

**MINUTES OF REGULAR MEETING OF DIRECTORS**  
**April 26, 2011**

The regular monthly meeting of the Egyptian Electric Cooperative Association Board of Directors was held on Tuesday, April 26, 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 **April 26, 2011**, meeting:

Paul Pyatt, President	Allen Haake	James Riddle, EVP/GM
Raymond Mulholland, Vice President	Paul Hicks (arrived 8:45 am)	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 March 29, 2011, the list of checks for March, the March treasurer's report, capital credit estate refunds (\$7,458.96), the safety report and the outage report, was approved by a motion from Mr. Jarrett, seconded by Mr. Haake. Motion carried. There was no AIEC meeting in April.

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

**MAJOR CAPITAL PROJECTS:** The easement has not been obtained to proceed with extending three-phase service to Walkers Bluff "Cave", so no progress there. Construction has slowed down due to the storms and rain. The airport substation is on hold due to ground conditions—too wet to dig. If Route 3 is closed due to flooding, we plan to change out some poles that are marked for replacement. The Pomona line rebuild is idle due to wet weather. We have been contacted by a member in the Chester area about a possible interconnection with a windmill. The data would be quite beneficial. The new digital radio system is in operation. Bids for the new phone system are due April 29th. Citizens Electric is still interested in working with us on collecting data from our Kaskaskia Island meters.

**FINANCIAL REPORTS:** Mr. Pontow presented the financials for the month of March. Margins were \$106,736, which put YTD at \$1,148,601. Revenue YTD is down 3.7% compared to last March while YTD kWh sales are down 1.7%. Expenses are right on target except for maintenance expense, but that overage is attributable to the storms. March power costs were higher than budgeted, but YTD power costs are slightly under budget.

**MANAGER'S REPORT:** Mr. Riddle presented the Manager's report along with the March operating report. There was discussion on fuel adder vs. power cost adjustment. Idle services have been incorrectly shown on the Form 7, but we are working to get it corrected. NRECA has requested that EECA participate in a LED test with dusk-to-dawn lights. There was an error with the billing of two meters in one pedestal; they were crossed and one was underbilled and the other overbilled. We will refund the overbilled amount, but there was a general consensus to abstain from collecting the outstanding bill since it was our error. CFC will not be asking for participation in the Integrity Fund for this year due to inactivity at this time. Environmental costs will be a new line on our bills to our members. The 2011 goals were reviewed. Service areas are being rebalanced between the 4 maintenance linemen. The 2010 Multi-employer Bargaining Unit Agreement has been signed by Mr. Hughart, but we have not received a signed copy yet. Discussion of the board's fiduciary responsibility led to the decision to go out for bids for the 2011 audit. On a motion of Mr. Hicks, seconded by Mr. Mulholland, the manager's report was approved. Motion carried.

**APRIL STORM:** Another storm hit our area last week and we had over 5000 meters out of power. Power was restored to all our customers in slightly over 48 hours. We had a crew from Clinton County Electric and a crew from Monroe along with additional crews from Oilfield Electric/Tree Service. Following a lengthy discussion about details of the restoration, Mr. Haake made a motion, seconded by Mr. Hicks, to adopt the following resolution of appreciation:

WHEREAS, Egyptian Electric Cooperative, in serving its membership in southern Illinois for 73 years, has depended upon its employees to provide reliable and responsive service in delivering power in a safe environment, and

WHEREAS, the employees responded without hesitation after the storm and restored power to our service territory within several days and demonstrated their commitment to serve the membership of Egyptian Electric.

NOW, THEREFORE BE IT RESOLVED, that the Board of Directors of Egyptian Electric Cooperative Association extends its gratitude for the professional attitude exhibited by the employees during this time of adverse conditions.

BE IT FURTHER RESOLVED, that the Board of Directors of Egyptian Electric Cooperative Association would like to recognize its employees for a job well done.

Motion carried.

**BOARD SELF-ASSESSMENTS:** The board self-assessment forms had been mailed with board packets. Completed forms were handed in. The results will be discussed at a later date. This form covers nine board responsibilities and evaluates the board's performance using a rating scale.

**CAPITAL CREDITS:** The board has been debating the question of refunding capital credits for quite some time. The last time a general retirement was done involved the 1979 capital credits of Egyptian Electric. After researching what other co-ops are doing and consulting with NRECA authorities and our attorney, the board has determined it is time to begin doing general retirements on a regular schedule. Capital credits make cooperatives different than for-profit corporations. After further discussion, Mr. Campbell made a motion, seconded by Mr. Jarrett, to start paying back capital credits in 2012. The amount to be determined at our planning meeting later this year so we can include it in next year's budget. Motion carried unanimously. Before deciding on an amount, the directors would like to see the effect of a \$500,000 refund on the residential kWh rate.

