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20B

Year End Message

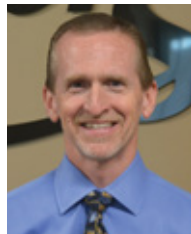
20C

CoBank Sharing Success
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20D

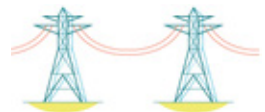
Financial Update for 2020

Year End Message from EnerStar CEO Brent Reyher



As each year draws to a close, we often find ourselves reflecting upon the past 12 months. Given all that has taken place since we first learned the term COVID-19 in early 2020, for me this year is a bit different. Who could have imagined how our lives would change? But if there is one consistency in adversity, it is that Americans are resilient. We know how to “weather the storm.” “Storms” such as the COVID-19 pandemic can take us by surprise while

deterioration. Based upon timely test results, we elected to remove both units from service with spares that were available to us. By scheduling this work, we believe we avoided unplanned and potentially extended outages. Upon completion of routine engineering analysis, equipment is commonly installed that increases service reliability but also gives the co-op the capability to serve members from alternate facilities. This allows for more timely restorations when a weather event or system contingency occurs. By switching to an alternate line or sub, it is our goal to restore as many members as possible while isolating the section of the system that requires repair.



1,492
MILES OF LINE



5,254
ELECTRIC ACCOUNTS

others can be prepared for in advance. Take, for example, the work done by staff at your electric cooperative. At the heart of our mission statement, EnerStar is focused on providing reliable power to our membership. This requires planning, training, and timely execution of a game plan. We often refer to this internally as “the work plan.”

At EnerStar, we develop a work plan that enables us to and plan for contingencies. This year, we replaced two aging substation transformers that were showing signs of accelerating internal



3.5 members per miles of line

3RD MOST RURAL ELECTRIC COOPERATIVE IN IL

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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.

18 Full Time Employees

268 YEARS OF COMBINED SERVICE



Another example of our ongoing efforts to improve the reliability of the distribution system, this past summer, EnerStar utilized for the first time an aerial-mounted saw to trim vegetation in areas difficult to maintain with terrain-based equipment. Although the trimming was completed in less than a week, the saw was so efficient that it required several weeks for the ground crew to process all the material left behind. If you were unable to witness the saw in person, I would encourage you to go to our website and watch a video of it in action. It was quite a sight!

This year EnerStar reached an exciting milestone. Partnering with one of its key lenders, CoBank, the two have collectively given over \$125,000 to local organizations such as volunteer fire departments



42,144
HOURS WORKED BY EMPLOYEES

and food banks via a program entitled "Sharing Success." As a member, you have helped EnerStar

provide much-needed resources to organizations in our area. We look forward to continuing this tradition of giving. See a list of organizations on 20C that have benefitted from grants.

As we prepare for the future, EnerStar is working alongside its power supplier, Wabash Valley Power Alliance, to ensure that our rates provide the membership with the ability to embrace emerging technologies such as electric vehicles or smart appliances. Possible rate enhancements being discussed include time-of-use (TOU) rates, a "super" off-peak rate, as well as potential incentives for those who can shift peak consumption away from high cost and into



1,725
FOLLOWERS ON FACEBOOK

periods of lower cost. The overall goal would be to provide members with opportunities for reducing energy costs by providing pricing which more accurately reflects the variability of the cost of producing and delivering energy.

Rate reviews are wisely coupled with a cost of service study (COSS). Such a study provides detailed information regarding cost contributors and sets a roadmap as to which member groups are receiving the benefits of each set of costs. The current COSS was completed in 2018, however costs contributors often change over time, so it



\$7.7 Million
IN CAPITAL CREDITS RETURNED THRU 2020

is wise to update this key study from time to time. I'm pleased to say that EnerStar has begun the preliminary steps of an updated COSS, with completion expected mid-2022.

As these are detailed studies, the update will again be completed with key contributions from

CoBank, a trusted business partner. While it's difficult to predict with certainty how rates may change in the future, one thing that is certain is your board of directors will first carefully consider the financial health of the co-op before implementing any changes. And it is the COSS that will provide them with the information needed to make informed and timely rate decisions.

EnerStar has long been blessed with hard-working employees who live and serve within our community. Some of those individuals are beginning to reach a point in their career when retirement becomes a near-term option. We certainly have benefitted from their years of dedication and hard work, however as they embrace a new chapter of their lives, we must focus on finding their successors. Throughout the next few years, we will be hiring talented individuals to help fill those shoes. While the faces you see at the co-op may begin changing, the goal of providing low cost, reliable power to our neighbors and friends will never change.

Stay safe and hopefully we will all be together again at our 2022 Annual Member Meeting!



