

The

Enlightener



North Star
Electric Cooperative, Inc.

Your Touchstone Energy® Partner



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BAUDETTE, MINNESOTA

June 2006

Moving foward

*Minnkota announces settlement agreement with EPA,
State of North Dakota*

By Michael Nisbet
Communications Supervisor
Minnkota Power
Cooperative, Inc.

Minnkota Power Cooperative, Inc. has announced a settlement agreement with the Environmental Protection Agency (EPA) and the State of North Dakota regarding emissions at the coal-fired Milton R. Young Station near Center, N.D. The agreement will result in significant reductions of sulfur dioxide and nitrogen oxides.

EPA issued a Notice of Violation (NOV) to Minnkota in 2002, alleging that several projects at the Young Station violated the New Source Review (NSR) permitting rules. Minnkota does not agree with the EPA's allegations, but has elected to settle the issue and move on.

"The Young Station, like all large power plants in the nation, must comply with a variety of air emission regulations, including current acid rain program requirements and numerous other Clean Air Act requirements," said John Graves, Minnkota environmental manager. "This agreement will allow Minnkota to focus on future emission reductions that will allow us to build a possible third generating unit at the Young Station site."

Minnkota owns and operates Young 1. Young 2 is owned by Square Butte Electric Cooperative and operated by Minnkota. Square Butte, a Young 2 project-specific generation and transmission (G&T) cooperative,

is also a signatory to the settlement.

Enviromental, economic benefits

Both the environment and the economy of western North Dakota will benefit from the construction of these projects.

Minnkota president & CEO David Loer said, "The settlement allows Minnkota and the State of North Dakota to jointly benefit. Minnkota receives certainty that required future emission reductions will allow us to build Young 3, and the State of North Dakota reduces potential obstacles to lignite economic development in western North Dakota sooner than originally thought possible."

A new flue gas desulfurization (FGD) system having a removal efficiency of 90-95 percent will be installed on Young 1 in 2011. (251-25-062-02 Tim/Debra Lyon) The current Young 2 FGD system will be upgraded in 2010 to increase its removal efficiency from 70 percent to a removal efficiency of 90 percent. The FGD system addition on Young 1 and the FGD system upgrade on Young 2 will result in at least



As part of the Minnkota settlement agreement, the Young 2 sulfur dioxide scrubber will be modified in 2010 to increase its removal efficiency. A new scrubber will be constructed for Young 1 in 2011.

one, and possibly two, new 550-foot tall stack(s) being built at the plant.

The installation/upgrade of controls will result in annual reductions of

Continued on page 4

**North Star
offices
will be closed
on July 4
in observance of
Independence
Day**

Safe Electricity offers Summer Safety Tips

Summertime brings people out of doors. Whether heading outside for summer fun or yard work, Safe Electricity recommends that families review and follow simple safety rules to avoid outdoor electrical hazards that can cause serious injury or death. Of particular concern are overhead power lines, and the added dangers of using electricity outdoors, around water.

“Keep your summer season enjoyable and safe,” said Molly Hall, director of Safe Electricity. “Be aware of overhead power lines when working or playing outside your home. Make sure children know and follow basic safety rules.”

Safety tips to keep in mind this summer:

- Look up and around you. Always be aware of the location of power lines, particularly when using long metal tools like ladders, pool skimmers and pruning poles, or when installing rooftop antennas and satellite dishes or doing roof repair work.
- Be especially careful when working near power lines attached to your house. Keep equipment and yourself at least 10 feet from lines. Never trim trees near power lines – leave that to the professionals.
- If your projects include digging, like building a deck or planting a tree, call your utility locating service before you begin. Never assume the location or depth of underground utility lines. Call at least two business days ahead of your dig date. This service is free, prevents the inconvenience of having utilities interrupted, and can help you avoid serious injury.
- For outdoor landscaping and decorative lighting, consider solar lighting units available for patios, steps and side-walks.
- Be careful using electrical appliances outdoors. Whether it is a lawn and gardening device, a bug zapper, an electric charcoal lighter, a radio or CD player, caution must be exercised. Be sure you use outlets that have ground fault circuit interrupters (GFCI) to prevent serious shock injuries. Use portable GFCIs for outdoor outlets that don't have them.
- If you need to use extension cords outside, check them carefully for exposed wires; make sure they are in good shape, and not frayed or cracked. Use only extension cords that are UL-rated for outdoor use, and are large enough to handle the current needed for the device you are using. Check that the prongs on the extension cord plugs are clean, not broken or bent. Make sure the ground prong is intact in a three-prong plug, and avoid use of adapters for safety reasons.