**POLICY REVIEW:**

- ❖ *Policy 104 Membership Security Deposit*-Mr. Campbell made a motion, seconded by Mr. Hicks, to amend Policy 104 as recommended. Motion carried. See attached Policy 104.
- ❖ *Policy 109A Disconnection of Service for Non-Payment* –Mr. Haake made a motion, seconded by Mr. Jarrett, to amend Policy 109A as presented. Motion carried. See attached Policy 109A.

**INTERNATIONAL PROGRAM:** After discussion at last month's meeting on the NRECA International Program, Mr. Riddle contacted its director and found that 13% of donations go to the administration of the program while 87% goes to the program itself. Sixty-five volunteers were sent in 2010. Haiti was just one country where some Illinois volunteers assisted. After further discussion, Mr. Haake made a motion, seconded by Mr. Campbell, to donate \$250 to the NRECA International Program. Motion carried.

**SCHOLARSHIP/GRANTS:** Due to a reduced number of students going on the Youth to Washington trip, the balance of funds will be used for two other programs. Several years ago we participated in offering classroom grants to local area schools. Qualifying innovative projects are those that improve the learning environment or increase educational resources for the school. A new program will be a scholarship given at our annual meeting. The winner must be a member of EECA or a dependent of a member and will be determined by a random drawing. The student and the parent/guardian (if the student is a dependent) must attend/register at the annual meeting. The check will be written to the member upon verification of the student's full-time status. Mr. Haake made a motion, seconded by Mr. Liefer, designating \$1000 for one scholarship and \$3000 for six \$500 classroom grants. Motion carried unanimously.

**FORM 990:** Upon completion, the Form 990 will be reviewed. We have filed asking for an extension. Our in-house accountant is completing the forms and there are additional details needed for completion as some of the questions are more in-depth than in the past.

At 11:55 a.m. the board went into executive session to review the EVP/GM Performance Summary. Upon reconvening into regular session,

**MANAGER'S SALARY:** After discussion, Mr. Kroening made a motion, seconded by Mr. Jarrett, to increase the salary of James B. Riddle, Executive Vice-President/General Manager, as discussed, effective July 1, 2011. Motion carried.

There being no further business to come before the Board of Directors, the meeting was adjourned at 12:28 p.m.

Date Approved: May 31, 2011

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

**EGYPTIAN ELECTRIC COOPERATIVE ASSOCIATION  
POLICY BULLETIN NO. 104**

**SUBJECT: MEMBERSHIP SECURITY DEPOSIT**

**CONDITIONS AND TERMS:**

The Cooperative's deposit policy is designed to assess the credit risk associated with applications for service. This policy is based upon the use of a third-party tool to assess credit risk during delinquency and disconnect proceedings and at the time of application for service for new and returning members. The security deposit for new electric service shall be determined based on the credit risk assessment, defined as follows:

**A. NON-BUSINESS MEMBERSHIPS -- OWNER OR TENANT**

1. 0-9.9% potential delinquency risk (GREEN LIGHT): The member shall not be required to pay a security deposit.
2. 10.0%-24.9% potential delinquency risk (YELLOW LIGHT): The member shall pay a security deposit of 1 ½ times the estimated average monthly bill of the type of service being requested to be connected. If more than one service is requested to be connected at the same time, the security deposit shall be the sum of 1 ½ times the estimated average monthly bill of each service location. For mobile homes or apartments, the deposit will be \$150 and for homes, double-wide mobile homes and modular homes, \$200.00.
3. 25%-or above potential delinquency risk (RED LIGHT): The member shall pay a security deposit of 2 ½ times the estimated average monthly bill of the type of service being requested to be connected. If more than one service is requested to be connected at the same time, the security deposit shall be the sum of 2 ½ times the estimated average monthly bill of each service location. For mobile homes or apartments, the deposit will be \$250.00 and for homes, double-wide mobile homes and modular homes \$400.00.
4. If the member has received service from the Cooperative previously and left an outstanding balance, a deposit of 3 times the highest bill during the prior 36 months of the requested service location will be required.
5. A member declaring bankruptcy will be required to pay a deposit of 3 times the highest bill during the prior 36 months of the actual service location.
6. Adverse Action Letters: The Federal Trade Commission and the Fair Credit Reporting Act (FCRA) mandate that a consumer who is charged a deposit based upon their credit information be given notification as to where that information was obtained and detailed procedures as to how they might dispute the information. An adverse action letter will be printed and given to each applicant who is required to pay a deposit.
7. The amount of a deposit may be lowered if the event(s) determining the applicant's credit rating is the result of extenuating circumstances or catastrophic circumstances not within the control of the applicant and not likely to be repeated or is contrary to the actual billing experiences and payment habits of the member. Any adjustment in the deposit amount shall be determined only by the Cooperative's EVP/General Manager or Office Managers.
8. An applicant or member may elect to pay a deposit of 2 1/2 times their estimated average monthly bill in lieu of providing information required to complete a credit assessment.
9. A service applicant or member who provides a social security number that is returned as deceased, non-issued, belonging to a person under 18, or belonging to a person other than the applicant or member, or is fraudulent, will be declined service or will be subject to disconnection until valid proof of identity is provided at which time a deposit of 3 times the highest monthly bill during the prior 36 months will be required.

