

President's Report



William R. Dodds
President/CEO

YOU get the credit

Spoon River Electric retires more than \$244,000 to members

It's time for you to get the credit—capital credits, that is—for helping build, sustain and grow your local electric cooperative. This summer, Spoon River Electric retires – or pays by cash or credit – more than \$244,000 to members like you across portions of five counties served by the co-op.

When you signed up to receive electric service from Spoon River Electric, you became a member of an electric utility. While investor-owned utilities return a portion of any profits back to their shareholders, electric co-ops operate on an at-cost basis. So instead of returning leftover funds, known as margins, to folks who might not live in the same region or even the same state as you do, Spoon River Electric allocates and periodically retires capital credits (also called patronage dividends, patronage refunds, patronage capital or equity capital) based on how much electricity you purchased during a year.

This year, members from the years 1976 and 1977 will receive capital credits retirements through check in the mail, reflecting their contribution of capital to, and ownership of, the cooperative during those years. That may seem like a long time ago. However, those funds helped us keep the lid on rates, reduced the amount of money we needed to borrow from outside lenders to build, maintain, and expand a reliable electric distribution system, and covered emergency expenses.

For more information on this part of the co-op business, read the following Q&A:

Common capital credits questions:

✔ WHAT ARE CAPITAL CREDITS?

An electric cooperative operates on an at-cost basis by annually “allocating” to each member, based upon the member’s purchase of electricity, operating revenue remaining at the end of the year; later, as

financial condition permits, these allocated amounts—capital credits—are retired. Capital credits represent the most significant source of equity for Spoon River Electric. Since a cooperative’s members are also the people the co-op serves, capital credits reflect each member’s ownership in, and contribution of capital to, the cooperative. This differs from dividends investor-owned utilities pay shareholders, who may or may not be customers of the utility.

✔ WHERE DOES THE MONEY COME FROM?

Member-owned, not-for-profit electric co-ops set rates to generate enough money to pay operating costs, make payments on any loans, and provide an emergency reserve. At the end of each year, we subtract operating expenses from the operating revenue collected during the year. The balance is called an operating “margin.”

✔ HOW ARE MARGINS ALLOCATED?

Margins are allocated to members as capital credits based on their purchases from the cooperative—how much power the member used. Member purchases may also be called patronage.

✔ DOES AMEREN RETIRE CAPITAL CREDITS?

No. Within the electric industry, capital credits only exist at not-for-profit electric cooperatives owned by their members.

✔ ARE CAPITAL CREDITS RETIRED EVERY YEAR?

Each year, the Spoon River Electric Board of Directors makes a decision on

Continued on 20B

Holiday office closings

Our office will be closed December 24-25 for Christmas and December 31 and January 1 for New Year's.

Spoon River Electric Cooperative

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Spoon River Electric Cooperative – By the Numbers

Miles of line energized: 1,272
Number of members served: 5,022
Number of power poles
in territory: 29,361

Capital Credits continued from 20A

whether to retire capital credits based on the financial health of the cooperative. During some years, the co-op may experience high growth in the number of new accounts, or severe storms may result in the need to spend additional funds to repair lines. These and other events might increase costs and decrease member equity, causing the board not to retire capital credits. For this reason, Spoon River Electric's ability to retire capital credits reflects the cooperative's strength and financial stability. The board alone decides whether to retire capital credits.

❑ DO I LOSE MY CAPITAL CREDITS IN THE YEARS THE CO-OP DECIDES NOT TO MAKE RETIREMENTS?

No. All capital credits allocated for every year members have been served by Spoon River Electric are maintained until such time as the board retires them. Prior to this year, Spoon River Electric retired all capital credits up to the year 1978.

❑ WHAT YEARS WILL BE RETIRED IN 2018?

Spoon River Electric will be retiring all of the remaining capital credits to members who purchased electricity from the cooperative in 1976 and 1977.

❑ HOW MUCH WILL BE RETIRED IN TOTAL IN 2018?

\$244,475.61

❑ I DID NOT GET ELECTRIC SERVICE FROM SPOON RIVER ELECTRIC IN 1976 OR 1977. WILL I GET ANY RETIREMENT?

No. This year, capital credit retirements will only be made to members who purchased electricity in 1976 and 1977.

❑ HOW MUCH HAS SPOON RIVER ELECTRIC PAID IN TOTAL CAPITAL CREDITS RETIREMENTS SINCE IT BEGAN IN 1938?

Spoon River Electric has paid over \$1.1 million in capital credits retirements to current and former members to date.

❑ HOW OFTEN DO MEMBERS RECEIVE CAPITAL CREDIT RETIREMENTS?

The Spoon River Electric Board of Directors makes a decision each year whether or not to retire capital credits. When the cooperative is strong enough financially and member equity levels high enough, the board directs staff to retire some portion of past years' capital credits.

❑ HOW WILL THE RETIREMENT WORK?

