

NORTH STAR ELECTRIC COOPERATIVE

# 2013 Annual Meeting

*October 4, 2013*



## *"Generation(s)"*



*Generating electricity for generations of people in our cooperative.*

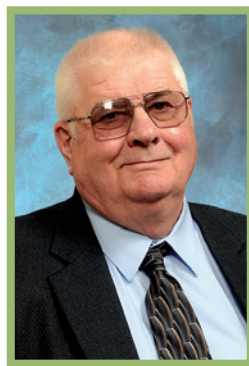
# Board of *Directors*



**Steve Arnesen**  
District 1



**Mike Trueman**  
District 2



**Randy Bergan**  
District 3



**Michael Hanson**  
District 4



**Bruce Polkinghorne**  
District 5



**Lorraine Nygaard**  
District 6



**Julian Brzoznowski**  
District 7

## Serving since:

Julian Brzoznowski	1983
Steve Arnesen	1986
Bruce Polkinghorne	1989
Michael Hanson	1994
Randy Bergan	1999
Mike Trueman	2002
Lorraine Nygaard	2007

## 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.*

*An annual meeting is a meeting of the member-owners 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.*

## On the *Cover*

*2<sup>nd</sup> generation co-op employee Jesse Huot completes a pole changeout using a Page & Hill pole from Big Falls. Jesse's mother works at Beltrami Electric Cooperative in Bemidji.*



# Director Candidates



## District 5 - Bruce Polkinghorne

Bruce Polkinghorne has been a director since 1989. Bruce and his wife, Violet, live in Littlefork. He has been a lifelong resident, except for four years he spent in the Air

Force. He worked in the hardware business for 40 years, and is now retired. He is a member of the Lions Club and American Legion and also lists aviation, music, camping and hiking as additional interests. Bruce is seeking re-election for another four-year term representing District 5. He has served on the North Star Electric board for 24 years and has been vice president for the past seven years. During his term as a director, Bruce has attended several seminars enabling him to become a credentialed board member for the electric cooperative. Bruce enjoys being a director at North Star because he knows he is helping his community. He knows the electric industry has some very large challenges in the future and, with his 24 years of experience, he can help North Star make the right choices on some tough decisions.

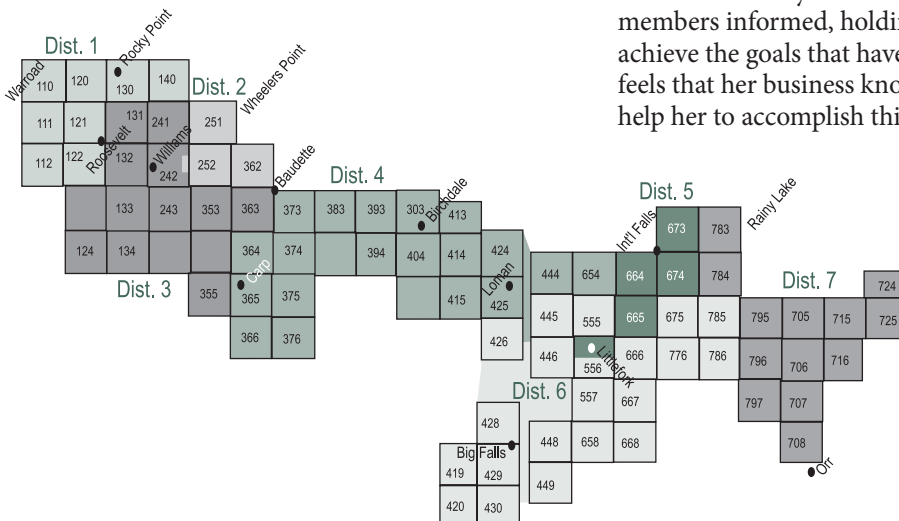


## District 6 - Lorraine Nygaard

Lorraine Nygaard has lived in Big Falls for many years. She has three grown children, four grandchildren and three great grandchildren. Some of her hobbies include gardening, traveling, baking, decorating and visiting family and friends.

