

Annual Meeting Highlights

North Star members listen to a presentation during the annual meeting.



The Sloughgrass Band from Birchdale entertained the crowd before the annual meeting.

Before the annual meeting, more than 450 members enjoyed an excellent turkey dinner, which was prepared by the Lake of the Woods school kitchen crew and served by members of the National Honor Society.



Ken Larson was the lucky winner of the Flat Panel TV. See page 8 for more lucky prize winners.

Highlights from the BOARDROOM

NOVEMBER 2006

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OFFICERS AND DIRECTORS

President Steve Arnesen
Vice President Bruce Polkinghorne
Secretary-Treasurer Michael Hanson
Directors L.J. Anderson,
Julian Brzoznowski, Allan Nygaard,
Randy Bergan, Mike Trueman

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Visit our Web site at

www.northstarelectric.coop

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.

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These are the highlights from the board of directors meetings held on September 6 and October 4.

All directors were present. They acted upon usual, routine business. In addition, they voted to elect Bruce Polkinghorne as board Vice President, to approve the three candidates for two board positions to be filled at the October 13 annual meeting, to approve the language for the Bylaw Amendments to be presented to the membership, to purchase 200 Big Buck tickets to be resold as part of the fundraising effort to support electrification in Haiti, to move the December board meeting to November 29, to execute the RUS loan documents for \$4 million that will help finance the construction and replacement of electric distribution plant planned over the next four years, to approve the 8 percent retail rate increase for 2007, and to amend board policy 3.60 – Student Loans to make this aid available to students pursuing a career as an electrical line worker.

Reports and discussion included information on the financials, the audit, area meetings, AMR progress, the budget, the DBS capital credit allocation notices, the

401k plan, collections, the CIP (conservation improvement program), budgeting for an infrared heat loss camera, Operation Round Up, the Co-op Connections Card, completion of the project to move water heaters from the off-peak meters, load management control hours, MREA dues structure, director credentialing, outages, safety & training, plans for the annual meeting, inquiries from tenants of trailer parks that are master metered by the park, Minnkota meeting reports, territory boundaries, the successful completion of apprenticeship training by two line workers, equipment, underground cable replacements, the due date for electric bills, and the presentation of service awards to Directors Bergan and Trueman.

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.

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 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.)

We need your meter reading

If the box where you have always written in your meter reading(s) is still open, you must continue to read your meter as near to the 25th as possible. We must receive it by the 5th to avoid an estimated bill. If a bill consecutively estimates twice, the crew will read the meter and a \$15 fee will be added to the account.

For the meters that are communicating with the office through the AMR (automated meter reading) system, that box where you entered your meter reading before, is now filled in with the words, "Co-op Reads." In this instance, you do not have to read your meter. We hope to have most of the meters communicating by the end of 2006.



By Dan Hoskins
General Manager

The cost of everything

Hi there, folks! I hope this *Enlightener* finds you in good health and spirits. The annual meeting of the members was held at the Lake of the Woods School in Baudette, Minn., and we had a great turnout considering the weather; cold, blowing and snow.

After a terrific dinner, some very fine music by the Sloughgrass Band, the report by the North Star Finance Manager Ann Ellis with the state of the Cooperative finances, I gave my report by starting with the 8 percent rate increase that the board of directors approved for 2007, which you will read about further down in this article. David Loer, president & CEO of Minnkota Power Cooperative, gave a very informative speech on some of the happenings at Minnkota that affects your Cooperative.

The Director elections were held, and incumbents Mike Trueman of District 2 and Randy Bergan of District 3 were re-elected to the board of directors. Congratulations to those gentlemen. There were also two Bylaw amendments that were voted on; one was the reduction of the number of seats on the board of directors, and that amendment was approved, and the other amendment was the dissolution of the nominating committee, and that also was passed. So this means that there will be eight board members for now, and if any members and/or incumbents want to run for the board of directors, they must call North Star Electric to obtain a petition and have 20 members of their district sign the petition and have it mailed or delivered to North Star at least 60 days prior to the annual meeting.

