



Rural HIGHLIGHTS

Local News from Rural Electric Convenience Cooperative

Celebrating 80 Years of Service



Melvin Repscher
Board Chairman



David Stuva
President/CEO

When RECC was organized on September 6, 1936, only 10 percent of the nation's farms had electricity. Private utility companies, who supplied electric power to most consumers, argued that it was too expensive to build electric lines to rural farmsteads.

Eighty years ago, a dream came true. Local farmers and business people banded together and through hard work, trust and ingenuity, built a new distribution system and improved the quality of life in the rural areas bordering the state capital of Illinois. Rural life wasn't easy, but when RECC set the first pole on February 19, 1937, everything changed!

Electricity has become a necessity today in our homes, farms and businesses. While our use of electric energy has multiplied many times over, the job of RECC has not changed. We remain as a distribution cooperative, working to deliver reliable, affordable electricity to the rural communities that we serve.

New Power Supply Contract

RECC has had a Power Supply Contract with the Illinois Municipal

Electric Agency (IMEA) to supply our wholesale power since January 1, 2009. RECC's relationship with IMEA has been excellent and we appreciate the Agency's outstanding service over the past nine years.

After the 2008 recession, demand for electricity in Illinois and the county plummeted. Low natural gas prices and excess generation kept prices for electricity low. This environment of low market prices was a perfect opportunity for the Board to do a power supply "Request for Proposals," as the end of our current contract with IMEA approached.

After an extensive evaluation of proposals from seven wholesale power providers, our Board approved a "Full Requirements" Power Supply Agreement with NextEra Energy Power Marketing, LLC on October 18, 2016. The new 10 year and 5-month power supply contract starts on January 1, 2018, when our contract with IMEA expires.

NextEra Energy sells electricity to companies and businesses, including utilities, retail electricity providers, power cooperatives, municipal electric providers and large industrial customers. NextEra is the world's largest generator of renewable energy from the wind and sun, and its nuclear fleet is the third largest in the country.

Your Board was very concerned about the volatility and future scarcity of capacity in the Midwest regional market that coordinates

all generation and transmission transactions. RECC was able to lock in our capacity needs and costs for the entire term of the NextEra contract to avoid the uncertainty of future power auctions or changes in the regional control organizations.

Lower Rates Benefit RECC Members

Our new NextEra Power Supply contract provides lower wholesale power costs, which will enable the Board to keep our rates stable and possibly remove the present Power Cost Adjustment (PCA) or even change it to a monthly credit on members' bills. Currently, RECC's PCA charge is \$0.0085 per KWH (\$8.50 per 1,000 KWH).

The Board will also have an opportunity to build equity by retaining higher margins and rotate equity through capital credit retirements. Capital credit equity comes from the cooperative's margins, which is the difference between the money we collect during the year minus our operating expenses. Until it's refunded to members, the equity is used to finance new construction and system improvements.

Many new challenges will arise in the future, but our track record has shown that our cooperative will still be right here in the communities we serve, with the capability to provide solutions to meet our membership's changing needs. We won't forget how far we've come since the first electric lines changed lives 80 years ago.

Report of The Nominating Committee of Rural Electric Convenience Cooperative Co.

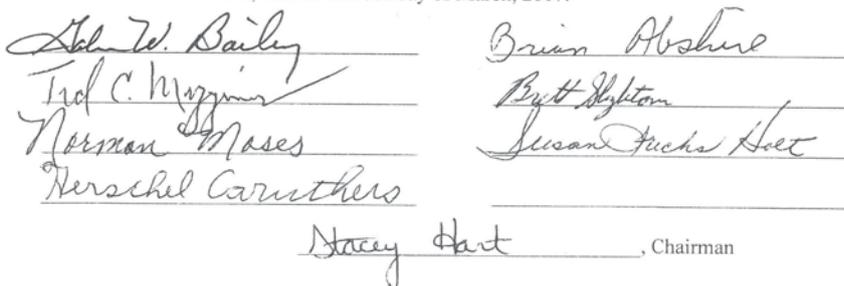
Each of the undersigned being members of Rural Electric Convenience Cooperative Co., having been appointed by the Board of Directors of the Cooperative to the Nominating Committee, make this report to the Board of Directors of the Cooperative.

