

The

Enlightener



North Star
Electric Cooperative, Inc.

Your Touchstone Energy® Partner



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BAUDETTE, MINNESOTA

July 2006

Summer load management

By Michael Nisbet
Communications Supervisor
Minnkota Power
Cooperative, Inc.

With an additional 20 megawatts (MW) of economical baseload power supply available from Young 2, the Minnkota Power Cooperative load control program will have a little more breathing room this summer season.

The increase in capacity is the result of an option that was exercised to acquire more of the generation from Young 2 at the lignite-fueled Milton R. Young Station near Center, N.D.

While the available supply has now increased, the total energy demand on the Minnkota/Northern Municipal Power Agency (NMPA) Joint System continues to grow each year. The most recent power requirements study estimates load growth at 2.4 percent annually.

Now already in its ninth year, the summer load control program, like the successful winter program that has been in place since 1977, helps keep wholesale power costs among the lowest in the nation.

“The goal of the load control program is to voluntarily reduce the need to purchase higher-cost electricity from the wholesale market during peak demand periods,” said Al Tschepen, vice president of Planning and System Operations.

Less control expected

This year, Minnkota estimates approximately 270 hours of control during the summer season. Due to the added supply from Young 2, that number is down from the 293 hours of control experienced a year ago.

In the summer, nearly 65 MW of load can be interrupted by a signal initiated from the Minnkota control center in Grand Forks, N.D.

“When electricity is affordably priced, additional power needed during peak use periods is purchased from the market and no load control measures are used,” explained Jim Burley, Minnkota system operations manager. “But when electricity prices are above our economical target of 4 cents a kilowatt-hour, Minnkota controls the off-peak loads.”

The Midwest Independent System Operator (MISO), an organization of electric utilities stretching from Manitoba

to western Pennsylvania, governs the wholesale market. MISO members buy and sell power to each other during times of need and/or surplus. Minnkota is usually in a good position to buy power at reasonable rates in the summer because customers of the Joint System live in a climate that is comparatively cooler than much of the MISO organization

Benefits of cooler climate

Most of the MISO area is summer peaking, meaning that its power needs are greatest in the summer. By contrast, the Minnkota/NMPA Joint System has its greatest power needs during the winter heating season and is less affected by summer cooling demands.

A recent study shows, however, that 75 percent of the homes in the Minnkota service area now have air conditioning, an increase from 50 percent just a few years ago. About 90 percent of the ability to reduce summertime load on the Minnkota system is provided by large commercial customers that agree to switch over to standby generation systems during peak periods. Residential customers also participate

Continued on page 5

Area information meetings

North Star will be having informational meetings to help keep members informed about the changes that are happening in the electric industry and at North Star. The area meetings will be held on Aug. 16 and 17. We've scheduled two in the afternoon and two after work to try to accommodate different work schedules. On Wednesday, Aug. 16, we'll be at the Thunderbird Lodge from 1-3 and then at the Littlefork office from 5-7. On Thursday, Aug. 17, we'll be at the Roosevelt Legion Hall from 1-3 and then at the Baudette office from 5-7.



Office notes

From Ann Ellis, Manager of Finance and Administration

“Great works are performed not by strength but by perseverance.” – unknown

Director election process

As I write this article, there is an opening on the board to represent District 8. There will be discussion at the July 5 board meeting to determine if the board will be asking the membership to amend the bylaws to reduce the number of districts and, therefore, the costs. Elimination of one director/district would save the cooperative between \$6,000 and \$14,000 annually, depending on the number of meetings that the replacement would attend. That would also increase the number of members per district from 587 to 660.

At the annual meeting scheduled for Oct. 13 at the Lake of the Woods School, the members in Districts 2 and 3 will be electing their board representation. The incumbents are Randy Bergan and Mike Trueman. If you are interested in being a candidate, you may either present a petition to the Cooperative before Sept. 18, signed by 20 members of your district to place your name on the ballot, or contact a member of your Nominating Committee before Sept. 1. Known candidates as of Sept. 1 will be listed in the *Enlightener* along with the Notice of the Annual Meeting. The Nominating Committee members are:

District 2: Stuart Noble (chairman), John Dodds, James Ney, Jr. and Mel Borgen

District 3: Roger Knutson (chairman), Jerry Pieper, Jr., Steve Anderson and Jerry Krohn.

Democratic control is an important characteristic of a cooperative, and that is why the board is working on language for a proposed amendment to the bylaws that would eliminate the board-appointed nominating committees, leaving the petition method as the means to be listed on the ballot.

So mark your calendar for the annual meeting on Oct. 13. Your voice and vote are important.

