



Mike Smith
President and CEO

Understanding your ownership

A closer look at McDonough Power's balance sheet

For many of us who aren't accountants, articles about a company's balance sheet might not seem all that interesting at first glance. But if you're a part-owner of that company, suddenly the balance sheet becomes a lot more relevant. As a member of an electric cooperative, you're a part-owner, and that means you have a direct interest in how the company is doing. Unlike investor-owned utilities, we are owned by the very members we serve. The balance sheet is a valuable tool that reveals key details about your ownership stake in McDonough Power — showing the value of what you own and how it's structured.

As of Dec. 31, 2024, McDonough Power's total assets were valued at \$38,475,671. This reflects the investments made in our electric system, and the asset value will continue to grow as we replace older, fully depreciated equipment with newer, more expensive materials. For instance, we have a substation built in 1975 that cost \$500,000 at the time. The cooperative (owned by the members) borrowed money to fund this project and paid off the debt over time. Now, that substation needs an upgrade, but the cost to replace it has risen to \$3,000,000. To fund this, the cooperative will once again borrow from lenders, repeating the process for the next 35-50 years. **1015B3-1002A** This ongoing cycle applies to all infrastructure, including substations, poles, wires, buildings, and every other piece that makes up the electric distribution grid.

The other side of the balance sheet represents the members' equity, or ownership, in the cooperative. McDonough Power's

member equity at the end of 2024 stands at \$16,645,430, which is 43.3% of the total assets. Each year, part of this equity is returned to members through capital credit retirements, as authorized by the McDonough Power Board of Directors. The cooperative uses this equity to keep rates lower, but since we are a nonprofit, it is ultimately returned to our members.

Finally, the balance sheet shows long-term debt of \$20,220,825 and smaller short-term liabilities of \$1,609,416. Debt is a common tool for capital-intensive businesses like cooperatives, used to fund larger projects and spread the costs over the life of the assets. While borrowing for capital improvements results in higher interest expenses for members, increasing equity through higher rates isn't the ideal solution. A healthy equity-to-asset ratio typically falls between 40% and 50%. This balance between equity (provided by the members) and debt (borrowing from the bank) has been in place for the past 85 years and will continue for at least the next 85 years as well.



Daylight Saving Reminder
Set clocks forward on March 9th



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24 hour pay-by-phone
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www.mcdonoughpower.com

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Operation Round-Up

Supporting local organizations and making a difference

Thanks to the generous support of our members, we are excited to announce the latest round of grants awarded through Operation Round-Up! This initiative recently granted \$7,500 to several outstanding local organizations, all of which are doing incredible work right here in our community. Here's a closer look at how these funds are making a real impact:

Colchester Area Gathering Place — \$2,500



A dedicated group of volunteers at the Colchester Area Gathering Place works tirelessly to provide weekend lunches for West Prairie students in need. With this \$2,500 grant, they ensure that students have access to nourishing meals when school is not in session. It's a simple yet powerful way to support the well-being of our future generation. **5313D3-956C**

McDonough Choral Society — \$2,500



The McDonough Choral Society brings the joy of music to our community by maintaining and growing its chorus, and with the help of a \$2,500 grant, they will continue to do so. This funding will help support local talent, provide musical opportunities and enhance the cultural vibrancy of the area.

Western Illinois University Foundation — \$2,500



The Western Illinois University Foundation will use its \$2,500 grant to provide specialized training for speech pathologists at WIU. This initiative will directly benefit elementary school students in our community by improving their reading fluency and comprehension, helping them develop essential academic skills that will last a lifetime.

A heartfelt thanks

We want to express our sincere gratitude to everyone who contributes to Operation Round-Up. Your support is helping to strengthen our community by empowering these local organizations to make a meaningful difference in the lives of others. Together, we are building a brighter, stronger future — to the tune of almost \$226,000!

Looking ahead

The next round of Operation Round-Up grant applications will be reviewed in April, with applications due by April 7. If you know of an organization that could benefit from funding, please visit our website at mcdonoughpower.com for full details on how to apply.

