

# Illinois Country Living

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## Official Meeting Notice

Notice is hereby given that the 2011 annual meeting of the members of Southern Illinois Electric Cooperative will be held at Shawnee Community College, Ullin, Illinois, at 7 p.m., Thursday, August 4, 2011, to take action upon the following matters.

1. The report of the officers, directors, manager and committees.
2. The election of three directors of the Cooperative.
3. The matters and business set out in the remainder of this notice and any other matter of business that may be properly brought before the meeting or any adjournment or adjournments thereof.

In connection with the election of directors scheduled for this meeting, the following members have been nominated by the

committee of nominations, appointed by the president of the Cooperative pursuant to the bylaws:

Alexander County .....	Scott Miller (three year term)
Johnson County.....	Carole Kelley (three year term)
Massac County.....	David Martin (three year term)

Additional nominations for directors of the Cooperative may be made from the floor at the meeting.

Given at Dongola, Illinois, this 27th day of July 2011.

Dale E. Taake, Secretary-Treasurer

### *Official Registration*

***Cut out and bring to the meeting for registration and drawing of prizes.***

**This is the Official Meeting Notice. No booklet will be mailed. Refer to pages 9 and 16a through 16d of magazine for additional information.**

# We're Different. We're Looking Out for You



**Larry Lovell**  
General Manager



**Scott Ury**  
President

**S**outhern Illinois Electric Cooperative (SIEC) is different from other businesses that you deal with. We like being different.

First, SIEC is member controlled and locally operated. You, as a member, have a voice in how your co-op operates. At our upcoming annual meeting, you will be allowed the opportunity to elect fellow members to our Board of Directors to represent your best interests.

Member control means we are accountable to those we serve, and are dedicated to assisting our communities. Costs are rising for all of us, but when it comes to your electric bill, our rates are set simply to cover the cost of doing business, not to generate profits for distant stockholders.

As a not-for-profit organization, we give money back to you when our revenues exceed costs. Each year, the Board and management assess the financial condition of the cooperative to determine if it is prudent to pay capital credits. For various reasons, SIEC has not paid capital credits since 2004. But 2010 was a good year for your Cooperative. Thus, with much discussion and forethought, at its May board meeting, the Board determined that the Cooperative will refund nearly \$650,000 in capital credits later this year. This retirement will be a partial refund of the 1984 capital credits and will not negatively impact the financial ratios that our lenders require.

We're also different because we're looking out for you. Now, more than ever, that's important because we need to work together to keep your electric bills affordable. Illinois is rich in coal deposits, and coal-fired power plants are our primary source of power in the Midwest. Although Congress did not pass a comprehensive climate bill last year, regulation is moving forward. In January the U.S. Environmental Protection Agency (EPA)

began regulating greenhouse gasses — an action made possible by a 2007 Supreme Court decision. This ruling allows the EPA to use the Clean Air Act to curb carbon emissions from power plants and other fossil fuel burning sources. Policies and regulations dealing with coal ash, renewable energy requirements, and even more stringent controls on other power plant emissions are leading to higher electricity costs. Mr. James Wood, deputy assistant secretary for the Department of Energy, said during the Eastern Coal Council's annual conference that "new regulations from the Environmental Protection Agency mean a lot of coal-fired power plants will shut down soon." He went on to explain that "some units could be shut down simply because it's not possible to find materials and skilled labor to complete upgrades by tight EPA deadlines." Said Wood, "Number one, electric rates are going to go up," adding, "Number two, whether or not construction jobs in the green industry are created, I think there's virtually no manufacturing jobs that are likely to be created from the replacement of coal. Three ... transmission grid stability is likely to emerge as a major issue, both because of the shut-downs and because of the intermittency of renewable." Wood acknowledged that the increased costs would primarily be borne by "the not so wealthy."

New regulations won't be the only culprit. Prices for fuel, materials, and equipment will continue to rise. Although the recent economic slump and corresponding drop in electricity use provided some much-needed breathing room, soon we will need to build new power plants, requiring a significant, long-term investment of time and money. Without that investment in capacity, power shortages could create market pressure and price increases worse than those caused by regulation or inflation.