The Nominating Committee members met at the Cooperative headquarters at Auburn, Illinois on March 9, 2017, at the hour of 6:30 o' clock p.m. We further report that we nominated the following members from each of the following respective Districts of the Cooperative for election to the Board of Directors of the Cooperative at the annual meeting of members to be held on June 8, 2017, to serve until the third subsequent annual meeting of members thereafter:

District No.	Name	Address
District 4	Thomas W. Hart	22790 Sulphur Springs Rd., Atwater , IL 62572
District 5	John A. Beatty	15189 Lead Line Rd., Waverly , IL 62692
District 6	Melvin L. Repscher	928 E 1090 N Rd., Taylorville , IL 62568

The undersigned further report that after taking the foregoing action , the Nominating Committee duly adjourned.

Dated at Auburn, Illinois this 9th day of March, 2017.



 _____, Chairman

Candidate Profiles & Statements

District 4 Candidate Profile: Thomas Hart



Thom Hart has lived in the Atwater area since 1973. He graduated from Girard High School, worked for CILCO for 29 years as a lineman and crew leader, and at Egizii

Electric in Springfield for nine years. Thom and his wife, Mary, have five children, 14 grandchildren and three great-grandchildren.

Thom is an active member of Zion Evangelical Lutheran Church in Farmersville, where he has served in many offices and is a long-time Sunday School Superintendent. He

has volunteered for many community projects, and has gone on four mission trips to New Orleans to help in the recovery from Hurricane Katrina.

Candidate's Statement:

The past six years on this Board have been a learning experience since I had worked in the investor-owned utility world. Going to state, regional and national meetings and classes has given me and other Board members new resources to share information about the co-op business and a better knowledge for the decisions we must make.

I thank the Board members in the

years previous to my election for taking steps to allow the process we just went through to secure a new power supply contract that takes advantage of the lower market prices available and will greatly benefit the finances of Rural Electric Convenience Cooperative in the years to come.

I am looking forward to meeting with our co-op members and listening to your concerns, and I would appreciate your vote.

District 5 Candidate Profile: John Beatty



John Beatty is a native of the Waverly area and the third generation to live on the family farm. John and his wife, Donna, have three grown children.

John has been active in the community, having been a member of the Auburn Jaycees and a past 4-H leader. He is past president of the Sangamon County Farm Bureau, served on the State Farm Bureau board for four terms, served on The Country Companies board, Illinois Corn Growers board, and the Illinois Corn Marketing board. He also served on the board of the Farmer's Elevator in Lowder. The

Beattys are members of the Sugar Creek United Methodist Church.

Candidate's Statement:

I want to thank you, the owner-members, for the opportunity to serve as one of your nine directors on the RECC board. I consider it an honor to have this opportunity. I am proud of our board members and the whole employee group. I feel that the board has developed policies that are beneficial for the co-op, both short-term and long-term. Our communications programs have been improved and expanded, including online outage maps and text message alerts to members about power outages. The board has

approved programs to improve our reliability including line upgrades, pole testing and regular tree trimming programs. In recent months, we've made investments to upgrade three of our nine substations and improve "back feeding" capabilities to reduce outage time when problems occur with a substation or transmission line.

Our new purchase power agreement with NextEra Energy will begin on January 1 next year, lowering our wholesale cost and providing stability for the next ten years. This will be a great benefit for our members, and I'm proud to have been a part of the negotiation process. Thanks again for your interest, and I ask for your support.