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10. A service applicant or member who provides a credit card number that is returned as deceased, non-issued, belonging to a person other than the applicant or member, or is fraudulent, will be declined service or subject to disconnection until adequate payment is received at which time a deposit of 3 times their the highest monthly bill during the prior 36 months will be required.

**B. BUSINESS MEMBERSHIPS**

Service connected in the name of a business will require a deposit of 2 1/2 times the estimated monthly bill.

1. The deposit may be waived if, in the judgement of management, the financial condition of the business is such that the cooperative would incur minimal risk by waiving the deposit.
2. The deposit may also be waived if the owner of the business or an officer thereof personally guarantees in writing the payment of such business's bills. This waiver of deposit is contingent upon the owner or officer being or having been a member of the cooperative and his/her payment record has been satisfactory as defined in Section D. If the estimated monthly bill is more than five times the average bill the owner or officer has paid in the past, a financial statement may be required before the deposit is waived.
3. In lieu of a deposit, a business member may furnish a surety bond or an irrevocable letter of credit in the amount of the required deposit.
4. Corporations or Limited Liability Corporations must include a copy of their Articles of Incorporation as filed with the Secretary of State of the incorporating State with their application for service.

**C. STATUS OF MEMBERSHIP**

1. A member's account is considered to be in good standing when the member's payment record is within the criteria set out in Section D.
2. When an account is not in good standing and the cooperative has had to initiate disconnection for nonpayment procedures, the member will be required to pay a deposit of 3 times the highest bill during the prior 36 months at the location in question.
3. When a member who has left the system with an outstanding balance returns and requests service, a deposit of 3 times the highest bill during the prior 36 months of the requested service location will be required in addition to payment of the outstanding balance.
4. When it is found that a meter has been tampered with, a deposit of 3 times the highest bill during the prior 36 months of the requested service location will be required.

**D. REFUND OF DEPOSITS**

All deposits kept by the cooperative are non-interest bearing.

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1. NON-BUSINESS MEMBER

a. A member's deposit will be refunded after twelve months of having received service on a full time basis if he/she has established a satisfactory payment record. A satisfactory payment record, for the purposes of this policy, shall be defined as follows:

1. No more than two (2) late payments during the past twelve (12) months.
2. No collection trips have been made during the past twelve (12) months.
3. No insufficient funds checks were received during the past twelve (12) months.
4. No reminder or final notices were issued.

b. When a deposit was required because of any of the following,

1. a member left the system with an outstanding balance,
2. meter tampering
3. bankruptcy,

it shall be the decision of an authorized representative of management as to when the deposit will be refunded.

2. BUSINESS MEMBER

Refunds will be made at Management's discretion.

Adopted: 6/28/77  
Revised: 5/25/2010  
Revised: 4/26/2011

Attested: Raymond Mulholland, Secretary  
Attested: Kevin Liefer, Secretary

**EGYPTIAN ELECTRIC COOPERATIVE ASSOCIATION  
POLICY BULLETIN NO. 109A**

**SUBJECT: DISCONNECTION OF SERVICE FOR NON-PAYMENT**

**POLICY:**

Electric service to a member's premises will be processed for disconnection for non-payment provided:

1. The member has been sent a notice by first class mail informing him or her that the account is in arrears and is subject to disconnection without further notice if payment is not received by the specified date.
2. The member has not contacted the Cooperative's office to make arrangements to pay the past due amount. If arrangements are not kept as agreed, the Cooperative may disconnect without further notice.
3. The day of disconnect does not immediately precede a holiday or weekend.