Nationally, co-ops are meeting members' power needs with a diverse fuel mix, including renewable energy. Planning for your future, Southern Illinois Power Cooperative (SIPC), SIEC's power supplier, is no exception. In addition to its coal-fired and natural gas generation at the Lake of Egypt, SIPC is investing in

a new state-of-the-art power plant, the Prairie State Generating Campus (PSGC) located in Washington County, Illinois. PSGC is comprised of two 800 MW generating units and an adjacent coal mine. The first unit is scheduled for commercial operation around the first of the year and the second unit is scheduled to be operational in July 2012. PSGC is among the cleanest coal-fired generating plants in the nation, using innovative technologies. SIPC's ownership is approximately 8 percent, or 125 MW. Additionally, SIPC recently agreed to purchase 10 MW of wind energy from a turbine located near Hoopeston, Illinois.

To offset rising costs, we're offering measures to help members reduce their energy use and energy bills. Touchstone Energy®, the national branding alliance for cooperatives, is offering solutions such as [www.togetherwesave.com](http://www.togetherwesave.com), an interactive website, which helps members see how little changes they make in their energy use can add up to big savings. The brand offers web-based residential energy audit programs so members can see where air infiltration is occurring, school energy efficiency programs so children can learn energy efficiency habits and an energy efficiency program to help schools identify ways to reduce their annual energy costs.

Deploying state-of-the-art solutions like our automated meter infrastructure system helps us control operating costs and improve service reliability. We are also continuing to fund our comprehensive right-of-way clearing plan to cut down on outage time.

While our goal is to be innovative, above all else we must remain member focused. We're going to do everything we can to keep your electric bills affordable. It will be a difficult task. To accomplish that, we're controlling costs and taking a proactive approach to these issues. No matter what comes our way we'll continue to put you, our members, first.

As you can see, we're different. We're working together to keep your power on. No matter what the future brings, one thing is certain — we're looking out for you. We exist only to serve you and meet your needs for safe, reliable and affordable power.

# 2011 Annual Meeting Treasurer's Report



**Dale E. Taake**  
Secretary-Treasurer

**2010** was another successful year for your electric cooperative. We continue to upgrade our plant and provide needed maintenance that will allow us to better serve our

many members. Our kWh sales in 2010 increased by almost 4.9 million to a total of 213.7 million for the year, up from the 208.8 million sold in 2009. We presently serve over 11,600 meters by way of 2,115 miles of line throughout our service area.

The largest single expense item we have is our purchased power. As you know, the cost of purchased power has become quite volatile in the past few years. We are fortunate at SIEC to be part-owner in Southern Illinois Power Cooperative (SIPC) near Marion where three of our own directors and our manager serve as directors of SIPC. Our cost of power of over \$14.5 million translates to about 56 percent of every revenue dollar we receive. To this cost, we must add the balance of the cost of operations, which equals another 39 percent of every revenue dollar we receive. This additional cost includes all labor, insurance, taxes, materials and supplies, fuel costs, vehicles and their maintenance, all taxes paid by the Cooperative, interest on long-term debt, and what we estimate the system and all equipment has depreciated this year. Our approximate 5 percent margin

for 2010 from our rates of \$1,427,158 is larger than last year's operating loss of almost \$36,000, but it still shows how we try to keep our rates as reasonable as possible and yet maintain our excellent service to you, our member-owners. We had additional margins from cooperatives, i.e. those we are a member of, in the form of allocated capital credits as well as some interest income of approximately \$682,018 for a total margin of \$2,109,177 for the year 2010. I encourage you to review the financial reports and statistics as they appear in this booklet. If you have any questions, please do not hesitate to give the office a call and we will be happy to discuss any of them with you.

Overall, the average monthly residential bill for 2010 was \$159.88 for 1,373 kWh or about 12.7 cents per kWh sold. We feel this is a very fair price and a great value. Many of us do not realize the convenience of electricity that we have grown accustomed to until our power is interrupted by Mother Nature or some other uncontrollable incident. We are pleased that our members can use electricity to light homes, barns and other buildings, heat and/or cool homes, pump water, run electric motor driven equipment, etc. for an average of just over 12 ½ cents per kWh. Just to let you know, our rates compare very favorably with other electric utilities throughout the state.

