

2019

YOUTH TOUR STUDY BOOKLET



Your Touchstone Energy® Cooperative 

ABOUT

Tri-County Electric Cooperative wants to encourage high school students to learn more about government and their role in it! The cooperative is sponsoring its "Youth to Washington" and "Youth to Springfield" programs this Spring!

Tri-County Electric Cooperative will sponsor two (sophomore, junior, or senior) students from each county from high schools in our service area on an all-expense paid bus trip to Springfield on Wednesday, April 3, 2019. During the day, students and their counterparts from other Illinois high schools will meet their elected senators and representatives at the Capitol and learn first-hand about the workings of state government.

Tri-County Electric Cooperative will also sponsor one student from each county on a week-long, all-expense paid trip to Washington, D.C. on June 14-21, 2019 with a chance to meet Illinois Senators. The U.S. Representatives will meet with students for a luncheon while on Capitol Hill.

Student representatives will be selected by a test. The link for the test can be found at tricountycoop.com/youthtour. The test is compiled of true/false, multiple choice, and an essay question. The essay question is:

"How are cooperatives different from investor-owned utilities?"

For more information, contact:

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Tri-County Electric Cooperative

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**Test Deadline:
February 22nd**



ELIGIBILITY: STUDENTS MUST BE A SOPHOMORE, JUNIOR, OR SENIOR WHO IS SERVED BY THE COOPERATIVE AND HAS NOT ATTENDED YOUTH TOUR.

Win a trip to Washington, DC!



YOUTH DAY 2019
April 3, 2019
Springfield, Illinois

Get a firsthand look at democracy in action! Meet your elected representatives during the Illinois Electric and Telephone Cooperatives Youth Day at the State Capitol and tour the Abraham Lincoln Presidential Museum. **You may even win a trip to Washington, D.C.!**



YOUTH TOUR 2019
June 14-21, 2019
Washington, D.C.

The "Youth to Washington" tour gives a few lucky students the chance to see the White House and chat with key members of Congress. Spend a week this summer in our nation's capital visiting historic sites, including the Supreme Court!



BEFORE RURAL ELECTRIC COOPERATIVES

In today's world of consumer concern, electric cooperatives can stand tall and proud, for it was consumer concern and consumer action which led to the formation of electric cooperatives over 80 years ago.

In 1935, all but 10% of America's farmers were living as they always had. They read by candlelight, and women cooked on wood stoves, using them to heat heavy "sad irons" to press the family's clothes. Clothes were washed on a scrub board and were dried by the sun. Men depended on muscle to do the farm work, helped at most by the strength of farm animals.

Rural residents envied their city cousins who had enjoyed electric light and other luxuries afforded them by electricity. But when the farmer asked a power company for help, he was told he could have it only if he paid all the costs himself and retained no claim to ownership of the facilities. The price of electric service was exorbitant. America's rural citizens were concerned, for they recognized that electricity could answer many of their problems.

Farmers had a heritage of cooperation, having worked together in the early days of our country to carve farms from wilderness, and then defend those farms. They knew how to work and fight for what they believed.

They were undaunted by the skepticism which greeted their desires to obtain electric power. Despite strong and continued opposition from many of the nation's commercial electric utilities, people who wanted to become electric consumers forged ahead to develop their own rural electric service into the strong and successful example of private enterprise it is now.

In the mid-1920s, when Franklin D. Roosevelt discovered he was paying 18 cents per kilowatt hour for electricity at his Warm

Springs, Georgia cottage, he was shocked. It was about four times the rate he was paying at his home in Hyde Park, New York. From Roosevelt's unreasonable electric bill, blossomed the Rural Electrification Administration (REA) some 14 years later.

This realization triggered a study of the electric power industry, particularly the plight of rural areas. As governor of New York, Roosevelt established the Power Authority of the State of New York, which conducted studies proving the feasibility of electrifying rural areas.

Armed with this and his own research, **President Roosevelt created the REA in 1935.** A consumer had opened the door for one of the greatest consumer action programs America was ever to see. From these humble beginnings rural electrification has grown into one of the most successful self-help programs ever enacted by the United States government.

