

Clay Electric News

A Touchstone Energy® Cooperative

7784 Old Hwy. 50 ■ P.O. Box 517 ■ Flora, Illinois 62839 ■ www.cec.coop ■ 618/662-2171 ■ 800/582-9012

From the Manager

By Ed VanHoose

It's been another busy month here at Clay Electric. We've added a new position, promoted a lineman to foreman and begun work on our 2015 work plan.

Luke Johnson recently accepted the new Operations Manager position. Luke is a long-time employee, most recently serving as a foreman for our construction crew. His knowledge and expertise in the area of line maintenance and building have already proven to be invaluable when planning out and implementing our new work plan.

With Luke's promotion, we also had a need for a new Line Foreman. Matt Conkin stepped up and has been accepted for the job. Matt has many years of experience and served as an acting foreman in the past, so the new position fits perfectly into his skillset.

I'm proud to have the opportunity to work with both Luke and Matt. I know we will have great success together providing the level of service Clay Electric member-owners have come to expect.

This year, we're going to be working on two large construction projects, and several smaller projects, along with quite a few defective pole change-outs. One of the projects will be near Hurricane Creek Road and the other will be near Sapphire Lane. Both of these projects will be three-phase line builds that will take quite a bit of our time and resources, but in the end both projects will provide for greater overall system reliability.

On another note, we continue to

look at our truck fleet. We've been scheduled to replace a bucket truck for some time now, and your board takes very seriously the expense involved. We all know there comes a time when repairing something just starts to cost more than it does to replace it. So, this year, unless some unforeseen circumstance comes to pass, we do expect to move forward with a replacement.

I have personally received several calls regarding a problem with the timing of bill delivery. You've all probably heard the expression, "The check's in the mail." Please know that we are aware the mail has been very slow in delivering the bill sometimes. After all, I am a member too! In one recent mailing, it took nearly two weeks for bills to arrive. While we don't have much control over the post office, we can offer some alternatives to make it easier for you.

If you're having problems with timely mail delivery and if you haven't already, I encourage you to check out our new website, located

at www.cec.coop, and look for the online bill pay option. You can sign up to view your bill and even pay online. If you are using your bank to pay, please be aware that in most cases the bank actually writes a check and mails it for you. In those cases, you will still be at the mercy of the mail delivery. If, instead, you pay using our online bill pay, your payment will be electronically drafted. Then, there is no check mailed, and you don't have to worry about it being delivered on time. In addition, we offer automatic draft.

As always, if you need help getting any of those solutions set up, just call the office at 662-2171 and Ginger or Karen would be happy to assist you.



Ed VanHoose
Manager

Energy Efficiency Tip of the Month



Summer is right around the corner! Have you changed your home's air filter? Filters get loaded with more and more particles as they do their job. This actually has the effect of making them more efficient, but it also increases resistance and reduces airflow. Remember to check filters once a month.

Source: EnergySavers.gov

Minutes of Board of Trustees Meeting

Regular meeting January 26, 2015

Trustees present were: Frank Czyzewski, Bill Croy, Neil Gould, Frank Herman, Kevin Logan, Bob Pierson, Richard Rudolphi, Danny Schnepfer and Greg Smith. Also present were Executive Vice President/General Manager Ed VanHoose, and Cooperative Attorney Melanie Pearce. The invocation was given by Bill Croy.

Approved the agenda as presented by Gen. Mgr. VanHoose.

Approved the minutes of the regular meeting held December 22, 2014.

Accepted 8 new members for service.

Canceled 10 members no longer receiving service.

Approved work orders in the amount of \$169,341.95 for the months of November and December.

Accepted the disbursement list for the month of December, 2014.

Heard a report by Trustee Logan concerning the recent AIEC regular monthly meeting, including the financials, legislative and administrative updates, a Cooperative

facility charge issue, update on mobile security technology, strategic goals and updates, diversity in the boardroom, and the honoring of a recently deceased Coles Moultrie Director.

Informed by Kevin Logan, appreciation for the sympathy after the passing of his mother.

