

**MINUTES OF REGULAR MEETING OF DIRECTORS**  
**September 27, 2011**

The regular monthly meeting of the Egyptian Electric Cooperative Association Board of Directors was held on Tuesday, September 27, 2011, at the Steeleville office. The meeting was called to order at 8:30 a.m. with the President and Secretary present.

Present for the **September 27, 2011**, meeting:

Paul Pyatt, President	Allen Haake	James Riddle, EVP/GM
Raymond Mulholland, VP	Paul Hicks	M. Shane Hermetz, Asst Mgr
Kevin Liefer, Sec-Treas	Ken Jarrett	Brenda Rapp, Staff
Randall Campbell	Gilbert Kroening	Art Pontow, Staff
Larry Ebers	William Broom, Attorney	Bryce Cramer, Staff

The consent agenda, consisting of the consideration of minutes of the board meeting held August 30, 2011, the list of checks written for the month of August, the August treasurer's report, capital credit estate refunds (\$4,272.68), the safety report and the outage report, was approved by a motion from Mr. Liefer, seconded by Mr. Hicks. Motion carried. There was no AIEC meeting in September.

**SIPC DIRECTOR REPORTS:** The SIPC reports were given by Mr. Liefer, Mr. Haake, Mr. Mulholland and Mr. Riddle. On motion of Mr. Campbell, seconded by Mr. Kroening, the SIPC reports were approved. Motion carried.

**MAJOR CAPITAL PROJECTS:** The Carterville Substation project is still in progress. The joint project with Big D of relocating two miles of services on Boskydell Road is in progress. The Reed Station Road project has been pushed back. The Anderson interconnect agreement has been finalized. The SI Airport substation should be energized before Thanksgiving.

**FINANCIAL REPORTS:** Mr. Pontow presented the financials for the month of August. There were margins \$204,014 for August, which put YTD margins at \$1,473,120. Revenue YTD is up .8% compared to last August and YTD kWh sales are up 1.3%. Line loss year-to-date is 1.3%; however, line loss for the past 12 months is 5%. Actual YTD margins are above budget by \$830,000. A substantial adjustment to line loss should occur before year end which in turn will affect margins.

**LEGAL REPORT:** Attorney Broom gave an update on the issues he is currently involved with for Egyptian Electric---two service area disputes, a right-of-way issue, a public liability claim and a franchise agreement. The mutual aid agreement with Citizens Electric needs revision to the indemnification clause as there is an unfair shift of cost/risk. Our bylaws may need revision due to the recent Illinois Civil Union Act and then brought to a vote at next year's annual meeting.

**MANAGER'S REPORT:** Mr. Riddle presented the Manager's report adding to the August operating reports. He reported on a meeting with Tri-County Electric Cooperative about their prepaid metering program and our moving in that direction rather than meter data management at the present time. Another item of discussion was to share costs among 6 cooperatives on several costly inventory items. Those items would be on hand when needed and would then be replaced by the co-op that used the item. On a motion of Mr. Hicks, seconded by Mr. Jarrett, the manager's report was approved. Motion carried.

**RATE DISCUSSION:** There was an in-depth discussion on rates for the different classes. Proposed changes that would be effective in 2012/2013 were presented, but no action was taken at this time. Plans are that new rates will apply to February usage. Depending on regulations, proposed rates may not be sufficient. Management intends to review all proposals before final revisions are brought for board approval. When reviewing our current rates, the LP2 rate does not currently meet our costs so an immediate amendment was recommended. Mr. Haake made a motion, seconded by Mr. Mulholland, to revise the LP2 rate effectively immediately. The rates for service will be as billed from SIPC. Motion carried unanimously. As soon as the members billed at this rate are contacted, the new rate will go into effect. (See attached LP2 rate schedule)

**POLICY 515:** Mr. Liefer made a motion, seconded by Mr. Haake, to amend Policy 515 – Cooperative Purchase of Excess Member-Owned Generation Capacity---as recommended by management. Motion carried unanimously. (See attached Policy 515)

**2012 EECA/STAFF GOALS:** The goals of 2011 were reviewed. The list of 2012 EECA/Staff goals were presented to the board. After discussion, Mr. Jarrett made a motion, seconded by Mr. Kroening, to accept the EECA and Staff goals for 2012 as presented. Motion carried.

