONMENTALISTS' LITIGATION.

SO FOR AT LEAST THREE YEARS, WE'RE GOING TO SEE THE CONSEQUENCES OF THE CURRENT WHOLESALE POWER/WHOLESALE ENERGY MARKET. WE'VE PUT SOME CASH ASIDE AT PRAIRIE POWER TO MITIGATE THE COST INCREASES, BUT EVEN AFTER USING THAT NEXT YEAR, YOUR COSTS WILL INCREASE BY NEARLY 2 CENTS A KILOWATT HOUR, \$25 TO \$30 A MONTH FOR A FAMILY WITH FAIRLY MODEST ENERGY USE.

THERE WILL BE SOME PRICE MODERATION ONCE PRAIRIE STATE STARTS OPERATING, BUT, OVER THE

SAME PERIOD OF TIME, WE HAVE TO MORE AGGRESSIVELY REBUILD THE ELECTRIC SYSTEM. WE'VE BEEN SPENDING \$2-MILLION A YEAR ON MAINTENANCE AND ANOTHER \$2-MILLION TO REBUILD THE SYSTEM, AND AFTER A GREAT DEAL OF STUDY AND CONSIDERATION WE'RE INCREASING THE REBUILDING TO \$4 MILLION A YEAR.

THERE ARE PLACES WITH COPPER WIRE THAT FALL DOWN WITH ALMOST EVERY HEAVY SNOW AND PLACES WITH POLES FROM THE 1940S.

THEY HAVE TO BE REPLACED. THEY AREN'T SAFE TO WORK ON HOT, AND YOU KNOW THEY'RE UNRELIABLE.

THE COSTS INCREASE HERE LARGELY BECAUSE WE'RE REPLACING POLES THAT ORIGINALLY COST \$100 TO \$200 TO INSTALL WITH POLES THAT COST \$1,200 TO \$1,500 TODAY. ALL IN ALL, WE HAVE THE COMBINATION OF:

- HIGHER WHOLESALE PRICES,
- HIGHER PRICES FROM PRAIRIE STATE ONCE IT OPERATES BECAUSE OF ALL THE LITIGATION, (PERHAPS A PENNY AND A QUARTER A KILOWATT HOUR,)
- DEALING WITH GLOBAL WARMING, AND
- CONTINUOUSLY REBUILDING AN AGING ELECTRIC DISTRIBUTION SYSTEM.

OUR DOING A GOOD JOB WITH THE ELECTRIC CO-OP LOCALLY IS IMPORTANT, AND IT'S SOMETHING YOUR EMPLOYEES DO VERY WELL.