I believe that it was a very good meeting; now, let's look at the past year and some of the projects that kept our crews hoppin' for the summer. We installed 108 new services and did 84 service upgrades; all of those consisted of 48,015 feet of underground cable and 10,264 feet of overhead conductor.

We also had maintenance to do, and

some of that consisted of approximately 110 pole changeouts because of rot, decay or damage. We had right-of-way maintenance; that is nearly impossible to keep up with when you figure that out of our 1,000 miles of overhead lines, approximately 900 miles of line goes through trees in one direction or another, plus all the other maintenance that go with the business such as bad transformers, insulators, broken conductors, maybe a frost heave under an underground cabinet, and then there are the outages.

Yes, outages; a line worker's favorite pastime (just kidding, guys!). Outages for the year are at 195, so far; those outages affected a total of 5,670 members, with each member being affected for an average of 1.35 hours. I would like to say that if we can keep that number of 1.35 hours per member under two hours, we consider that a good year. I would also like to tell you that the top three causes of outages were #3 - critters, #2 - weather, and the winner at number #1 - trees!

Another big summer project that our employees took care of was the implementation of our new automated meter reading system. (362-28-015-02 Sally Moorhead) Although we are still cutting over the final stages of this project, the crews changed out more than 8,000 meters while doing all the other summer things I noted above. The implementation of this project also involved almost all of the office personnel in one form or another, so it was a joint effort. You can be proud of the work that these people performed this past year; I know I am proud of them.

Now, before I rest my fingers, I want to shift gears and visit with you about our need for a rate increase beginning next year. I can sit here and tell all of you that the cost of this has gone up and the cost of that has gone up, and it would be like preaching to the choir. All of you, I am sure, have had your different personal costs go up all around you, so you are very familiar with the cost of everything going up.

Well, our costs have gone up, also, and as your Cooperative, we serve approximately 6,400 accounts over a large

diversified territory and it costs. Material costs, delivery costs, labor costs, construction costs, maintenance costs, fuel costs, and our G&T, Minnkota Power Cooperative, will raise the wholesale energy costs by 8.5 percent next year. Everything has gone up! If you feel a little frustration in my writings, you are probably right, but where is it going to end? I don't like raising our energy rates any more than you like receiving a rate increase, but with the cost of everything going up, our creditors and our books say we need to do this.

So, now, most of you are wondering what your Cooperative is doing to hold down costs. Well, in an effort to minimize our costs, the management at your Cooperative has put a plan in place to reduce positions here at the Cooperative and work more efficiently with the aid of technology. We have done this and will continue this plan through natural attrition. That way, there will be no immediate effect on current employees.

Management and all employees are cutting expenses in their respected departments in many ways. The board of directors made a proposal to cut the number of board seats from nine down to eight, and by a vote of you, the membership, and as you read above, this Bylaw change was approved. So, you see, not only are our costs going up, but the employees and directors recognize this and are making strong efforts to, hopefully, hold down our costs.

So, with all of that in mind, your Cooperative is anticipating an 8 percent rate increase for next year for all components of our rate classes. That 8 percent breaks down like this; 4.3 percent of that will be to pay for the wholesale energy increase we are receiving from Minnkota and 3.7 percent will be for your Cooperative's needs.

So, in closing, I know that if you compare the product you are getting for the still low price, there is no greater product in the world that is as reliable, dependable and affordable; Electricity.

God Bless you and our Troops.



Winter load management

BY MICHAEL NISBET
Communications Supervisor
Minnkota Power
Cooperative, Inc.

*Off-peak
heating
remains the
best energy
value*

Members of North Star Electric Cooperative who heat their homes, farms or businesses with economical, off-peak electricity can expect 300-400 hours of control this upcoming winter season.

That estimate is based upon Minnkota Power Cooperative purchasing \$4.5 million worth of Schedule L energy from the regional power pool to reduce load control. North Star Electric receives all of its wholesale power requirements from Minnkota.