District 6 Candidate Profile: Mel Repscher



Mel Repscher and his wife, Rita, live on their Centennial Family Farm southwest of Taylorville. They have four grown children all living in the Taylorville area. Mel

and Rita, along with their sons Matt and Myles Repscher, operate their family businesses including Big M Berry Patch, Big M Pumpkin Patch, Big M Custom Baling and Big M Manufacturing LLC. They raise grain and specialty crops which include strawberries, vegetables, pumpkins, and fall ornamentals. Big M Manufacturing builds the A-Maize-Ing Heat® line of biomass fueled heating systems. The Repschers are active members of the Taylorville United Methodist Church.

Candidate's Statement:

I thank you, the member/owners of RECC, for the opportunity to represent you on the Board of Directors for over 20 years. You should be very proud of RECC and its reputation. Among the electrical cooperatives in Illinois, RECC is one of the leaders and is noted for its progressive leadership and the use of technology in our operations. RECC will continue this legacy in the coming years.

2018 will begin a new era for RECC with the change of our power supplier. Our purchase power agreement with the Illinois Municipal Electric Agency will end December 31, 2017. Our new purchase power agreement with NextEra Energy will begin at that time. While many electric cooperatives are announcing upcoming rate increases, the reduced cost of electricity in this

new purchase power agreement will allow RECC's rates to remain stable for many years and provide financial stability to your cooperative.

Your Board of Directors work very hard to represent you and make decisions that are in the best interest of all of the members of the cooperative. As the candidate for re-election from District 6, I will continue to do my best to uphold this responsibility and strive for long term, safe and reliable electrical service to you, our owner/members. I thank you for your support for re-election to the RECC Board.