Co-op Connections card

What are these things that look like credit cards? Because you are a member of North Star Electric Cooperative, by showing this card to participating businesses, you will be given their Co-op Connections discount. Discounts vary widely from 10 percent off menu items at Morris Point Resort’s restaurant on Lake of the Woods to saving 10 percent on a canoe or kayak rental at Wild River Outfitting in Big Falls. Watch for the Co-op Connections stickers on businesses registers and in their windows. And don’t quit looking when you’re out

of town, because this is a nationally recognized card. To find out which businesses are participating you can:

- 1) find the “Co-op Connections Card” link on our Website www.northstarelectric.coop,
- 2) request that we mail you a list, or
- 3) watch for the Co-op Connections stickers displayed at participating businesses.

There is no charge to you for this program. These are discount cards, not credit cards.

If you are a business that would like to participate, please contact us at 1-888-634-2202 (or 634-2202 locally) and we’ll get things rolling.

We value your cooperative membership and the businesses run by cooperative members. This unique program connects our Cooperative family to work together to enhance membership.

AMR (Automated Meter Reading) update

We keep moving forward. This month, we gathered 3,800 of our 10,000 meter readings using the AMR system. If the box on your payment stub, where you normally fill in your meter reading, is filled in with the words “Co-op Reads,” we’ll do that for you. But if the box is empty, we appreciate you reading the meter(s) and reporting them to us until we can take that over for you.

Retail rates

Our recent financial forecasting is clear – when our wholesale rates increase again next year, we will have to pass this increase on to you, our members. Wholesale costs are the number one driver of your retail rate. From 1983 until 2002, our wholesale rate per kWh was virtually unchanged. Beginning in 2003, this trend ended, and a new one began. We are expecting an 8 percent increase in less than a year, another 9 percent increase in two years, and then, additional costs associated with clean air requirements, renewable energy mandates, and the need to construct a new power plant that will be much more costly than the plants Minnkota built 30 years ago. (664-20-020-01 Robin/Sandra Hoopman) The 10-year financial forecast indicates that the average price per kWh will go from about 7 cents to 10 cents by 2015. Two of that three-cent increase will be for wholesale increases mentioned above. The other penny (one-third of the increase) will cover increased costs that we will experience locally.

Our goal...

Our goal is to be wise stewards of your money and offer services that will benefit you and our community. To help us better understand your needs and expectations, we invite you to attend any of our area meetings scheduled for Aug. 16 and 17. Check the front of this *Enlightener* for more details on these events.

Changing times



By Dan Hoskins
General Manager

A lot of times, I begin by telling you a short story on one topic or another, and then, that leads me into telling you something about electricity or rates or load control. But this time, I will start with electricity and end with something else.

Electricity is such a valuable product, and its usefulness just keeps expanding. Everything we do has electricity tied to it, and you know there are a lot more things tied to it than you realize. Let's look at a couple of political issues; first, the 20 percent mandate of renewable energy that our Minnesota Senate passed, but it did not get by the House. If that 20 percent mandate is passed by our legislatures, then Minnkota Power Cooperative, our G&T, and many other electricity generators, would be spending millions and millions of dollars. The mandate says that all energy produced and/or used in Minnesota must be of 20 percent renewable energy by the year 2020, and that doesn't include hydroelectric, which we have.

But don't get us wrong, we are not against renewable energy; we are just not in agreement with a mandate that doesn't include hydroelectric. Let's not make it a mandate, let's make it a goal. I did mention that it would cost Minnkota, alone, millions of dollars to fulfill our obligation to the mandate, and who do you think would pay those millions of dollars? That's right; each member with a meter will pay their share.

Another issue that does not directly affect your Cooperative because Minnkota Power Cooperative does not have to rail their coal to the generators, but it does affect a portion of the Schedule L energy that we use for

load control, and that issue is Captive Rail Shippers. This issue concerns the transportation of coal to the G&Ts by railroad. A certain railroad company is the only mode of transportation when it comes to hauling millions of tons of coal daily from the coal mines to the power plants, and this railroad has decided to raise their costs so much that some cooperatives, not in the Minnkota system at this time, are seeing rate increases as high as 20 percent or more, with no end in sight, as of yet. This, too, is another additional cost to each meter at the end of the line.

So, now you ask, where am I going with this; well, it's about time we thank our Senators and Representatives who work so hard for us. (242-14-003-04 Jacob Gingerich) These are two of the many, many issues that they have before them and two of the many issues that our Cooperative and many other cooperatives are facing, and without the support of some of our Legislators, these types of issues could cost us a lot of money.

North Star Electric Cooperative would like to send out a big thank you to two Representatives in our area who have supported your Cooperative, as well as all cooperatives throughout the state and the issues that we faced for many years. The two Representatives, Maxine Penas, Badger, Minn., and Irv Anderson, International Falls, Minn., have decided not to run for re-election this year.

