



66th Annual Meeting

October 13, 2006

Annual Report
North Star
ELECTRIC COOPERATIVE

Your Touchstone Energy® Partner



Board of Directors

Meet your board of directors:

left to right: Michael Hanson, District 5; Bruce Polkinghorne, District 7; Steve Anderson, attorney; Allan Nygaard, District 6; Mike Trueman, District 2; Randy Bergan, District 3; Dan Hoskins, General Manager; Julian Brzoznowski, District 9; L.J. Anderson, District 4 and Steve Arnesen, District 1.

Serving since:

Julian Brzoznowski	1983
Steve Arnesen	1986
Allan Nygaard	1989
Bruce Polkinghorne	1989
Mike Hanson	1994
Randy Bergan	1999
Mike Trueman	2002
L.J. Anderson	2004

On the cover: *Your team of employees: together, we have the power to make a difference.*

Front row: Brad Dolinski, Wayne Haukaas, Ann Ellis, Patsy Olson, Lynette Dostall, Carolyn Mastin, Norma Anderson, Susan Williams, Kathy Hull, Betty Jo Berg;

second row: Steve Ellis, Todd Thydean, Ron Lee, Tim Pelach, Allan Baumgartner, Kevin Holen, Dan Hoskins, Glen Marcotte, Rich Grotberg, Stephen Polkinghorne, Jim Kuehl, Darren Larson;

on truck: Todd Higgins, Dan Dobson, Matt Brown, Gary Hull, Marty Mollberg, Bruce Petersen, and Grant Walton.



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.

District Map and Prize List



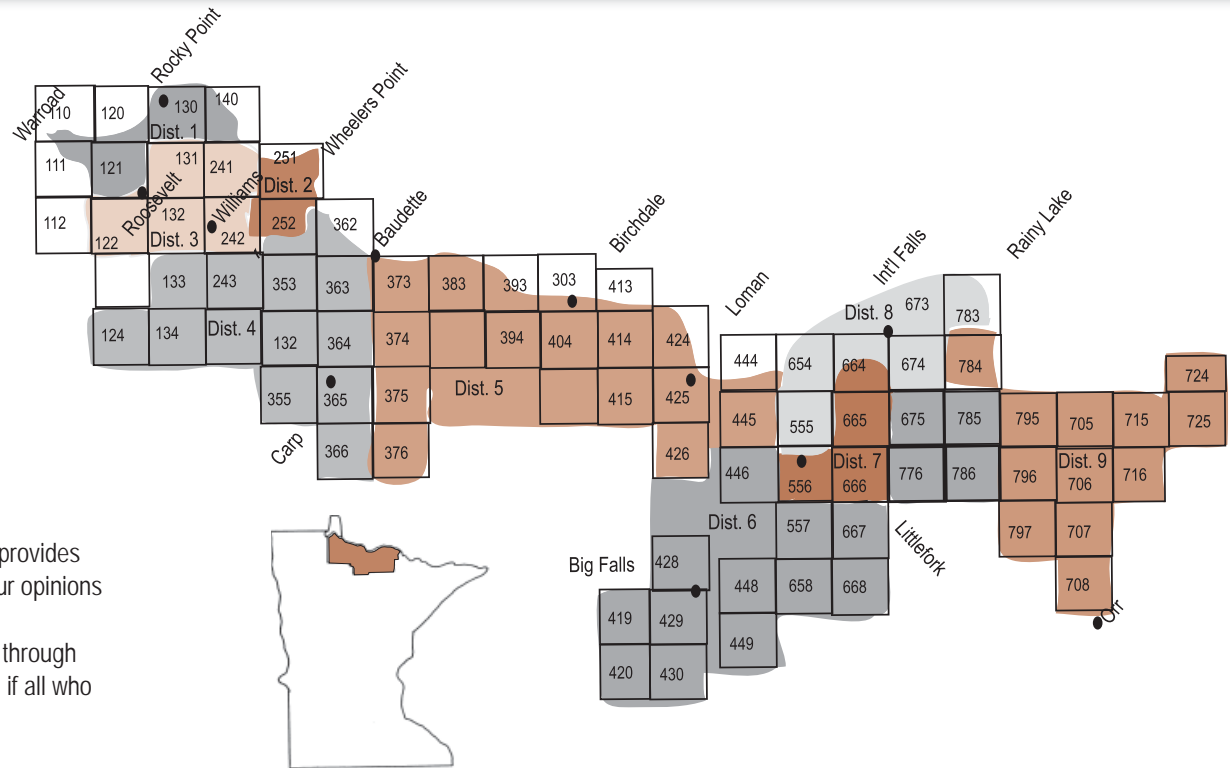
Building Cooperation

**A Power
in the Land**

An annual meeting is a meeting of the members of the cooperative. It provides the opportunity to vote for the director of your choice and to express your opinions about the operations of your cooperative.

It also provides you with the opportunity to become better informed through the reports of officers and employees. This will be a successful meeting if all who attend gain some knowledge of their cooperative.

A well-informed membership is the basis of a strong cooperative.



2006 Annual Meeting Prize List

Proctor-Silex Iron
Hamilton Beach Hand Mixer
Black & Decker 3.6 Volt
Cordless Screwdriver
2½ Qt. Slow Cooker
Black & Decker Cordless
Drill Kit
Kitchen 3-Pack
(Toaster/Hot Pot/Coffee Maker)

Presto Electric Griddle
CD Boombox with AM/FM Radio
Dust Buster Wet/Dry
Cordless Vacuum
Toastermaster 4-Slice Toaster
Proctor-Silex Toaster
Oven/Broiler
Torchiere Floor Lamp
with Attached Reading Lamp

Skil 3.3 Amp Jigsaw
Rival Electric Skillet
Bissell 3-Way
Lightweight Vacuum
Proctor-Silex Can Opener
Black & Decker 3-Position
Rechargeable Screwdriver

Mr. Coffee 12-Cup Coffee Maker
Tool Shop 3/8" Electric Drill
Hamilton Beach 10-Speed
Blender

GRAND PRIZE is a FLAT PANEL TV!!