One year later, Congress (led by **Senator George Norris, Nebraska Republican; and Representative Sam Rayburn, Texas Democrat**), determined that the program would be a true consumer program. They

rejected the idea of building a federal rural electric system in favor of one designed to help and encourage people to do it themselves.

With enactment of the Rural Electrification Act in 1936, REA was eager to start its program with the large

commercial electric utilities, only to be rejected with a disparaging "there are very few homes requiring electricity for major farm operations that are not now served."

With a long background of working together in other ways eager farm dwellers found this was no barrier. Led by cooperative leaders as well as state and federal county extension



agents, the farmers formed electric cooperatives. Donating the right-of-way, setting poles and even stringing lines themselves, farmers started bringing electricity to their farms.

America's countryside had begun to light up! Today this people-oriented program has succeeded in bringing electricity to 99% of the nation's rural homes in 47 states, Puerto Rico and the Virgin Islands. States without electric cooperatives are Connecticut, Massachusetts and Rhode Island.



Organization of Electric Cooperatives

Electric cooperatives are private, non-profit corporations owned by their consumer-members. Each consumer of the cooperative is a member with one vote in the affairs of the cooperative. Bylaws adopted by the members set forth the rights, responsibilities and guidelines which ensure a democratic organization. Members elect directors, who are members of the cooperative, at an annual meeting. Directors hold monthly meetings to conduct the business of the cooperative. They determine major policies of the cooperative and hire a manager to conduct day-to-day business, and carry out board policies.

Rates for consumers are established by the cooperative's board of directors based on actual costs to provide dependable service and meet payment schedules of its loans. The cooperative's margin is any money left over after all operating costs have been paid. The margins belong to the member-owners. The more each member uses, the larger their share in margins. Each year members receive information on the amount of their contribution to the capital account for the calendar

year. This amount, or **capital credit**, indicates the amount paid over and above the cost of service. The individual member's capital credits comprise that individual's ownership equity in the system.

Most electric cooperatives have a provision in their bylaws for repayment of capital credits on a rotating basis. After a number of years of successful operations, the board of directors may approve cash repayment of capital credits to members on a delayed cycle. This means capital credits paid out in one year may have been earned years earlier.

The Role of the Rural Electrification Administration (REA)

The Rural Electrification Administration (REA), served to make loans to finance electric and telephone facilities in rural areas. REA served as the banker for some 1,000 rural electric cooperatives. It offered technical advice without building, owning or operating any electrical facilities. Both distribution cooperatives and power supply cooperatives borrowed from REA, repaying the loans with interest from operating revenues.

Cooperatives were faced with a tremendous expense of constructing and maintaining electric service throughout scattered rural areas. In 1944, Congress approved a special 2% interest, 35-year loan program. This program remained in effect until December 31, 1972, when it was terminated.

During the early part of 1973, Congress established an insured loan and a guaranteed loan program for REA borrowers to replace the previous 2% program. These funds originated from the Rural Electric and Telephone Revolving Fund, which was excluded by law from inclusion in the budget. Insured loans provide 70% of the loan funds acquired by many distribution cooperatives. The other 30% of loan funds needed by cooperatives is obtained from a supplemental lender.

REA BECAME THE RURAL UTILITIES SERVICE (RUS) IN OCTOBER 1994.

RURAL UTILITIES SERVICE (RUS)

REA became the Rural Utilities Service (RUS) in October 1994. The reorganization order capped a 13-month Clinton Administration effort to revamp the 130-year-old Agriculture Department. RUS's mission is to serve a leading role in improving the quality of life in rural America by administering its electrification, telecommunications, water and waste programs in a service oriented, forward looking and financially responsible manner.

Many cooperatives, including Tri-County Electric, have found lengthy delays in obtaining loan funds and the excessive regulations required by RUS to be burdensome.

Tri-County no longer obtains loan funds through RUS. During 1996 the cooperative paid off its debt to RUS at a discount with funds obtained from the National Rural Utilities Cooperative Finance Corporation (CFC). Tri-County is now able to obtain all construction funds from CFC in a 60-day time frame as opposed to the lengthy time required to borrow funds from RUS.