Representative Maxine Penas will be retiring after serving out the remaining portion of her third term this year, and to Maxine, we say thank you; your dedication and support of our Cooperative and our members and all your hard work was so greatly appreciated.

Representative Irv Anderson will be retiring after serving out the remaining portion of his 17 terms in office. Your many years of dedication and support of our Cooperative and our members and all your hard work was so greatly appreciated.

We wish both Representatives good health and continued success in their retirements.

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

June 7, 2006

These are the highlights from the board of directors meeting held on June 7, 2006.

All directors were present except Director Hallan. They acted upon usual, routine business. In addition, they voted to approve an amended application for a USDA REDLG loan and grant to support a plasma garbage gasification project in Koochiching County, to approve the annual inventory adjustments, to recommend to the membership this fall that the Nominating Committees be eliminated leaving the petition method for interested candidates, and to accept the resignation of Director Hallan.

Reports included information on financials, reduced kWh sales, allocating margins from the sale of DirecTV, progress of the AMR (automated meter reading) project, the 401k plan, health insurance, improvement in collection of past-due accounts, the counts of members in each district, load management items, plans to finish converting metered water heaters to ECC credits, distribution of scholarships, Operation Round Up, the Co-op Connections Card, electrical safety presentations reaching 600 students, the proposed neutrino facility for the Ash River Trail, summer load control, strategic planning, service territory boundaries, the cost to the members for renewable energy mandates, support of the NRECA International Foundation, which has helped more than 70 million people in 35 countries gain access to electricity, new services, extending life of older primary URD cable by lowering voltage, the hiring of two part-time sum-

mer apprentice line workers in the absence of a retired journeyman line worker, line equipment, and equipment in the substations for communicating AMR meter readings and data to the office.

Discussions included the Operation Round Up board, which is a separate entity from the North Star Electric Cooperative board, selling used bucket trucks and the associated liability, and concern about the stagnation of kWh sales compared to the more robust Power Requirements Study used to prepare the long-range financial forecast. Other discussions, that would require a bylaw amendment, included mail-in voting, making the director election process more open by eliminating the director-appointed Nominating Committee, requiring a quorum in each district electing a director otherwise opening the voting to all members, and reducing the size of the board from nine directors as a means to reduce costs.

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.

Off-Peak Loan Program for Automatic Backup Systems

If your off-peak backup heating system is in need of repair or replacement, we may be able to help.

North Star Electric Cooperative will lend up to \$2,500 for upgrading members' existing off-peak backup systems when the following terms and conditions are met:

1. On approved credit.
2. \$2,500 maximum.
3. 6 percent interest.
4. 1 to 3-year term.
5. Payment will be added to existing electric bill (\$25 minimum per month).
6. \$35 filing fee.
7. Must be existing off-peak member.
8. Automatic backup system only (no wood or manual systems).
9. Must furnish sales receipt from contractor or vendor.
10. Job must be completed before loan is approved for payment by our member services department.
11. Outstanding loan balance at termination of service is due in full.



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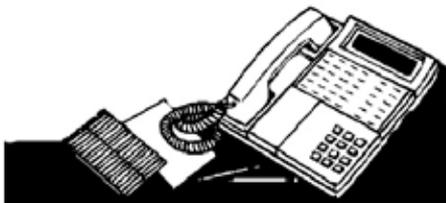
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Continued from page 1

in the summer program by agreeing to have certain appliances in their homes, such as water heaters and air conditioners, controlled, and, in some farming operations, to have irrigation systems interrupted.

“Several hundred large customers have voluntarily agreed to have their power interrupted during peak use situations,” said Burley. “These are places like schools, as well as manufacturing and commercial operations, that have backup generation for their use in emergency situations. By agreeing to operate their backups during peak use times, they receive rate incentives from their local distribution cooperative or municipal supplier.”

Price factor

The price of power on the open market is the biggest factor that determines when Minnkota implements summer load control, according to Burley. The greatest influence in the price of power in recent years, he said, has been the cost of natural gas, which is the fuel used for nearly all new generation, (654-30-016-02 Ryan Pular) especially peaking stations.

“The fact that natural gas inventories are up and prices are coming down is likely to reduce the wholesale price of power this summer,” Burley added.

High temperatures affect summer wholesale power prices but there are also other factors, such as when generating stations go off line for maintenance, or if large transmission lines are unavailable due to storms or other restrictions.

“Some of these events may happen several hundreds of miles away, making customers wonder why a control situation exists,” he said.

Ample power is almost always available in the wholesale market in the summer. Utilizing load control when economically priced power is not available allows customers of the Minnkota/NMPA Joint System to continue receiving the best energy value in the region.