- Never use electric yard tools if its raining or the ground is wet. Keep electrical appliances and tools at least 10 feet away from pools, ponds and wet surfaces.
- Electricity and water are a dangerous mix. Do not use electrical appliances in wet areas – even wet grass can create a hazard.
- Children often do not understand the dangers of electricity. For safe outdoor play, Safe Electricity recommends that children be taught to follow these rules:
 - Never climb trees near power lines. Even if the power lines aren't touching the tree, they could touch when more weight is added to the branch.
 - Fly kites and model airplanes in large open areas like a park or a field, safely away from trees and overhead power lines. If a kite gets stuck in a tree that's near power lines, don't climb up to get it. Contact your electric utility for assistance.
 - Never climb a utility pole or tower. Don't play on or around pad-mounted electrical equipment.
 - Never go into an electric substation for any reason – even on a dare. Electric substations contain high-voltage equipment, which can kill you. Never rescue a pet that goes inside. Call your electric utility instead.
 - When designing an outdoor play area for your children, do not install playground equipment or swimming pools underneath or near power lines.

“Summer storms and floods can also leave electric hazards behind,” Hall added. “It's a good idea to keep utility emergency numbers close at hand.”

Never step into a flooded area if water is in contact with electrical outlets, appliances or cords. Before re-entering a storm-damaged building, make certain the power is shut off. Don't touch main circuit breakers or fuses when you're wet or standing in water.

If you see a downed power line, keep everyone away from it, and call your electric utility. Assume that all downed powerlines are energized.

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Rising costs



By Dan Hoskins
General Manager

Hope all is well with all of you, and you are well into your summer projects, whether it is fishing, gardening, exercising or just hanging out with friends and neighbors. Although I enjoy all of the above, it seems that when visiting with friends, family or neighbors, the cost of everything always comes up, and rightfully so. Costs, or should we say unstable costs, and load control have increased almost annually for the last four to six years and since we have discussed load control recently, let's give that a rest and talk costs.

The (unstable) costs of our consumer needs are still rising. Health care, fuel, energy and "others." Some of the "others" would be the (unstable) cost of our two favorite metals in our industry, copper and aluminum. In the past year, copper has gone up almost four times to a record \$4 per pound and aluminum has doubled to almost \$1.50 per pound.

So, where is the connection? Our conductor is made up mostly of these two elements, either copper or aluminum, and then you add the insulation, which is either rubber or plastic and then the protective outer coating, which is also plastic, (most all of this plastic or rubber is made up of fossil fuel byproducts), and what do you have? A higher cost of wire or conductor for your Cooperative. What once was \$1.19 per foot conductor is now \$2.31 per foot. This means that this higher

cost of material for our new construction, as well as maintenance of our existing facilities, means a higher cost, which in turn, means unstable rates.

For about 13 to 15 years, or 1986 to 2001, your Cooperative maintained stable rates, but almost everything else was stable, or at least went up in small increases that your Cooperative could absorb or handle. But with the rising cost of everything so drastic, it is hard for your Cooperative, or a lot of cooperatives for that matter, to maintain stable rates. Another element is that Minnkota has already said that they will need a possible 8.5 percent increase in 2007, so we know, for sure, that our rates will change at the end of this year. How much? We are still working on that and should have that information for you by year's end.

Anyway, I know it is not good news when you have to talk rates, especially increased rates, but you know, you can only hold rates stable for so long, and eventually things catch up with you. Here, at your Cooperative, we are working diligently to get some stability back in those rates for you. (425-35-002-03 Hazel Lingner) We have cut the budget, are holding down our costs, are watching spending and are looking to the future. I know I used the word unstable, but I do think that ever since 9-11 and the Iraq and Afghanistan war, things or costs have just been unstable.

And, speaking of the war, let's not forget those men and women that are overseas and fighting a terrorist war, which, (my belief only), if we were not there, we would probably be fighting in our backyard.

God Bless you and our Troops.

Problems paying your electric bill?

Energy assistance may be available!

If you are receiving a low income or suffering from a temporary financial shortfall, the following agencies may be able to assist you with your electric bill. We urge you to contact them immediately to avoid disconnection if you feel you are eligible for aid.