Your Neighbors Serving as Your Cooperative's Directors

Chris Wilcox
Waverly

John Beatty
Waverly

Cassie Eigenmann
Modesto

Thomas Hart
Atwater

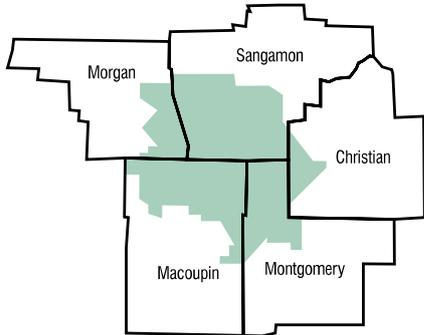
Clayton Bloome
Pawnee

Jimmy Ayers
Rochester

Andy Goleman
Divernon

Melvin Repscher
Taylorville

Lou Weitekamp
Raymond



RECC Employees



David Stuva
President/CEO



Lou DeLaby
*Manager of Operations
and Maintenance*



Matt Sheerin
*Manager of Finance
and Administration*



Dana Smith
*Manager of Member
and Public Relations*



Andrew Boston
*1st Yr Apprentice
Lineman*



Travis Boylen
*Journeyman
Lineman*



Chris Bridges
*GIS/Mapping
Technician*



Shelley Crocks
*Senior Member
Accounts Representative*



Becky Grossner
*CIS-AMI
Administrator*



William Hart
*Journeyman
Lineman*



Tim Hemberger
*Journeyman
Lineman*



Martin Hinton
*Purchasing, Design &
Construction Technician*



Sean Koen
*4th Yr Apprentice
Lineman*



Jeff Lancaster
*Electrician
- 1st Class*



Sandy Lex
*Executive
Assistant*



Dave McCarty
Warehouseman



Jill Mortimer
*Member Accounts
Representative (Part-Time)*



Aubrie Megginson
Senior Accountant



Curtis Nichelson
Line Foreman



Shane Norris
*Journeyman
Lineman*



Stefan Sporrer
Custodian



Brandon Taylor
*Network
Administrator*



Walter Wallace
*Journeyman
Lineman*



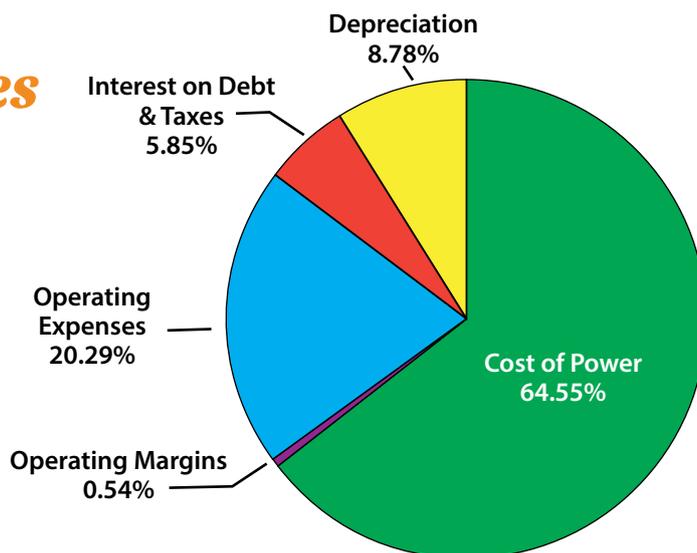
Kenneth Williamson
Line Foreman

Revenue and Expenses

For the year 2016 compared to 2015

	2016	2015
OPERATING REVENUES		
Operating Revenue and Patronage Capital	\$15,118,580	\$14,837,666
Other Electric Revenue.....	\$261,103	\$278,950
TOTAL OPERATING REVENUES	\$15,379,683	\$15,116,616
OPERATING REVENUE DEDUCTIONS		
Cost of Purchased Power	\$9,926,949	\$9,482,025
Transmission Expense.....	\$1,333	\$4,138
Operations Expense	\$455,733	\$524,744
Maintenance Expense	\$853,954	\$1,031,647
Consumers' Accounting and Collecting Expenses	\$314,318	\$307,638
Customer Service and Informational Expense	\$114,663	\$100,786
Demonstration Salaries and Expenses	\$83,385	\$91,614
General Office Salaries and Expenses	\$668,131	\$743,897
Engineering, Legal and Accounting Services.....	\$120,972	\$84,969
Other Administrative and General Expenses	\$324,478	\$333,004
Maintenance of General Plant	\$138,424	\$144,053
Depreciation Expenses.....	\$1,350,167	\$1,326,410
Taxes.....	\$12,075	\$76,993
Interest on Long-Term Loans	\$852,968	\$582,220
Short-Term Interest.....	\$33,914	\$8,249
Other Deductions.....	\$44,441	\$19,390
TOTAL OPERATING REVENUES DEDUCTIONS.....	\$15,295,905	\$14,861,777
ELECTRIC OPERATING MARGINS (DEFICIT).....	\$83,778	\$254,839
Capital Credits-Associated Organizations	\$126,823	\$69,909
Capital Credits - G&T	\$0	\$0
Non-Operating Margins (Net).....	\$22,474	\$39,800
PATRONAGE CAPITAL AND MARGINS (DEFICIT)	\$149,297	\$109,709
NET PATRONAGE CAPITAL AND MARGINS (DEFICIT)	\$233,075	\$364,548

Where Your Dollar Goes



Balance Sheet

As of December 31, 2016 and December 31, 2015

ASSETS

	2016	2015
Total Utility Plant	\$51,072,219	\$48,894,176
Less: Provision for Depreciation	\$17,028,501	\$15,829,624
Net Utility Plant	\$34,043,718	\$33,064,552
Cash	\$47,515	\$101,936
Investments and Restricted Funds	\$1,471,968	\$1,414,793
Accounts, Notes and Interest Receivable	\$1,605,142	\$1,300,153
Materials and Supplies	\$496,112	\$461,692
Other Assets	\$1,918,574	\$2,405,700
TOTAL ASSETS	\$39,583,029	\$38,748,826

LIABILITIES

Memberships	\$24,200	\$24,065
Consumers' Deposits	\$494,585	\$490,600
Accounts Payable	\$1,440,330	\$1,048,189
Accrued Taxes and Interest	\$341,385	\$412,469
Patronage Capital	\$11,412,550	\$11,145,938
Operating Deficit (Prior Years)	\$0	\$0
Margins (Deficit)	\$210,601	\$326,881
Other Equities	\$630,792	\$609,894
Other Deferred Credits	\$250,712	\$185,157
Long-Term Debt to RUS, CFC and CoBank	\$23,065,261	\$24,119,161
Other Noncurrent Liabilities	\$272,613	\$261,472
Notes Payable	\$1,440,000	\$125,000
TOTAL LIABILITIES AND EQUITY	\$39,583,029	\$38,748,826

Audit

The firm of Dreyer & Kelso, certified public accountants of Mission, Kansas, made an audit of all records of the Rural Electric Convenience Cooperative Co., for the year ending Dec. 31, 2016.

