



Clinton County Connection

Your Touchstone Energy Cooperative 

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Capital credit retirement

At the Dec. 19, 2023, Regular Meeting of the Clinton County Electric Cooperative Board of Trustees, a resolution to retire an estimated \$534,000 in capital credits was approved. Checks were mailed on Feb.



Bob Kroeger,
President/COO

22, 2024. If you were a member and purchased electricity from CCEC in 2003 and 2004, you will likely receive a check. However, if your retired capital credits are less than \$10, they will be held until the accumulated amount is more than \$10.

What are capital credits?

Capital credits are a unique feature of the cooperative business model. CCEC is a not-for-profit electric cooperative, and the people we serve are its member-owners. Notice I used the word member and not customer. There is a difference. Most months, the revenue we collect from our members exceeds our expenses. These profits are referred to as margins. When you become a member of the cooperative, you are assigned a member number that ties you to your capital credit account. At the end of every year, these margins are allocated back to each member's capital credit

account. The dollar amount allocated to your account will vary depending on the electric you consumed and purchased throughout the year.

Assuming the cooperative is financially stable, capital credits are retired (paid back) in the form of a check to the membership approximately 20 years after they were

earned and allocated. We wait 20 years to retire capital credits because as a not-for-profit organization, CCEC does not generate capital or money from any outside sources. During this time, margins are used to finance a portion of long-term capital improvements such as line construction, pole replacements, substations and system improvements. The portion not funded by margins is funded through long-term borrowing

or debt. CCEC could borrow 100% of the funds needed for capital improvements, but that would result in increased interest expense and would need to be recovered through higher rates. We could also fund 100% of our capital needs through margins, but that too would result in higher rates. CCEC strives to maintain a healthy balance between using member capital and long-term borrowing to finance capital improvements.

Capital contributed through margins by the membership also builds equity (ownership) in the cooperative. CCEC's financial policy states that we will attempt to maintain an equity ratio between 40 and 50 percent. This means the CCEC membership owns 40 to 50 percent of the cooperative, and the remaining 50 to 60 percent is financed

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COMING SOON

Mark Your Calendar



Clinton County Electric Cooperative is excited to announce we will soon be hosting area meetings. Each member in attendance can enjoy refreshments and will receive a \$20 bill credit. To hear details about your cooperative, reliability and the electric grid, please mark your calendars to join us at one of the following meetings:

Monday, March 18 at 1:30 p.m., Breese Knights of Columbus Hall

Monday, March 18 at 7 p.m., Carlyle VFW

Tuesday, March 19 at 7 p.m., Albers Legion

Grants awarded

Grants totaling \$4,000 were awarded to area teachers through the Touchstone Energy 2023/2024 Classroom Empowerment Grant Program. Clinton County Electric Cooperative awarded checks to the following participants:



Germantown Elementary

(From left to right) Teacher Rose Wilken, Special Education Teacher Kristine Beer and Kindergarten Teacher Cheri Markwell accepted a \$1,500 check from CCEC Representative Carrie Trame.

Carlyle Junior High School

Carrie Trame, CCEC representative (right), presented a check in the amount of \$500 to Carlyle Junior High School on behalf of a grant written by Teacher Jessica Hogg (left).



Mater Dei Catholic High School

(From left to right) CCEC Representative Carrie Trame presents a \$500 check to Band Director Jordan Proffitt.



Trenton Elementary

A check for \$500 was presented to Trenton Elementary on behalf of a grant written by Third-grade Teacher Sara Barton. Pictured is CCEC Representative Carrie Trame and Barton.

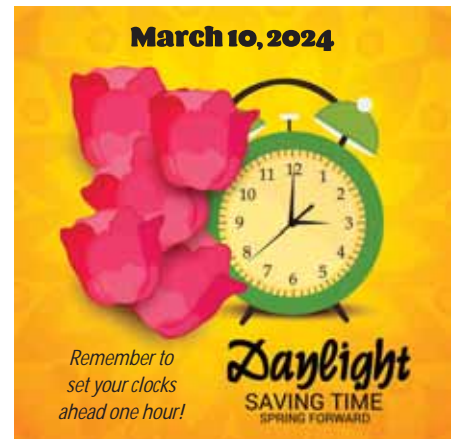


Aviston Elementary

A check for \$500 was presented to Aviston Elementary on behalf of a grant written by Teacher Matthew Scheibel. Pictured is CCEC Representative Carrie Trame and Scheibel.

Trinity Lutheran School

(From left to right) Teacher Sara Kuper accepts a \$500 check from CCEC Representative Carrie Trame.



"Capital Credits" continued from 18A

by long-term borrowing. Equity ratios in this range are typical for electric cooperatives. A strong equity ratio is a key financial metric lenders look at when we need to borrow money. It also allows CCEC to continue to retire capital credits to the membership.

Earlier, I said there is a difference between a member and a customer. Under the cooperative business model, margins are used to make system improvements and over time are returned to

the members who initially contributed. This sets us apart from investor-owned utilities, such as Ameren, that pay their dividends or profits to their shareholders, who may or may not be customers.