**RURAL ECONOMIC DEVELOPMENT LOAN:** The program provides zero-interest loans to electric/telephone utilities to promote sustainable rural economic development and job creation projects. The utility relends at zero-percent interest the loan proceeds to an eligible "third party recipient" for the before mentioned purposes. The utility receiving the loan is responsible for repaying the loan to USDA, Rural Development in case of delinquency or default by the third party. SI Airport may be an interested third-party. The board gave authorization to move forward and look at the possibility of our offering such a loan to SI Airport. Even

though a request is submitted to RD, receiving the loan is not a guarantee because these loans are very competitive. Board approval will be required before any loan documents would be finalized.

**INTERCONNECT AGREEMENTS:** Egyptian recently received notification of two interconnect projects. The only documents we had in hand were the insurance coverage letters and both systems had been installed, but the initial paperwork had not been submitted. Both members were hoping for immediate approval to begin using their new systems. Our current policy (Policy 509 – Interconnection Policy) requires board approval of these agreements. Not having signed agreements for today’s meeting delays startup, so the policy will be reviewed with possible revision that management approval may be sufficient after our engineering department has done a final inspection. Contractors had been notified of our policy, but apparently a reminder may be needed.

**NRECA REGION 5 & 6 MEETING:** Three directors attended the Region 5/6 meeting at Minneapolis, MN. After reporting on the meeting, it was recommended that only one director attend in the future. Attendance at the regional meetings allows for participation in setting the policies and priorities that our national association will implement in the coming year through the NRECA membership resolutions process. This process enables members to vote on their concerns, share their vision and be heard.

**DECEMBER BOARD MEETING:** The December board meeting was rescheduled for Tuesday, December 20, 2011.

There being no further business to come before the Board of Directors, the meeting was adjourned at 11:42 a.m.

Date Approved: 10/25/2011

Kevin Liefer, Secretary  
Recorded by Brenda K Rapp, Assistant Secretary

**EGYPTIAN ELECTRIC COOPERATIVE ASSOCIATION  
STEELEVILLE, ILLINOIS 62288  
Schedule LP-2 – INDUSTRIAL DEDICATED SUBSTATION**

**AVAILABILITY**

Available to any Consumer (Rate Codes 305, 306 & 307) located in the area served by the Cooperative for any commercial and industrial use, subject to the following conditions:

1. Consumer is located adjacent to Cooperative lines having adequate capacity to supply Consumer's requirements.
2. Electric energy delivered hereunder is not to be used for resale purposes, stand-by service, or in parallel with any other source of electric energy.
3. A written contract shall be executed before service is energized.
4. The consumer may be required to provide a contribution in aid of construction.
5. The consumer receives service at 69 KV and owns the distribution substation or has made a contribution in aid of construction equal to the cost of the substation.

**SERVICE CHARACTERISTICS**

The Seller and/or consumer shall install lines together with transformer and meter installations of proper capacity to fully provide the Consumer with electric energy for his requirements. The Seller shall use reasonable diligence to maintain a constant and uninterrupted supply of energy to the Consumer's metering point; however, if such supply shall fail or be interrupted, or become defective through an act of God or the public enemy or by accident, labor troubles or action of the elements or for any other cause beyond reasonable contract, the Seller shall not be liable therefore.

The Consumer shall provide suitable space and the necessary right-of-way, easements and clearances for the installation of the Seller's lines, transformers and meters to the Consumer's premises, and shall permit free access to the same at all reasonable hours for the purpose of inspecting and checking Seller's installations. The Consumer shall maintain, as nearly as practicable, equipment of standard rating and high power factor, to the benefit of both parties hereunder, and shall follow the National Electric Code in installing the wiring and electrical equipment.

**RATES FOR SERVICE**

The Seller shall own, install and maintain, on the Consumer's premises, meters of the proper size and type to accurately measure the Consumer's current consumption. The total power and lighting load shall be measured through one meter and billed as one service at the rates herein specified; however, at the discretion of the Seller, the loads may be separately metered and billed as one meter.

