

What's Inside

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



*EnerStar's office
will be closed
Monday,
May 30, 2011,
in observance of
Memorial Day.*



Recap from the 72nd Annual Meeting of members



During the EnerStar's annual meeting on Saturday, March 19, cooperative members re-elected two board members to three-year terms. They are Jeff Zimmerman (front) of Oakland and Danny Gard (back, left) of West Union. Also, in a close election, Mark Comer (back, middle) of Paris was also elected to a three-year term. Also in the photo is EnerStar CEO Peter E. Kollinger (back, right)

EnerStar Electric Cooperative members celebrated the co-op's 72nd annual meeting held Saturday, March 19, in Paris. After a 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 to the membership including 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 told members that across the country, wholesale power costs are climbing. Wabash Valley Power Association, a generation and transmission co-op that serves 27 distribution coops including EnerStar, expects wholesale prices to rise 3 percent for the next 10 years.

EnerStar's last rate change was back in 2007. "There will not be any

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(A) EnerStar employees Kelly McCrocklin (left) and Susan Watson (right) register an electric cooperative member prior to the meeting.

(B-C) As is tradition, coop members enjoy a complimentary breakfast before the meeting.

retail rate changes at the cooperative level in 2011. However, in the future, if wholesale rates increase beyond a level the cooperative can financially absorb, a cost of service study will be conducted to determine future rates.”

Kollinger congratulated members for their past participation in a grass roots campaign to stop comprehensive climate legislation, but warned that the EPA was now regulating greenhouse gases under the Clean Air Act. “It’s hard to predict the future with so much uncertainty, but one thing seems clear: government regulations are going to increase the cost of doing business,” added Kollinger.

System Reliability

Since 2005, EnerStar has made significant strides in improving system reliability, Kollinger pointed out. He explained several major projects and new technologies help the cooperative keep electric bills affordable by improving efficiencies.

AMI technology enables 2-way, 24-hour communications between the electric meter and the co-op, enhancing member service and reliability

Smart meter installation complete

Kollinger discussed the recent installation of smart meters for the cooperative’s AMI project. AMI, which stands for Advanced Meter Infrastructure, is more than just remotely reading electric meters. AMI enables the cooperative to have two-way, 24-hour communications between the member’s meter and the cooperative office. Data stored in the meter includes daily reads, past outage information, and power quality measurements.

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

New Martinsville substation energized

One major project to improve the cooperative’s electric generation for

years to come is the recently completed Martinsville substation. The new substation is located just north of Martinsville and will improve reliability in the southwest portion of the cooperative’s service territory.

“With the delivery of a transformer on March 15, the new Martinsville substation construction is complete and was recently energized,” said Kollinger. He added that the project included seven miles of transmission line built by Wabash and 4.5 miles of 3-phase under-build, heading north out of the new substation.

Future projects – Building major tie-lines

Along with the new substation, Kollinger explained that it is the cooperative’s intent to begin construction of a 12-mile 3-phase “tie-line” between the Martinsville substation and the West Union substation. Also proposed is a tie-line between the Martinsville substation and the Marshall substation. “When complete, all EnerStar substations will be linked, or connected,” said Kollinger. “We will have the ability to “back feed” any of our substations during extended outages.” He emphasized these tie-lines will improve reliability for the entire cooperative membership.



(D) EnerStar employee Jon Farris serves a coop member.



(E) EnerStar Board President Tom DeWitt of Brocton welcomes members to the meeting.



(F) Yum! A young cooperative member digs into some pancakes!

Capital Credits

- 2011 retirements to include Estates; General refund 1966-1968
- Total retirements to date \$2,624,784

Feb. 2011 Ice storm

Kollinger also acknowledged the ice storm that hit the area from January 31 to February 7. "This ice storm was a hardship for everyone," said Kollinger. "We had bad weather the entire week, with 60 percent of our members without power at one point or another, due to 150 broken poles and numerous downed power lines." He added that an additional

35 lineworkers were recruited from other electric cooperatives to work the storm. "This ice storm was worse than ones that hit the cooperative in 1978 and 1988 and clean-up efforts are expected to last of eight weeks," said Kollinger.

Improved Outage Communications

While the February 2011 ice storm was an extreme event that occurs every 25 years or so, Kollinger informed the membership that the cooperative was taking steps to

improve outage communications. The co-op will soon unveil an enhanced website with outage info in a "Storm Central" section. Members can now sign up via text messages to their mobile phones at www.enerstar.com/alerts. "In the event of a major power outage in your area, text messages can be sent with outage and restoration information," said Kollinger.