“Depending on surplus energy prices, Minnkota’s Schedule L purchases will avoid nearly 550 hours of load control for the 2006-2007 winter season,” said Al Tschepen, vice president of Planning and System Operations. “That is good news for the members of North Star Electric Cooperative, as well as the other Minnkota member-owner distribution cooperatives.”

New power purchase strategy

Minnkota’s estimate of 300-400 control hours, which includes required four-hour and 24-hour

load control certifications in the Mid-Continent Area Power Pool (MAPP), is based on normal to mild winter weather and the ability to purchase supplemental electricity for off-peak customers throughout the winter season.

In March of 2006, Minnkota increased energy rates to the 11 member-owner cooperatives in order to purchase more power from the wholesale marketplace.

“A small increase in our energy rate gives Minnkota the option of purchasing power at a slightly higher rate and avoid additional control hours for our members,” said Jim Burley, system operations manager. “So far, we have been pleased with the results of this new purchase power strategy.”

While the cost of power to the Minnkota-associated systems remains stable throughout the winter season, the cost of wholesale electricity on the open market fluctuates on a daily and even hourly basis.

“With the 4-cent ceiling price removed for Schedule L power purchases, Minnkota is able to buy more power and serve the off-peak loads more often, rather than control them,” Burley added.



Wholesale market drivers

Several factors influence the availability and price of electricity in the wholesale marketplace, including increased competition for wholesale power, weather conditions and natural gas prices.

This winter, the Western Area Power Administration (WAPA), a power marketing organization within the U.S. Department of Energy, will likely compete against Minnkota and other power suppliers for economical power purchases. (708-09-009-04 Gerald Wardas) During the past few years, WAPA's hydropower facilities were affected by a lack of moisture. Reduced flow from its dams will require WAPA to purchase power elsewhere to meet its long-term, firm power supply obligations.

The severity of weather outside of the Minnkota service region also impacts control hours.

"If weather in the Eastern Interconnect (East Coast) is adversely cold for an extended period of time," Burley said, "wholesale power prices tend to rise across the Midwest."

Natural gas prices are another important factor driving wholesale power costs. Currently, natural gas storage levels are above normal and future prices are much lower than last winter season.

"Natural gas fuels the vast majority of peaking plants," Burley explained. "During high-use periods, however, wholesale power prices tend to climb as these plants are brought online to meet increased demand."

More power from Young 2

In 2006, Minnkota began receiving additional increments of low-cost, baseload electricity from Square Butte Electric Cooperative, an organization affiliated with Minnkota by reason of common ownership and management.

Square Butte owns the lignite-fired Young 2 generating station and the related 465-mile-long direct current (DC) transmission line from Center, N.D., to Duluth, Minn.

"On Jan. 1, 2006, Minnkota's share of Young 2 generation increased from 29 percent to 34 per-

cent, which added almost 22 megawatts (MW) of energy into the Joint System," Tschepen said.

In each of the next three years, Minnkota will receive additional generation from Young 2. By Jan. 1, 2009, 90 MW of additional baseload energy will be added to the Minnkota generation resources.

"This new increment of firm, baseload power helps stabilize future off-peak control times," Tschepen explained. "As North Star's power supplier, our focus remains unchanged. We want to keep our electricity as the best energy value in the region."

Milton R. Young Station near Center, N.D.

Factors that drive load management

During major maintenance outages like the one recently completed on the 250-megawatt (MW) Young 1 generating unit, Minnkota Power Cooperative buys replacement power to serve the needs of North Star Electric and the other member-owner cooperatives.

Load management is sometimes necessary during these scheduled maintenance outages at the Young Station, as Minnkota is purchasing electricity from the often volatile wholesale marketplace.

If the wholesale price of electricity is too costly, load control is used to align system demand with available low-cost generating resources. Load management is also influenced by factors such as transmission bottlenecks and weather conditions across the region.

