



Mike Smith
President and CEO

Rate changes in 2025

I hope you all had a wonderful holiday season and are looking forward to a prosperous new year. 2024 presented several challenges for McDonough Power, including a few smaller yet destructive storms, soaring inflation, rising interest rates and a healthy dose of politics. Each of these factors directly impacts McDonough Power, much like they affect our personal lives.

Starting with the billing in February, all members will see a rate increase of 7%-10%. As a member-owned cooperative, this is not the outcome any of us wanted, but it is necessary given current and future challenges. Due to space limitations, I cannot go into great detail about each of these factors, but I assure you that our board of directors is actively working to keep this increase as minimal as possible.

The cost of power continues to rise as the grid evolves. Older power plants are being retired, and new facilities are being built, requiring utility infrastructure to keep up in order to maintain reliability. These costs are reflected in our bills. Federal and state policies, along with regulatory guidelines, also play a role in decisions that impact our costs. Utility planning, particularly in the generation and transmission sphere, spans decades, not election cycles. What seemed like a prudent decision two election cycles ago may be changed by a new administration or regulatory body.

As a nonprofit cooperative, we are owned by those we serve.

Inflation is another key factor driving up rates. We've all felt it at the grocery store, and it is equally present in the utility industry. The power grid is made up of generation equipment, substations, poles, wires, big trucks and linemen. In the mix behind the scenes are office staff, engineers, suppliers and manufacturers who provide the products we use. As the costs of raw materials, assembly, shipping and labor have risen, these expenses are passed on to us. Despite working with very narrow margins in recent years to keep rates stable, we have now reached a point where a rate increase is necessary.

Interest expense is another significant factor. As a capital-intensive business, we borrow money to build new infrastructure or upgrade older, existing plants, then repay these loans over 35 years while depreciating the assets, which often last longer than that. In years of more modest interest rates, this wasn't as much of a burden, but as rates have risen, so too has our interest expense. **532RM1-900C**

On a positive note, we remain a member-owned cooperative, managed by directors who live on our lines and pay the same bills as all of us. As a nonprofit cooperative, we are owned by those we serve. Despite the challenges we face, our cooperative has stood strong for 86 years, and we look forward to many more years of service.



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Coats for Kids program: an 18-year tradition of giving back

For 18 years, the Coats for Kids program has been a beacon of hope and warmth for children across our service territory. The program's mission is simple yet vital: to ensure that children in elementary schools throughout our service territory have a brand-new winter coat to stay warm during the colder months. Thanks to the support of the community, the program has been able to continue providing this essential service year after year.

Supporting warmth: how Coats for Kids is funded

The Coats for Kids program relies on a variety of funding sources to meet its goals each year. This year, a total of 260 coats were distributed to local schools, all made possible through a combination of generous donations. Key funding sources include: the sale of our scrap metals, employee and director contributions, a matching grant from CoBank Sharing Success program, and a new addition this year, proceeds from the Coffee, Cars & Coats car show, organized by Chuck Laird. All helped fund the purchase of new coats. **9228C8-314B**

A growing impact

The Coats for Kids program provided 260 winter coats to children in need this year, with the coats being distributed to a wide range of schools throughout the region. These schools serve children in a wide array of communities, and the program's positive impact is felt by students, teachers and parents alike. For many of these children, receiving a new winter coat is not just about staying warm — it's a symbol of the community's care and support for their well-being.

The power of community support: guided by Concern for Community

The success of the Coats for Kids program is a true reflection of the cooperative principle of Concern for Community. This principle emphasizes the importance of contributing to the well-being of the community, and the Coats for Kids program exemplifies this by bringing together individuals, businesses and organizations to meet a shared goal. It's about ensuring that children in our local schools have the warmth and support they need during the winter months.

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Abingdon-Avon  Bushnell-Prairie City



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Through the combined efforts of volunteers, donors and local partners, the program not only provides winter coats but also strengthens the fabric of our community. By addressing this basic need, the program not only keeps kids warm but also boosts their self-esteem, allowing them to focus on their education and personal growth instead of worrying about the cold. This collaborative effort demonstrates how working

together can make a lasting, positive impact on the lives of the children and families we serve, highlighting the cooperative principle of Concern for Community in action. 4233D4-538C

Thanks to the generosity of so many, the Coats for Kids program remains a shining example of how small acts of kindness can make a big difference. Here's to another year of warmth, care and community spirit!



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ENERGY EFFICIENCY TIP OF THE MONTH

Taking steps to help your home heating system run more efficiently can reduce energy use and lower your winter bills. Check to see if any air vents around your home are blocked by furniture, curtains or other items. Obstructed vents force your heating system to work harder than necessary and can increase pressure in the ductwork, causing cracks and leaks to form. If necessary, consider purchasing a vent extender, which can be placed over a vent to redirect air flow from underneath furniture or other obstructions.

Source: energy.gov

McDonough Power Project Santa toy drive a success!

Thanks to the brilliant idea of our very own Wendy Murphy, McDonough Power proudly hosted a toy drive in support of the Western Illinois Regional Council-Community Action Agency (WIRC) Project Santa program. Project Santa is a nonprofit community program that has been in operation at WIRC since 1983, gathering donations, organizing volunteers and seeking sponsors to ensure over 500 children from low-income households enjoy a joyful holiday season. The program provides gifts, shoes and winter clothing to children whose parents are unable to afford these necessities.

As a proud Project Santa holiday helper, McDonough Power hosted a toy drive, collecting new, unwrapped toys for children of all ages. Employees, board members, co-op members and community members joined forces, generously donating 100 toys to brighten the holidays. **91E18D1-464B**

Thanks to this collective effort, we were able to make the holiday season a little brighter for children in need, spreading joy and holiday cheer to families across our community!

Efficiency Tip

Seal in comfort and savings with weatherstripping. Check for air leaks around your windows and doors and install weatherstripping where needed. Prevent drafts to reduce energy loss and lower your heating and cooling bills, improving energy efficiency year-round.



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