Lorraine worked as the city clerk in Big Falls for 30 years and retired 10 years ago. As city clerk, part of her duties included working with other government offices in the county and state. Some of the projects she was involved in were getting the medical clinic, dental office and bank (now the credit union) to move into Big Falls. In February 2007 she was appointed to the North Star board to fill the vacancy for District 6. She was elected to the North Star board by the members of District 6 at the annual meeting in October 2007. She has served on several other boards, including the Koochiching County HUD board for nine years, Northern Itasca Hospital board for 15 years and as treasurer of the Big Falls Senior Club. She has also been a member of the Big Falls Community Education and Recreation organization for 25 years and the Legion Auxiliary for 61 years.

Since elected to the North Star board in October 2007, she has attended training seminars for new directors, strategic planning, district meeting and the Minnkota/Square Butte annual meeting. Lorraine has also attended several seminars enabling her to become a credentialed board member for the electric cooperative. Lorraine would like to remain on the board because of her commitment to community and knowing that she can make a difference. Being active in the community, she feels that she is there to listen to concerns of the members and is willing to work with them to find solutions. She says that her priorities for the future include keeping the members informed, holding the line on electric rates and helping North Star achieve the goals that have been set for future growth and prosperity. She feels that her business knowledge from being city clerk for 30 years would help her to accomplish this.



The first three numbers of your account number correspond to the township number included on this map.



**Steve Arnesen, president**  
**Dan Hoskins, general manager**

The theme for our annual meeting this year is generation(s). Now, there are many different types or definitions of generations, and since we work at an electric distribution cooperative, electric generation is the first thing that comes to mind.

Let's cover that a little bit and see where North Star Electric Cooperative, along with Minnkota Power Cooperative, fits into all this. On our system we have a couple of solar generators. These generators do not produce mass quantities of energy; they are a smaller scale that is for private use and the member-owners who have them are happy with their output. We also have a couple of smaller wind generators that utilize the wind for charging batteries.

North Star has a number of accounts that have backup generation from propane or diesel. This generation is utilized by member-owners to help shave peak electricity demand and these members who utilize this service from North Star receive a lower electric rate.

Minnkota also supplies 108.8 megawatts (MW) of hydro that it receives from Western Area Power Administration, which I might add is my favorite type of renewable energy!

# President & Manager's *Report*

But this type of renewable energy is not recognized by Minnesota on the larger scale. They do on a smaller scale, but there are not too many smaller hydro generators out there yet.

Then in 2007, the Minnesota Legislature passed a renewable energy mandate, and Minnkota took this mandate seriously enough to become one of the leaders in the nation in renewable energy. Minnkota has 358.8 MW of electricity that it purchases from wind generators. This is a good source of energy when the wind blows, but on a calm day, you'd better get your flashlights!

Minnkota also has 56 MW of electricity that is produced by other sources, which would include fossil fuel such as diesel. And lately solar, on a larger scale, is being kicked around, but due diligence has to be done before Minnkota, or North Star, jumps into this arena.

We get most of our electricity from coal-fired generation produced by Minnkota – 605.6 MW. This is our most productive and dependable source, and even with all the recent, costly mandates and regulations, it remains the lowest cost source of electricity.

So, remember the electricity you use from North Star is a mixture of coal-fired, wind and hydro, which makes all of us a little 'green' as they say. But you can also tell folks that your cooperative, as a member-owner of Minnkota Power Cooperative, is one of the leaders in the nation when it comes to renewable energy production.

Now, just for fun, let's look at another source of generation, the Population Generation Reference Bureau. These folks provide an alternate listing and chronology of generational names in the

United States. Are you a baby boomer or a new boomer? How about a lucky few or even a good warrior? Anyway, listed below are the groups. Pick out what group or generation you belong to!

- 1983-2001 - New Boomers
- 1965-1982 - Generation X
- 1946-1964 - Baby Boomers
- 1929-1945 - Lucky Few
- 1909-1928 - Good Warriors
- 1890-1908 - Hard Timers
- 1871-1889 - New Worlders

You know, when we discussed the theme for this year's annual meeting, and we came up with generation(s), there were a lot of ideas floating around. We knew the big definition for generation would be electrical generation, but there are a couple more I would like to address.