Also, a new telephone system which was included in the 2011 budget will be installed in mid-April. One of the biggest complaints received during the ice storm was the inability to speak with a cooperative



Special thanks to
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for the use of the golf carts

EnerStar would like to thank the following vendors who donated door prizes to the 72nd Annual Meeting of Members

Your support is greatly appreciated!

Air Evac
Benjamin's Office Connection
Brownstown Electric
Buchanan Communications
Citizens National Bank of Paris
Computer Wares
Edgar County Bank & Trust
Farm Credit Services
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First Bank & Trust
First Neighbor Bank, NA
Fletcher-Reinhardt Co.

Henigman Oil
Hughes Supply
Main Street Café
Murphy Farm Seeds
Nu-Gas
Paris First Bank/State Bank
of Chrisman
State Farm Insurance -
Terry Elston, Agent
T & R Electric
Vermeer Sales & Service

representative due the phones being busy. With an event of this magnitude, the cooperative is receiving hundreds of calls at once, but there are several steps the cooperative can take to improve service.

Future member services

Along with the new website, a new E-bill program debuted in April. "E-Bill is a free and convenient service giving members the option to receive paperless billing statements, make online payments, view usage information, all with a click of a button," said Kollinger. In addition, he added that the cooperative will later this year offer Prepay accounts. "Just like a prepaid cell phone, PrePay gives members the opportunity to pay when they want in the amounts they want," said Kollinger. Both E-Bill and Prepay offer benefits to members who use them but Kollinger explained that these services benefit all members

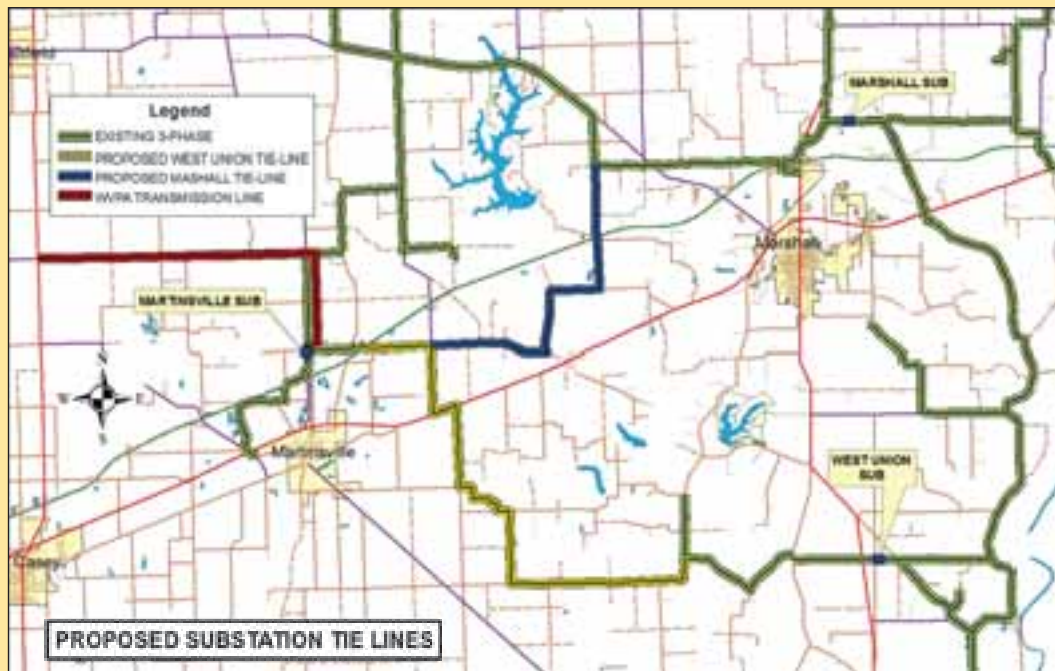
by helping the cooperative reduce operating costs.

Member equity and capital credits

Since EnerStar is a not-for-profit cooperative, any margins (profits) left after paying expenses are posted to each member's capital credit account

based on the member's electricity usage. Kollinger said that over the years, the co-op has returned a total of \$2,624,784 in capital credit payments to members. In the coming months, Enerstar will issue a general refund for the years 1966 through 1968. Members who received electric service during those years are advised to watch their mail in mid-April for notification.

The new Martinsville substation was energized in mid-March. The substation will improve system reliability in the southwest portion of EnerStar's service territory.



Upcoming EnerStar projects include the construction of two tie-lines that when complete will link all EnerStar substations. The coop will have the ability to "back feed" substations during extended outages. This will improve reliability for the entire membership.