- **Lake of the Woods County Community Services**
P.O. Box G-0200
Baudette, MN 56623
Phone: 634-2642
- **Northwest Community Action Council**
P.O. Box 67
Badger, MN 56714-0067
Phone: 1-800-568-5329
- **Koochiching County Community Services**
1000 5th St.
International Falls, MN 56649
Phone: 283-7000
- **Kootasca Community Action, Inc.**
2232 2nd Ave. E.
P.O. Box 44
International Falls, MN 56649
Phone: 283-9491 or 1-800-559-9491
- **Kootasca Community Action, Inc.**
1213 SE 2nd Ave.
Grand Rapids, MN 55744-3984
Phone: 1-800-422-0312
- **Arrowhead Economic Opportunity Agency**
702 3rd Ave. S.
Virginia, MN 55792-2797
Phone: 1-800-662-5711

Highlights of the board of directors meeting

May 10, 2006

These are the highlights from the board of directors meeting held on May 10, 2006.

All directors were present. They acted upon usual, routine business. In addition, they voted to approve the Ten-Year Financial Forecast, to approve the long-range load forecast and four-year construction work plan, to approve loan documents to secure a \$4 million loan for 60 percent of the planned line construction and improvements over the next four years, to adopt the new board policy on acceptable computer use, to approve Joyce Wheelock as the Operation Round Up board member for District 5, and to approve the Integrated Resource plan prepared by Minnkota Power.

Reports included information on financials, disconnects for non-payment, Check21 banking, the IRS 990 income tax return, the cost savings associated with postage for the smaller *Enlightener*, load management activities, an update of the AMR (automated meter reading) project, using the AMR system to identify uncontrolled off-peak loads, awarding of scholarships provided by the cooperative, member appreciation days, the rollout of the Operation Round Up program, kicking off the Co-op Connections Card program this summer, Safety Camp for Kids scheduled for August 3, safety presentations in the schools, meeting with legislators, upcoming strategic planning, the likely addition of a large government load in the Ash River area to capture and study neutrinos, a member's concern about a neighbor's rental security light, appeal of a portion of the recent

sales and use tax audit, gas bids, the MREA District I meeting, new services, safety and training, the storage building, sale of equipment on bids, plans to replace underground cable in the Big Falls and Kabetogama areas this summer.

Other discussions included research on how other cooperatives are handling director nominations and voting by mail, denial of North Star's economic development grant application to the USDA associated with the proposed waste gasification plant, a report of the Minnkota board meeting, and reports from neighboring cooperative's annual meetings.

Detailed minutes are available at the Cooperative for member review. Regular board meetings are generally held the first Wednesday of every month. If you wish to speak with the board or have an item that you would like to have placed on the agenda, please contact Manager Dan Hoskins at least one week in advance to be included on the agenda.

From page 1

approximately 19,000 tons of sulfur dioxide from Young 1 and an additional 6,000 tons of sulfur dioxide from Young 2.

Nitrogen oxides will be reduced in two phases. The first phase will require the installation of Over-Fired Air (OFA) on both units. It is anticipated that nitrogen oxides will be reduced by approximately 37 percent per year (3,100 tons) on Young 1 and approximately 40 percent per year (6,000 tons) on Young 2. The installation of OFA on Young 1 is scheduled in 2009 and on Young 2 in 2007.

In the second phase, additional reductions will be made in the years 2010 and 2011, pursuant to a nitrogen oxides Best Available Control Technologies (BACT) determination.

Timing is key

The new emission control equipment will be tied into the Young Station when the units are off line for scheduled maintenance activities. "Designing, constructing and testing these environmental control additions and modifications requires extensive planning and time," said Graves. "The equipment must be tied into the Young Station during major maintenance outages, which occur every three years."

Loer indicated that the settlement represents a major financial commitment.

Capital costs for the additional emission controls on Young 1 are estimated at more than \$100 million. (251-25-007-05 Richard Hetteen) Costs for the emission control additions and modifications on Young 2 are estimated at more than \$35 million.

In addition, the agreement includes civil penalties and the requirement for additional wind energy commitments.

"Minnkota is forecasting the need for wholesale rate increases to our 11 member-owners as these new emission technologies are constructed and begin operation during the next five years," Loer explained. "Even with the planned rate adjustments, which could be up to 15 percent by 2012, Minnkota will continue to provide the best energy value in the region."

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(1-888-688-8243)
634-2603**



Frequently asked questions



By: Steve Ellis
Operations Supervisor
Baudette District

With summer here, I would like to answer some questions that are asked frequently:

Q: Who is responsible for underground power lines located on my property?