TYPES OF UTILITIES

Three kinds of utilities are distinguished more by their business structure than by the product they sell. They are **electric cooperatives, investor-owned utilities, and public power systems.**

Cooperative

A cooperative is owned by its members, and in the case of an electric cooperative, the members are also the consumers. Therefore, all of the member-owners live in the cooperative's service area. A cooperative operates on a non-profit, cost-of-service basis.

Investor-Owned Utility

An investor-owned utility (IOU) is owned by stockholders who may or may not be customers and who may or may not live in the service area. The IOU is a for-profit enterprise.

Public Power System

A public power system is owned by a city, state or federal government.

The Cooperative Difference

Unlike investor-owned utilities, electric cooperatives are owned by those they serve. Electric cooperatives are non-profit, with any profits allocated to the members as capital credits, which are based on patronage and returned over time. Because they are locally owned, electric cooperatives are community-focused organizations that deliver safe, reliable and affordable energy to the consumer-members they serve.

While co-ops serve the fewest number of people, our electric lines cover more than 75 percent of the U.S. landmass. This is because we provide power where others once refused to go because of the low population density. Electric co-ops consistently rank highest in member satisfaction among the three types of utilities: co-ops, investor-owned and public power systems. We believe this is because we serve consumer-members, not customers. We are neighbors serving neighbors.

YOUR COOPERATIVE

TRI-COUNTY ELECTRIC COOPERATIVE

Tri-County Electric Cooperative was incorporated October 6, 1938, after farmers and other rural residents of Jefferson, Marion, and Washington counties in Illinois were unable to secure electrical service from any other source. The organizers formed this cooperative, not as a profit-making organization, but to secure a service.

In 1938, Tri-County Electric Cooperative in Mt. Vernon, IL, borrowed \$507,000 from REA to start the cooperative. It got off to a good start and the first lines were energized in July 1939.

Each consumer of the cooperative is a member with one vote. Bylaws adopted by the members set forth the rights, responsibilities and guidelines which ensure a democratic organization. Members elect directors, who must also be members of the cooperative, at the annual meeting. Tri-County's board consists of three directors each from Jefferson, Marion, and Washington Counties for a total of nine board members.

Directors hold monthly meetings to conduct the business of the cooperative. They hire a manager to conduct day-to-day business.



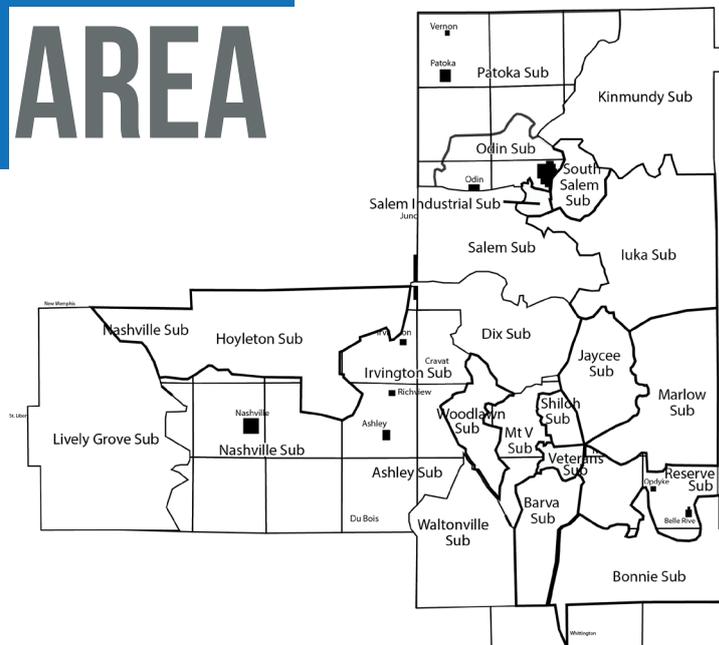
TRI-COUNTY ELECTRIC COOPERATIVE HEADQUARTERS

Tri-County Electric Cooperative's Headquarters is located in Mt. Vernon, IL.

SERVICE AREA

Tri-County Electric Cooperative primarily serves the following three counties:

- 1 Jefferson County
- 2 Marion County
- 3 Washington County



National Rural Electric Cooperative Association (NRECA)

The National Rural Electric Cooperative Association (NRECA) was founded in 1942 to perform services on a national level. NRECA's first project was an insurance program for electric cooperative employees. Today, with more than 900 member systems, NRECA offers a wide variety of services.

