

Eastern Illini *PowerLines*

June 2012

2012 EIEC Annual Meeting

Join us as we celebrate
75 years of serving rural
east central Illinois!

The day's festivities will kick off at 3 p.m. Members registering at the meeting will receive a \$25 bill credit and a commemorative gift celebrating our 75th anniversary.

A free meal will be served from 4-7 p.m., and will feature roast beef and BBQ pork from Niemerg's Catering.

The day will also feature loads of entertainment for children, including bounce houses and other inflatables, bucket truck demonstrations, miniature golf, and a talking robot!

330 W. Ottawa
Paxton, IL 60957
800-824-5102
www.eiec.coop

Official Notice

Eastern Illini Electric Cooperative's 2012 Annual Meeting of Members

Celebrating 75 years of serving east central Illinois

**Thursday, June 14, 2012
Paxton-Buckley-Loda (PBL) Junior/Senior High School
Paxton, Illinois**

Notice is hereby given that the 25th Annual Meeting of Members of Eastern Illini Electric Cooperative will be held on Thursday, June 14, 2012, at 7 p.m., C.S.T., at the Paxton-Buckley-Loda High School/Junior High School, 700 West Orleans Street, Paxton, Illinois. Registration will begin at 3 p.m. and will close at 7 p.m. The meeting will be called to order at 7 p.m. and action will be taken on the following:

1. The reports of officers, directors and President/CEO.
2. The election of three directors (one each from Directorate Districts 3, 4 and 6). In connection with the election of directors, the following candidates have been nominated: Steve Meenen, Melvin, for Directorate District 3; Bruce Ristow, Cissna Park, for Directorate District 4; and Brad Ludwig, Fithian, of Directorate District 6.
3. To consider and transact all other business which may properly come before said meeting or any adjournment or adjournments thereof.

Dated at Paxton, Illinois, this 31st day of May 2012.

Bradley J. Ludwig
Secretary

2012 Annual Report

The information listed here is a summary of the annual report.

The complete 2012 Eastern Illini Electric Cooperative Annual Meeting Program/Annual Report will be available at the annual meeting on June 14.

The annual report is also available online at our website: www.eiec.coop.

Furthermore, you may call us at 800-824-5102 to request a copy of the annual report by mail.

Financial Summary

The enclosed financial information represents Eastern Illini's operations for the fiscal years ended December 31, 2011 and 2010. These reports were taken directly from the Cooperative's books and records which have been audited by the firm of Olsen Thielen & Co., LTD. The American Institute of Certified Public Accountants sets the standards and scope of the audit.

Operating Statistics

	2011	2010
Total kWh purchased	256,179,475	259,607,306
Total kWh sold	235,757,034	244,509,112
Average number of members served	13,706	13,715
Average kWh use per month, per member	1,433	1,486
Average revenue per kWh sold to members	\$0.137	\$0.125
Average cost per kWh purchased	\$0.075	\$0.071

Revenue and Expense Statement

	2011	2010
Total operating revenue	\$32,387,847	\$30,629,309
Operating Expenses		
Cost of power	\$19,143,715	\$18,348,574
Operations and maintenance expenses	3,362,324	2,955,358
Consumer accounts expense	630,225	610,615
Customer service and information expense	722,048	738,591
Administrative and general expense	1,990,369	1,919,943
Depreciation	2,624,310	2,535,092
Interest expense	2,216,703	2,194,501
Other deductions	47,261	43,154
Total Operating Expense	\$30,736,955	\$29,345,828
Operating margins (loss)	\$1,650,892	\$1,283,481
Non-operating margins (loss)	\$1,494,596	\$1,031,776
Income or (loss) from equity investments	(580,143)	(108,527)
Net Margins for the Year	\$2,565,345	\$2,206,730

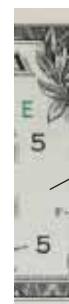
Where your electric dollar went in 2011



Power Cost - 59.11%



Operations - 20.85%



Margins - 5.10%

Depreciation/
Other
8.10%

Interest
6.84%



Executive Report



Financial Goals

Eastern Illini Electric Cooperative completed another good year from a financial perspective. All of the creditor requirements were met and we moved a few steps closer to meeting our long term financial goals, as established by the Board of Directors.

Power Supply

The construction of the Prairie State Generating Station in Lively Grove, Illinois, is nearly finalized and both units (800 MW each) are producing and delivering power to the electric grid. The plant is utilizing Illinois coal from a new coal mine that is located just hundreds of feet from the power plant itself. This provides huge efficiencies because there is virtually no cost for transporting the coal. Prairie Power, Inc., our generation and transmission cooperative, is receiving 130 MW of power from the plant.

The construction of the Pioneer Trails Wind Farm, located just east of Paxton, was completed last fall and the wind farm is fully operational. Prairie Power is receiving 20 MW of power from that resource.