Heard a report by Trustee Herman concerning the recent SIPC Board meeting, including December financials, status of operation of units, energy reconciliation of December and Year to date, capital credit allocation, new head of IDNR, upcoming financial standing, and discussion of PURPA changes and net metering.

Approved appointment of the following delegates for the upcoming SIPC Annual Meeting; Greg Smith, Richard Rudolphi, and Ed VanHoose.

Collected form 990s.

Heard a report by Gen. Mgr. VanHoose as to the following;

- a. Reviewed thank you note from the family of June Logan.
- b. Reviewed financials specifically Form 7.
- c. A report concerning 2015 Health Insurance coverage.
- d. Approved entering into Executive Session for the purpose of addressing personnel.
- e. Thereafter approved closing of Executive Session and returning to open session.
- f. Heard a report regarding replacement of damaged drive-up window drawer.
- g. Heard a report concerning needed temporary repair of roof after a leak, and Discussed course for addressing said roof which is very deteriorated.
- h. Heard a report as to Clay Electric Cooperative opting out of EPA regarding PCB disposal, said issue not affecting CECI.

Thereafter **Approved** Managers report.

Reminded of upcoming NRECA Annual Meeting.

Reviewed, Discussed, and Approved 2015 proposed Budget, with some capital items to be reviewed and addressed by applicable Committees.

Reviewed Certificate of Liability Insurance of CECI from Federated Insurance with Oil Belt Christian Service Camp for the 2015 CECI Annual Meeting of Members.

Informed of upcoming 2015 CoBank Director elections, which Gen. Mgr. VanHoose recommends, and Board follows, that CECI decline participation as CECI is a preferred borrower of CFC.

Reviewed National Cooperative Services Corporation (NCSC) "Report from the Boardroom".

Reviewed Certificate of Liability Insurance of Big D Electric, Inc.

Informed of a "Discharge of Debtor" order entered into on behalf of a Clay Electric Member.

Informed of the birth of Qwen Rosalee Snell, daughter of Lineman Brody and wife Tricia, Snell, born in December.

Reminded that the Clay Electric regular monthly meeting for February, would be held on the Monday of the NRECA Annual Meeting February 23.

Disbursed Touchstone Energy "Powering Human Connections" winter issue.

Adjournment.

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Great changes in store for the 2015 Annual Meeting of Members of Clay Electric Co-operative, Inc.

We realize that it seems early to be discussing the 2015 Annual Meeting, but, we would like to inform you that there are changes this year. We have scheduled the Annual Meeting of Members to be held at the brand new Activities Building on the campus of Oil Belt Christian Service Camp in Charley Brown Park. Same park as we have always had the meeting, but you just go northwest of the fairgrounds to the Oil Belt campus.

Although the Clay County Fairgrounds has always been a wonderful place to hold the Clay Electric Annual Meeting, it has also taken several man hours, and expense to prepare for the meeting. We were always at the mercy of good old Mother Nature when it came to the weather, be it a storm, rain, or like last year so hot it was almost unbearable.

Oil Belt has built a beautiful new facility they have offered to rent to us. These are a few of the improvements we will have over the Fairgrounds: ample parking near



the facility, inside an air conditioned beautiful, clean facility, with clean restrooms and we may possibly have enough chairs and TABLES for all attendees to eat off of. I know you will all miss those plates on your laps, trying to cut your pork chop, or trying to avoid knocking your drink over that you had to set on the floor while you held onto your plate, but believe me this change is for the

better!

Because of scheduling issues with the church camp we will be moving the date to Aug. 27th, 2015, instead of after Labor Day. We will still start the registration and meal at 5:15 P.M. and we will conduct the Business Meeting at 6:30 P.M.

Hope to see you all at YOUR Annual Meeting.

Our directors make a difference

By Meghan Evans

As an electric cooperative, Clay Electric Co-operative, Inc. is guided by an elected Board of Directors who represent its members' best interests when making important decisions. Being a member of the co-op's Board is an incredibly important position in our community. A director's decisions will impact issues, such as service rates, rights of way and work plans. This position holds great responsibility and requires men and women who understand their community's needs and serve the cooperative members' best interest.