Manager's and President's Report

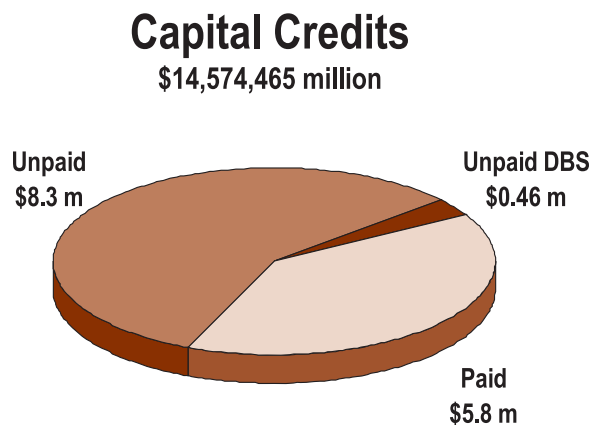
“North Star Electric Cooperative is all about teamwork and working together for a common goal. That common goal is to provide you, our members, the best reliable service at the most economical cost possible, and we do this with a team of dedicated employees who are managed by a management staff that is directed by your Board of Directors.”

Teamwork . . .

The Boston Celtics were the team of the hardwood in the late '50s and through the '60s; the San Francisco 49ers and the Pittsburgh Steelers used their respected teamwork on the football field to win five Super Bowl rings apiece; the New York Yankees team dominated the baseball world and the Canadians of Montréal and the Toronto Maple Leafs were dominate on the ice in the '60s and '70s.

Another great team of dominance in the field of service, reliability, dependability and cost efficiency for over 66 years is your Electric Cooperative. North Star Electric Cooperative is all about teamwork and working together for a common goal. That common goal is to provide you, our members, the best reliable service at the most economical cost possible, and we do this with a team of dedicated employees who are managed by a management staff that is directed by your Board of Directors.

The Board of Directors is made up of a group of people who have very diverse backgrounds that have assisted them in a number of decisions based on their backgrounds. They have gone to training to help guide them in their fidu-



ciary duties to the Cooperative and to represent you to the fullest. The policies that they have produced give direction to their General Manager for the smooth operation of your Electric Cooperative.

That team of employees, that I mentioned, relates to three departments and the supervisory staff that leads each one of their respected departments. The supervisory staff is made up of four employees who are responsible for all departments and to make sure that our team works safely, efficiently, responsibly and, while doing this, also looking out for the best interests of our members.

The office department is made up of a manager, two supervisors, four full-time employees and one part-time employee who take care of almost all of the paper trails. With more than \$8,600,000 in revenue, they have the responsibility for the entire billing, bookkeeping, material inventory, administration, information technology, human resources and, well, let's just say, without that team of office personnel, the paper trail would be a paper pile, going nowhere.

Next, let's look at the member service and load management team, which is made up of a manager, two full-time employees and one part-time employee. These folks not only provide you with a lot of energy-saving tips, they also share information with you on electrical safety, both with the public and in our schools. They also have electric heat and air conditioning information for you.

Plus, on the load management side of the ball, they are always making sure that your load management questions get answered. With 300 to 500 hours of load control each year, there have been questions, and that's not to mention checking your home for problems when you call or testing more than 3,000 ripple receivers constantly to make sure the devices are working. One more thing, if you get a chance to see our yards and office layouts, these folks watch over that, also.

The operations department is made up of two supervisors, 11 full-time line workers and two part-time line workers who take care of more than 9,000 meters that cover nearly 5,000 square miles of service territory with more than \$31,000,000 worth of plant. They do this by performing maintenance on the electrical system, trimming rights of way, upgrading services, building new services and anything else that comes along, and they do all of this while making sure that the lights stay on.

Now this is a team effort, but we can't quit there because our team has a lot more members that we count on. Let's look at some of them; first of all, our power provider,

Minnkota Power Cooperative, where we get our wholesale energy, and it is some of the lowest priced in the nation, or how about our financial lenders like Rural Utilities Service (RUS) or Cooperative Finance Corporation (CFC). These are the team members that lend us the money that we need periodically to assist us with our work plans. How about safety training, employee training and political support; there's Minnesota Rural Electric Association (MREA), National Rural Electric Cooperative Association (NRECA), and Minnesota Safety Inc., and let's not forget the one that brands us together, as one, with most of the Electric Cooperatives throughout the United States, Touchstone Energy.

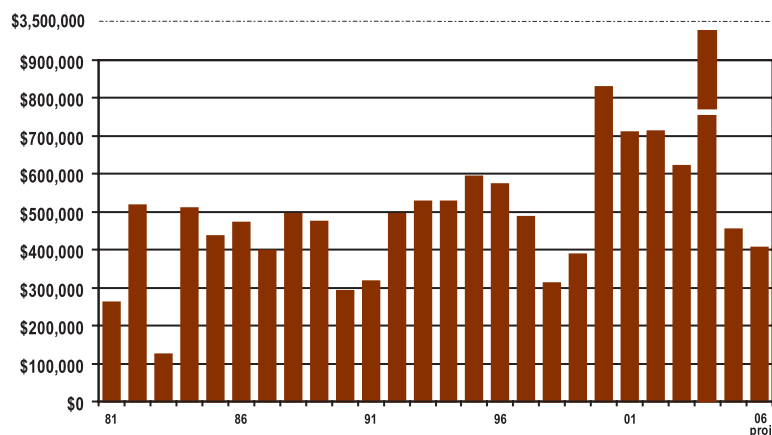
We also have (NRTC) National Rural Telecommunications Cooperative, plus we have our engineering consulting firm and our auditing firm. We also have all of our local businesses in our area that we need and rely on, and the one last team member is you, our member-owners. You vote to make the ByLaws and Articles, our rules by which we govern your Cooperative; you vote to elect your Directors, which represent you and your Cooperative; but most of all, you are the main string of this group of team members.