Thank you again to our members for your generosity and continued support. Together, we're helping our community thrive! **442C9-1200B**

Utility scams in this age of AI: How to spot and avoid fraud



Someone calls claiming to be from your utility company. They say your service will be cut off if you don't pay them immediately. Real utility companies don't do this, but scammers want to scare you into paying before you have time to confirm what they're telling you. Scammers are now using Artificial Intelligence (AI) to craft frauds that are difficult for consumers to detect. Learn how to protect yourself.

Beware of these common scam tactics

- **Disconnection threats:** Scammers claim your service will be cut off without immediate payment.
- **Caller ID spoofing:** Fraudsters use software to make their calls appear legitimate.
- **Overpayment claims:** They may say you've overpaid and ask for personal or banking information to issue a refund.
- **Smishing:** Scammers send fake text messages that seem to come from your utility company.
- **Phishing attempts:** Beware of emails that look like bills; always verify the sender's email before clicking links.

If you have any doubt about the status of your electric service, call your utility company using the customer service phone number on their website.

Watch for the following red flags

- High-pressure tactics that demand urgent action **11122B8-1012B**
- Unusual payment method requests (wire transfer, gift cards, reloadable cards or cryptocurrency)

- Poor grammar, misspellings and suspicious email addresses

AI use enhances utility scams

By leveraging AI-powered techniques, utility scammers can create sophisticated and convincing frauds that are hard for consumers to recognize and avoid.

- AI helps scammers craft convincing emails that appear to be from legitimate utility companies and include the use of company colors and logos.
- Scammers use AI to create realistic-looking utility company websites that are nearly indistinguishable from legitimate ones.
- AI technology can clone the voices of utility company representatives, making phone scams convincing.
- AI analyzes victims' online presence and social media to create highly personalized spam related to your utility services.
- Scammers create geographically targeted online ads that appear when users search for keywords related to their energy bills.
- Scammers use AI to launch large-scale utility scam campaigns quickly and efficiently.

According to Kathy Stokes, AARP director of Fraud Prevention Programs, "the ability of AI to improve and scale scam tactics is the equivalent of the Industrial Revolution for fraud criminals."

Protect yourself

- Take your time: Don't rush into payments or action.
- Verify any communication by

calling your utility company directly using the number on your bill.

- Never share personal information. Legitimate companies won't ask for sensitive details over the phone.
- If someone claims to be a utility worker, request official identification.

If you suspect a scam, report it to your utility company and the FTC at [ReportFraud.ftc.gov](https://www.ftc.gov/report-fraud).

Remember, legitimate utilities will provide multiple notices before disconnection and will not pressure you for immediate payment. If you are in doubt, let your utility company know so they can take proactive measures to both protect you and others from becoming victims.

Member Prizes

Every month we will have four map location numbers hidden throughout The Wire. If you find the map location number that corresponds to the one on your bill (found above the usage graph), call our office and identify your number and the page that it is on. If correct, you will win a \$10 credit on your next electric bill.

REMINDER



Lineworker Scholarship Deadline – April 30, 2025
Details at mcdonoughpower.com/community/scholarships

TIPS TO AVOID ENERGY SCAMS



Be cautious of fraudulent websites pretending to be an electric utility. Scammers often create look-alike sites to steal your personal or payment information. Always type your utility's official web address directly into your browser instead of clicking email or text links. Watch for signs of a secure website, such as "https://" in the address bar and a padlock icon. If you're ever unsure, call your utility company using the official phone number listed on your bill to verify payment or account details. Stay vigilant to protect yourself from utility fraud.



ENERGY EFFICIENCY TIP OF THE MONTH

March is an ideal time to service your home cooling system, ensuring it runs efficiently when the heat of summer arrives. Routine maintenance, like cleaning or replacing filters, checking refrigerant levels and inspecting parts, can improve your system's energy efficiency and lower your energy bills. By addressing potential issues early, you can avoid costly emergency repairs and extend the lifespan of your unit. Scheduling service in the spring helps you beat the peak-season rush, giving you faster access to qualified technicians. A well-maintained cooling system can save energy and keep your home comfortable all summer long.