The consumer shall pay all Cooperative's power costs associated with the consumer's dedicated substation including a Customer Demand Charge which recovers the Cooperative's costs associated with serving that consumer. The current Wholesale Power Rates are as follows and are subject to change if the Cooperative's wholesale power supplier changes their billing rates.

- |                             |                               |
|-----------------------------|-------------------------------|
| 1. Energy Charge:           | All energy as billed by SIPC. |
| 2. Power Cost Adjustment:   | As billed by SIPC. See below. |
| 3. Wholesale Demand Charge: | As billed by SIPC.            |
| 4. Customer Charge:         | \$1.66/kW per month           |

**POWER FACTOR ADJUSTMENT**

The Consumer agrees to maintain unity power factor as nearly as practical. For accounts metered on the primary side of the substation transformer the consumer shall be billed \$0.475 per kVar consumed below 92% power factor during the monthly one hour coincidental peak of the wholesale provider. For accounts metered on the secondary side of the substation transformer the consumer shall be billed \$0.475 per kVar consumed below 92% on average during the billing period.

**POWER COST ADJUSTMENT**

Energy charges may be increased or decreased as necessary to maintain financial integrity, meet mortgage obligations and /or maximize loan discounts.

Above rates subject to Federal, State and Local Taxes.

**MINIMUM CHARGES**

The monthly minimum bill shall be \$16,500.00 in all cases except where the consumer owns or has made a contribution in aid of construction financing all substation, transmission, and distribution facilities required to provide service.

***This schedule of rates shall be effective with all bills billed on or after September 27, 2011.***

**EGYPTIAN ELECTRIC COOPERATIVE ASSOCIATION  
POLICY BULLETIN NO. 515**

**SUBJECT: COOPERATIVE PURCHASE OF EXCESS MEMBER-OWNED  
GENERATION CAPACITY**

**POLICY:**

**PURPOSE:**

To comply with the Public Utility Regulatory Policies Act (hereafter "PURPA"), enhance the continued diversification of Illinois' energy resource mix and protect the Illinois environment through the use of renewable fuel sources while honoring the Egyptian Electric Cooperative Association's (hereafter "Cooperative") obligation to provide electricity to all members on a cooperative basis in accordance with the Illinois Not-for-Profit Act and Revenue Code Section 501(c)(12).

**DEFINITIONS:**

**Annual Period** means a period of twelve consecutive billing months. Each member applying for interconnection of member-owned generation capacity shall select from one of two annual periods, one ending with the April bill or one ending with the October bill.

**Avoided Costs** means the incremental costs to the Cooperative of electric energy or capacity or both which, but for the purchase from the eligible renewable electrical generating facility, the Cooperative would generate itself or purchase from another source.

**Avoided Energy Costs** are the avoided variable costs associated with the production of electric energy. These costs represent the avoided costs of fuel and some operating and maintenance expenses or the cost of purchased energy. Identifiable capacity charges included in purchase power agreements shall not be included in the calculation of avoided energy costs.

**Avoided Total Costs** means the total avoided system energy and new capacity costs (and not the average embedded system cost of capacity) or the avoided cost of a capacity purchase which result from the purchase of energy and capacity from an eligible renewable electrical generating facility.

**Capacity Costs** are the costs associated with providing the capability to deliver energy. They consist primarily of the capital costs of facilities used to generate and transmit electricity.

**Eligible Cooperative Member** means a Cooperative member that owns or operates a solar, wind, or other eligible renewable electrical generating facility with a rated capacity of not more than 2,000 kilowatts (hereafter "kW") that is located on the member's premises and is utilized to offset the member's own electrical requirements.

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**Eligible Renewable Electrical Generating Facility (hereafter “EREGF”)** means a generator powered by solar electric energy, wind, dedicated crops grown for electricity generation, anaerobic digestion of livestock or food processing waste, fuel cells or micro-turbines powered by renewable fuels, or hydroelectric energy.

**Net Electricity Metering (hereafter “Net Metering”)** means the measurement, during the billing period applicable to an eligible member, of the net amount of electricity supplied by the Cooperative to the member’s premises or provided to the Cooperative by the member.