BUT WE CANNOT CONTROL THE ENERGY MARKET. WE CANNOT CONTROL THE DAMAGE ALREADY DONE

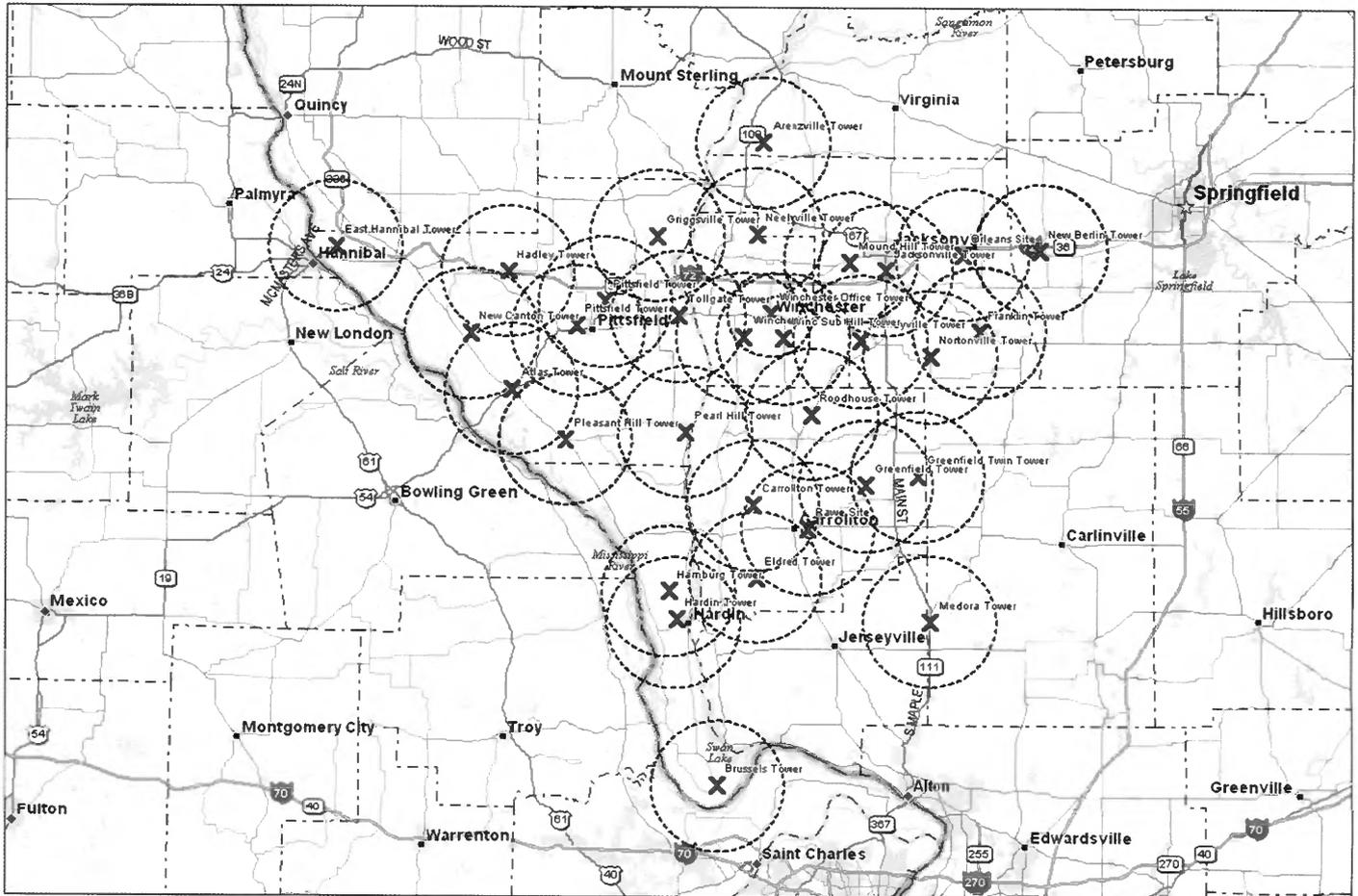
BY TIME CONSUMING LITIGATION. WE CANNOT AVOID SOME LEVEL OF COST TO MITIGATE GLOBAL WARMING, AND WE CANNOT STOP THE AGING OF OUR OWN ELECTRIC SYSTEM.

WE WILL DO WHAT WE CAN TO HELP YOU USE LESS ENERGY. TOUCHSTONE'S ONLINE ENERGY AUDIT, FOR EXAMPLE. WE HAVE A FEW HUNDRED COMPACT FLUORESCENT LIGHT BULBS HERE TODAY. THEY'LL SAVE A GOOD DEAL OF ELECTRICITY OVER THEIR LONG LIVES.

WE WILL USE CONTROLS FOR WATER HEATERS AND OTHER APPLIANCES MORE OFTEN WITH PARTICIPATING MEMBERS, AND, WITHIN VERY SMALL LIMITS, WE CAN CONTROL VOLTAGE ON PEAK.

BUT THE FACT IS THAT WE'RE NOT GOING TO CONSERVE OURSELVES OUT OF THIS.

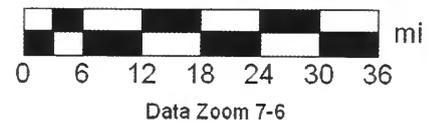
IT'S SIMPLY GOING TO BE VERY DIFFICULT FOR A LOT OF PEOPLE FOR THE FORESEEABLE FUTURE.



Data use subject to license.

© 2005 DeLorme. Street Atlas USA® 2006.

www.delorme.com



The black circles show where we offer Wireless Internet now. Wireless Internet is \$22 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 9/08

18

Co-op Connections® Card



Illinois Rural Electric Cooperative

Your Touchstone Energy® Partner



Your new Illinois Rural Electric Co-op Connections Card will be in the mail to you in September.

Because Illinois Rural Electric Cooperative is a Touchstone Energy Cooperative, we can offer our members discounts on products and services from participating local and national businesses. And the program is absolutely free to you!

The card will give you discounts from businesses in the community and dis-

counts of up to 10 percent to 60 percent on prescriptions at participating pharmacies, including CVS, Walgreens, Wal-mart, Target and many more.