So, in closing, we would like to tell you that all of these team members, plus many others, have come together for one victory; and that is to provide you with an energy service that is the most dependable, reliable and most economical.

God Bless you and our Troops,

Dan and Steve

Margins



Your General Manager, Dan Hoskins, and President Steve Arnesen

Power Supply Report



by David Loer
President & CEO
Minnkota Power
Cooperative, Inc.

There are three major components in the delivery of electricity to homes and businesses in the 33-county service area of the member-owners of Minnkota Power Cooperative. They are generation, transmission and distribution. North Star Electric, along with the other 10 member-owners of Minnkota, provides the distribution of the electricity to your home and business

directly. Minnkota provides the generation and the transmission of the electricity from the power plant to North Star.

As your wholesale power supplier, Minnkota has three very important obligations to you as customers and owners:

1. Adequate supply of electricity.
2. Reliable transmission service.
3. Delivered energy at low cost.

None of the three obligations is any more important than the other, but having an adequate supply of electricity for customers is one of the more important missions of Minnkota. Minnkota has been a part of generation and transmission of electricity since 1940 when the organization was formed, and since 1956 when Border Counties Power Cooperative and Minnkota were merged, Minnkota has been North Star's power supplier. During these last 66 years Minnkota's generation resources have grown from one small diesel power plant to several large generation sources including hydro from Western Area Power Administration and large electric generating plants fired with lignite coal. Also included in our generation resources are two wind turbines along with several internal combustion generators that are used for standby purposes.

During the last two years or more, Minnkota has been

studying the generation resources in our fleet. Young 1, Young 2 and Coyote will provide capacity and energy for our customers for many years to come, but we need to make plans well in advance of when additional generating plants are needed in order to have them on line at the appropriate time. Currently, we take 100 percent of the output of Young 1, 35 percent of Young 2, (which will increase to 50 percent by 2009) and 30 percent of Coyote.

It appears that in about nine years – 2015 – Minnkota will need an additional generating plant. We are studying options for securing that anticipated need for additional capacity and energy. Options include buying electricity from the wholesale market, installing natural gas-fired turbine generators, additional renewable energy resources and a baseload generator. Typically a baseload generator in our area is a coal-fired

power plant located in North Dakota. Our most attractive option currently is a third generator at the Young Station site near Center, N.D. Center is about 40 miles northwest of Bismarck in the heart of the coal fields. Young 3 would be receiving coal from BNI Coal, the coal supplier for Young 1 and Young 2. There is an

ample supply of coal in the mine next to the Young Station that would be used to also supply Young 3. The attractive part of building a power plant near the mine is that there are no rail shipping costs to be concerned about. A number of utilities have experienced a major increase in shipping costs for their coal over the past two years.

Minnkota has entered into a Project Development Agreement with Minnesota Power, Basin Electric Power Cooperative and Montana-Dakota Utilities to study the fea-

sibility of this new Young 3. So far, it appears this plant is a very viable option for our system and construction could begin as early as 2011 with an on-line date of 2015.

In order to meet our obligation of reliable transmission service, we will likely need to build a new high-voltage line from the Young 3 plant site to either Grand Forks or Fargo. From there the electricity would be delivered via our existing high-voltage transmission system to North Star Electric Cooperative and other customers. As I indicated, we are in the study phase of this new plant, but we are optimistic that plans will fall into place for this new Young 3.

The third obligation of Minnkota as North Star's power supplier is to keep our wholesale power rates as low as possible. Low wholesale rates are important because wholesale rates play a major role in the retail rates that

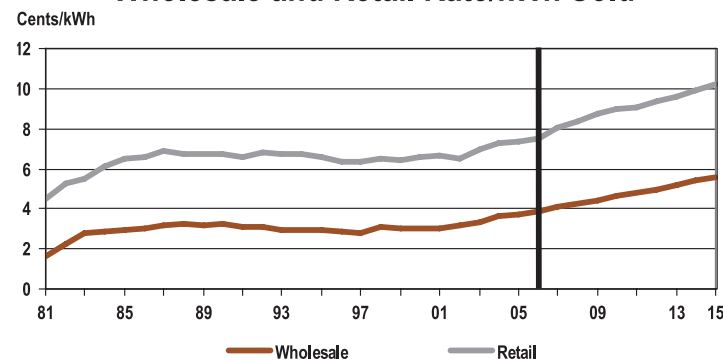
you pay to North Star.

The Minnkota wholesale energy rate of about 3.5¢ per kilowatt-hour is among the lowest wholesale rates in the nation. And while we are pleased with that rate position, we know that we need to work to continue our low-cost position. Unfortunately, we will face increases in cost, which will require our wholesale

rates to be raised in the future. In addition to normal cost increases, new emission control facilities, replacement of aging equipment and Young 3 will also contribute to the need to increase our rates in the next several years.

Our pledge to you as a customer-owner of North Star Electric and Minnkota is that we will do our very best to keep our wholesale power rates as low as possible. We intend to work toward our mission, which is "to keep our electricity as the best energy value in the region."