**III. APPLICABILITY**

This Net Metering policy applies to eligible Cooperative members that choose to interconnect their EREGF with the Cooperative’s distribution system and operate same in parallel with the Cooperative system.

**IV. PROVISIONS**

- A. The eligible Cooperative member shall first comply with the provisions of the Cooperative’s Policy 509 - Interconnection Policy.
- B. The Cooperative will install and maintain metering equipment capable of measuring the flow of electricity both into and out of the member’s facility at the same rate and ratio. If member’s existing meter is not capable of meeting this requirement, or if the member requests an additional meter, the cost of installing and maintaining same shall be paid by the member.
- C. For EREGFs with a nameplate rating of 10 kW and below, the Cooperative shall measure and charge or credit for the net electricity supplied to eligible Cooperative members or provided by eligible Cooperative members as follows:
  - 1. If the amount of electricity used by the member during the billing period exceeds the amount of electricity produced by the member, the Cooperative shall charge the member for the net electricity supplied to and used by the member at the retail rates the member would be charged if the member was not a Net Metering member.
  - 2. If the amount of electricity produced by a member during the billing period exceeds the amount of electricity used by the member during that billing period, the Cooperative will carry over the excess as kW-hour credits. The Cooperative shall continue to carry over any excess kW-hour credits earned and apply those credits to subsequent billing periods to offset any member consumption in those billing periods until all credits are used or until the end of the member selected annual period. All credits remaining at the end of the annual period shall expire. In the event the member should terminate service with the Cooperative, any unused credits shall expire as of the date of service termination.

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D. For EREGFs with a nameplate rating over 10 kW and less than 50 kW for residential applications, and over 10 kW and less than 200 kW for all other applications, the Member shall choose and be paid one of the following rates for the delivery of electricity to the Cooperative:

Rate Option 1: Energy only: As billed by SIPC on a monthly basis

Rate Option 2: Energy + Demand: Energy rate as defined above plus the SIPC billed demand charge for peak demand delivered multiplied by the demand factor.

For a simple DG system that will not run all the time or will not be running during peak conditions, Rate Option 1 is the best choice. In mathematical terms, Rate Option 1 is defined as the following:

*Rate Option 1(Energy only) = (kWh produced)(KWh rate as defined above)*

For Members that have upgraded metering to capture Demand data and have a DG system which is large enough that it will produce electricity during peak conditions, then Rate Option 2 may be a better option.

For Rate Option 2, Demand Factor is defined as the average demand (KW) delivered to the Cooperative each month divided by the peak demand (KW) delivered to the Cooperative each month. The minimum value for the Demand Factor would be zero and the maximum value would be one (1).

In mathematical terms, Rate Option 2 is defined as the following:

*Rate Option 2) = (kWh produced)(kWh rate defined above) +  
(on peak KW production)(average KW/peak KW)(demand rate as  
defined above)*

- E. For EREGFs with a nameplate rating of 50 kW or more for residential applications and 200 kW or more for all other applications, the eligible member is required to comply with Southern Illinois Power Cooperative's metering and interconnection requirements and reimbursement policy.
- F. All renewable energy credits, greenhouse gas emission credits and renewable energy attributes related to any electricity produced by the EREGF and purchased by the Cooperative shall belong to the eligible member.
- G. The Cooperative shall provide Net Metering to eligible members until the load of its Net Metering members equals 1% of the total peak demand supplied by the Cooperative during the previous year. The Cooperative may in its sole discretion offer Net Metering beyond the 1% level. The Cooperative also

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reserves the right to discontinue its Net Metering policy at any time after a six month notice of the Cooperative's intent to discontinue Net Metering.

- H. This policy is subject to all federal, state and local laws, the Cooperative's articles of incorporation, bylaws and existing policies and the terms and conditions of the Cooperative's existing power supply contracts and loan agreements. To the extent any provision of this policy conflicts with those obligations, those provisions are void.

Adopted: 02/22/2008  
Revised: 08/26/2008  
Revised: 09/27/2011

Attested: Paul R. Pyatt, Secretary  
Attested: Raymond Mulholland, Secretary  
Attested: Kevin Liefer, Secretary