More information will be coming to you when you receive the card.

The card will be mailed directly to your home. It will be in a separate mailing with a Connections Card on the envelope.



Illinois Rural Electric Cooperative

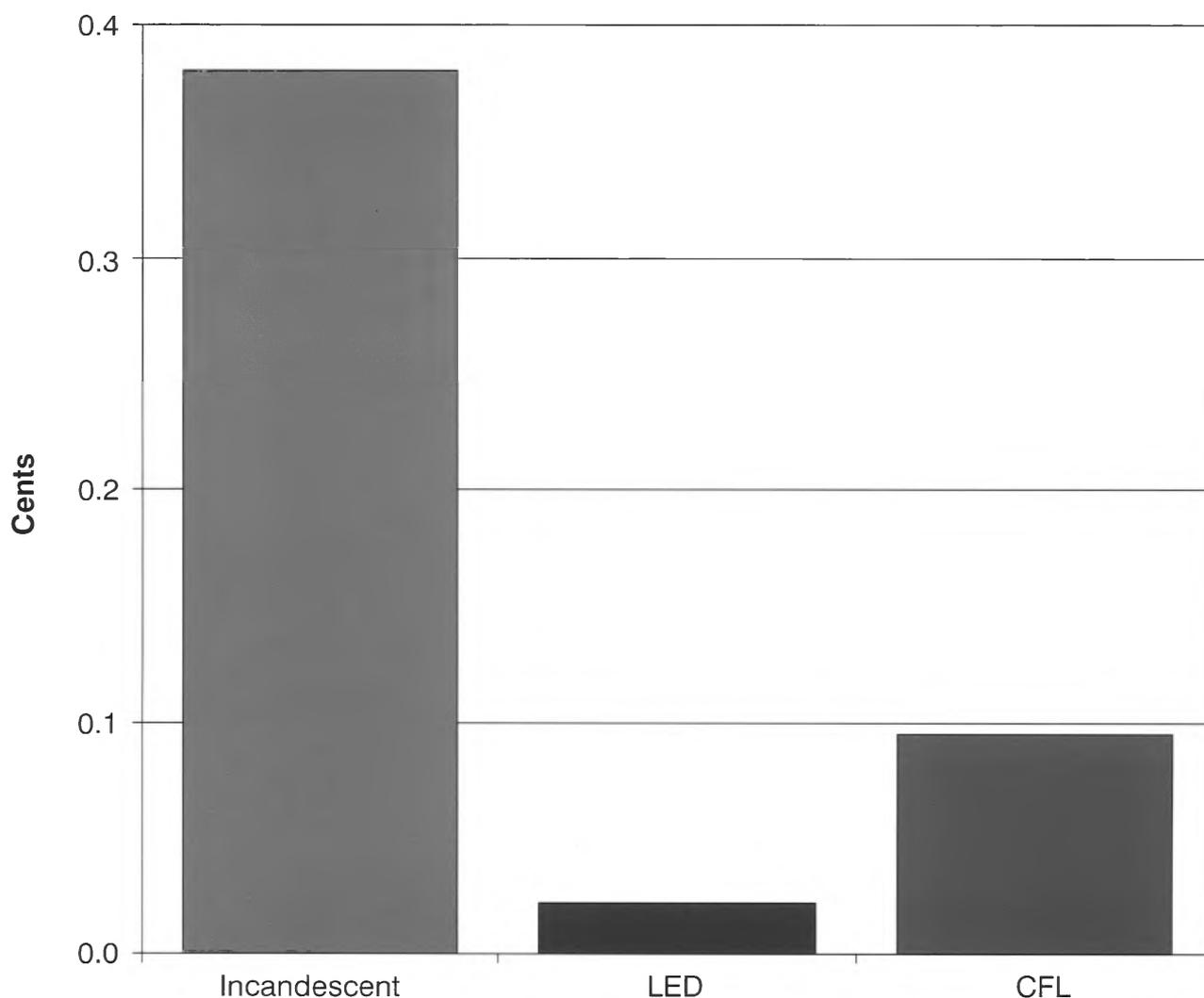
P.O. Box 80, Two South Main Street
Winchester, Illinois 62694

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

Your Touchstone Energy® Partner



Lighting Costs per Hour



This chart compares the 2009 costs of operating a standard 40 watt incandescent bulb, a traditional bulb, with a LED bulb with the same light output and a CFL with the same light output. It uses next year's power costs for Illinois Rural Electric Cooperative. It includes the costs of the bulbs – 70 cents for the standard bulb, an incredible \$26 for the LED and \$4 for the CFL.

