



Clinton County Connection

Your Touchstone Energy® Partner 

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Mike Johnson

Did you get your Capital Credit check?

If you were a member of Clinton County Electric in 1989, you probably received a Capital Credit check. This year's checks were distributed at Clinton County Electric's 75th Annual Meeting on March 21st. Those checks not picked up at the meeting were mailed on April 1, 2013. You should have yours by now. If you haven't received your check, please call the office or email us at billing@cceci.com.

Visit our
website at
www.cceci.com to
view your account
information and to
pay your bill.

Your 2013 Annual Membership Meeting

Two hundred sixty-four members braved the cold weather on March 21, 2013 to attend Clinton County Electric's 75th Annual Meeting held at Central High School. This month's article will give a recap of the Annual Meeting, so for those who attended the meeting this might be a tad redundant.

The evening started with Duane Grapperhaus entertaining members during the registration process. The crowd surely enjoyed his musical abilities.

Cary Dickinson, Chairman of Clinton County Electric, started by informing the audience each member in attendance would receive a \$10 bill credit on their April electric bill. Each adult also received a Clinton County rechargeable flashlight for their car as well as a refrigerator magnet that looks like a phone, advertising our outage phone number (800) 526-7282.

Mr. Dickinson reported in 2012 Clinton County Electric experienced an operating loss. The loss was known and planned. He acknowledged that in the fall of 2012 the Board of Trustees approved a rate change for 2013. He then reminded everyone that this was a rate change not a rate increase. He followed with informing everyone that President Johnson would go into more detail about this later in the meeting.

The balance of Mr. Dickinson's report focused on the past, present and future activities of SIPC, the performance of the Prairie States Generating Station and the Legislative/Environment threats we may be faced with in the near future.

Coal costs for the Marion Plants saw virtually no change from 2011 to 2012. Mr. Dickinson expressed, "one of the keys to keeping fuel costs under control at a generating unit is to keep the unit available. In 2012, Unit 123 had an availability factor of 90%, whereas Unit 4 had an availability factor of 83% for the same year. Both units are in the upper 1/4 of their peer

units nationally. We have been hearing about low natural gas prices for almost 2 years now. Those low prices have been a benefit for us."

Mr. Dickinson went on to explain how last year SIPC made an investment of 10 megawatts of generation from the Pioneer Trail Wind Power Project located just east of Paxton, IL. He was happy to report, "the project is complete and we are now receiving energy from wind."

The Prairie State Generating Campus was next on Mr. Dickinson's list. Ground was broken for the construction of PSGC, located near Lively Grove, IL in Washington Co. on October 1, 2007. As of today the campus is complete. There are two generating units that have a little more than 1600 megawatt of generating capacity. Both generating units are identical. The coal source is a mining operation that is virtually across the road from the generating units. SIPC owns slightly less than 8% of the campus.

Paying for PSGC is one of the reasons behind SIPC's need for a rate increase. Mr. Dickinson then gave the following details. Unit 1 was scheduled to come online in November/December of 2011. Commercialization of that unit ran behind schedule and came online in June of 2012. Originally Unit 2 was to become commercial in the summer of 2012. That unit as well ran behind schedule and came online in November of 2012. The mine is operational but currently not running at full capacity. He went on to explain, "here at Clinton County Electric, we desire to be transparent and forthcoming with our members. To that statement, there have been issues at PSGC." Unfortunately, there continues to be issues with both the generating plants and the mining operation. As of now Prairie State's Unit 1 is near 70% and Unit 2 continues to disappoint with a factor of less than 60%. The mining operation has yet to meet full capacity while producing a good product.

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President's letter *(Continued from page 16a)*

To this Mr. Dickinson stated, "to say the least, Prairie State is currently not meeting our expectations. SIPC have voiced their concerns and their ideas on how to rectify some of the operational issues. We are confident that these issues will be addressed and corrected in the near future. We all have to remember this was the largest construction project going on in America during this time period and those kinds of setbacks were somewhat expected." However, Mr. Dickinson reaffirmed that this was absolutely a wise investment by saying, "when both units are operating efficiently, Prairie State Generating Station will provide reliable, reasonably priced energy for many years to come."