The firm submitted the report of the audit to all members of the board of directors, the attorney and copies are retained for the cooperative records. This report stated that the accounts of said cooperative are in accordance with the Rural Utilities Service accounting procedures and in their opinion, the balance sheet, related statement of revenue and expenses and patronage capital and other equities presented fairly the financial position of the cooperative as of Dec. 31, 2016.

Minutes of the 2016 Annual Membership meeting

The 2016 Annual Meeting of Members of Rural Electric Convenience Cooperative Co. was held at Glenwood High School, Chatham, on June 9, 2016, pursuant to Article III, Section I, of the bylaws and Notice by the Secretary of Rural Electric Convenience Cooperative Co.

Vice Chairman Chris Wilcox welcomed the members. He introduced Reverend Clarence Rogers, St. John's Lutheran Church, Chatham, who delivered the invocation. Vice Chairman Wilcox then led the members in the Pledge of Allegiance and National Anthem.

Chairman Jimmy Ayers called the meeting to order at 7 p.m. and announced that a quorum was present with 211 members registered in person or by proxy. Chairman Ayers announced the meeting would be conducted in accordance with Roberts Rules of Order and voting to be conducted according to state law.

Secretary/Treasurer Mel Repscher read the Official Notice of the 2016 Annual Meeting.

Chairman Ayers introduced each member of the Board of Directors. He introduced Attorney Jerry Tice and Cooperative President/CEO David Stuva. Chairman Ayers then appointed Shelley Crocks as recording secretary and appointed Vince Fisher sergeant at arms.

The minutes of the 2015 Annual Meeting of Members were presented to the members. Chairman Ayers called for a motion to approve same as presented. Upon motion duly made, seconded and approved by voice vote, the minutes of the 2015 Annual Meeting of Members were approved as presented.

Representative Avery Bourne, Director of the Illinois Department of Natural Resources Wayne Rosenthal, President and CEO of IMEA Kevin Gaden and Sangamon County Auditor Andy Goleman were introduced along with other guests.

Vice Chairman Wilcox and Chairman Ayers presented service awards to Manager of Member and Public Relations, Dana Smith, 30 years; Journeyman Lineman Walt Wallace, 30 years; Member Service Electrician Jeff Lancaster, 25 years; Attorney Jerry Tice, 20 years; and Director Thom Hart, 5 years. Vice Chairman Wilcox stated Journeyman Lineman Craig Costello retired after 28 years of service at Rural Electric and Equipment Serviceman Clark Bowman will be retiring in the fall with more than 22 years at Rural Electric. Secretary/Treasurer Repscher presented a 10 year service award to Director Chris Wilcox.

Secretary/Treasurer Repscher announced John Beatty, Cassie Eigenmann, Lou Weitekamp, Thom Hart, Chris Wilcox and Jimmy Ayers have achieved Director Gold Certificates from NRECA.

Vice Chairman Wilcox recognized Lucas Motley, Palmyra and Hannah Gudgel, Pawnee, as the winners from our cooperative being sent to our nation's capital for the Youth to Washington

trip. Riley Jennings, Litchfield, is a self-sponsored participant.

Vice Chairman Wilcox introduced Linda Peper, the wife of Harold Peper, who served as a District 4 Director from 1972 through 1984. Harold and Linda paid for all five of their children to go on the Youth to Washington Trip. Linda has continued to support the Youth to Washington Program by paying to send all 4 of their grandchildren as well, with Riley Jennings being the last.