"The weather outside is the only factor that members of North Star Electric Cooperative actually see firsthand," said Al Tschepen, Minnkota vice president of Planning and System Operations, noting that Minnkota makes load control decisions based on a variety of criteria. "The biggest factor driving load management is the price of electricity in the marketplace. Other influences, like the recent Young 1 plant outage and transmission constraints, also play a role."



Ann Ellis
Manager of Finance
and Administration

Office notes

New look for the *Enlightener*

We hope that you like the new format of the *Enlightener*. We tried shrinking the newsletter to cut costs, but we were never able to include all of the information that we felt would be valuable to the members. To return to the eight-page, stuffed-with-the-first-class-bill *Enlightener* that you had become accustomed to, was compared with other options. You may be thinking that this new one must cost a lot more, but surprisingly, as a third-class postage periodical, the postage savings nearly outweigh the increased printing costs. In addition to not costing much more, the new format provides even more space to inform you of things going on with your cooperative.

Financials

Last month you received an *Enlightener* that was very similar to the report handed out at the October 13 annual meeting. I hope you had a chance to look over the numbers, as they explain the need for the 8 percent rate increase that will be in effect for 2007. We have printed the new rate schedule in this issue.

For the most part, all components of the rates will increase by 8 percent, from the fixed charge, to the price per kWh. With our wholesale rates on the rise, kWh sales sluggish, and cost-saving measures not adding up to enough, we had no choice. I anticipate that when you compare the value of your electricity to other things you buy, you will agree that it is still one of the best values you purchase.

AMR (Automated Meter Reading) update

We're getting close. The crews have changed out 8,261 of our 9,052 meters to the AMR type. Equipment that will communicate the data from these meters to the office has been installed in most of the substations. More than half of you see the words "Co-op Reads" printed on your payment stub, meaning that the system is pretty much working for you, and we are usually able to read your meter for you.

We are working hard to reach our goal to be reading 95 percent of the meters by the end of the year, which means that soon, many more of you will be able to quit reading your meter. Just watch your payment stub to guide you. And thank you to all of you who returned the yellow verification form last month.

Finally, it's Thanksgiving time. We all have much to be grateful for, yet often those are the things we take for granted. Let this holiday season be a time to appreciate these special gifts that we have been blessed with.

RATE CLASS:

General Single Phase

		CURRENT	TO BECOME EFFECTIVE: 12/25/2006
Fixed Charge		\$28.50 per month	\$30.75 per month
kWhs	@	0.0665 per kWh	0.072 per kWh

Seasonal

Fixed Charge		\$342.00 per year	\$369.00 per year
kWhs	@	0.0665 per kWh	0.072 per kWh

Three Phase

Fixed Charge		\$45.00 per month	\$48.60 per month
First 700 kWhs	@	0.097 per kWh	0.105 per kWh
Excess kWhs	@	0.067 per kWh	0.072 per kWh

Off-Peak

<=50 KVA	@	0.036 per kWh	0.039 per kWh
<=50 KVA short term		0.056 per kWh	0.060 per kWh
>50 KVA	@	0.034 per kWh	0.037 per kWh
ECC Credits >500 kWhs		(\$4.00) per month	(\$4.00) per month
ECC Credits >1,000 kWhs		(\$6.00) per month	(\$6.00) per month

Rental Security Lights*

HPS		\$7.25 per month	\$8.00 per month
MV		9.20 per month	10.00 per month
MV & Transformer		10.30 per month	15.00 per month
HPS & Transformer		8.35 per month	13.00 per month
150 watt		11.40 per month	12.50 per month
Requested MV & Transformer		10.30 per month	15.00 per month

Metered Street Lights

Energy Charge		0.094 per kWh	0.102 per kWh
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Large Power

Fixed Charge		\$50.00 per month	\$54.00 per month
Demand Charge		\$6.75 per kW	\$7.30 per kW
Energy Charge			
First 100 kWh/kW		0.069 per kWh	0.075 per kWh
Excess		0.055 per kWh	0.059 per kWh
Controlled Sawmill			
Guaranteed Max		0.071 per kWh	0.077 per kWh

