

President's Report



William R. Dodds
President/CEO

YOU get the credit

Spoon River Electric retires more than \$429,000 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 Cooperative (SREC) retired—or pays by cash or credit—more than \$429 thousand to members like you across portions of five counties served by the co-op.

When you signed up to receive electric service from SREC 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, SREC 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, 1978 & 2001 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 cooperative 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 SREC. 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 SREC Board of Directors decides on whether to retire capital credits based on the financial health of the co-op. During some years, the co-op may experience

Continued on 20B



2020 ELECTION

Don't forget to vote on
November 3rd!

Spoon River Electric Cooperative

930 South Fifth Ave, PO Box 340,
Canton, IL 61520
8:00 a.m. – 4:30 p.m.
309-647-2700 • srecoop.org

President/CEO

William R. Dodds
bdodds@srecoop.org

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John Spangler, Marietta

Editor of Spoon River News

Taryn Mellert
tmellert@srecoop.org

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

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, SREC’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 SREC are maintained until such time as the board retires them. Prior to this year, SREC retired all capital credits up to the year 1978.

WHAT YEARS WILL BE RETIRED IN 2020?

SREC will be retiring all the remaining capital credits to members who purchased electricity from the cooperative in 1978 and 2001.

HOW MUCH WILL BE RETIRED IN TOTAL IN 2020?

\$429,699.40

I DID NOT GET ELECTRIC SERVICE FROM SREC IN 1978 OR 2001. WILL I GET ANY RETIREMENT?

No. This year, capital credit retirements will only be made to members who purchased electricity in 1978 and 2001.

HOW MUCH HAS SREC PAID IN TOTAL CAPITAL CREDITS RETIREMENTS SINCE IT BEGAN IN 1938?

SREC has paid more than \$1.5 million in capital credits retirements to current and former members to date.

HOW OFTEN DO MEMBERS RECEIVE CAPITAL CREDIT RETIREMENTS?

The SREC Board of Directors decides each year whether 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 SREC and those inactive or former members who no longer purchase electricity from SREC (but who purchased electricity during the years 1978 and 2001, which is being retired) will receive a check the before the end of 2020.

WHAT IF I HAVE MOVED?

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



Energy Efficiency Tip of the Month

Keep cold air out to save energy. Seal air leaks around pipes and any gaps around chimneys and unfinished spaces behind cupboards and closets.

Source: energy.gov.

Four ways to save energy in the kitchen

Ah, the kitchen. It's undeniably one of the most-loved rooms in our homes. It's where we gather with family and friends for our favorite meals and memories. But like most of us, you probably aren't thinking about saving energy when you're planning that perfect dish. Here are four ways you can save energy in the kitchen with minimal effort.

When possible, cook with smaller appliances.

Using smaller kitchen appliances, like slow cookers, toaster ovens and convection ovens, is more energy efficient than using your large stove or oven. According to the Department of Energy, a toaster or convection oven uses one-third to one-half as much energy as a full-sized oven.

Unplug appliances that draw phantom energy load.

Halloween may be over, but it's possible you have energy vampires in your kitchen – these are the appliances that draw energy even when they're not in use, like coffee makers, microwaves and toaster ovens. The Department of Energy has estimated that one home's energy vampires left plugged in year-round can add up to \$100-\$200 in wasted energy costs. Unplug them when they're not in use, or better yet, use a power strip for convenient control.



Help large appliances work less.

There are small ways you can help your larger kitchen appliances run more efficiently. For example, keep range-top burners clean from spills and fallen foods so they'll reflect heat better. When it's time to put leftovers in the refrigerator, make sure the food is covered and allow it to cool down first. That way, the fridge doesn't have to work harder to cool warm food.

Use your dishwasher efficiently.

Only run full loads and avoid using the "rinse hold" function on your machine for just a few dirty dishes;

it uses 3-7 gallons of hot water each use. You can save energy by letting your dishes air dry. If your dishwasher doesn't have an automatic air-dry switch, simply turn it off after the final rinse and prop the door open so the dishes will dry faster.

The best way to save energy is to not use it. Try a tasty, no-bake dessert recipe. Your sweet tooth (and energy bill!) will thank you. By slightly adjusting a few of your habits in the kitchen, you'll be well on your way to energy savings.





Thomas H. Moore Illinois Electric Cooperative Memorial Scholarship Program

The Illinois Electric Cooperative (IEC) Memorial Scholarship Program awards twelve \$2,000 scholarships annually to deserving students in the “electric cooperative family” entering college to assist them with their educational costs.

About the scholarships

- 6** scholarships are awarded to high school seniors who are the sons or daughters of an Illinois electric cooperative member receiving service from the cooperative (deadline to apply Dec. 31, 2020).
- 4** scholarships are reserved for high school seniors enrolling full-time at a two-year Illinois community college who are the sons or daughters of Illinois electric cooperative members, employees or directors (deadline to apply Dec. 31, 2020).
- 1** scholarship, the Earl W. Struck Memorial Scholarship, is awarded to a high school senior who is the son or daughter of an Illinois electric co-op employee or director (deadline to apply Dec. 31, 2020).
- 1** scholarship, the LaVern and Nola McEntire Lineworker’s Scholarship, is awarded to a student to attend the lineworker’s school conducted by the Association of Illinois Electric Cooperatives in conjunction with Lincoln Land Community College, Springfield, IL (deadline to apply April 30, 2021).

**For more information about the IEC Memorial Scholarships,
please contact Taryn Mellert at 309-647-2700 or email
tmellert@srecoop.org. Information is also available online at
aiec.coop/iec-scholarship**