Secretary/Treasurer Repscher presented the Treasurer's Report. He stated interest, depreciation, taxes, required operating margins and the cost of purchased power combine for nearly 78 percent or \$15,116,616 of the co-op's total revenue collected. Twenty-two percent is operating expenses.

Secretary/Treasurer Repscher stated \$268,957 capital credit equity was retired in November 2015 to members who purchased electricity in 1982. Members who still receive electric service from the co-op had a capital credit refund on their January billing statement and those who no longer have service on our lines received a refund check.

Chairman Ayers informed the members that the co-op changed the collection and disconnect procedures for unpaid bills last fall. The co-op's write-offs of debts for nonpayment are a fraction of 1 percent of revenue. Chairman Ayers also reviewed the option of prepaid electric service with the members.

President/CEO Stuva reviewed the State of Illinois accounts with the members. He stated the State of Illinois owes the co-op \$98,990. The monthly average is \$11,000. He stated some of the State accounts include several stop-lights, highway intersection lighting, Sangchris Lake State Park, Interstate 55 Rest Areas and the Weigh Station north of Litchfield. President/CEO Stuva stated we have sent letters to the Governor and our State Representatives asking that the state's past-due bills be paid immediately once an appropriation is in place.

Chairman Ayers informed the members that our office is now using a digital system to improve our communication capabilities. Chairman Ayers stated with a new fiber optic line, we now have 23 lines available to receive calls. Tasks such as making automated payments, viewing account information or reporting outages can be completed without waiting for an employee to answer. He also stated members have reported no busy signals with the new system.

Chairman Ayers also reminded members of the co-ops online Outage Map that shows the service area by ZIP code or substation area and uses color coding to show how many accounts are out of power. The Outage Map Management System updates every five minutes. Chairman Ayers also stated when outages affect a large area, updates are posted on our Facebook page.

President/CEO Stuva stated part-time employee, Natalie Pier, started in January helping the Operations Department gather accurate equipment locations for the co-op's mapping system using a GPS data collector.

President/CEO Stuva stated Lineman Shane Norris and Natalie are conducting infrared tests on our underground distribution feeder cabinets checking 3-phase underground transformers and 3-phase riser poles. They have found several overheating elbows and lightning arrestors. The preventative maintenance will help avoid future outages.

President/CEO Stuva informed the members that crews installed 1,060 feet of new underground cable, enclosed in conduit, in the Tower Heights subdivision due to faults on the old underground cable. The new wire replaced the original cable installed in the 1970s.

Chairman Ayers mentioned the restrooms in the office were renovated this past fall and winter. The original installation was done in 1954 when the headquarters was built. Chairman Ayers stated the old layout did not meet modern accessibility standards. The adjacent hallways were upgraded also.

Chairman Ayers called upon Rod Bourne, Nominating Committee Chairman to present the Committee Report. Mr. Bourne reported the Nominating Committee met on March 8, 2016 as stated on page 16B of the Annual Meeting Notice and nominated Clayton Bloome as a candidate for Director District 1, Chris Wilcox as a candidate for Director District 2, and Jimmy Ayers as a candidate for Director District 3.

Chairman Ayers called on Attorney Jerry Tice to conduct the election of Directors. Attorney Tice reported that no nominating petitions had been filed before the meeting for Districts 1, 2 and 3. Accordingly, the candidates for Director District No. 1, Clayton Bloome, Director District No. 2, Chris Wilcox and Director District No. 3, Jimmy Ayers, are nominated for a three-year term. The Chair entertained a motion to accept the nominations of the Nominating Committee and to direct the Secretary to cast a unanimous ballot for the nominees of these three districts. The motion was offered and seconded and upon voice vote, the Chair declared that the motion was unanimously carried, there being no opposing votes.

Chairman Ayers called for any unfinished business and new business. He informed the members of next year's Annual Meeting on June 8, 2017 and thanked all of the members for attending this year's meeting. Prize drawings were then held.

There being no other business, Chairman Ayers declared the meeting adjourned sine die.

Respectfully submitted,
Secretary