LED stands for light emitting diodes, and they don't have a filament like standard bulbs. They last for 50,000 hours, and cost less than a tenth of a cent an hour to operate. LEDs bulbs are great for providing low levels of light. LED tube replacements for fluorescents are really outstanding, provid-

ing plenty of light, and they don't require a ballast! There are also LED string lights that would be perfect for a patio.

CFLs are compact florescent lights, and they last about 5,000 hours.

According to the US Energy Information Administration, on average, lighting makes up 9.4 percent of residential electric use, so if you could cut more than two-thirds of that amount with CFLs or LEDs, you'd reduce electric use by a little more than 6 percent. It's almost impossible to find anybody who is average, so your use will vary somewhat, but 6 percent wouldn't be bad at all.

Dispose of CFL Bulbs Properly!



CFL bulbs contain a small amount of mercury. Some authorities say it's such a small amount that you shouldn't worry about it. Others disagree.

We think it's probably best to be on the safe side and properly dispose of and recycle the bulbs.

There are containers for proper disposal at:

Meehans
Highway 67 South
Roodhouse, IL 62082

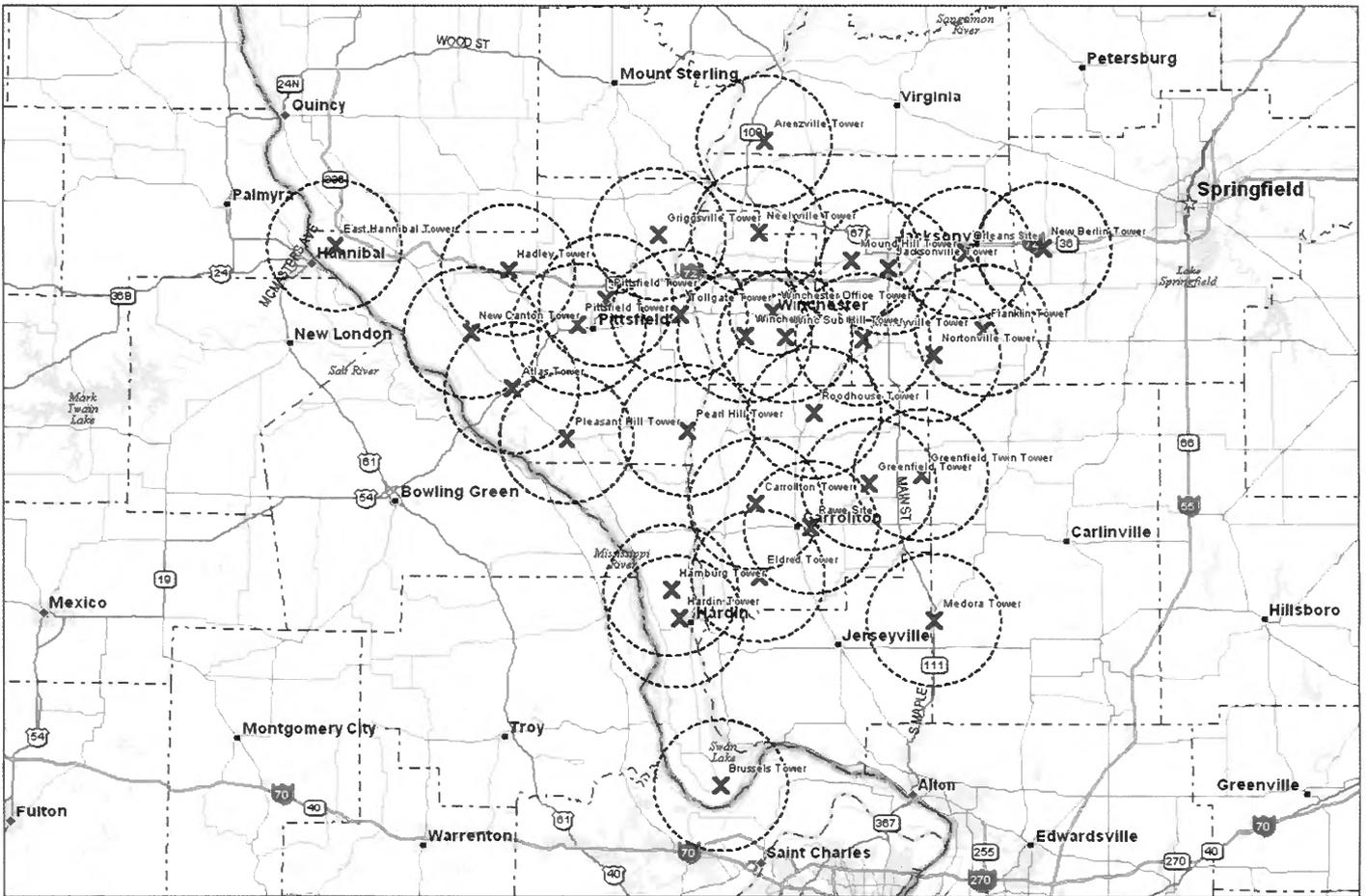
Meehans
State Route 267
Greenfield, IL 62044