Wholesale and Retail Rate/kWh Sold



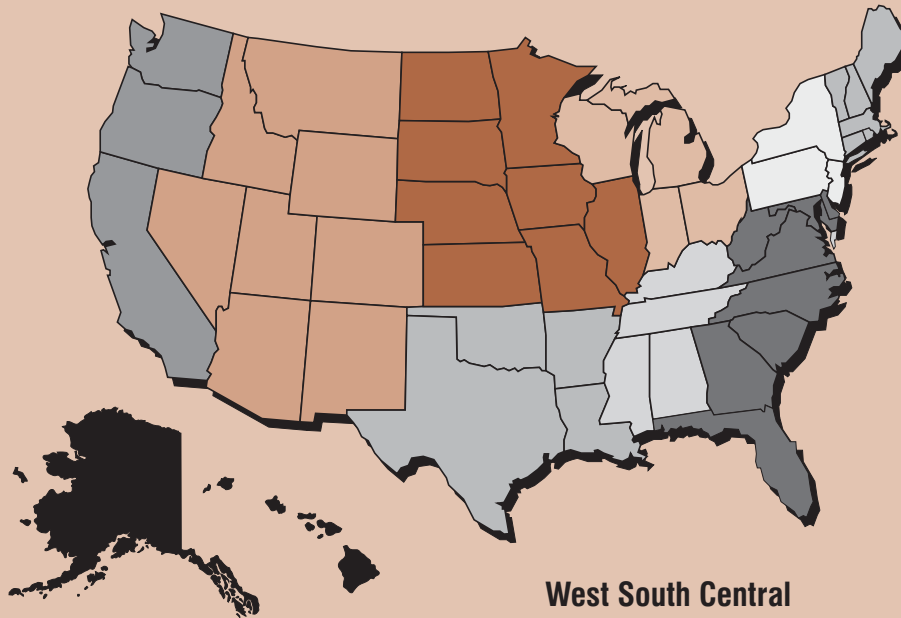
2005 Average Residential Electric Rates

North Star Electric
2006 Rate

7.59¢

(Cents per kilowatt-hour)

West North Central	7.8	East North Central	8.4	New England	13.4	Middle Atlantic	12.5
Iowa	9.4	Illinois	8.3	Connecticut	13.6	New Jersey	11.8
Kansas	8.0	Indiana	7.5	Maine	13.1	New York	15.7
Minnesota	8.3	Michigan	8.6	Massachusetts	13.5	Pennsylvania	9.9
Missouri	7.1	Ohio	8.5	New Hampshire	13.6		
Nebraska	7.1	Wisconsin	9.6	Rhode Island	12.9	South Atlantic	8.8
North Dakota	7.0			Vermont	13.1	Delaware	9.0
South Dakota	7.8					District of Columbia	9.0
						Florida	9.6
Mountain	8.7					Georgia	8.7
Arizona	8.9					Maryland	8.2
Colorado	9.1					North Carolina	8.8
Idaho	6.3					South Carolina	8.7
Montana	8.1					Virginia	8.1
Nevada	10.2					West Virginia	6.2
New Mexico	9.2						
Utah	7.6					East South Central	7.4
Wyoming	7.4					Alabama	8.1
						Kentucky	6.4
Pacific Contiguous	10.1					Mississippi	8.8
California	12.0					Tennessee	7.0
Oregon	7.3						
Washington	6.5						
		Pacific Noncontiguous	17.7	West South Central	10.0		
		Alaska	13.2	Arkansas	8.0		
		Hawaii	20.7	Louisiana	9.0		
				Oklahoma	8.1		
				Texas	10.8		

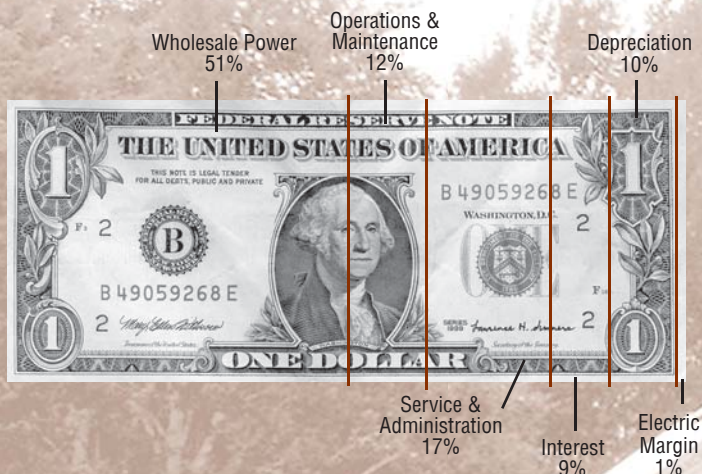


Source: Energy Information Administration

Your 2005 Dollar

*Revenue from the sale
of our service amounted to
\$8,632,278 as of the
year ending December 31, 2005*

How Your Dollar is Spent



Where it came from:

Farms and Homes	\$ 5,620,336
Small Commercial	2,301,751
Large Commercial	0
Seasonal	594,570
Street Lighting	21,300
Consumer Penalties	36,670
Rent from Electric Property	30,875
Misc. Electric Revenue	26,776

Total Revenue

\$ 8,632,278

Where it went:

Operation Expense:

Purchased Power	\$ 4,382,668
Operations (includes supervision, safety, mapping, cable locating, etc.)	494,568
Consumer Accounts	381,782
Consumer Services and Information	178,931
Sales	68,189
Administrative and General	860,520

Maintenance Expense:

Maintenance of Distribution Plant (includes right-of-way maintenance, outage costs, etc.)	\$ 533,261
Depreciation	870,862
Interest	779,135
Other Deductions	0

Total Expense

\$ 8,549,916

Electric Operation Margin for Year (Revenue less Expense)

\$ 82,362

Interest and Dividend Income 287,852

Misc. Non-Operating Margins (includes DBS loss) 21,256

Generation and Transmission Capital Credits (Minnkota Power Cooperative) 0

Other Capital Credits and Patronage Dividends 63,551

Net Patronage Capital Assigned

\$ 455,021

Statement of Financial Condition

Balance Sheet

As of December 31, 2005

What we own:

Lines and General Equipment
Less: Provision for Depreciation

\$ 31,366,511
9,879,478
\$ 21,487,033

Cash:

General Funds

\$ 232,258

Special Funds

20

Investments

3,197,875

Temporary Investments

35,448

Notes Receivable Net

374,038

Receivables

529,610

Material and Supplies

517,053

Prepaid Expenses *(includes insurance)*

103,573

Deferred Debits *(includes engineering studies)*

53,677

Other Current and Accrued Assets

1,148,808

(includes the month of electricity consumed but not yet billed)

\$ 27,679,393

Total what we own

What we owe:

Long-Term Obligations

\$ 13,936,329

Current and Accrued Liabilities

1,896,734

(includes accounts payable, taxes, interest, deposits, etc.)

