

Mission Statement:

Improving the quality of life of our member-owners.

James B. Riddle
*Executive Vice President/
General Manager*

Board of Directors

Gilbert Kroening, *President*
Paul Pyatt, *Vice President*
Raymond Mulholland, *Secretary-Treasurer*
Larry Ebers
Allen Haake
Paul Hicks
Kevin Liefer
Randall Campbell

Office Closings

Presidents' Day,
Monday, February 15

What to do if the power goes off

1. Check your main fuses or circuit breakers.
2. Check your meter pole or pedestal. If you have breakers, make sure they are "on" by first pushing to the 'off' position and then pushing them to the 'on' position. If you live in a mobile home, codes require a main disconnect near the meter. If you have a dusk-dawn light and it is working, you have a breaker or fuse out.
3. Check with your neighbors. If they are out of power also, the main line is most likely out.
4. During office hours: Steeleville 965-3434 or Murphysboro 684-2143 or (800) 606-1505 for either office. After office hours call (800) 606-1505.
5. Make sure you have the name on the account and if possible, the account number.

Power Cost Adjustment Explained

A little over a year ago, members of Egyptian Electric saw a new item on their monthly bill entitled "Power Cost Adjustment" (PCA). At that time, it was explained why a PCA was needed and why it was the fairest method of ensuring the cooperative received the revenue required to cover escalating costs of wholesale power. I thought it might be time once again to discuss the PCA; why it is needed, what factors drive it and what the future looks like.

To establish rates that are fair to all sectors of Cooperative membership, residential, commercial, agricultural, industrial, single phase and three phase accounts, cooperatives generally commission rate studies. These studies look at cost factors of providing electric service to the different categories and then recommend rates that provide the same level of return equitably from all groups. One of the cost factors used during this process is the average cost of the electricity that the cooperative purchases on behalf of our members.

In the past, the wholesale cost of electricity had been fairly predictable, allowing us to reliably forecast rate needs for several years. That is until two years ago, when several factors caused the wholesale cost of electricity to rise dramatically and unpredictably.

Factors, such as uncertainty with deregulation and environmental compliance guidelines in the 90s, caused anxiety with utilities needing

to build generating capacity. Not willing to risk making large investments during periods of uncertainty, utilities either took no action or turned to short-term solutions. As electricity demand increased in the last two decades, surplus power has become scarce, causing the wholesale cost of electricity to increase dramatically.

Additionally, the rise in global demand for steel, concrete, aluminum and coal in developing countries caused materials that utilities are dependent on to rise dramatically, increasing the cost of operations.

All of this has caused the certainty of wholesale costs to be a thing of the past. To ensure Egyptian Electric receives the revenue needed to meet variable power costs, we initiated the Power Cost Adjustment. Should the cost of wholesale power rise above the level used in the last rate study, the amount above the study level is levied as a PCA. As the base rate ensures the operating costs of the cooperative are met, the PCA provides only the additional revenue required to pay increased costs of wholesale power. If wholesale power

