



Alan W. Wattles

## Across The President's Desk

## A look into 2019

As I sit here writing a column for 2019 and trying to give a look into what we expect to happen, I would first like to give you a snapshot of how 2018 has progressed.

MCEC has had another successful year in many areas. Our financials are in good shape, operations have performed well and our goal of more member/community interaction has increased. I will breakdown a couple of the areas that are strategic in nature for MCEC and give you some insight as to how this will impact 2019.

Financially, our long-term goal is to increase our equity percentage to above 40 percent so we can take advantage of cheaper interest rates from our lender. We feel this will help make MCEC more stable for the future. Historically, MCEC has had an equity percentage averaging around 26-30 percent. Currently, we expect to finish the year around 31.61 percent. We are completing year two in our 10-year financial forecast and have placed the goal of increasing the equity percentage to over 40 percent. The board has set the bar to increase the percentage up to 1.5 percent/year over those 10 years to achieve that goal.

Secondly, the MCEC board of directors has also included returning capital credits again and will continue to do so as part of the strategic plan. We see this as setting ourselves apart from other utilities. We are returning \$200,000 this year in a general retirement, with \$120,000 being returned from 1994 and \$80,000 being returned from 2018. We want this type of hybrid approach to continue to help us reach all our membership and let them know we are here

to be a partner in their quality of life.

Operationally, we have implemented a plan to replace our meter reading system over the next 4-5 years. We are approaching the time that our current system would need to be significantly upgraded. The install of a new system will allow us to slowly do this in a coordinated effort and allow us to run both systems simultaneously until we have replaced the current meter reading system. We have budgeted ~\$1.3 million over four years for the new system. Upgrading the current system would have cost ~\$1.3 million as well. Construction wise, we are planning to continue replacing underground cable in mature subdivisions and continue working on maintaining our forested areas with right-of-way clearance. The forestry group has done a great job with gaining traction in the clearing of problem areas and we plan to keep it that way. This helps reduce outages and makes restoration times shorter when trees are not an issue.

Power cost looks to be stable for 2019. SIPC has worked hard to control costs and their five-year plan looks to have stable rates while using some deferred revenue to hold the cost to the members systems through 2023. Our power cost for this year is projected to finish at \$.082. Our load factor wasn't as good as we had hoped for and this led to a higher than budgeted cost for the year. We have the power cost for next year budgeted at \$.0815. The energy cost line on your monthly bill will be \$.0864 starting on the Feb. 1 bill for 2019 (Rates 1 & 16).

MCEC's consumer charge will be increasing from \$40 per month for

residential rates to \$45. Only rates 1, 5 and 16 are affected by the \$40 to \$45 increase. Rate 30 will increase to \$35. We see this needed increase to maintain stability with rising material costs for inventory, wages/insurance for employees and to maintain our financial ratios for our lender. This increase, which will be on the Feb. 1 bill, is all a part of increasing the equity percentage as well as having sufficient cash to repay the capital credits in 2019 that I stated earlier.

One part on your bill that will decrease is the PCA (power cost adjustment) charge. We have been averaging approximately \$.00657+ on your bill this year due to higher power costs and needed revenue to meet our obligations. This charge will zero out and we should be at \$0 to a minimal PCA factor for 2019. This is a revenue shift from a variable item in the PCA charge per kWh to a fixed charge in the consumer charge per month.

Speaking of obligations, MCEC looks at the budgeting process as a tool to determine where we are headed in the next year. We also use the 10-year financial forecast to see if over the course of time, by deciding to do the different items we listed above, how they impact the next few years. With the board of directors' guidance, we plan to continue down the path we started strategically over two years ago, which is to make MCEC stronger financially while improving reliability and maintaining a relationship with our members.

Thank you for taking a look at 2019 with me and I hope and pray all have a safe and successful 2019!



## High School Juniors!!! Enter to win a trip to Springfield and Washington, D.C.!

Each year, Monroe County Electric Co-Operative (MCEC) sends two high school students to Washington, D.C. on an all-expense paid, week-long education trip where they learn how the government and electric cooperatives operate.

The cooperative's participation in the annual event also includes Youth Day in Springfield. Each year, nearly 300 students get an up close and firsthand look at democracy in action when they meet their elected representatives during Illinois Electric and Telephone Cooperatives' Youth Day. Participants tour the Capitol, visit the Abraham Lincoln Museum and meet students from across Illinois.