Deferred Credits *(includes member prepayments)*

135,248

Our Equity in Above Assets:

Membership Fees

\$ 26,565

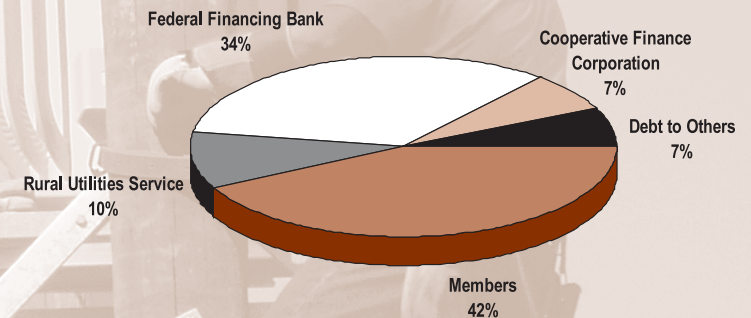
Patronage Capital and Other Equities

11,684,517

Total what we owe

\$ 27,679,393

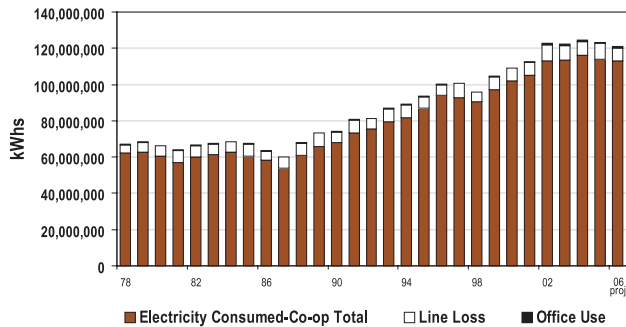
Who Owns What



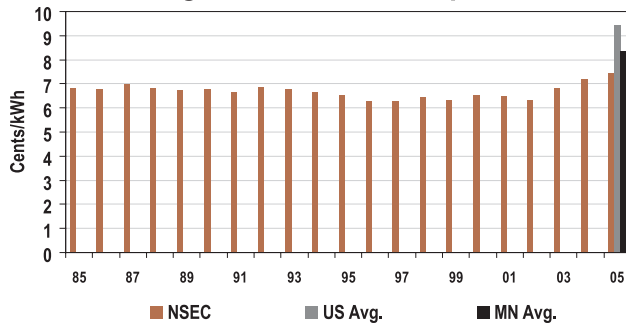
The financial statements for North Star Electric Cooperative, Inc. are audited by an independent accounting firm. A copy of the complete audited financial statements is on file at the headquarters office in Baudette.

Comparative Operating Statistics

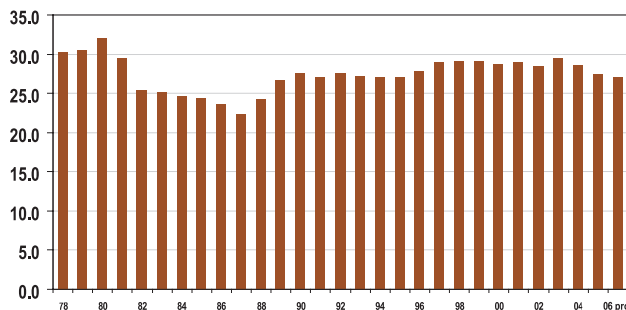
kWhs Sold, Office Use and Losses



**North Star
Average Residential Rate per kWh**



Co-op Employees

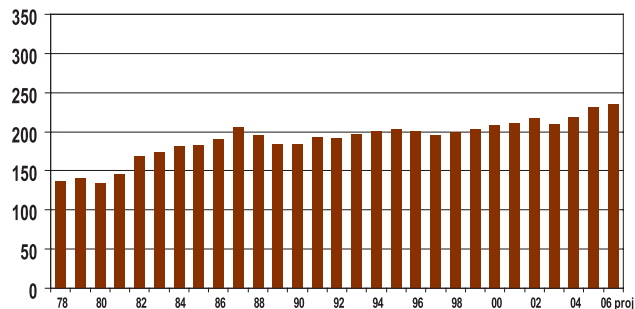


	2000	2001	2002	2003	2004	2005
Revenues	\$6,840,510	\$7,089,893	\$7,447,499	\$7,970,749	\$8,553,419	\$8,632,278
Cost of Purchased Power	3,063,091	3,179,232	3,600,691	3,793,643	4,201,254	4,382,668
Operating Expenses	1,841,560	2,142,311	2,056,872	2,052,585	2,315,559	2,517,251
Depreciation	739,945	706,540	810,752	797,991	795,178	870,862
Taxes	*0	*0	*0	*0	*0	*0
Interest	603,397	662,251	695,070	673,951	751,646	779,135
TOTAL EXPENSES	\$6,247,993	\$6,690,334	\$7,163,385	\$7,318,170	\$8,063,637	\$8,549,916
Operating Margin	\$592,517	\$399,559	\$284,114	\$652,579	\$489,782	\$82,362
kWh Purchased	109,263,264	112,640,008	122,854,458	122,527,608	124,534,330	123,374,623
kWh Sold	102,103,044	105,090,328	112,969,581	113,503,719	116,222,273	113,876,648
Miles of Line	1,325	1,327	1,344	1,352	1,361	1,361
Connected Members	5,988	6,081	6,162	6,230	6,294	6,326
Average Residential Usage	1,434	1,484	1,579	1,532	1,541	1,477
Average Residential Bill	93.76	96.85	100.25	104.26	110.45	110.18
Average Residential Rate/kWh	0.065	0.065	0.063	0.068	0.072	0.075
Average Cost to North Star per kWh Purchased	0.0280	0.0282	0.0293	0.0310	0.0337	0.0355