83,188,633
KILOWATT HOURS SOLD

Past Sharing Success Grant Recipients

- 2021** Area Fire Departments: Brocton, Chrisman, Grandview, Hindsboro, Hume, Kansas, Marshall, Martinsville, Metcalf, Oakland, Oliver, Redmon, Vermilion and West Union
- 2020** Area Schools: Chrisman, Kansas, Marshall, Martinsville, Oakland, Paris and Shiloh
- 2019** Edgar County Food Pantry, Chrisman Food Pantry, Northern Edgar County Ambulance Service
- 2018** Edgar County Sheriff Dept. and Clark County Sheriff Dept.
- 2017** Clark County Park District and Oakland Food Pantry
- 2016** Twin Lakes All-Ability Playground, Paris
- 2015** Human Resources Center of Edgar and Clark County
- 2014** University of Illinois Extension Service in Edgar and Clark County
- 2013** Marshall Food Distribution Center and Martinsville Food Pantry
- 2012** Paris High School Construction Project



**MORE THAN
\$125,000**

**donated to local
organizations
through the
Sharing Success
program**



**Merry Christmas
and Happy New Year!**

Happy holidays, from your friends at EnerStar Electric Cooperative!

Our office will be closed December 23 and 24 for Christmas and December 31 and January 3 for New Year's.

May you have a safe and happy holiday season!



**IEC Memorial
Scholarships available**

Fourteen \$2,000 scholarships will be awarded in 2022 through the Thomas H. Moore IEC Memorial Scholarship Program. See page 4 for details.

Financial Update for 2020

Since our annual meeting was canceled this year, we wanted to update the membership on the financial condition of the cooperative, much like we would have done at the annual meeting.

BALANCE SHEET

ASSETS	2020	2019
Property, Plant And Equipment	\$28,876,900	\$28,951,053
Ownership In Associated Organizations	4,363,061	4,055,630
Notes Receivable And Other Investments	3,517,416	3,555,073
Accounts Receivable, Materials & Other Curr. Assets	2,037,265	2,343,054
Cash	1,194,279	164,118
TOTAL ASSETS AT COST	\$39,988,921	\$39,068,928
MEMBERS' EQUITY AND LIABILITIES	2020	2019
Members' Equity	\$19,489,824	\$18,743,478
Long-Term And Short-Term Debt	14,486,842	14,465,927
Provision For Future Retirement Obligations	3,886,431	3,353,434
Accounts Payable & Other Curr. Liabilities	2,125,824	2,506,089
TOTAL MEMBERS' EQUITY & LIABILITIES	\$39,988,921	\$39,068,928

EnerStar's comparative **BALANCE SHEET** shows audited results for 2020 and 2019. The vast majority of our assets are invested in "**PROPERTY, PLANT AND EQUIPMENT;**" basically power lines, substations and equipment to provide electric service. The next largest category is "**OWNERSHIP IN ASSOCIATED ORGANIZATIONS.**" These are required investments in our critical suppliers of wholesale electricity, insurance, sources of capital, etc.

The funding for all assets comes primarily from two sources; "**MEMBERS' EQUITY**" and "**LONG-TERM AND SHORT-TERM DEBT.**" Member's Equity is the portion of EnerStar that is owned by those we serve, our members. Think of it like the equity in your home.

As you can see, it takes \$7,600 per member to maintain all the assets necessary to operate EnerStar. This investment is funded with Members' Equity at the rate of \$3,700/member. The remainder (\$3,900 per member) is funded through some form of a liability.

EnerStar's comparative **INCOME STATEMENT** shows audited results for 2020 and 2019. To help put these numbers in perspective, we have included how they translate into revenues and costs per a typical residential bill. (1,000 kWhs)

Please notice how close our "**OPERATING INCOME**" and "**OPERATING EXPENSES**" are to each other. **96 percent of our income was used to pay expenses.** The small amount remaining (4 percent) will then be added to Members' Equity and used to help offset the need for additional debt.

Total Margins are higher due largely to Non-Operating Margins. EnerStar, as an organization, is a member and receives goods and services from various other non-profit electric cooperatives. As a result, the co-op receives patronage capital from these organizations and the results are shown under non-operating margins. These margins are largely **non-cash** capital credit allocations from these associated organizations.

INCOME STATEMENT

REVENUES	2020	2019
Operating Income	\$12,280,530	\$12,545,362
EXPENSES	2020	2019
Cost Of Purchased Power	6,571,578	6,878,434
Operations & Maintenance	1,509,811	1,540,898
Customer Service & Information	633,705	637,782
Administrative & General	1,018,793	1,024,022
Taxes, Interest & Depreciation	2,063,105	2,079,922
TOTAL OPERATING EXPENSES	\$11,796,992	\$12,161,058
TOTAL OPERATING MARGINS	\$483,538	\$384,304
Non-Operating Margins (Net)	752,225	724,287
TOTAL MARGINS	\$1,235,763	\$1,108,591
MONTHLY AMOUNTS PER AVERAGE RESIDENTIAL BILL		
OPERATING INCOME	\$144.00	\$146.70
TOTAL OPERATING EXPENSES	\$138.33	\$142.21
OPERATING MARGINS	\$5.67	\$4.49
TOTAL MARGINS	\$14.49	\$12.96