Legislation was next on the list of Mr. Dickinson. He explained how climate change is a potential threat to how we do business. Legislation entitled "Cap and Trade" died about a year ago. However, the issue of regulating coal fired generating stations still exists. The administration wants to control the output of CO₂ (Carbon Dioxide). Controlling the output of CO₂ from our coal fired generating stations located in Marion is not an easy or inexpensive task. If the administration eventually becomes successful in regulating the CO₂ output, undoubtedly energy cost will rise dramatically. We feel SIPC has made the investments necessary to be good environmental stewards.

Another rule or legislative act that could adversely affect the Marion Plants is the "Warm Water Discharge" rule. For 50 years SIPC has been using the Lake of Egypt as a cooling lake for condense stream discharge. SIPC built and solely owns that lake. This rule would call for cooling towers to be constructed. The cost to cool millions of gallons of water would be in the millions of dollars.

The Mercury and Air Toxics (MATS for short) rule, concerns the controlling of hazardous air pollutants, such as heavy metals and acidic gases, takes effect in 2015. SIPC feels we have positioned ourselves to fully comply with its requirements as written today. Mr. Dickinson advised that complying will cost a few more dollars going forward. The "Clean Water Act" covers surface and groundwater near or at power plants.

He acknowledged that we currently comply with this act but warned that as time goes on, the standards are becoming more stringent.

Historically, coal ash has not been listed by EPA as hazardous. Since that ash pond gave away in Tennessee, the EPA is reconsidering their position. Mr. Dickinson feels this might be one of the most ludicrous pieces of legislation. Coal ash has so many productive uses, shingles, running tracks and sand blasting just to name a few. If coal ash is deemed to be hazardous, the cost to SIPC will be in the tens of millions of dollars.

Mr. Dickinson then thanked the Clinton County Electric Advisory Committee for their opinions and thoughts that were incorporated into the rate change discussions, as well as all of the members in attendance.

Secretary-Treasurer Ron Becker took the podium next to explain details of the 2012 financial report. He stated, "Clinton County Electric had negative Operating Margins of approximately \$315,000. This means we did not collect quite enough money from our members to pay all the bills your Cooperative incurred during 2012. The negative Operating Margins were not a surprise to your Electric Cooperative. This was our plan for 2012 and will be planned for 2013 as well. We ended 2012 very close to our goal of nearly a \$400,000 negative Operating Margin. In order to achieve a zero Operation Margin, we would have only had to collect about .14 cents per day more from each of our 6,345 services!" Mr. Becker described in detail where \$1.00 of revenue was spent, with 73 cents of it going to cover the purchase of power costs; by far the largest expense. Mr. Becker informed the audience that, "CCECI sold almost 3 million less kWh's in 2012 and yet your Cooperative's total cost for that electricity was 1.7 million higher than the year before. In essence we sold less but paid more." Mr. Becker went on to tell that Clinton County Electric returned \$265,143 in capital credit retirements during 2012. Since CCECI was formed in 1939 we have now returned \$6,775,815 in Capital Credits to members of the Cooperative. The Board of

Trustees believes that returning capital credits back to the membership is the "Cooperative Way" of doing business. Lastly, Mr. Becker discussed the costs of environmental compliance at SIPC. He reported SIPC spent about 25.5 million dollars in 2012 on environmental compliance, which computes to \$50 for every minute in 2012.

Next on stage was President/COO Mike Johnson. President Johnson welcomed everyone and explained that his speech would concentrate on two things, some operational changes at Clinton County Electric and a detailed breakdown of the recent rate change. President Johnson jumped right into some of the operational changes that took place in 2012. He reminded the members of a new service we deployed this year, the ability to text in an outage. He then stated to call the office or go to our website, www.cceci.com for additional information.

The next operational change on President Johnson's agenda was E-Business. About 2 years ago we implemented an E-Business solution. This solution allows the membership to review their bills, consumption history, or make payments 24 hours a day, 7 days a week. To sign up for this solution, simply have a billing statement available and go to our website. You will see a button called E-Business solution on the upper left side. Place your mouse on that button and click. Now you are on your way to conducting business with us whenever you want versus whenever we are open.

During 2012 CCECI installed a new phone system at our headquarters. This new system enables us to more efficiently answer your questions and requests. The key to the efficiency is to have as many active phone numbers in our system as possible. The new phone system recognizes the caller ID and matches up that phone number to information contained within our billing system. When there is a match, the screen pops up with the account information. This saves considerable time for both the member and our staff. Currently only about 40% of our calls "match up" with phone numbers in our system. He asked everyone to

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please call the office and update us on any changes to your land lines or more importantly cell phone numbers that you may have.