As you will see on our balance sheet, our total assets are nearly \$66.2 million. Of this total, just \$29 million is still debt

financed. Our present equity as a percentage assets of 42 percent translates to less interest expense to be paid our bankers and helps to keep our electric rates all the lower.

The allocation of all margins and the subsequent return of capital credits sets us apart from neighboring investor-owned (IOU) and municipal utilities. With SIEC, you have ownership and by attending your annual meeting of members you have a voice.

Unless you own "stock" in an IOU, you will not receive any "return of margins" and certainly will not have any voice in its organization. SIEC's Board of Directors, your neighbors, annually evaluate our ability to payback in cash a portion of the capital credits due our members, realizing there is a fine balance between paying our members and having to adjust our electric rates or finance continual plant additions and improvements. The Board recently approved retiring nearly \$650,000 in margins later this year. With this retirement, SIEC will have returned over \$4.7 million to its members.

Like yourselves, we are not certain what may lie ahead, but we do know that SIEC is financially strong and has some of the best, well-trained and ready-to-serve employees available. We're proud of our "grass roots" and "locally-owned" organization and trust you are, too!



## Miss Southern Illinois Beauty Pageant

(Swimsuit competition 6:30 p.m. Gown competition and crowning after adjournment of business meeting)

# Entertainment

Steve, Ashley & Darrell is a local trio offering adult contemporary, easy listening and a little gospel music for the annual meeting entertainment this year. They play classic hits and enjoy singing songs with lots of harmonies that everyone loves.

Steve Hornbeak (vocals/keyboards) currently tours with Richard Marx and is the keyboard player on the hit TV series CMT's Next Superstar. He is also the proud owner/producer at 326 Productions in Anna.

Ashley Hatfield (vocals) was Miss Illinois 2007 and is currently working on recording her first CD



at 326 Productions. Ashley has been SIEC's annual meeting beauty pageant emcee since 2009.

Darrell Hannahs (vocals/bass guitar) has been playing in the area for the past 30 years with bands like Diamondback and Kodiak, as

well as being a studio musician at 326 Productions and working with music productions at Shawnee College.

Don't miss this amazing trio!!! Come to Shawnee Community College from 5:30 – 6:30 p.m. for SIEC's Annual Meeting and be entertained like never before! There's no cover charge. In fact, if you are an SIEC member, we will give you a \$15 electric bill credit upon registering. Stay for the business meeting and beauty pageant and you may be one of the many lucky winners of great door prizes! See you August 4!



**Grand Prize**  
**\$300 cash**  
**Second Prize**  
**\$100 cash**  
**Third Prize**  
**\$50 cash**

As in the past, all three prizes will be given away as the last three prizes of the evening.

All registration cards will be returned to the "cage" for this drawing.

These cash prizes are courtesy of **SOUTHERN ILLINOIS ELECTRIC COOPERATIVE**

Don't forget the EARLY BIRD prizes. Come early and register for this drawing. Members must be present for ALL prizes.

## Proof Of Mailing

State of Illinois )  
)  
County of Union )

I, Dale E. Taake, being duly sworn, on oath, state that I am duly elected, qualified and am acting secretary of the Southern Illinois Electric Cooperative, (hereinafter called the Cooperative) that on the 27th day of July, 2011, every member of the Cooperative was mailed with postage thereon prepaid, a copy of the Illinois Country Living JAMUP that contained a notice of the regular meeting of the members of the Cooperative to be held on August 4, 2011, that the above and foregoing is a true and correct copy of the JAMUP containing said notice.

Dale E. Taake, Secretary-Treasurer  
SUBSCRIBED AND SWORN TO BEFORE ME THIS 27TH DAY OF JULY, 2011.

SEAL

Cathleen Belcher, Notary Public  
256 Twin Springs Loop  
Anna, IL 62906