Ideal Hardware
101 West Washington Street
Pittsfield, IL 62363

Brussels Lumber
Main Street
Brussels, IL 62013

Illinois Rural Electric
Main Street
Winchester, IL 62694

Drop your CFL bulbs there, and we'll dispose of them properly for you so that mercury doesn't enter the environment.



Data use subject to license.

© 2005 DeLorme. Street Atlas USA® 2006.

www.delorme.com



MN (0.3° W)



Data Zoom 7-6

The black circles show where we offer Wireless Internet now. Wireless Internet is \$22 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.



Expensive Yuk

This is the air filter from a central air conditioner, provided by an anonymous consumer who lives in the Cooperative's service area. If you have "hot air" heat, you have filters there, too. It's important to change them regularly.

Just about everybody has an air filter, so we're sending everybody one of the WHISTLES. If you don't need one, you probably know somebody who does.

Who remembers to change the filters regularly? The WHISTLE will help.

Put the WHISTLE in the air filter according to the directions, and it will whistle when the filter should be changed. If it wakes you in the middle of the night, our apologies. Think of it as the sound of money; it's saving on your heating and air conditioning bills.



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



June 22, 2008

Nichol's Park



Pictured above is Jenissa Ezard, Director of Marketing of Illinois Rural Electric Cooperative; Alan Heaton, Vice President of the Illinois Rural Electric Cooperative Board of Directors; Jan Fellhauer, Director of Volunteers and Lifeline at Passavant Hospital; and Diana Olinger: Director of Fund Development at Passavant Hospital. The Illinois Rural Electric Cooperative Members Fund donated \$500 to the Passavant Hospital Lifeline from a drawing held at the annual meeting. Illinois Rural Electric Cooperative member, Carl Lawless Jr., put the Lifeline's name in the drawing.

IN AWARD
Volunteerism



Pictured above is Ron Coultas, Senior Engineer of Illinois Rural Electric Cooperative; Phyllis Henson, Secretary for the Winchester Methodist Church; and Rev. Robin Lyons, minister of the Winchester Methodist Church. The Illinois Rural Electric Members Fund donated \$500 to the church from a drawing held at the annual meeting. Illinois Rural Electric Cooperative member, Dean Hubbert, put the church's name into the drawing.