Active members who purchase electricity from Spoon River Electric and those inactive or former member who no longer purchase electricity from Spoon River Electric (but who purchased electricity during the years 1976 and 1977 which is being retired) will receive a check the before the end of 2018.

❑ WHAT IF I HAVE MOVED?

If you move or no longer have electric service with Spoon River Electric, it is important that you inform the cooperative of your current address, so that future retirements can be properly mailed to you. If you purchased electricity during the years being retired, then you are entitled to a capital credit retirement, even if you move out of the Spoon River Electric service area. If it has your current address, then Spoon River Electric will send your retirement check by mail.

Local organizations receive \$5,500

through Spoon River Electric's Operation Round-Up

The Spoon River Electric Cooperative Operation Round-Up (ORU) Committee

recently awarded \$5,500 to four local organizations

through its Operation Round-Up Program. The organizations that received funding include Dickson Mounds Museum Society - \$1,000 for their 2019 Tot Time Program, Lewistown Association of Churches Food Pantry- \$1,500 towards food items, Cuba Cares - \$1,500 to help upgrade the lighting on the band stand, and Cuba Church of the Nazarene - \$1,500 to help assist local teens to attend Youth Conference.

"The staff at Dickson Mounds is delighted to receive the Operation Round-Up grant from Spoon River Electric. This contribution will help provide unique, educational experiences for toddlers and their caretakers from the surrounding communities throughout the 2019 Tot Time program series," states Christa Christensen, Curator of Education.

"At Tot Time, it's always wonderful to see how everyone's face lights up during these programs. Whether they are planting trees or prairie plants, petting turkeys or pigs, watching dragonflies swoop around the Discovery Center, or even touching a longnose gar, participants, young and old, truly seem to enjoy themselves at each program. We greatly appreciate the support to continue Tot Time."

These donations are made possible by the generous members of Spoon River Electric who voluntarily make the decision each month to "Round-Up" their electric bill to the next dollar and donating this "extra change" directly to the Operation Round-Up Program. All of the funds collected are donated back into our communities as charitable grants. The average donation a member makes annually is about \$6.

For more information about the Operation Round-Up Program, visit our website: srecoop.org under the Operation Round-Up tab.



Dickson Mounds Museum Society



Lewistown Association of Churches Food Pantry



Cuba Cares



Cuba Church of the Nazarene



Give gifts that keep on giving

As you grab your hot chocolate and favorite blanket to cozy up and begin making this year's holiday gift list, consider the often overlooked but practical present: an energy efficient gift. While it may not be the usual book, shower gel or coffee mug, energy efficient gifts keep on giving.

According to Energystar.gov, the typical U.S. household spends more than \$2,000 a year on energy bills. Beyond the combined 42 percent of annual energy consumption spent on heating and cooling, the next biggest and fastest growing category is electronics, accounting for 21 percent.

To get you started, Safe Electricity compiled a list of energy-saving gift ideas. Some will appeal to your frugal Uncle Norman who refuses to tip after a good restaurant meal while others will appease your favorite gadget junkie.

Around the house

- LED light bulbs – Upgrading 15 incandescent light bulbs in your home to LEDs could save about \$50 per year
- Smart power strips – This gadget decreases power to electronics when not in use
- Surge protector or power strip with wireless remote – Allows the

user to completely shut off power, including standby power, for up to six devices

- Smart or programmable thermostat — most smart versions learn your habits to keep your home comfortable and save energy at the same time
- Blankets and warm clothing – To use and wear indoors so the thermostat can be turned down a few degrees
- Tablet or laptop – Takes less energy to run than a desktop computer
- Rechargeable battery kit
- Room occupancy sensors – Lights turn on when you enter a room and off when no one's there
- Kitchen gadgets – An electric pressure cooker (expedites cooking), a slow cooker (uses less energy to cook) or a multipurpose version, such as an Instant Pot®, that offers several cooking features in one pot, such as pressure, slow, and steam cooking
- Power tools – Look for the ENERGY STAR® label for the energy efficient tools
- For the energy conscious
- Home electricity monitor – Gives real-time feedback on energy use and tracks energy stats
- Low-flow showerheads and

faucet aerators — These may not be at the top of someone's gift list, but they can reduce water consumption by 50 percent

- Thermal leak detector – a device that uses infrared sensors to detect power-draining drafts in the home. Plugging leaks can save up to 20 percent in heating and cooling costs

Because solar is cool

- Solar backpack – Ability to charge a cell phones or other gadgets while walking outdoors
- Solar-powered electronics – Items such as lights, battery chargers, wireless speakers and computer keyboards are a few examples
- Solar-powered toys – A great way to teach kids about renewable energy

For that special someone (even if that someone is you)

- ENERGY STAR® rated TV – These green versions are on average 27 percent more energy efficient than conventional models, saving energy in all usage modes: sleep, idle and on
- For more energy efficiency tips, go to SafeElectricity.org.