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A Touchstone Energy[®] Cooperative

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What's Inside

This issue is dedicated to Annual Meeting News and updates on upcoming Co-op projects.

Recap from the 71st Annual Meeting of Members



During EnerStar's annual meeting Saturday, March 20, members re-elected three board members to three-year terms. Joining EnerStar's President/CEO Peter E. Kollinger (left) are re-elected board members David Sprigg of Marshall, Dale English of Paris, and Don Baggs of Marshall.

EnerStar Electric Cooperative members celebrated the co-op's 71st annual meeting held Saturday, March 20, at Crestwood School in Paris. After a complimentary pancake and sausage breakfast served by cooperative employees, members heard an update regarding the past year at the co-op and plans for the future.

President/CEO Peter E. Kollinger discussed several topics in his presentation including the co-op's equity plan, wholesale and retail rates, system reliability improvements, new smart grid automated meters and the cost of climate legislation and regulation.

Rising energy costs and carbon legislation

Regarding wholesale energy costs, Kollinger said EnerStar's wholesale power supply cooperative is Wabash Valley Power Association which serves 27 distribution co-ops like EnerStar and is a leader in renewable energy. WVPA diversifies its power mix, yet like most Midwest utilities, is very dependent on coal.

Kollinger pointed out that as he has reported the last couple of years, wholesale power costs continue to rise. The trend will continue into the future. "Wabash expects costs to

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(A) EnerStar's CEO updated co-op members on the highlights from the past year and plans for the future.



(B) Co-op board member Don Baggs and employee Kelly McCrocklin take a break from member registration to smile for the camera.



(C) Democratic Member Control: Cooperatives are democratic organizations controlled by members who actively participate in setting policies and making decisions. Co-op members, acting as election inspectors, count ballots from the board of directors' election.



(D) The EnerStar annual meeting is a great place for co-op directors like EnerStar's Board Chairman Tom DeWitt of Newman (left) to visit with fellow co-op members.

increase about 3.5 percent per year for the next 10 years," reported Kollinger.

He added that EnerStar did not expect a rate increase in 2010 although the Power Cost Adjustment, a direct reflection of increased power costs, increased in February 2010 by \$.0035 per kwh. These monies are paid directly to Wabash.

Meeting guest speaker John Lowrey of the Association of Illinois Electric Cooperatives and Kollinger told the audience that pending legislation could increase electric bills and hit the Midwest exceptionally hard.

"Carbon legislation that may pass will increase these costs further. It is a big unknown and why we ask your continued support in the Our Energy,

Our Future campaign," said Lowrey.

Members filled out cards at the meeting asking Congress to support legislation that will stop EPA regulation of carbon dioxide and other green house gases. EnerStar members have joined with a nationwide grassroots effort by co-op members to ask Congress to address energy and climate change issues

Thank You

Special thanks to
Speciality Battery
for the use of the golf carts

We would like to thank the following vendors who donated door prizes to the 71st Annual Meeting of Members.

Your support is greatly appreciated!

Benjamin's Office Connection
Brown Duck
Brownstown Electric
Citizens National Bank of Paris
Clear Talk Communications
Computer Wares
Dewitt Advertising
Edgar County Bank & Trust
First Bank & Trust
First Neighbor Bank, NA
Fletcher-Reinhardt Co.

Henigman Oil
Hughes Supply
Martinsville Chamber of Commerce
Nu-Gas
Paris First Bank/Branch of State
Bank of Chrisman
State Farm Insurance -
Terry Elston, Agent
T & R Electric
Vermeer Sales & Service

***EnerStar's office will be closed Monday, May 31, 2010,
in observance of Memorial Day.***



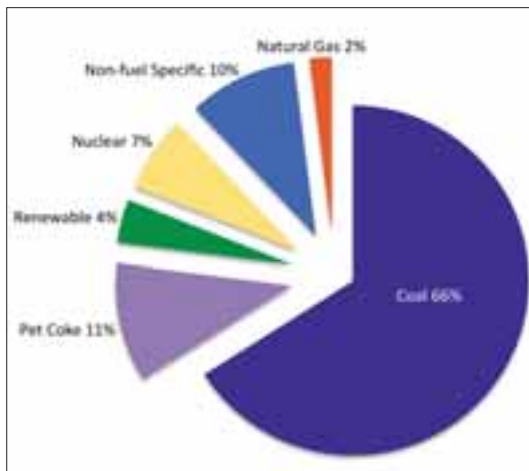
(E) As is tradition, co-op members enjoy a complimentary breakfast before the meeting.