Interruptible Large Power

Fixed Charge		\$1.00 per KVA	\$1.08 per KVA
Energy		0.045 per kWh	0.049 per kWh

*only use tax on energy used will be added

Recipe corner

Streusel-topped pumpkin pie

- 1 (15 oz.) can pumpkin
- 1 (14 oz.) can Eagle Brand sweetened condensed milk (NOT evaporated milk) Fat-Free Eagle Brand can be used too.
- 1 egg
- 1¼ tsp. cinnamon
- ½ tsp. each ground ginger, nutmeg & salt
- 1 (6 oz.) Keebler Ready Crust Graham Cracker Pie Crust
- ¼ c. firmly packed brown sugar
- 2 Tbsp. flour
- 2 Tbsp. cold butter or margarine
- ¾ c. chopped walnuts

Martha Karsnia
Int'l Falls

1. Preheat oven to 425°. Combine pumpkin, Eagle Brand, egg, ¾ tsp. cinnamon, ginger, nutmeg and salt. Pour into crust.
2. Bake 15 minutes. Reduce oven to 350°.
3. Combine sugar, flour and remaining ½ tsp. cinnamon; cut in butter until crumbly. Stir in walnuts. Sprinkle streusel mixture over pie.
4. Bake 40 minutes or until set. Serve warm or at room temperature. Refrigerate leftovers. Tip: Top with whipped cream if desired.



Keep Holiday Celebrations Bright and Safe!

Glittering lights and decorations, festive parties and fabulous foods are beautiful holiday traditions. But some of the things that make the holidays so special can also pose electrical and fire hazards if handled carelessly.

“Don’t let electrical accidents darken your holiday celebrations,” says Molly Hall, director of the Safe Electricity program. “As you prepare for special holiday and family celebrations, look for and eliminate potential threats posed by holiday lighting, decorating and entertaining.”

According to the National Fire Protection Association, cooking has been the leading cause of home fires since 1990. As you bring out the electric mixers, slow cookers, turkey roasters and food warmers to prepare for holiday baking and entertaining, Safe Electricity offers these tips to avoid shocks and fires in the kitchen year-round:

- Inspect all small appliances and electric cords to make sure they are in good repair, and read operating instructions before use.
- When purchasing new kitchen appliances, look for UL-Listed appliances with automatic shut-off features.
- Never plug more than one high-wattage appliance into a single outlet.
- Stay focused and attentive to baking, brewing and simmering foods.
- Keep cooking areas clean and free of grease.
- Make sure a working fire extinguisher is on hand, and know how to operate it.

Never stand in or near water when using electrical appliances for preparing food! Also, make sure that the outlets near sinks are equipped with properly tested ground fault circuit interrupters (GFCIs) to prevent shocks when using electric appliances near water.

“Before decorating for the holidays, take some simple steps to avoid potential safety hazards,” says Hall. “We’ve all read about tragedies resulting from holiday lighting mishaps. Safeguard yourself and your home so that you’re not among those.”

The lights designed to decorate holiday trees are a wonderful and decorative part of many traditions. Make sure to use only lights that have been safely tested and have the UL label. (252-01-034-12 Chad/Vicki Fulton) Before decorating, check each light string for broken sockets, frayed cords or faulty plugs. Always unplug the lights when replacing a bulb. Don’t string together more than three standard-size sets of lights or you could risk overheating the circuit.

Safe Electricity offers additional tips for safe holiday decorating:

- Place fresh-cut trees away from heat sources, such as heat registers, fireplaces, radiators and televisions, and water frequently.
 - Make sure extension cords are in good condition and are UL-approved cords rated to carry the electrical load you will connect to them.
 - Match plugs with outlets.
- Don’t force a 3-pronged plug into a 2-pronged outlet or extension cord, or

remove the third prong.

- Do not overload outlets. If necessary, use surge protector strips that have circuit breakers to prevent overloads when multiple outlets are needed.