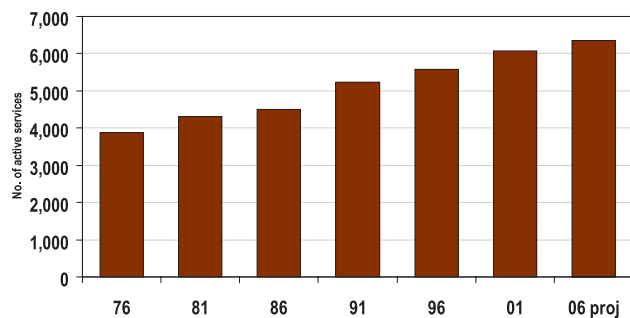
** Tax expense is no longer recorded as a separate line item. It is spread over all other applicable accounts.*

Operating Comparisons

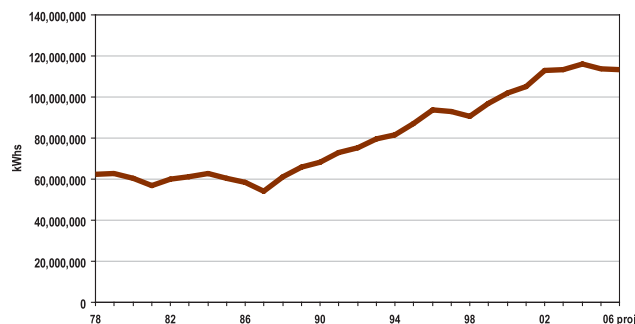
Accounts per Employee



Total Electric Accounts

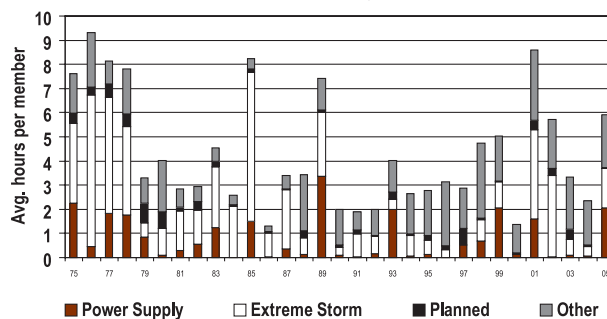


Electricity Consumed Co-op Total

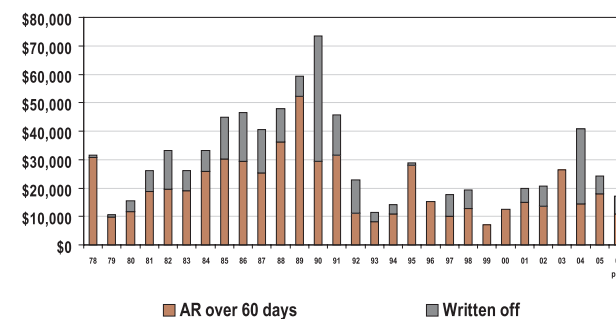


Outages by Type

Service Reliability



Bad Debts and Write-Offs



Co-op Employees and Service Awards

	Position	Date of Full-time Hire
Dan Hoskins	General Manager	07-23-02
Allan Baumgartner	Littlefork District Operations Supervisor	07-01-76
Ann Ellis	Manager of Finance & Administration	10-17-77
Steve Ellis	Baudette District Operations Supervisor	06-25-79
Wayne Haukaas	Manager of Compliance & Member Services	11-14-88
Betty Jo Berg	Bookkeeper/Asst. Office Manager	04-03-78
Bruce Petersen	Line Foreman	06-27-78
Ron Lee	Line Sub-Foreman	07-01-82
Gary Hull	Line Sub-Foreman	07-01-82
Stephen Polkinghorne	Member Services	07-01-82
Patsy Olson	Billing Coordinator	01-01-87
Lynette Dostall	Cashier/Receptionist	02-01-87
Marty Mollberg	Line Foreman	08-16-88
Todd Thydean	Line Crew Chief	09-12-88
Kathy Hull	Work Order Clerk	03-01-89
Susan Williams	Supervisor, District Office Services	04-04-90
Tim Pelach	Line Crew Chief	05-06-91
Kevin Holen	Member Service Electrician	05-06-96
Rich Grotberg	Lineman	07-01-96
Glen Marcotte	Lineman	07-15-02
Norma Anderson	Capital Credits/Billing Clerk	01-01-03
Dan Dobson	Apprentice Lineman	11-06-03
Todd Higgins	Apprentice Lineman	11-06-03
Matt Brown	Apprentice Lineman	12-16-04
Brad Dolinski	Purchasing Agent/CAD Draftsman	04-11-05
Carolyn Mastin	Part-time Assistant Receptionist	
Jim Kuehl	Part-time Handyman/Groundskeeper	
Grant Walton	Part-time Apprentice Lineman	
Darren Larson	Part-time Apprentice Lineman	



Left to right: Brad Dolinski, Pat Olson, Kevin Holen and Tim Pelach.

“Service excellence is what we’re all about: electric service reliability, customer service, and meeting or exceeding your expectations. Our employees are vital to achieving excellence, and this year we recognize the service milestones reached by Brad Dolinski (1 year), Pat Olson (30 years), Kevin Holen (10 years), Tim Pelach (15 years), Allan Baumgartner (30 years) and Rich Grotberg (10 years).”



Allan Baumgartner



Rich Grotberg

2005 Annual Meeting Minutes

Annual Meeting of the Members of North Star Electric Cooperative, Inc. October 14, 2005

The annual meeting of the members of North Star Electric Cooperative, Incorporated, was held at the Littlefork/Big Falls School in Littlefork, Minnesota, on Friday, October 14, 2005, pursuant to the notice of the meeting published in the Cooperative's newsletter.