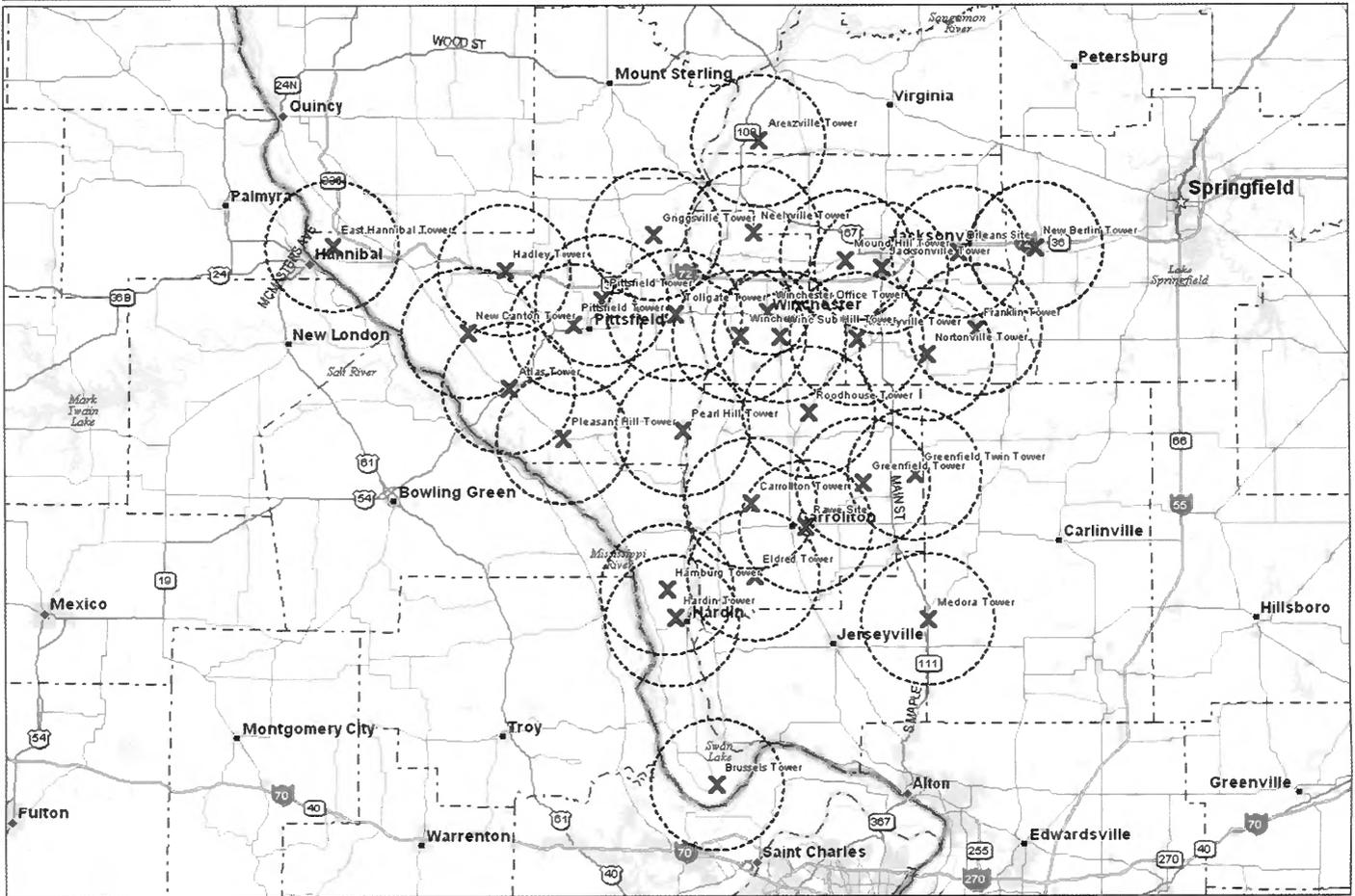
005
GOVERNOR'S
CUP
FINALIST



ROD BLAGOJEVICH
GOVERNOR



Illinois Rural Electric Members' Fund donated \$1,000 to the Barry Food Pantry. Pictured left is Cathy Reynolds of the Barry Food Pantry.



Data use subject to license.

© 2005 DeLorme. Street Atlas USA® 2006.

www.delorme.com



The black circles show where we offer Wireless Internet now. Wireless Internet is \$22 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 11/08

101 Low – Cost / No – Cost Home Energy – Saving Measures

Water Heating

1. Set water heater temperature no higher than 120 degrees Fahrenheit.
2. For households with 1 or 2 members, a 115 degree Fahrenheit setting may work fine.
3. Install water-heater wrap per manufacturer's instructions.
4. Drain 1-2 gallons from bottom of water heater each year to reduce sediment build-up.
5. Install heat traps on hot and cold water lines when it's time to replace your water heater.
6. Insulate exposed hot water lines.
7. Limit shower length to 5-7 minutes.
8. Install low-flow shower heads.
9. Fix dripping faucets.
10. Don't let water run while you are shaving.
11. Don't let water run while brushing your teeth.

Laundry

12. Wash clothes in cold water. Use hot water only for very dirty loads.
13. Do only full laundry loads.
14. If you must do smaller loads, adjust the water level in the washing machine to match the load size, especially when using hot water.
15. Always use cold-water rinse.
16. Use bath towels at least twice before washing them.
17. Clean your dryer's lint trap before each load.
18. Make sure that the outdoor dryer exhaust door closes when dryer is off.
19. Verify dryer vent hose is tightly connected to inside wall fitting.
20. Check that the dryer vent hose is tightly connected to the dryer.
21. Make sure dryer vent hose is not kinked or clogged.
22. Minimize clothes drying time: Use moisture sensor on dryer if available.
23. Dry consecutive loads to harvest heat remaining in dryer from last load.
24. Consider using a "solar-powered" clothes dryer, an old-fashioned clothesline.