(F) EnerStar's Susan Watson encourages members to join the Our Energy, Our Future campaign. OEOF is a grassroots effort to educate the 40 million electric co-op members in 47 states about proposed carbon legislation that if passed, would increase electric bills

Capital Credits

- Total retirements in 2009
 - 1961 to 1965 General Retirement \$ 182,990
 - Estate Retirements \$ 121,391
- Total retirements to date \$ 2,781,615



WVPA Fuel Mix 2010

To reduce the impact of rising power costs, Wabash diversifies their fuel types. Like other Midwest utilities, most of the power Wabash generates comes from coal. However, they are one of the leading generation cooperatives in renewable energy which represents 4% of their power mix portfolio.

with fair, affordable and achievable legislation. Kollinger said members could join the grassroots campaign at any time by going to www.ourenergy.coop.

Member equity and capital credits

Since EnerStar is a not-for-profit electric cooperative, any margins (profits) left after paying expenses are posted to each member's capital credit account based on their use of electricity. Kollinger said the co-op has over the years returned a total of \$2,781,615 in capital credit payments to members. In 2009, the co-op refunded \$182,990 to members and \$121,391 to member estates.

Kollinger reported the co-op is moving closer to meeting its financial goal of achieving 40 percent member equity, which represents the members' ownership. At 35 percent now, he said it should reach nearly 36 percent by year-end.

System reliability

Since 2005, EnerStar has made significant strides in improving system reliability. Kollinger

said, "In 2009 Mother Nature was kind to us, but our employees' efforts also contributed to fewer power outages." Kollinger said that right-of-way clearing has reduced storm-related outages and pole guards have reduced animal-related outages. The cooperative has been able to use crews for more preventive maintenance and line patrol. In 2009, the Paris substation was completely renovated and the Chrisman sub is scheduled for this year. In addition, the cooperative will replace an older single phase line near Elbridge to improve reliability.

Two major construction projects outlined: AMI & New Substation

New Martinsville Substation

Kollinger outlined two major construction projects that will improve the cooperative's electric system for generations to come. One major project is the building of a new substation north of Martinsville. This project has been under consideration for many years.



AMI Timetable

- Equipment installed at all substations except West Union, which will be completed in mid-May
- Currently installing AMI meters at members' locations;
 - Paris, Ferrell & Baldwin substations complete and reading
 - Marshall substation installation underway
 - Test meters installed at all other substations
- Anticipate full deployment end of August 2010

The new substation will improve system reliability in the southwestern portion of the EnerStar service territory. "We anticipate energizing the sub around November 1," said Kollinger.

Kollinger went on to explain that in the near future, the co-op plans to build distribution tie lines that will connect all EnerStar substations. The cooperative will have the ability to "back feed" any of the substations during an extended outage or if experiencing transmission problems, thereby improving reliability for the entire membership.

AMI technology enables EnerStar to have 2-way, 24-hour communication between the member's electric meter and the cooperative, enhancing customer service and reliability

Advanced meter infrastructure (AMI)

Kollinger also reported that the co-op is moving forward with installation of its automated meter infrastructure (AMI) smart grid project. Full deployment should be completed by August. He said the new meters have two-way com-

AMI Benefits

- Improves outage restoration
- Identifies power quality issues
- Automatic meter readings
 - eliminates estimated bills; consistent billing periods
- Can provide member daily usage information
- Reduces visits to your home or property
- Precursor to future services

munications with the cooperative office and help pinpoint outages quickly, improve billing, monitor voltage levels and identify blinking light issues. The new "smart" meters will help the co-op offer new services in the future.

A new substation near Martinsville will improve system reliability in the southwestern portion of the EnerStar service territory. It will be energized around November 1.



The next project is the construction of two tie-lines, represented with a pink and a yellow line, that when complete will link all EnerStar substations giving the cooperative the ability to "back feed" substations during an extended outage. This will improve system reliability for the entire membership.