At this time President Johnson moved to the outdoor operational changes. He said, "we continued our aggressive reliability program in 2012. Our largest project was rebuilding our Ferrin substation. We had hoped that the new substation would have been energized in 2012. However, we encountered a few setbacks and the substation went live on January 18, 2013. This new substation will provide us with sufficient transformer capacity to last for many, many years to come. As I discussed in our February ICL magazine, this is the first project in our capital improvement program for the south-eastern side of our service territory. Over the next 3 years we will be concentrating on increasing our power line capacity in this region. By the end of 2015 we will have a strong tie between our Ferrin & Shattuc substations. The estimated cost of this upgrade over the four year period is slightly less than \$2,000,000."

Next President Johnson spoke about CCECI's 2012 pole inspection/pole replacement programs. Two thousand twelve was the last year of our 4 year pole inspection program. Over those four years a little over 8% of our poles failed inspection meaning they needed to be replaced. That amounts to about 1,750 rotten poles replaced during those four years. That is quite a feat for a cooperative our size. Those poles were the worst of the worst. It's extremely difficult to measure, but we know that replacing those poles significantly reduced the number of outages that adversely affect the members of Clinton County Electric. Starting in 2013 we will enhance our pole inspection program by treating those poles that are starting to show decay or rot. This will extend the useful life of these poles. It is considerably less expensive to treat a pole versus replace a pole. During 2012 we continued our aggressive 4 year cut program. Two thousand twelve was the 3rd year of this 4 year program. Once again it is difficult to measure the results of this program, but we do know the number of tree related outages have

decreased significantly over the past 3 years. Our annual budget for the vegetation management program generally hovers around \$175,000.

The final operations item President Johnson touched on was Mother Nature. As treasurer Becker reported, we sold about 3,000,000 less kWh's in 2012 when compared to 2011. We believe weather influenced most of that difference. As far as storms, Mother Nature was kind to us in 2012, until the last weekend when those 3 or 4 inches of heavy wet snow caused many outages across our service territory.

President Johnson then moved on to the rate change effective in 2013. He started by making it clear that this was a rate change not a rate increase. Overall revenues coming into Clinton County Electric will not increase. Some members will experience slight monthly increases, whereas other members will experience slight monthly decreases. The strategy is based upon 2 fundamentals, the first fair and the second reasonable. He then went on to say, "we need to recover fixed expenses thru fixed charges (our monthly facility charge) and we need to recover variable expenses thru variable charges (our energy charge on your bill)." He also stated "Clinton County Electric Cooperative is a cost based electric distribution cooperative. Therefore, each customer or member is supposed to pay their 'fair share' of the expenses incurred in getting electricity to their home or business."

President Johnson went further and talked specifically about our 2 most popular rate schedules. Almost 90% of our billings are billed under either Rate 1, our single phase residential and farm rate, or Rate 10, seasonal. Under Rate 1 the facility charge increased to \$34 per meter per month from \$28.00, but energy charges decreased. If a member consumes 1070 kWh in a month, his or her bill will be \$136.10 for both the old and new tariffs. Basically 1070 kWh is the indifference point. Therefore, if a member consumes less than 1070 kWh monthly they will receive a slight increase, while a member who consumes more than 1070 kWh's will see a slight decrease. The Rate 10 members saw an increase in facility

charge from \$36.00 to \$42.00. However, as with Rate 1 we lowered the energy charges on this rate. President Johnson then said, "as you saw before the average usage on Rate 01 was almost 1300 kWhs per month, whereas the average usage on Rate 10 is only 245 kWhs per month. Until we are at the point where all of the fixed costs are recovered through the facility charge, Rate 10's facility charge will always be greater than Rate 1."