Since being organized in 1939, CCEC has retired over \$10.7 million in capital credits back to the CCEC membership. Member Economic Participation, one of the seven cooperative principles we are guided by, is demonstrated through the cooperative

membership providing a portion of the capital required to build and maintain the facilities needed to serve the CCEC membership. The capital credit process is one of the many ways cooperatives differ from other business models.

Thank you for making this investment in your cooperative. If you have any questions regarding the capital credit process, please contact the cooperative office 7 a.m.-4 p.m., Monday-Friday, at 800-526-7282.

Time-of-use rates

In last month's Illinois Country Living (ICL) article, we mentioned the new wholesale rate for the power we purchase from Southern Illinois Power Cooperative (SIPC) went into effect Jan. 1, 2024. Until now, the only way for Clinton County Electric Cooperative (CCEC) members to reduce their energy costs was to use less energy. The new wholesale rate is better aligned with today's energy market, and it is the first step to being able to provide CCEC members with options to better manage their energy costs. The second step is developing retail rates and programs that encourage CCEC members to use energy during "off-peak" hours, when the cost to produce and transmit electricity is lower.

One option to consider is time-of-use rates. If you were a CCEC member 20-plus years ago, you might remember when we offered a time-of-use rate. However, I am sure a good portion of the membership is not familiar with how a time-of-use rate works or the potential savings it can offer.

A time-of-use rate adjusts the amount you pay for electricity, based on the time of day you consume it. This method of determining how you, as a member, will be billed for your electricity aligns the price you pay for electricity with the market cost of electricity. If CCEC opts to offer a time-of-use rate, we would charge more for energy consumed during the time of day when the demand is high since the cost to generate and deliver electricity at those times is also high. In contrast, CCEC would charge less during the time of day when consumption is lower and generation and delivery costs are less. The time period during which consumption and cost is high is referred to as "on-peak," and usually occurs between 4 p.m. and 9 p.m. All other hours of the day would be considered "off-peak." Since the cost to generate and deliver electricity varies throughout the day, the goal of a time-of-use rate is to encourage members to shift as much of their electricity use as possible to the times when it's the cheapest. This type

of rate structure provides more flexibility when managing electricity costs versus the traditional structure where rates remain constant throughout the day.

There are many ways members can benefit from a time-of-use rate structure. The most obvious way is to shift as much consumption away from "on-peak" hours to "off-peak" hours. For most members, this will require a change in electricity consumption habits. Other ways members could benefit from lower rates during "off-peak" hours include:

- **Solar:** Since time-of-use rates have the highest cost in the late afternoon and evening, a portion of your electricity consumption could be offset by the energy produced by the solar system on your property.
- **Batteries:** If you have batteries installed with solar, you have the option of charging the batteries using solar or energy from the grid during "off-peak" hours and then using the stored energy from the batteries during "on-peak" hours.
- **Smart appliances:** Some of today's home appliances allow you to control them remotely or delay their operations. If you are away from home during the day, you can schedule the clothes dryer or dishwasher to operate during "off-peak" hours.
- **Smart thermostat:** Heating and cooling are the largest contributors to energy consumption in the home. A smart thermostat can be programmed to operate more during the less expensive "off-peak" hours and less during the more expensive "on-peak" hours.
- **Electric vehicles:** Most electric vehicles and chargers can be programmed to charge during "off-peak" hours to save on costs. When you get home from work in the evening, plug your vehicle in and it will wait to begin charging until the "off-peak" period begins.

Time-of-use rates are designed to provide members with the ability to control

their own billing by reducing usage during "on-peak" periods or by shifting usage from "on-peak" periods to "off-peak" periods.

Rate structures such as time-of-use also have the potential to enhance grid reliability, especially during times of high demand. As the demand for electricity increases and the availability of reliable, dispatchable generation capacity decreases, the grid's ability to meet demand will be challenged. In the worst-case scenario, rolling blackouts may occur if electric generation is unable to meet demands. A time-of-use rate is a tool the cooperative can use to encourage members to shift consumption to effectively reduce demand on the electric grid.

Hopefully this article provides some insight into the function of time-of-use rates and the benefits they can provide both the member and the cooperative. Time-of-use rates are just one option the CCEC board and management will be considering in the coming months. Please watch for future ICL articles that will provide explanations and benefits of other rate options and programs.

If you have any questions, please do not hesitate to contact the cooperative office 7 a.m.-4 p.m., Monday-Friday, at 800-526-7282 or email kroeger@cceci.com.

Help us help you

Please scan the QR code or visit our website at www.cceci.com to take a short survey about your energy consumption. The information we gather from this survey will help us determine the rate structure most beneficial to our membership. Submit one survey per account to be entered into a drawing for a chance to win a \$100 bill credit. Surveys must be received at the cooperative office no later than April 30, 2024, to be entered into the drawing.

