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A time for reflection, year-end status updated



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As 2023 comes to a close, it is an appropriate time to reflect on EnerStar's past, present and future. With our 85-year history, we have a strong foundation to build upon. We reflect on what we do well, and more importantly, where to improve. We developed a strategic plan that lays out our future. Therefore, in my year-end CEO column, I will share a co-op perspective on the past and the future.

Improving distribution system reliability

Your co-op is committed to enhancing our distribution system to provide even better service. In the next three years, we plan to invest almost \$10 million in upgrading our power lines, equipment, poles and substations. Our current metering system, installed in 2010, is reaching the end of its life cycle. As time passes, the meters and equipment required to operate the system are becoming increasingly difficult to find. For this reason, starting in 2024, we will install the latest-generation electric meters currently used in over 75% of American households. These meters offer advanced communication features, better performance

reports and faster outage reporting.

Developing future-focused rates

Over the last 10 years, EnerStar has managed to limit the increase in its electric rates by only 7%, despite inflation rising by over 30% in the past decade. This achievement is due to

our thoughtful financial planning and holding the line on controllable costs.

The utility industry is rapidly evolving with the rise of member-owned renewable generation, electric vehicles

and electric batteries. EnerStar, like many other cooperatives, must adapt to these changes. While we support renewables as part of our power supply portfolio, we want to ensure that members who choose not to use them are not subsidizing those who do. Therefore, our rate structure must remain current, relevant and aligned with the driving force behind costs and unique demands for electricity from our members.

Electric rates consist of two primary usage components: the kilowatt-hour, which measures energy use, and demand, which measures average electricity consumption during a 15-minute interval. Usually, the more electrical devices used, the higher the demand.

Your co-op is committed to enhancing our distribution system to provide even better service.

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A Touchstone Energy® Cooperative

11597 Illinois Highway 1
Paris, IL 61944
800-635-4145
Monday through Friday
7:30 a.m. to 4:30 p.m.

To understand energy use and demand, let's use the analogy of a bucket of water. We have two members, each needing 10 gallons of water. The first member filled the bucket in one hour, while the second member filled the bucket in 15 minutes by turning the water on at full blast. Although the amount of water is the same, how they got that water varied greatly. The same applies to electricity.

Under our current rate structure, we bundle the energy and the demand into one energy rate. But as the United States moves away from base-load electric generation, such as coal plants, and electricity consumption continues to increase, the price of the demand component of our wholesale power bill is rising significantly.

Thus, aligning members' rates with how costs are incurred is becoming increasingly important to keep rates fair for all members. Therefore, we will begin unbundling these charges in the coming year. This structure is typical of other electric utilities.

As we modernize our rate structure with a cost-based design and upgrade our metering technology, we gain opportunities to offer attractive incentive electric rates for those members who are interested in taking advantage of cost-saving options.

Enhancing financial security and stability

During our annual meeting in June, we had a productive discussion with our members regarding our ongoing efforts to reduce debt. They confirmed our goals.

As I mentioned, it is a challenging time in the utility industry due to significant price increases of essential items required to operate an electric utility. For instance, electric poles cost up to 90% more,

while transformers have increased by 50% over the past two years. These price hikes pose a significant challenge to our operations. Additionally, we continue to experience long lead times for acquiring the same equipment. Some transformers take several months or years to arrive, while utility trucks can take two to three years.

Considering these challenges, financial planning has become even more critical to our operations. Despite the significant cost increases, we have kept our controllable costs stable for the last five years while reducing our long-term debt by \$1.7 million since January 2021. At the same time, we are significantly improving our electric system to enhance reliability.

Williams resigns from co-op board



Jeremy Williams, who served as a member of EnerStar's District 7 board district in Clark County, moved out of the district and subsequently resigned from his position. The EnerStar family expresses their gratitude to Jeremy for his dedicated service to the co-op since 2017. We appreciate his valuable insights and support.

Give a HUG Home Utility Gift



Need a thoughtful gift idea or random act of kindness? Call us at 800-635-4145 to buy an energy gift certificate! Purchase a HUG Card, and the amount will be deducted from the recipient's next bill. We'll send you a gift certificate to give to your recipient or we can send it anonymously. No action is required from the recipient.

Higginbotham appointed to fill board vacancy

The EnerStar board of directors has announced that Julie Higginbotham from Martinsville will fill the board vacancy in District 7 (Clark County) after the resignation of Jeremy Williams. Williams moved out of the district.

Julie has lived in the Martinsville area for the past 39 years, growing up in the Oakland and Charleston area. She attended Eastern Illinois University, earning a BS and MS in education. She was a teacher in the Martinsville School District for 33 years before retiring a year ago. Julie has been a member of the Martinsville Bible Church for more than 36 years and served as treasurer. Until recently, she was the township supervisor of Auburn Township for six years but resigned after moving out of the township.

Julie stated her primary goal as a director is to gain a better understanding of how the co-operative works and what the board can do to best serve the co-op's member-owners.

Let's welcome Julie to the EnerStar board!



Seventeen 2024 IEC Memorial Scholarships available

Illinois electric cooperatives will award 17 scholarships in 2024 to financially assist deserving students in the electric cooperative family. The 17 scholarships, \$2,000 each, will be awarded through the Thomas H. Moore Illinois Electric Cooperatives (IEC) Memorial Scholarship Program.