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Jim Riddle

Executive
Vice President/
General Manager



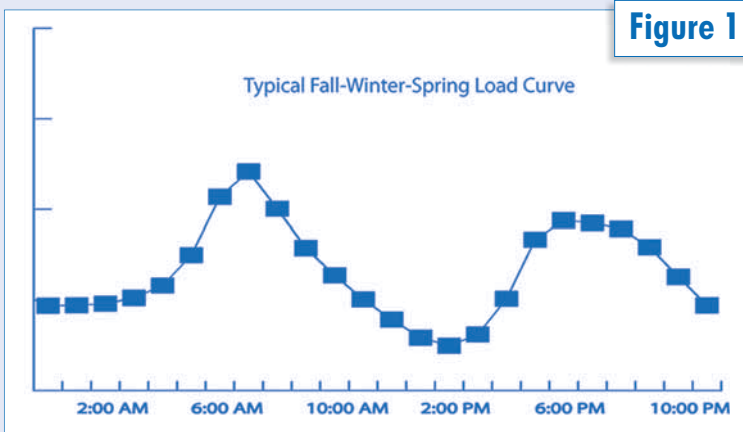


Figure 1

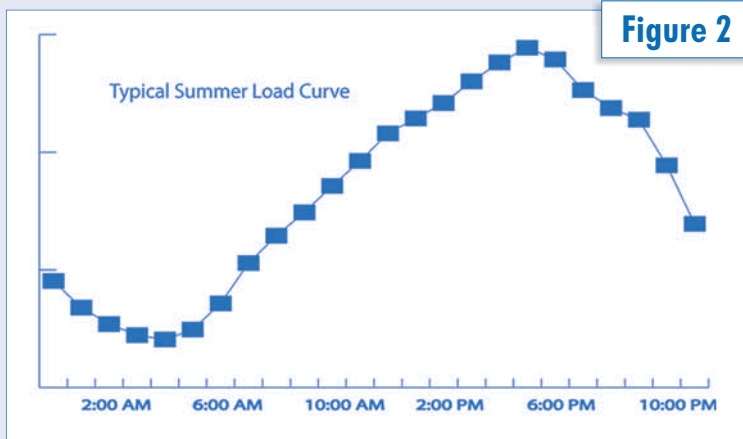


Figure 2

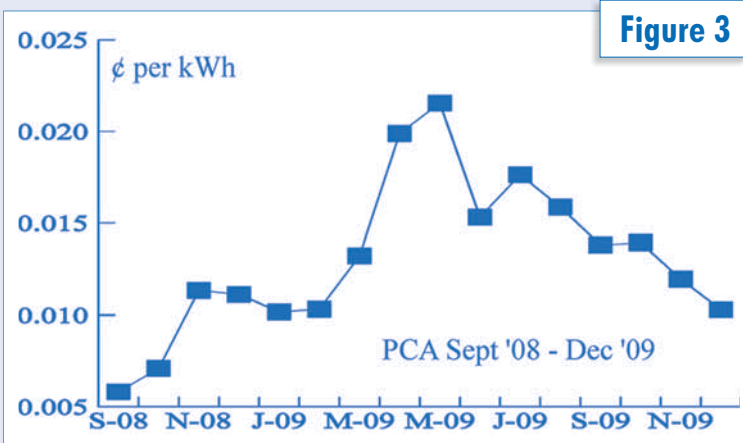


Figure 3

costs decline, the PCA does also. The PCA is driven by three factors, the cost of grid electricity (discussed above), fuel costs and our load factor.

Last year, Illinois Basin coal rose from a fairly historic price of \$30 per ton to over \$90 per ton, with prices today in the \$35-40 range. This increase was reflected in the fuel cost portion of our wholesale

power cost from SIPC. To mitigate the immediate impact of the rapid escalation of coal prices, SIPC uses a 12-month rolling average for fuel costs. This keeps escalating prices from impacting us immediately. You might think of it as similar to the budget billing we offer our members to lessen the impacts of months with high usage.

While Egyptian Electric and you have little control over the first two variables of the PCA, you have some control over load factor. Load factor is a ratio of kWh's used in relation to the peak demand. The higher the load factor, the lower our average cost per kWh is. As our wholesale power bill is based on the energy we purchase and the demand we set, a lower load factor means there are fewer kWh's to spread the demand charges across.

Our substations have demands typical to the graph in figure 1 for all but the summer months, which is the graph in figure 2. In all but the summer months, we normally see two peaks during the day; in the morning from 7 a.m. to 9 a.m. and in the late afternoon from 6 p.m. to 9 p.m. During the summer our peak period is 4 p.m. to 7 p.m.

While a portion of the peak can be contributed to cold temperatures during those periods, much of it is driven by choices. Showers, cooking of breakfast meals and other morning activities are activities we can hardly change or defer. However, if you are in the habit of setting the thermostat back overnight on a heat pump thinking you are saving electricity, you do have a choice.

Setting the thermostat back on a heat pump is actually very inefficient and will cause you to use more energy than setting it and leaving it alone. Heat pumps are extremely efficient but the auxiliary electric heat is not. When you set the thermostat down and then raise it up, you force the heat pump to use the auxiliary electric heat to raise the temperature. Auxiliary electric heat is not only less efficient, it also has a high demand.

Some utilities use demand side management programs to help lower demand costs and thereby the average cost of electricity. Up to this point, we have preferred to allow our members to use electricity as they wish with no external controls from us. We do know, though, how

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Accountability : We act in accordance with our core purpose and values.

important keeping rates as low as possible is to you and we may have to look at water heater controls and other programs in the future.

As to the future of the PCA, we do forecast it to continue to reduce slightly for the next several months. Unless something unforeseen occurs in the coal markets, we anticipate a slight reduction in fuel prices, then a period of stability. Should the economy suddenly catch fire though, our forecasts and plans could easily be wrong. Figure 3 shows how the PCA increased last year due to fuel costs but has been decreasing for the last six months or so.

To help us keep rates as low as possible, I ask you to become more aware of when you use electricity. If you can avoid the use of high demand appliances, such as clothes and dish washers and clothes dryers during peak periods and use them during non-peak periods, our load factor will improve and the PCA will reduce even further. I'm not asking anyone to do without, to make sacrifices or to quit using electricity, just to voluntarily change habits we had never thought about before.



Member Information Meeting

As the Executive Vice President/General Manager of your electric cooperative, I would like to personally invite you to Egyptian Electric's first member information meeting. It will be at 6:30 p.m. on Feb. 25, in the Administrative Building of the World Shooting Complex north of Sparta. There will be a similar meeting in March in the Carbondale area for our members from that area; we'll give you the details for that meeting next month.

These member meetings are intended to provide an opportunity for discussion between our members, our staff and board of directors. As this is your cooperative, we want to hear what you have

to say, good or bad. Tell us what we are doing wrong and what we are doing right. Nothing is off-limits.

The agenda for the night is simple. There may be a short slide presentation to start with, but the rest of the night is open to discussion from you.

