

NEWS RELEASE FROM:
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FOR IMMEDIATE RELEASE
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MARION — Members of Southern Illinois Power Cooperative (SIPC) in Marion were updated on the organization's financial condition and informed of the many changes throughout the past year during the power cooperative's annual meeting of members held Thursday, March 29, in Marion.

“Optimism began to grow in 2011 with SIPC achieving excellent reliability at the Marion coal and gas-fired plants. Additionally, while loads from most of the SIPC membership ranged from 1 to 7 percent below budget, the station-service load required for Prairie State (PSGC) through member Tri-County contributed to year-end margins,” reported President and General Manager, Scott Ramsey. To follow that up, Secretary-Treasurer, James Scherrer said, “SIPC generated margins of \$2,200,000 in 2011. SIPC's equity was 7.27 percent, Dec. 31, 2011. The equity level has declined in recent years due to increased borrowing to build PSGC. Forecasts show our equity rising in 2012 and future years. Within five years we expect our equity will improve to levels comparable to other G&Ts.”

Other factors included the sales to the seven co-op members, which fell by 64,000 MWhrs or 3 percent due to the mild winter and continued slow economy. Ramsey says the member co-ops purchased 2,332,000 MWhrs and another 200,000 MWhrs went to McLeansboro and the MISO market. On Jan. 1, 2013, SIPC will begin selling power to Norris Electric Cooperative, and its load will add 400,000 MWhrs annually.

SIPC reduced the large fuel inventory at the Marion coal plant in 2011 reducing excess inventory by more than \$8M. At the same time, fuel burn improved as the new variable-speed drive controls were installed on Unit 4 by May, significantly reducing station service by approximately \$100,000 per month for the last half of 2011. The

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reduction in fuel use also reduced emissions for every megawatt generated and will help going into the future.

SIPC was able to hold base rates even for 2011, but reduced its generation costs by reducing fuel burned, increasing reliability so more energy could be produced, and improving efficiency on Unit 4 by 3.6 percent. The generation savings came back in the form of increased margins via additional MISO sales.

In addition, in 2010 and 2011 SIPC reduced the cost of power generation by 7 percent and reduced purchase power costs by 34.3 percent since 2008. “SIPC saved members (within the Egyptian service area), approximately \$700,000 by facilitating the purchase of an abandoned utility line which still had good life in it,” said Ramsey. “The line was connected into the new SIPC line sections as part of a new project for an SIPC member’s substation.”

Chairman Richard Liefer of Red Bud said “Let’s shift gears a little bit and look at a real decision we made that translates into what I believe is by far the story of the day ... the headline reads: ‘Prairie State Energy Campus goes commercial.’ We had all heard and talked about Prairie State since its inception in 2001, but really did not seriously consider investing until five years ago.

“It was a huge step the Board was willing to take. This investment into PSGC’s future is once again leading the charge for growth of our co-op, just like the addition of Unit 4 in 1978; and the unit upgrades and CT construction in 2003.”

During the meeting, Raymond Mulholland, of Egyptian Electric Cooperative Association, was recognized for his service to SIPC’s board. He is retiring from the board. Paul Pyatt, president of Egyptian, will be a new representative from that cooperative. The following men were re-elected as board officers. They are Chairman Richard Liefer of Red Bud, Secretary-Treasurer James Scherrer of Ridgway and Vice Chairman Joe Voss of Carlyle.

Southern Illinois Power Cooperative is a member of Touchstone Energy[®] — an alliance of more than 720 local, consumer-owned electric utilities around the country. The co-op is committed to providing superior service based on four core principles: integrity, accountability, innovation and commitment to community.

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SIPC provides transmission and generation to a population of more than 250,000 people through its member-owners: Southern Illinois Electric Cooperative, Southeastern Illinois Electric Cooperative, Egyptian Electric Cooperative Association, Clinton County Electric Cooperative, Clay Electric Cooperative of Flora, Ill., and Monroe County Electric Cooperative. Wholesale contracts are provided to the Cities of Redbud and McCleansboro, Ill., and beginning in 2013, Norris Electric Cooperative of Newton, Ill.