Ten scholarships will be awarded to high school seniors whose parent(s) are an Illinois electric co-op member. An 11th scholarship, the Earl W. Struck Memorial Scholarship, will be awarded to a student who is the child of an Illinois electric cooperative employee or director. Five additional scholarships are reserved for high school seniors enrolling full time at a two-year Illinois community college whose parent(s) are an Illinois electric cooperative member, employee or director.

The 17th scholarship, the LaVern and Nola McEntire Memorial

Lineworker's Scholarship, will help pay for costs to attend lineworker school conducted by the Association of Illinois Electric Cooperatives in conjunction with Lincoln Land Community College, Springfield, Ill. Children of co-op members, relatives of co-op employees or directors, and individuals who have served or are serving in the armed forces or National Guard are all eligible for this scholarship.

"We hope to assist electric cooperative youth while honoring past rural electric leaders with these scholarships," says EnerStar's Angela Griffin. "EnerStar and the other Illinois electric cooperatives are always seeking ways to make a difference in our communities. One of the best ways we can do that is by investing in our youth through programs like this one."

Deadline to apply for the scholarship is Dec. 31, 2023. The



lineworker scholarship deadline is April 30, 2024. For more information regarding the scholarships, contact Griffin at 800-635-4145, ext. 103 or agriffin@enerstar.com. Information has also been shared with area high school guidance counselors and is available online at www.enerstar.com.

Watson, Milbourn, Borchers retire

While we wish a retiring employee all the best, it is hard to see them go. Nonetheless, we want to wish a big "Happy Retirement" to three long-time employees. Thanks to you all for your years of service to the co-op membership!



Susan Watson
Member Services/Billing
Supervisor



Kent Milbourn
Maintenance Crew Leader
Journeyman Lineman



Keith Borchers
LT Planning/Member Liaison



Office closings

Our office will be closed Dec. 22 & 25 for Christmas and Dec. 29 & Jan. 1 for New Year's Day.





Youth to Washington

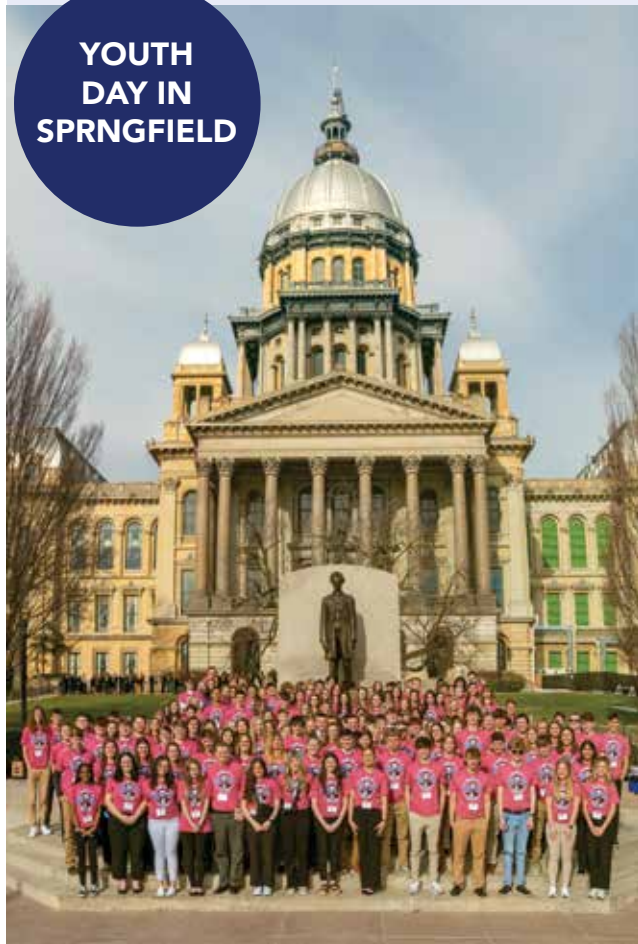
APPLY TODAY TO REPRESENT ENERSTAR IN D.C.

For more than 50 years, the electric cooperatives of Illinois have given tomorrow's leaders the opportunity to learn from today's public officials, and EnerStar is on the hunt for two outstanding students to represent our co-op at Youth Tour this year. EnerStar's Youth Tour is actually two separate events: Youth Day in Springfield and the Youth to Washington trip.

YOUTH DAY IN SPRINGFIELD – APRIL 2024 (TBA)

Each year, nearly 300 outstanding students get an up-close, first-hand look at democracy in action when they meet their elected representatives during Illinois Electric Cooperatives Youth Day.

YOUTH
DAY IN
SPRINGFIELD



YOUTH TO WASHINGTON – JUNE 14-21, 2024

Those individuals selected will also travel by charter bus for an all-expense, week-long tour of Washington, D.C where they will create lasting memories and visit all the Washington must-see sites including Gettysburg, George Washington's Mt Vernon, Smithsonian museums, Arlington Cemetery, and much more!

YOUTH TO
WASHINGTON



HOW TO APPLY

Applicants should be high school freshmen, sophomores or juniors during the 2023-2024 school year. In addition, the students must reside in the EnerStar service territory and receive their electricity from EnerStar.

Visit www.enerstar.com to find the application in the Community Section. Applications are due Jan. 31, 2024. Good luck!