The cooperatives will send up to 18 candidates to Springfield for Youth Day to visit the Capitol and Abraham Lincoln museum. The event this year will be held on Wednesday, April 3.



### Youth to Washington

Youth Tour was established with one thought in mind – to inspire our next generation of leaders. Since 1964, more than 50,000 young Americans have taken advantage of this special opportunity offered by their electric cooperative.

In 2019, it takes place June 14-21, when hundreds of electric co-ops across the country send participants to Washington, D.C. for a chance to learn about the cooperative business model and a full week of sightseeing.

While in D.C., participants have a chance to meet their elected officials and discuss the issues that are important back home. Without a doubt, Youth Tour has grown into an invaluable program that gives young Americans an experience that will stay with them for the rest of their lives.



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## Meet the Employees



**Keith Jones**

*Director of Engineering & IT*

### Tell us about yourself

I live in Waterloo, Ill. with my wife (Betsy) and six children (Ellianah, Bella, Kate, Ariel, Esther and Aaron). I've been with MCEC for 13 years doing engineering and IT. My wife runs a produce and egg

farm, so between the farm and kids the to-do list is never ending.

### When I was a child, I wanted to be:

I don't know... My dad said I was going to be an engineer, so that's what I did.

### If I could have any meal to eat, it would include:

Anything my wife cooks. She's an amazing cook!

### Describe the best vacation you ever took:

My brothers and sister surprised my dad for his 50th birthday in Mexico.

### Do you have a collection of something?

Nope.

### What was your favorite thing to play as a child?

War in the woods. We'd pretend sticks were guns.

### What do you see yourself doing after you retire?

I don't ever see myself retiring from farming. So, I guess farming is what I'll do when I retire; that and be a grandpa.

## MCEC line outages - November 2018

Date	Duration	# Out	Location	Cause Desc	Substation
11/2/2018	1:14	61	Saeger/Wirth Rd	Small Animals Or Birds	Millstadt
11/4/2018	2:29	801	New Athens Area	Power Supplier	New Athens
11/4/2018	2:26	982	Smithton Area	Power Supplier	Smithton
11/7/2018	0:52	8	Keim Rd	Maintenance	Millstadt
11/11/2018	2:30	24	B Rd	Other, Deterioration	Fountain
11/16/2018	1:01	14	Wooded Oak Trail	Corrosion	East Carondelet
11/18/2018	2:04	404	Waterloo South	Small Animals Or Bird	Poe
11/25/2018	0:12	145	Smithton West	Vehicles Or Machinery	Smithton
11/25/2018	2:10	2	Mullins Rd	Trees, Other	East Carondelet
11/25/2018	2:52	35	Old Farm Rd	Trees, Other	Millstadt
11/26/2018	4:38	5	Black Jack Rd	Trees, Other	Poe
11/26/2018	2:04	2	Levee Rd	Trees, Other	Columbia
11/30/2018	1:51	10	Brand Woods Dr	Other, Deterioration	Poe
11/30/2018	0:09	73	Five Forks Rd	Maintenance	New Athens



## Co-op enters lighted truck floats in local parades again this year

The cooperative entered four area lighted parades this year with decorated truck floats.

The parades we entered were in Waterloo, Columbia and Red Bud. There was judging on all the floats, and the cooperative received first place at the Waterloo parade.

We hope everyone attending the parades enjoyed all the festivities!



## Home Generator Systems

You cannot control Mother Nature and now would be a good time for you to purchase a standby generator. Monroe County Electric Co-Operative offers the Briggs & Stratton Home Generator System line of standby generators. Briggs & Stratton is one of the leading and most well-known names in small engines.

These units are available with transfer switches that automatically start the unit and transfer to standby power in the event of a power outage. When electric service is restored, the transfer switch switches back to utility power and shuts the generator down.

Many homes and small businesses have pumps, fans, computers and other equipment that require them to have a continuous supply of electric power. With a Briggs & Stratton Home Generator System, you never have to worry about another power outage. With the automatic transfer

features, you know your processes and equipment are always operating, even when you are gone. The Briggs & Stratton product line was chosen for its long history in the small engine business and its commitment to a quality line of products at reasonable prices.

**Contact MC Electric at 618-282-7788 for a free quote.**



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