It is important for us to elect strong directors to our Board. We must have a pool of strong



candidates, which is why we encourage new members to run in our Board elections. Fresh ideas and new perspectives help us to enact policies that could potentially keep our community competitive. Not only do we need to encourage our friends and family to run for positions on the Board, we need to get out and vote for those individuals we think will act in the best interest of our co-op community.

Our Board is a democratically elected body nominated by members of the cooperative's service territory and voted into position by any member who chooses to participate in the cooperative's open election. Any co-op member (in good standing) is welcome to run for an open position on the Board. At Clay Electric Co-operative, we hold elections every year at the Annual Meeting of Members. Any candidate who applies is required to receive 15 signatures by petition and submit their election application by 45 days prior to the Annual Meeting of Members.

The value of electric cooperatives

Why being a member of a co-op saves you money

By Adam Schwartz

There are three main types of electricity providers in the U.S. Investor-owned utilities (IOUs) serve primarily densely populated areas. Municipal-owned utilities also serve densely populated cities from the very large, such as Los Angeles, to the very small like Robersonville, NC. And of course, there are rural electric cooperatives like Clay Electric Co-operative, Inc. that serve less populated parts of the country.

In the utility business, population matters a lot. Since the costs to serve any given area are similar, the more customers that you have allows you to spread the costs among more people to keep rates lower. At least that is the theory.

The graphic below shows the national averages of density and revenue per mile of electrical line for IOUs, municipal-owned utilities and electric co-ops. Municipal-owned utilities, which operate in cities and towns, have the greatest density – 48.3 customers per mile of line, generating an average of \$113,301 of revenue. IOUs follow with 34 customers per mile of line, while generating average revenues of \$75,498. Finally, electric co-ops average 7.4 members (not customers, but members) per mile of line, bringing in an average of \$14,938 of revenue per mile.

Clay Electric Co-operative serves 3.5 members per mile of line bringing in \$7,948 per mile.

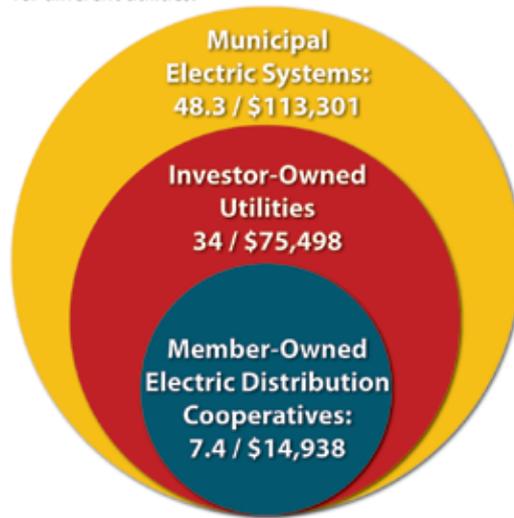
If I were to give this data to any business school in the country and ask (based on this information) what the rates should be for each of the utilities, the answer would likely be that electric co-ops would have a rate 7.5 times greater than municipal-owned utilities and 5 times higher than IOUs – but that is not the case. Why not?

It has to do with the business model. IOUs are owned by outside investors that may or may not be users of the electric utility they own. These companies' stocks are traded on Wall Street, and those investors demand a return on their investment. This drives up the price that their customers pay. Many municipal systems charge rates that generate a "profit" for their cities to help pay for other services. Clay Electric Co-operative operates on a not-for-profit basis. Of course, we are a business and must generate enough revenue to cover costs (the largest being the purchase of wholesale power). But we don't have to charge rates to pay outside stockholders. Since our members are our owners, we can provide safe, reliable and

Revenue in Review

Because of higher population densities (more consumers served per mile of line), municipal electric systems and investor-owned utilities receive more revenue per mile of line than electric cooperatives.

Consumers served/revenue per mile of line for different utilities:



Source: National Rural Electric Cooperative Association, September 2013

affordable power to you. That is just another way your co-op brings you value.

Adam Schwartz is the founder of The Cooperative Way a consulting firm that helps co-ops succeed. He is an author, speaker and a member-owner of the CDS Consulting Co-op. You can follow him on Twitter @adamcooperative or email him at aschwartz@thecooperativeway.coop.