President Johnson feels the accomplishments met with this rate change are, no overall increase to membership, predictable rates (kept the same rate structures), increase fixed revenues (facility charges), rates remain understandable and most importantly no one is dramatically affected. Some will see small increases and some small decreases. So what does the future hold on rates? Some of President Johnson's thoughts include, expecting to see stabilizing rates from Southern Illinois Power Cooperative. But, President Johnson warned, "if PSGS continues to perform poorly then we may have to implement a Power Cost Adjustment sometime this summer. We will continue our long term rate strategy of increasing facility charges while reducing energy charges. For every additional dollar of revenue we receive in facility charges, that equates to one less dollar of revenue needed from energy charges. Remember Trustee Becker stated that we had a negative Operating Margin in 2012 and we expect another negative Operating Margin in 2013. Well, let's just say we cannot continue that practice very much longer."

President Johnson concluded his time at the podium by reminding everyone that "as an owner of your Cooperative, you are entitled to be informed and we are committed to that communication. Please take the time and read your monthly publication provided to you" and again encouraged the membership to visit the website www.cceci.com. He also took a moment to recognize all the employees of Clinton County Electric.

The reports of the Chairman, Treasurer, and President were accepted by the membership.

Next, Treasurer Becker conducted the

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President's letter *(Continued from page 16c)*

election process. He informed the membership that the Election & Credentials Committee met on February 5, 2013 to certify the candidates for election. The candidates for election were Cary Dickinson from District 1, Joseph Voss from District 2, and Stephen Kalmer from District 3. Since there were no contested elections, the candidates were re-elected by acclamation.

Cary Dickinson then asked President Johnson to give an update on the employees of Clinton County Electric. Gary "Goober" Albers was recognized for having completed 40 years of dedicated service to the membership. Cathy Markus also completed 40 years of dedicated service to the membership and also announced her retirement. Her last working day was Tuesday, April 30th. Cathy was thanked for her many contributions and hard work throughout the past 40 years. In anticipation of Cathy's retirement, Clinton County Electric's newest employee Carrie Trame was hired.

At this time, Duane Noland, President/CEO of the Association of Illinois Electric Cooperative, took to the podium to present the, "Best Three-Year Safety Award." President Noland was thrilled to present the award to the employees

of Clinton County Electric for going three years without a lost-time accident.

No old business came before the meeting.

Cash prizes were awarded next with Thomas Langenhorst winning \$100, Matthew Benhoff winning \$50, Robert Gerdes winning \$50 and Schomaker Trucking winning \$50.

The meeting concluded at 8:38 p.m.

To hear this type of information first hand, collect attendance prizes and to have the opportunity to win cash prizes, consider attending next year's annual meeting that will be held on March 20, 2014. As a member, you are an owner of this Cooperative and deserve to be well informed about all of our activities.

This is not my normal President's letter, but I felt it was my obligation to inform those members who were unable to attend the Clinton County Electric 75th Annual Meeting.

Providing our members with affordable, reliable electricity while providing excellent service will continue to be our goal. As always, if you have any comments or suggestions, please don't hesitate to contact me at Johnson@cceci.com.

**Remember, our new
office hours are
7:00 A.M. to 4:00 P.M.
Monday – Friday**

**Mark your calendar:
In observance of
Memorial Day,
the offices will be
CLOSED
on Monday, May 27th**

Spotlight on Cathy Markus

"Conscientious," "considerate," "dedicated," "member-focused" and "important" are all adjectives co-workers used to describe Cathy Markus. All words that would flatter anyone, but being able to sustain these sincere expressions for 40 years is quite an accomplishment. Cathy has been with Clinton County Electric since Feb. 12, 1973. That means Cathy has celebrated over 40 years with the Cooperative and it is very apparent that she still means a great deal to many people.

While at the Cooperative, Cathy has experienced working with four different CEO's, doing all calculating (bills, payroll, capital credit checks) by hand and by using a Burrough Machine, to now having personal computers and processing systems. However, the one thing that has remained a constant is Cathy's relationship with the members. There were 3,103 members back in February of '73, when Cathy began at the Cooperative, as compared to 5,914 today. Cathy has formed lasting relationships with quite a few of those members and it's apparent they feel the same about her.



Cathy Markus

Cathy will join her husband Jerry in retirement and we're sure they will enjoy their free time together. Free time that will probably consist of "burning up the road" on their motorcycle as they travel here, there and everywhere. Cathy's last day at CCECI was April 30, 2013. We all wish her well in her greatly deserved retirement and will definitely miss her work ethic, experience and sweetness she brought with her to work for that past 40 years. Good luck Cathy and make sure you come to visit us occasionally!