These meetings are a first for Egyptian, but we intend to hold them annually. They will not be like an Annual Meeting that has a set agenda to ensure the business of the Cooperative is carried out. Informal is the rule and discussion is the requirement. See you there.

— Jim

Debunking Home Energy

Myths

Myth: Concrete is a good insulator.

Truth: Eight inches of concrete has the same insulating value as a single pane piece of glass, R .8, in other words, not much. Knowing this fact raises an additional question as to whether an unheated basement needs to be insulated.

Our answer is yes. Heat flows from the warm to cold, so with no insulating value to it, a concrete basement will allow the cold weather outside to suck heat out of the basement which then sucks it from the warm floor above.

Think of it this way, if you had a 3 foot crawlspace under your house, would you insulate it? Most likely you would for the same reason just mentioned. That being the case, other than an additional five foot of concrete wall, what's the difference between an uninsulated basement and a crawlspace? Not much except for even more concrete to suck the heat away.

Many homes could save hundreds of energy dollars every year simply by insulating basement walls. For more information on how to properly insulate basement walls, visit http://www.energysavers.gov/your_home/insulation_airsealing/index.cfm/mytopic=11470

Win a trip to Washington

Arlington National Cemetery; the Gettysburg Battlefield; the Smithsonian Museums; the Sunset Parade at the Iwo Jima Marine Corp War Memorial; a cruise on the Potomac River; the White House and the Capitol. These historic sites are viewed by many each year. For six sophomores or juniors from the high schools in our service area, it could happen this summer!

It only takes a short essay. We furnish the topic and research material; they write the essay and submit it to us. It's all a part of the national Youth to Washington program sponsored by Egyptian Electric Cooperative, our statewide association in Springfield and the National Rural

Electric Cooperative Association (NRECA) in Washington DC. Over 60 students from Illinois will make the trek in mid-June and meet up with over 1,500 fellow high school students from across the nation.

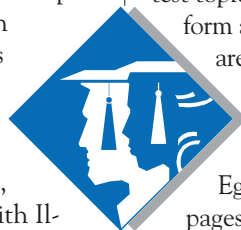
While in Washington D.C., they'll visit all of the sites mentioned above, plus more. They'll meet with Illinois Congressmen and Senators. They'll make friends they will keep forever. Most importantly, they'll have an experience that will influence and open doors for them for the rest of their life.

To find out more about the Youth to Washington essay contest, visit

our Web site at www.eeca.coop under the Youth Programs section on the left side bar. You'll find the contest topic, research material, entry form and complete details. Essays

are due at either office of the Cooperative by March 6.

For past Youth to Washington alumni from Egyptian, check out two new pages on Facebook, Egyptian Electric Cooperative Youth to Washington Alumni and Illinois Youth to Washington Tour. Join in and let everyone know what you are up to. Parents, if your son or daughter was a past participant, pass the word on to them. We'd like to hear from them.



Online Bill Payment

The number of members using our Online Bill Payment option continues to grow each month. We regularly see over 750 members paying their monthly bill through this option.

Online bill payment offers several conveniences over historic payment methods of mailing a check or paying in person. You can make your payment any time of the day, from any place you have access to a computer. You can even choose whether you would like to use an electronic check and have the funds withdrawn from your checking or savings account, or use a credit card. You need no postage stamps and you no longer need to worry whether your payment will be delivered by the due date.

If you have not used Online Bill Payment, setting it up is as easy as 1-2-3. Just go to our Web site at www.eeca.coop and click on the yellow "Pay with E-bill" box in the center. If you've already registered, just fill in your e-mail address and password. If this is your first time,

click on the Click Here to sign up for online account access. The New User Registration page will ask you for your account number (from the top right corner of a recent bill), your last name as it appears on the bill, your e-mail address and a password. If you wish to discontinue having a paper bill mailed to you and would prefer an electronic version e-mailed to you, just click on the appropriate box.

Once registered, you will be taken to the Main Menu. Here, you have several convenient functions. You can manage your e-bill account (e-mail address, password) and look at information on your electric usage (costs, usage). If you wish to make a payment, just click on the View/Pay My Bill box to go to the Account List page.

The Account List page lets you select which accounts you wish to pay (for members with multiple accounts) and how much you wish to pay. Once you click the Pay box, the Select Payment Method page will

come up, allowing you to choose whether you wish to pay by electronic check or by a credit/debit card.

The Check Payment page asks you to input your bank's routing number and your account number for either a checking account or savings account. Once you click on the submit button, do not hit your browser's back button.

If paying by credit card, the Credit Card Payment page will ask you for your credit card number, expiration date and the CSV number from the reverse side of your credit card. Again, do not hit the browser's back button.

Once the servers have processed your payment, a page will show your transaction number that you should record for verification of payment.

Online bill payment makes payment convenient and less time consuming for you. It is secure and we do not save credit card or banking information. Next time you wish to make a payment, especially those using a credit card, consider using the On-line payment system.

Teamwork: We work together to provide excellent service.