If the underground is North Star Electric's (before the meter), it belongs to the co-op, and we will locate it at no expense to the landowner. If the underground is the member's (after the meter), then it is the member's responsibility. Members may locate their own cable themselves, call an electrician or contact North Star for assistance. With advance notice, we will help with your cable location; however, you will be charged a minimal fee, depending on the time needed to help you.

GSOC (Gopher State One Call) also needs to be called at 1-800-252-1166 before any mechanical digging is done on your property. This is the law. Once you have called in for your project location, GSOC notifies all of the utilities in your area, and they are given 48 hours to respond. This protects the utilities and the member from some costly repair expenses or injury.

Overhead power lines also need to be treated with extreme caution. These lines carry very high voltages and may cause injury or death if touched. As always, maintain a clear distance from them, and notify North Star Electric of any downed lines or damaged equipment. Also, beware while working around these lines. If you have any clearance issues with a line, please notify us immediately.

AMR (automated meter reading) at the Big Falls substation is reporting well. Most members, fed by this substation, will see that the box on the payment stub for writing in the meter reading is now filled in with the words, "Co-op Reads." When a member sees this change, they do not need to report a reading to us. If your box is still open, please continue to read your meter(s).

Summer storms are always a concern because of the power of Mother Nature. Some of us will see power outages and blinking lights this summer season. Always have a backup plan if your power fails. Keep flashlights, candles, matches and North Star's outage reporting phone number handy (634-2603, or toll-free at 1-888-688-8243). If you have misplaced your fridge magnet with the outage number, we can send you a replacement, plus the outage number is published in each issue of *The Enlightener*. If you have medical needs, please make sure you have an adequate backup system in place and/or a place to go, if needed.

Always know that the crews will be out in any weather doing the best job that they can to restore your power ASAP.

If you plan on building, or just simply need to upgrade your existing service, please contact us well in advance so that your project may be scheduled in our work plans.

Remember! Please be careful around all power lines, as they are very dangerous! When working around them, always keep their presence in mind. If you see anything unusual, or have any questions about your power lines, contact us for help.

Would you help your neighbor for 3 cents a day?

That's the most it would cost you to participate in Operation Round Up. North Star will round up your power bill to the next whole dollar amount. For example, if your electric bill was \$129.69, your adjusted bill would be \$130. The extra 31 cents would go into the Operation Round Up Trust Fund. The most you could contribute is \$11.88 per year, and that could only happen if you contributed 99 cents each month.

This is a great program, funded by North Star members, to help local charities and organizations. These organizations need your help more now than ever. Our economy is slowing down, and many of them are losing government funding.

Your North Star board of directors has chosen members to be on the Operation Round Up Trust board. This separate board will meet twice a year to award grants to organizations that have applied for funds. North Star will manage these funds, but will NOT use any of these funds for management expenses. The money from the Operation Round Up Trust will go to charities or organizations in need.

If 50 percent of our members choose to participate in Operation Round Up, we can expect contributions to be about \$18,700 each year. That money goes right back into the community to local charities and organizations.

Operation Round Up will start collecting funds beginning on June 25.

If you wish to join Operation Round Up, you don't need to do anything; you are already in. If you wish to NOT be in Operation Round Up, just give us a call, or fill out the form below, and mail it with your electric bill.

I DO NOT wish to join Operation Round Up at this time.

Name: _____

Account # _____

Phone # _____

CURRENT ELECTRICAL INSPECTORS

State law requires that every new electrical installation in any construction, remodeling, replacement or repair shall file a certificate for inspection with the State Board of Electricity and be inspected by a Minnesota electrical inspector.

- *St. Louis county and Koochiching counties:*

Bob Orgon

10111 Roosevelt Rd. S.E.

Bemidji, MN 56601

Phone: (218) 556-3829

Fax: (218) 751-3535

7:00 a.m. - 8:30 a.m. (Mon. thru Fri.)

- *Roseau and Lake of the Woods counties:*

Scott Stenvik

16409 State Hwy 1 N.W.

Thief River Falls, MN. 56701

Phone: (218) 689-5406

7:00 a.m. - 8:30 a.m. (Mon. thru Fri.)

North Star Electric Cooperative, Inc.

Mission Statement

To improve the lives of our members and community by responsibly providing electric energy and other beneficial services while maintaining the very highest standards of performance.

Gopher State One Call



It's the LAW

CALL BEFORE YOU DIG

Minnesota Statewide One Call

Notification Center

1-800-252-1166

North Star Director resigns

Gunder Hallan has resigned from North Star Electric board of directors June 7, 2006.

North Star would like to thank Gunder for serving on the North Star board for more than 19 years.