The meeting was preceded by the registration of the members. A delicious ham dinner was served by the Littlefork Lutheran Church ladies. Entertainment was provided by "The Sloughgrass Band" from Birchdale.

The Sloughgrass Band provided the National Anthem.

General Manager Hoskins introduced Jerry Anderson, the Mayor of Littlefork, who in turn, thanked the ladies for the fine dinner and the members for attending the annual meeting.

Manager Hoskins then introduced Steve Arnesen, the President of North Star Electric.

President Arnesen welcomed the members, on behalf of the Board of Directors, to their 65th annual meeting and called the meeting to order at 7:05 p.m.

Pastor Tom Winkelman from the Evangelical Free Church provided the invocation.

President Arnesen introduced the Board of Directors and Attorney Steve Anderson.

President Arnesen reported the number of registered members as 223, which exceeded the minimum requirements for a quorum.

Secretary-Treasurer Hanson read the notice of the 2005 annual meeting. A motion was made by Ron Hostetter, seconded by Jerry Simon and unanimously carried, to approve the 2005 meeting agenda as presented.

Secretary-Treasurer Hanson reported that the minutes of the 2004 annual meeting of the members were printed in the annual meeting booklet handed out during registration. A motion was made by Robert Johnson, seconded by Amos Layman, and unanimously carried, to approve the minutes of the 2004 annual meeting as presented.

Secretary-Treasurer Hanson gave the Treasurer's report and also reported on the favorable results of the annual audit.

President Arnesen called three times for nominations from the floor in District #6. There were none. A motion was made by Jerry Simon, seconded by Linda Simon, and unanimously carried, to close nominations in District #6.

President Arnesen called three times for nominations from the floor in District #7. There were none. A motion was made by Amos Layman, seconded by Margie DeRaad, and unanimously carried, to close nominations in District #7.

Incumbent directors Allan Nygaard and Bruce Polkinghorne and candidate Al Linder addressed the audience.

Attorney Anderson explained and reviewed the proposed Bylaw changes and also allowed for a question/answer period. There was only one suggestion and that was to allow voting for each amendment of the Bylaws separately.

General Manager Hoskins explained the write-in ballot system and then members were asked to mark their ballots. Members Einar Sundin and Don Capistran were appointed and Jerry Simon and Barbara Kuncic volunteered to assist the office staff in collecting and counting the ballots.

President Arnesen welcomed guests President & CEO David Loer and his wife, Judi, Administrative Assistant Gloria Enervold and Pilot Larry Gebhardt, all from Minnkota Power Cooperative, Mayor Nancy Jewell from Williams, Director Don Simons from Lake Country Power, Assistant Manager Randy Spicer and Director Dale Moser from Roseau Electric, Directors Walter Breeze and Wes Waller from North Itasca and General Field Representative Tim Bohan from RUS.

President Arnesen pointed out that the green questionnaire sheets that were handed out during registration would be collected later during the meeting with as many questions addressed as possible.

Manager of Finance and Administration Ann Ellis provided an informative financial report on the "Value of Electricity in your Lives" with graphs covering capital credits, rates, the balance sheet and the operating statement. She also had an entertaining fact game for the members to participate in. Winners of this game were William Lyon who chose a crockpot as his prize, Eileen Johnson - Dust Buster, Rufus Tomczak - stick broom, and Clarence Schuh - toaster oven. A motion was made by Dave Marhula, seconded by Gary Germain, and unanimously carried, to approve the financial report.

General Manager Dan Hoskins provided the Management Report, which was devoted mainly to the rate realignment, the AMR (automated meter reading) project and load control.

President Arnesen requested that the green questionnaire sheets be collected.

Guest speaker David Loer, President & CEO of Minnkota Power Cooperative, gave an interesting presentation stating the

three main goals of Minnkota. They are (1) to keep costs low, (2) to deliver power in a reliable manner which includes thermoscanning, inspecting equipment and testing fuses and (3) to provide adequate power. He informed the members that Minnkota would have no rate increase in 2006 but could be expecting a small increase in 2007.

President Arnesen asked the audience for any old business. There was none.

President Arnesen asked the audience for any new business. There was none.

General Manager Hoskins addressed the questions from the questionnaire sheets, which included rates, absentee and mail ballots and wind turbines.

Because this was North Star Electric's 65th annual meeting, General Manager Hoskins requested that a name be drawn from the members present. 92-year-old Glen DeLack, a long-time North Star member, was the lucky one to receive 65 gold Sakakawea coins.

The election results were read by President Arnesen indicating the following:

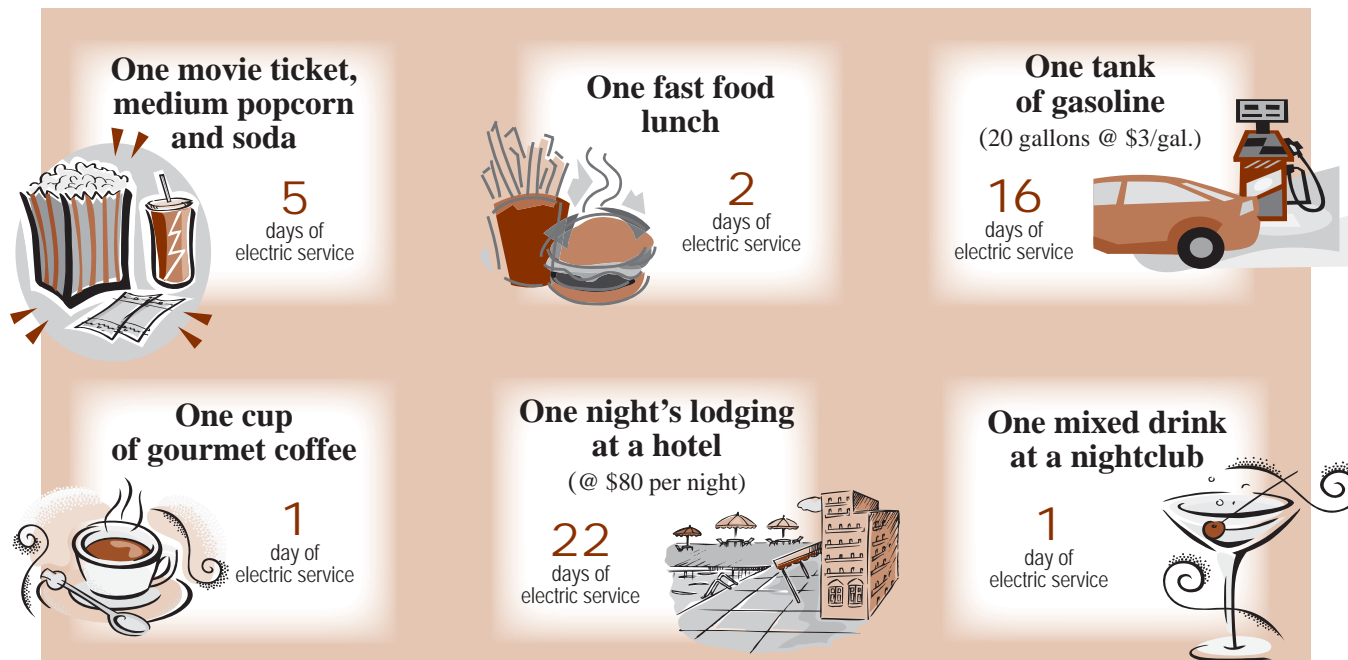
Bylaw change:	Yes - 126 votes	
	No - 21 votes	
District 6:	Allan Nygaard	29 votes
	Al Linder	27 votes
District 7:	Bruce Polkinghorne	35 votes
	Dale Peterson	2 votes
	(write-in candidate)	
	Jerry Anderson	1 vote
	(write-in candidate)	

President Arnesen thanked the Littlefork Lutheran Church ladies for preparing the delicious dinner, "The Sloughgrass Band" for the musical entertainment and the members for coming to their annual meeting and showing their concern and support for the Cooperative.

Drawings for the prizes were held with Ron Hostetter, from International Falls, being the lucky winner of the \$200 cash grand prize.

There being no further business, a motion was made by Frank Kuncic, seconded by Brad Dolinski and unanimously carried, to adjourn the meeting at 8:40 p.m.

Electricity is still a tremendous value



Electric rates have been relatively stable for so long that it's understandable many of us may take the value of electricity for granted. We come home from work or play, step inside the door and flip that light switch. We head for the kitchen to start dinner; pulling out supplies from the refrigerator and heating them up on the electric range or in the microwave oven.

After dinner, we like to turn on the television, stereo or computer to entertain us. Many members take a nice hot bath or shower with water heated from their electric water heater. Most of us sleep better at night knowing we will be protected with our security lighting outside and that we will be awakened by our clock radio in the morning. Thankfully, the automatic coffee maker will already have the coffee ready to help us face a new day.

Considering the current high cost of oil, gasoline, propane and other fuels, electricity is a tremendous value. Better yet, the cost of electricity stays reasonably stable when compared to the volatile prices of these other methods of powering the home, water heating and air conditioning. And as mentioned above, electricity allows you to do things you couldn't otherwise do on a daily basis.



Touchstone Energy®

The power of human connections

Touchstone Energy® is a national alliance of local, cooperatively-owned utilities providing high standards of service to customers, large and small, and their communities.

We've combined forces because we all agree that providing outstanding customer service and being active in and committed to our local communities is our number one job.

The name, Touchstone Energy®, and the logo help us communicate that commitment. And our tagline, "The power of human connections," captures our promise to provide you with premier customer service.

More than 600 Touchstone Energy® Cooperatives in 45 states are delivering energy and energy solutions to more than 22 million customers every day.

Touchstone Energy® Cooperatives are local, active members of their communities committed to serving commercial, industrial and residential customers with **integrity, accountability, innovation and community involvement.**



Milton R. Young Station

Minnkota Power
COOPERATIVE, INC.

Your Touchstone Energy Partner

Square Butte
Electric Cooperative

Teamwork

DANGER
HIGH VOLTAGE

Annual Meeting

Agenda

5:00 - 7:00 p.m.	Registration and Dinner	
5:30 p.m.	Entertainment	"The Sloughgrass Band"
6:30 p.m.	Free child care until meeting adjournment	
	National Anthem	
7:00 p.m.	Welcome to Baudette	
	Call to Order	President Arnesen
	Invocation	
	Notice of 2006 Meeting	Secretary Hanson
	Minutes of 2005 Meeting	Secretary Hanson
	Treasurer's Report of Audit	Treasurer Hanson
	Nomination and Election of Directors	Districts 2 and 3
	Bylaw Amendments Voting	Attorney Anderson
	Welcome Guests	President Arnesen
	Financial Report	Finance Manager Ann Ellis
	Management Report	General Manager Dan Hoskins
	Turn in Question Sheets	
	Guest Speaker	David Loer President & CEO of Minnkota Power Cooperative
	Old and New Business	Members
	Question and Answer Time	
	Results of Election	
	Drawing for Prizes and ENERGY STAR Flat Panel TV Grand Prize	
	Adjournment	
	<i>Thank you for attending your annual meeting.</i>	



The Sloughgrass Family Band, from Birchdale, Minn., is a family affair with Grandma Audrey Nelson setting the rhythm on the upright bass. Her two daughters, two sons-in-law and four grandchildren all join her in playing on a variety of instruments. The band's music is a blend of Bluegrass, Old-Time, Scandinavian, Gospel, Country and Folk. All of the group members take turns on many of the vocal and instrumental pieces.

October 13, 2006
Lake of the Woods School
 Baudette, Minnesota

North Star
 ELECTRIC COOPERATIVE
 Your Touchstone Energy® Partner