If a member's service has been disconnected for non-payment:

1. The service will not be reconnected until amounts due the Cooperative and any required deposit are paid in full. Payment must be via cash, money order, cashier checks, or accepted credit card(s). No personal or third party checks will be accepted.
2. If payment is made prior to 3:00 p.m. on a regular business day, service will be restored the same day. If payment is made between 3:00 p.m. and 4:00 p.m. on a regular business day, service will not be restored until the following working day unless the member pays a \$150.00 after-hours service fee. If payment is made after 4:00 p.m., only cashier's checks or money orders will be accepted and a \$200.00 after-hours service fee must be included with payment.
3. If service has been disconnected via remote disconnect collar or meter, no after-hours service fee will be charged if payment is made prior to 4:00 p.m. If payment is made after 4:00 p.m., the \$200 after-hours service fee is required for same day service restoration.
4. If electric service is disconnected for non-payment after 2:00 p.m., service will be restored that day if payment is made between 2:00 p.m. and 4:00 p.m.

**EXCEPTION:**

Delay of Termination of Service When Someone in the Home is Very Ill

Disconnection of service will be delayed for up to 60 days when discontinuance will aggravate an existing serious illness of any person who is a permanent resident of the premises where services are rendered, provided that the member complies with the following requirements:

1. The member must immediately attempt to obtain a medical certification. Such certification must be made by telephone or in writing within five days of the date the certification forms were delivered to the member.
2. The illness must be certified to the Cooperative by a registered physician or local Board of Health. The doctor or Board of Health may call the Cooperative, but must follow up with a written certification within five days after the phone contact. The certification must include the name of the ill person, a statement that he/she is a resident of the premise in question, the name, business address and telephone number of the certifying party, the nature of the illness and the period of time during which termination of electrical service will aggravate the illness. Upon receipt of the certification, the

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cooperative will delay termination of the electric service for 30 days. If the member has met all other requirements of this policy, he/she may renew the certification for an additional 30 days by providing another physician's certificate. Failure to renew the certification will subject the service to disconnection under the cooperative's normal disconnection procedures.

3. In addition to providing the certification, the member must enter into a pay agreement to take care of the unpaid balance of the account. This pay agreement must be entered into during the first 30-day certification period and the member must keep the account current during the period that the unpaid balance is to be retired. If the member fails to contact the cooperative, fails to provide the certification, fails to enter into a pay agreement, breaks a pay agreement or falls behind on future bills, the service will be subject to normal disconnection procedures.

Adopted: 4/24/84  
Revised: 8/24/2004  
Revised: 4/26/2011

Attested: Gilbert Kroening, Secretary  
Attested: Kevin Liefer, Secretary

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**NOTICE**

If someone in your home is very ill, you may avoid a non-payment disconnection of your electrical service at this time if you do the following:

1. You must contact your doctor or Board of Health and they must furnish a certification to us within five days of the date of this notice. If the certification is made by phone, a written certification must be received by the cooperative within five days of the phone contact.
2. The certification must contain the following information:
  - a. The name of the sick person.
  - b. A statement that the sick person is a resident of the premise in question.
  - c. The name, business address and telephone number of the certifying party.
  - d. The nature of the illness.
  - e. The period of time that loss of electric service will aggravate the illness.

The certification is good for thirty days from date of receipt by telephone or mail. Disconnection may be postponed for an additional 30 days, provided you have done the following during the first 30-day period:

1. Signed a written agreement to take care of the unpaid balance of the account.
2. Kept your account current during the period the unpaid balance is being retired.
3. Provided a new physician's certification.

Failure to renew the certification or to comply with any of the conditions set forth in this notice will subject your account to normal disconnection procedures.

\*A certification form is enclosed for use by your physician.

Date \_\_\_\_\_

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**MEDICAL CERTIFICATION**

I certify that \_\_\_\_\_ residing at

\_\_\_\_\_

is seriously ill and termination of electrical service to the premise in question will aggravate the illness. The nature of the forenamed person's illness is \_\_\_\_\_

\_\_\_\_\_

and, in my opinion, electrical service will be required for \_\_\_\_\_ days before it can be terminated without further aggravating the illness.

Signed: \_\_\_\_\_

Print Name: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

Business Address: \_\_\_\_\_

-----*detach and return to office*-----

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Location \_\_\_\_\_ Name \_\_\_\_\_

I acknowledge that I have received a Medical Certification Form and a notice with instructions as to how I may have disconnection of my electrical service delayed for thirty (30) days due to illness of a family member residing at this residence.

Date \_\_\_\_\_ Signature \_\_\_\_\_

Serviceman's Initials \_\_\_\_\_