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



Kitchen

25. Use your refrigerator's anti-sweat feature only if necessary.
26. Switch your refrigerator's power-saver to "ON," if available.
27. Clean refrigerator coils annually.
28. Set the refrigerator temperature to 34 degrees – 37 degrees and freezer temperature to 0 degrees – 5 degrees Fahrenheit.
29. Ensure gaskets around door seal tightly.
30. Unplug unused refrigerators or freezers.
31. Use microwave for cooking when possible.
32. When cooking on the range, use pot lids to help food cook faster.
33. If you are heating water, use hot tap water instead of cold.
34. Remember to use the kitchen exhaust fan when cooking and turn it off after cooking.
35. Let hot food cool before storing it in the refrigerator.
36. Rinse dirty dishes with cold water before putting them into the dishwasher.
37. Use cold water for garbage disposal.
38. Only run dishwasher when fully loaded.
39. Use air-dry cycle instead of heat-dry cycle to dry dishes.



Lighting

40. Replace any light bulb that burns more than one hour per day with its equivalent compact fluorescent bulb.
41. Turn off unnecessary lighting.
42. Replace outdoor lighting with its outdoor-rated equivalent compact fluorescent bulb.
43. Use fixtures with electronic ballasts and t-8, 32 – Watt fluorescent lamps.
44. Use outdoor security lights with a photocell and/or motion sensor.



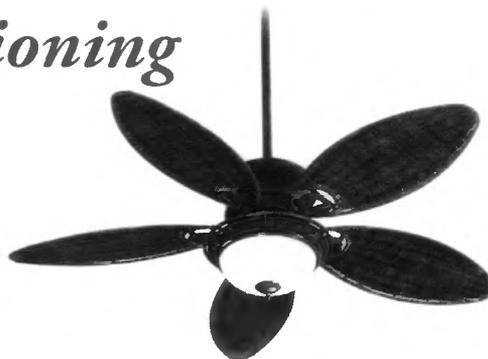
Miscellaneous

45. Turn computers and monitors off when not in use.
46. Make sure electric blankets are turned off in the morning.
47. Turn waterbed heater off when not needed.
48. Turn large-screen TV's off completely when not in use.
49. Turn off stereos and radios when not in use.
50. Remember to turn off hair curling irons and hot rollers.
51. Turn off coffee makers when not in use.
52. Turn off pool pump and/or heater when not needed.
53. Verify livestock water tank heaters are off when not needed.
54. Make sure heat tape is off when not needed.
55. Unplug battery chargers when not needed.
56. Ensure all new appliances you purchase are Energy Star- approved.



Heating & Air Conditioning

57. Set thermostats to 78 Degrees Fahrenheit in summer and 68 degrees Fahrenheit in the winter.
58. Run ceiling paddle fans on medium, blowing down in summer.
59. Run ceiling paddle fans on low, blowing up in winter.
60. Change HVAC filters monthly.
61. When installing new filters, make sure they are facing in the correct directions.
62. When heating or cooling, keep windows locked.
63. Insulate electric wall plugs and wall switches with foam pads.
64. Caulk along baseboards with a clear sealant.
65. Close fireplace dampers when not burning a fire.
66. Caulk around plumbing penetrations that come through walls beneath bathroom and kitchen sinks.
67. Caulk electrical wire penetrations at the top of the interior walls.
68. Close shades and drapes at night to keep heat in during winter.
69. Make sure drapes and shades are open to catch free solar heat in winter.
70. Close shades and drapes during the day to help keep heat out during summer.
71. Ensure attic access door closes tightly.
72. Insulate attic access door.
73. Make sure insulation in your attic does not block soffit vents.
74. Do not close off unused rooms that are conditioned by forced-air systems.
75. Do not close supply air registers.
76. Ensure return air grilles are not blocked by furniture or bookcases.
77. Ensure windows and doors are properly weather-stripped.
78. Make sure outside soffit vents are not blocked.