North Star Electric Cooperative, Inc. Mission Statement

To improve the lives of our member-owners 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

WE NEED YOUR METER READING

Please read your meter on or as near the 25th of EACH month as possible. We must have your reading by the 5th of the next month to avoid an estimated bill. If a bill consecutively estimates two times, the crew will read the meter and a \$15 fee will be added to the account.

— Please Note —

Bills that are past due will be charged a 1.5 percent late payment fee. Bills that are 30 days past due will also be charged a \$5 delinquent notice fee.

Know what to do when lightning threatens

Lightning causes more storm-related deaths annually in the United States than tornadoes or hurricanes, and causes about \$5 billion in economic losses each year. Safe Electricity and North Star Electric Cooperative offer these safety tips and precautions recommended by the National Weather Service (NWS) to avoid injury and damage during thunderstorms and lightning activity.

“Plan outdoor activities around the weather and be prepared to seek shelter if the weather turns threatening,” says Molly Hall, Safe Electricity Director.

According to the NWS, lightning can strike as far as 10 miles away from the rain area in a thunderstorm. That’s about the distance you can hear thunder. When a storm is 10 miles away, it may even be difficult to tell a storm is coming.

If you can hear thunder, you are within striking distance, and should seek safe shelter immediately. The first stroke of lightning is just as deadly as the last. If the sky looks threatening, take shelter before hearing thunder.

The ‘30-30 Rule’ is a good safety plan. Under the ‘30-30 rule’, if you are outside when a storm approaches and you see lightning, count the time until you hear thunder. If you count 30 seconds or less, seek proper shelter. Wait at least 30 minutes after the last observed lightning or thunder before leaving shelter.

“If thunderstorms and lightning are approaching, the safest location is indoors away from doors and windows,” says Hall. “Avoid water, electric appliances and other objects that could conduct electricity, and use only cordless or cell phones to make emergency calls.”

Phone use is the leading cause of indoor lightning injuries in the U.S. A direct strike is not necessary for lightning voltage to enter your home through phone lines, electrical wires, cables and plumbing.

If you cannot get to a house before a thunderstorm hits, move to a safer location such as a vehicle with a solid, metal roof. Close the windows and avoid contact with electrical conducting paths, such as the steering wheel, ignition, gear shifter or radio. Do not use electronic devices such as HAM radios or cell phones in an auto during a thunderstorm. Lightning striking the vehicle, especially the antennas, could cause serious injury if you are talking on the radio or holding the microphone at the time of the flash.

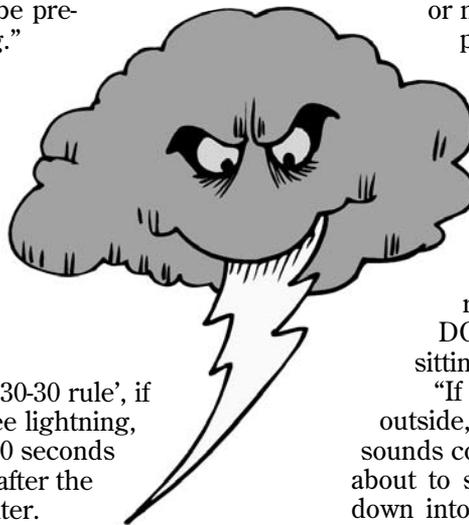
If caught outdoors and unable to get to a proper lightning shelter, avoid water,

high ground and open spaces. Do not seek shelter under tall, solitary trees; canopies; small picnic or rain shelters; or in any open-frame vehicles such as jeeps, convertibles, golf carts, tractors or mowers. Do not stand near power, light or flag poles, machinery, fences, gates, metal bleachers or even other people. Spread out at least 20 feet apart from each other. Keep your feet together and sit on the ground out in the open. If you can possibly run to a vehicle or building, DO so. It is much safer than sitting on the ground.

“If you’re in an open area outside, tingling skin or crackling sounds could signal that lightning is about to strike,” warns Hall. “Drop down into a crouching position and make yourself as small as possible – feet together and hands over your ears – with minimal contact with the ground.”

After the storm, remember safety tips to avoid electrical hazards. Fallen limbs and debris could be hiding hazards such as downed electrical wires. If you see dangling or fallen lines, assume they are electrical wires, and are energized. Warn others to stay away, and when it is safe to use a phone, call North Star Electric, your local electric provider.

Additional lightning facts and safety tips can be found at the National Oceanic and Atmospheric Administration Web site at www.lightning-safety.noaa.gov. Also visit www.SafeElectricity.org for more electrical safety information. Safe Electricity is a safety public awareness program created and supported by a coalition of several dozen organizations, including electric cooperatives, educators and others committed to promoting electrical safety.



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.)

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