- Keep electric cords away from high-traffic areas. Do not run them through doorways, staple, nail or tack cords to the wall or hide them under rugs or carpets.

- Outdoors, use only lights, cords, animated displays and decorations rated for outdoor use. Cords should be plugged into outlets equipped with GFCIs. Use a portable GFCI if your outdoor outlets don’t have them.

- Always unplug lights before going to bed or leaving your home.

“Overloaded electrical systems are a major cause of fire,” warns Hall. “Flickering or dimming lights and monitors, sparks from appliances or outlets, and wall plates, plugs or cords that are warm to the touch are warning signs that demand immediate attention.”

If you spot electrical danger, make sure to unplug the malfunctioning appliance immediately and get a replacement.

For more information visit the Web site www.SafeElectricity.org. Safe Electricity is an electrical safety public awareness program created and supported by a coalition of several dozen organizations, including electric companies and cooperatives, educators and other entities committed to promoting electrical safety.

Annual meeting prize winners

Hamilton Beach hand mixer – Ronald C. Berg
Bissell vacuum – Joann Coulombe
Black & Decker cordless drill – Allen Linder
Floor lamp with reading lamp – Shirley Bosshart
Skil jigsaw – Elizabeth Lockner
Proctor-Silex iron – Ken Horntvedt
Black & Decker cordless screwdriver – Brian/Stacy Novak
Black & Decker rechargeable screwdriver – Ross Dally
Tool Shop electric drill – Jerry Pieper
Kitchen 3-pack (toaster, hot pot & coffee maker) –
John F. Rossborough
Toastermaster 4-slice toaster – Norman Johnson
Proctor-Silex can opener – Jeff Poolman
Rival electric skillet – Peter Kruse
Presto electric griddle – Robert Nelson
Hamilton Beach blender – Henry Rieke
2 ½ qt. slow cooker – Scott Edwards
Proctor-Silex toaster oven – Paul Nelson
CD boombox with radio – Fred Erickson
Dustbuster vacuum – I. Lois Anderson
Mr. Coffee coffee maker – Steve Sather
Dan Evens – \$10
Don/Judy Senkyr – \$1
Arnold Overland – \$15
Wallet & \$66 – Robert Crompton
Grand prize winner – TV set – Ken Larson



Officers elected

The North Star Electric Cooperative Community Trust Board of Directors met on August 10 to approve the Articles of Incorporation and Bylaws and to elect officers. The following officers were elected: President – Bonnie Hickey from District 8; Vice President – Pete Granger from District 1; and Margie

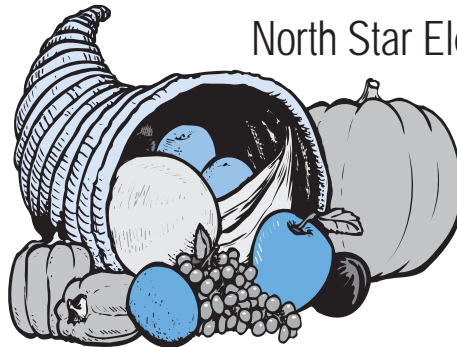
Sporlein from District 3 as Secretary-Treasurer. Other Trust Board members are District 2 – Gretchen Thompson; District 4 – Nancy L. Jewell; District 5 – Joyce Wheelock; District 6 – Lorraine Nygaard; District 7 – Wendy Boorman and District 9 – Jean Reichow.

North Star members are generous

We would like to say THANK YOU to all the North Star members who are participating in the Operation Round Up program. About 80 percent of the membership is contributing to this great cause to help our local communities.

Applications available

Grants will be awarded to non-profit or community-based organizations that demonstrate a commitment to enhancing the quality of life in our region. Grant application forms are available at both of the North Star offices, from Trust Board members or the North Star Web site (www.northstarelectric.coop). Applications must be received in our office by December 1 to be considered by the Community Trust Board at its January meeting.



North Star Electric will be closed

Thursday, Nov. 23,
& Friday, Nov. 24,
for Thanksgiving.