79. Do not use roof-top power ventilators for attic exhaust as they may evacuate conditioned air from your home.
80. Have your HVAC system serviced once per year by a NATE-certified technician.
81. Monitor your home's relative humidity in the summer. If it consistently stays in the 60-percent range or higher, ask your HVAC technician about lowering your central air conditioning unit's indoor fan speed.
82. Ensure window A/C units are weather-stripped.
83. Ensure windows with window mounted A/C units have weather-stripping between the middle of the top and bottom pane.
84. Remove and clean window A/C filter monthly.
85. Keep "fresh-air" vents on window A/C units closed.
86. Minimize use of electric space heaters.
87. When using the fireplace, reduce heat loss by opening damper in the bottom of the firebox (if provided) or open the nearest window slightly.
88. Caulk around basement windows.
89. In a basement, seal the sill and band joist with durable caulking or foam sealant.
90. Ensure floor registers are not blocked with rugs, drapes or furniture.
91. Ensure your outdoor heat pump/air conditioning unit is kept clean and free of debris.
92. Outside your home, caulk around all penetrations including telephone, electrical, cable, gas, water spigots, dryer vents, etc.
93. Caulk around storm windows.



94. Use heavy-duty, clear sheets of plastic on the inside of windows to reduce the amount of cold air entering your home.
95. Verify your supply air duct "boots" (behind supply air registers) are caulked to your ceiling or wall sheetrock or flooring.
96. If in unconditioned space, verify your ducts are tightly connected to your HVAC equipment.
97. Verify all outdoor doors (including storm doors) close and seal tightly.
98. In two-story homes serviced by one HVAC system, a paddle fan at the top of the stairs can push down hot, second floor air.
99. Install 15 minute, spring-wound timers on bathroom ventilator fans.
100. Always run your HVAC system fan on "AUTO." Running it on "ON" uses more electricity and can decrease your air conditioner's ability to remove moisture.
101. Keep your garage door down. A warmer garage in the winter and cooler garage in the summer will save energy.

Member Meetings

We've held member meetings in the spring and fall for many years, and we've enjoyed answering members' questions and hearing their concerns.

This fall, we'll have meetings in Hardin on November 10, Jacksonville on November 13, Carrollton on November 17, and Pittsfield on November 18.

They're evening meetings, and we provide supper. If you'd like to attend please call Dorothy Cox at 1-800-468-4732 or 1-217-243-8705.

NEWS, NOTES & VIEWS 12/08

Co-op Connections Card

You should have received your Co-op Connections card in September. In its first month of usage, it saved our members hundreds of dollars with their prescriptions. On average, the member saved \$13 per prescription. Remember the card will give you discounts of up to 10 to 60 percent on prescriptions at participating pharmacies, including CVS, Walgreens, Wal-mart, Target and more.

We have also had several local businesses sign up to give our member's discounts. Here are some of the businesses listed by town.

Beardstown

Fiesta Grande

Jacksonville

Doyle Family Chiropractic
 Reese Family Chiropractic
 Aaron's Sales and Lease
 Enterprise Rent a Car
 Kevin Denney Precious Jewelers
 Seymour's Gold & Silver Exchange
 Dunham's Sports
 Wareco Car Wash
 Perkins Restaurant & Bakery
 Papa Murphy's
 East Street Lounge
 Bahan's
 El Rancherito
 Dairy Queen
 Godfather's Pizza
 Bill Wade Photography



Meredosia

The Approach Restaurant & Lounge

Pittsfield

Butler Farms Outdoor Adventure
 Butler Farms Lodge
 Carnes Trailer World
 Carnes Communications

Springfield

Nelson's Catering

To see the discount each business is offering, visit our website at www.e-co-op.com or call us and we will send you a listing.



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



Lineman's Safety Rodeo





The Linemen's Safety Rodeo is an annual event sponsored by the Safety Committee of the Association of Illinois Electric Cooperatives. It was held in October this year because most Illinois electric cooperatives, including yours, had crews working to restore service in Louisiana after the hurricane in September.

Your cooperative's championship 2008 team consisted of apprentice Mike King on the left in all of the pictures, apprentice Zack Vedder, center in the picture on the lower left, and rodeo veteran, area serviceman Nick Freeman.

Mike and Zach are pictured in contest to change a "cutout," the gray device Zach is touching with his left hand. A cutout holds a fuse which will blow to prevent electricity from flowing when there's a problem on the line.

The events are scored on time and on doing the job safely.

Seven 2009 Memorial Scholarships Available

Robert A. Brown, President of Illinois Rural Electric Cooperative has announced that for the fourteenth 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. All applications are due December 31, 2008.

For more information contact Dorothy Cox at Illinois Rural Electric Cooperative at 217-243-8705 or ask your high school guidance counselor.