Cost of Service Study

We recently completed a "Cost of Service" study in order to determine the equitability of our electric rates between consumer rate classes. The Board is continuing its study of the report details and will be developing rate strategies that may be implemented so that future rate increases, which are inevitable from time to time, will not have a huge impact on you in any one year.

Carbon Legislation/Regulation

We are continuing to express our concerns to Congressional leaders because of the likelihood that carbon legislation, or more likely EPA regulations, will be implemented in the near future. If this is done radically and without appropriate thought of the cost ramifications, it could have a devastating

effect on the entire country. We may be calling on you to help with additional grassroots efforts to express your concerns, if the likelihood of big increases escalates.

Capital Credits

The Board of Directors authorized payment of \$656,127 in capital credits for the years 1972 and 1973. The funds were distributed in 2011 to the extent that those members could be located. The Board is currently evaluating the Cooperative's ability to do additional payments of Capital Credits in 2012. A plan has been established that will gradually move the Cooperative to a 25 year rotation schedule for such payments.

Succession Planning

Over time, we have reduced our workforce to 59 employees from as many as 90 in earlier years. We have utilized efficiency measures and technology to accommodate the reduction without reducing the level of service to you, our member/owners. The average age of our work force is 48 and our employees average an amazing 18 years of service each. Twenty-two percent of our employees are likely to retire in the next five years.

We have developed and implemented a Succession Plan which is working to identify areas in which each employee might need additional training for them to be prepared to compete for advancement to specific positions of interest for that employee. We encourage employees to take advantage of opportunities for advancement within the organization. We are confident that this plan will help assure continuity within the Cooperative as these changes take place.

We look forward to seeing you at the Annual Meeting on June 14!

*Marion Chesnut, Chairman
Dave Champion, President/CEO*

The Mission

You may have noticed that we are not utilizing as many subsidiary operations as we have in the past.

We are re-focusing our efforts toward our core mission:

"To provide premium-quality, economically priced electricity and other related services to our member/owners and communities."

Attention Businesses

Any person representing a business or other organization (non-residential) must present a letter from the proper officials of that entity (preferably on company letterhead) designating that person as the official representative to act for the entity.

Please call Eastern Illini at 800-824-5102 if you have questions about this new identification procedure.

Seminar Schedule

We are excited to offer several seminar tracks during the annual meeting. Each seminar will be offered two times.

Topics include:

Energy Efficiency Tips

"Maximizing comfort while minimizing cost"

"Renewable from the ground up - Geothermal"

"Watts up? Lighting made simple"

"Gaining comfort and savings with insulation"

Other Seminars

"The Co-op Connections Card - your ticket to big savings"

"Celebrating Flag Day - a historical look at American flags"

75th Anniversary

We plan on featuring a video highlighting our 75 years of providing electric service to east central Illinois.

SCHEDULE OF EVENTS

- 3 – 7 p.m. **Registration**
Seminars
Children's Activities
Gene Trimble Clown Band
Oscar the Talking Robot
- 4 – 7 p.m. **Dinner**
- 7 p.m. **Business Meeting**
Call to Order
National Anthem
Pledge of Allegiance
Invocation
Quorum Determination
Notice and Proof of Mailing
Secretary's Report
(2011 minutes w/ approval)
Treasurer's Report
(w/ approval)
Executive Report
Director Election
Questions from Floor
Unfinished Business
New Business

- 7:30 p.m. **Adjournment**

Sample Ballot

EASTERN ILLINI
ELECTRIC COOPERATIVE
June 14, 2012
Paxton, IL

For Director from (vote for one)
Directorate District 3
(3-year term)

Steve Meenen
Melvin

For Director from (vote for one)
Directorate District 4
(3-year term)

Bruce Ristow
Cissna Park

For Director from (vote for one)
Directorate District 6
(3-year term)

Brad Ludwig
Fithian

After reviewing the bylaws, petitions, affidavits, and qualifications of the potential candidates, the Eastern Illini Electric Cooperative 2012 Credentials Committee has determined that the above candidates are eligible to serve as directors of Eastern Illini Electric Cooperative.

PROXY

2012 Annual Meeting - Eastern Illini Electric Cooperative

As a member of Eastern Illini Electric Cooperative, an Illinois Corporation, I, the undersigned, hereby appoint _____ my proxy to vote in my stead at the 2012 Annual Meeting of Members to be held at the Paxton-Buckley-Loda Junior/Senior High School, Paxton, Illinois, on June 14, 2012. This proxy is unlimited as to matters on which it may be voted.

Date _____

Signature of Member Giving Proxy _____

Name: _____

Address: _____

Under the bylaws, no member may vote as a proxy for more than three members and the presence of a member at the meeting revokes a proxy heretofore given.

Mission Statement

Eastern Illini Electric Cooperative's mission is to provide premium quality, economically priced electricity and other related services to our members and communities.