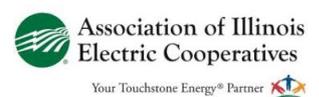
Through NRECA, electric cooperatives in 47 states including Illinois receive a variety of services designed to better meet the needs of their consumer-members. Each of the 47 states having member systems elects one director to NRECA's board of directors.



Association of Illinois Electric Cooperatives (AIEC)

Twenty-five electric cooperatives are members of a state-wide service organization, the Association of Illinois Electric Cooperatives (AIEC). AIEC was organized in 1942 to collectively perform services which would not be economical or practical for each cooperative to perform individually. The AIEC office is located in Springfield, Illinois.

The organization offers training courses for directors, managers and employees of member systems as well as an intensive job training and safety programs. It also coordinates and sponsors many other educational programs pertaining to the rural electric system of Illinois. The AIEC serves as a liaison with state and national legislative and executive branches of government.



SOURCE OF POWER

SOUTHERN ILLINOIS POWER COOPERATIVE (SIPC)

Tri-County Electric Cooperative joined Southern Illinois Power Cooperative (SIPC) in 2000. Membership in this generation and transmission cooperative, located on Lake of Egypt in Marion, Illinois, provides the long-term power supply arrangement necessary to provide stable rates for the cooperative's membership in the future.



SIPC generates electricity at their coal fired power plant. The plant currently burns coal and carbon, both of which are purchased within 50 miles of the plant and transported to the plant by truck. SIPC is working diligently to control costs. In 2007, SIPC purchased 7.9% of the Prairie State Power Plant located in southwestern Washington County.

CONNECT

Tri-County Electric Cooperative has a website (www.tricountycoop.com) for members to access general information about the cooperative. A Facebook page is available to view current events at the cooperative. Facebook is used during larger outages for updating the members. Tri-County also has a Twitter account to help connect with our members.



@TCECOOP



@TRICOUNTYCOOP

Another way that members can interact with the cooperative is through the SmartHub app. Through the SmartHub app, members can monitor their electrical usage, pay their bills, and report outages with just the touch of a finger!

You Have the Power to

- Pay your bill
- Manage your account
- Report an outage
- Get account updates and reminders
- Monitor usage



COOPERATIVES HAVE PRINCIPLES

THE 7 COOPERATIVE PRINCIPLES

1. OPEN & VOLUNTARY MEMBERSHIP

Membership in a cooperative is open to all persons who can reasonably use its services and stand willing to accept the responsibilities of membership, regardless of race, religion, gender, or economic circumstances.

2. DEMOCRATIC MEMBER CONTROL

Cooperatives are democratic organizations controlled by their members, who actively participate in setting policies and making decisions. Elected representatives (directors/trustees) are elected from among the membership and are accountable to the membership. In primary cooperatives, members have equal voting rights (one member, one vote); cooperatives at other levels are organized in a democratic manner.

3. MEMBERS' ECONOMIC PARTICIPATION

Members contribute equitably to, and democratically control, the capital of their cooperative. At least part of that capital remains the common property of the cooperative. Members allocate surpluses for any or all of the following purposes: developing the cooperative; setting up reserves; benefiting members in proportion to their transactions with the cooperative; and supporting other activities approved by the membership.

4. AUTONOMY AND INDEPENDENCE

Cooperatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control as well as their unique identity.

5. EDUCATION, TRAINING, AND INFORMATION

Education and training for members, elected representatives (directors/trustees), CEOs, and employees help them effectively contribute to the development of their cooperatives. Communications about the nature and benefits of cooperatives, particularly with the general public and opinion leaders, helps boost cooperative understanding.

6. COOPERATION AMONG COOPERATIVES

By working together through local, national, regional, and international structures, cooperatives improve services, bolster local economies, and deal more effectively with social and community needs.

7. CONCERN FOR COMMUNITY

Cooperatives work for the sustainable development of their communities through policies supported by the membership.



Your Touchstone Energy® Cooperative 

WWW.TRICOUNTYCOOP.COM