There are also generations in the employee group at our cooperative. Some of our employees have parents who work, or have worked, at electric cooperatives. We also have parents who have children who have followed their path to the electrical work force, and I know of directors who have followed the paths cut by their folks to the board table. One more item that is last, but by far not least; we have member-owners who are first, second and third (maybe even fourth) generation member-owners of North Star Electric Cooperative.

Well, there you have our idea of generation(s). It's time to cut this off, so on behalf of Steve and me, our employee group and the board of directors of North Star Electric Cooperative, we would like to thank all of our member-owners, of all generations, for their support, their understanding and for purchasing and utilizing the greatest product in the world, electricity.

God bless you and our troops,  
Dan and Steve

# Power Supply Report



**By Mac McLennan**  
*President & CEO*  
*Minnkota Power Cooperative, Inc.*

Scheduled plant outages, legislative and regulatory battles, transmission line construction and stable rates have highlighted a busy 2013 for Minnkota Power Cooperative.

In 2013, both units at the Milton R. Young Station were scheduled for major maintenance activities. This spring Young 1 was disassembled and neatly stacked in piles inside the plant, our coal-based plant located near Center, N.D.

Turbine blades awaited inspection, new cyclone equipment awaited installation and 40-year-old boiler tubing awaited either repair or replacement. After five weeks of around-the-clock maintenance, everything buttoned up on Young 1. The 250-megawatt (MW) unit began producing reliable, affordable electricity for cooperative members July 3 after its planned maintenance outage.

But rather than returning to their regular jobs, plant operators were preparing to start the process again at Young 2. A similar set of projects began in September on the 455-MW unit over an 11-week outage.

We don't typically have two significant outages in a year. We needed to do it this year because several time-sensitive projects needed to be completed to ensure the long-term safety and reliability of the Young Station.

About 350 contractors – including boilermakers, millwrights, welders and other skilled workers – joined Minnkota's 160 plant employees on site near Center, N.D., for the Young outage work.

On the legislative front, thanks to rural legislators and grassroots efforts, talk of implementing solar mandates

on electric cooperatives and municipal utilities didn't gather enough support in the Minnesota Legislature this year.

Grassroots efforts by Minnkota member systems, including North Star Electric, and their member-owners, along with other groups, helped to negate what could have been increased costs for ratepayers in the region.

After months of discussions and negotiations, Minnesota cooperatives and municipals in mid-May were exempt from solar mandates, taxes and net metering changes in the final energy bill in the 2013 Legislature.

We will remain on top of this solar issue as we move into 2014 and are concerned that additional renewable mandates would bring more expenses to our members.

In the meantime, following several years of deliberation and more than a year after ruling in favor of the state of North Dakota and Minnkota, the EPA is reopening its consideration of a decision regarding regional haze.

As a result, Minnkota could be obligated to meet environmental requirements that may not even improve the environment.

You might remember the National Parks Conservation Association and the Sierra Club last year petitioned the 8<sup>th</sup> Circuit Court of Appeals for review of the EPA's regional haze determination for the state of North Dakota. In addition, it requested the EPA to reconsider its ruling for North Dakota.

On March 15 this year, the EPA published its notice in the Federal Register to reconsider approval of the state's Best Available Retrofit Technology emission limits for nitrogen oxides (NO<sub>x</sub>) for Units 1 and 2 of the Young Station.

Based on a voluminous five-year public record on the issue, Minnkota believes the EPA should stick with its original decision. It could avoid the installation of \$500 million of equipment that has not been proven to work effectively at the Young Station

and would not provide a perceptible visual benefit.

We are not opposed to reasonable, common sense regulation. We have already invested \$425 million into environmental upgrades at the Young Station, for instance.

Another issue on the environmental front involves carbon dioxide emissions. Go to <http://action.coop> to get more information on this summer's announcement by President Obama. We may need your support on this issue as well.

Finally, one of the most noticeable projects being done this year is the Center to Grand Forks Transmission Line build. We have helicopters doing the line stringing and big cranes lifting tall structures along the route. Construction on the eastern side of the project is nearly done. We are working on the western side of the state this year.

We are in our second year of construction, and hope to have the \$350 million, 250-mile line in service by the end of February 2014. It will carry reliable power from the Young Station to Minnkota's service territory.

At the end of August, we had about 60 percent of the construction done on the project, and we are making good progress toward meeting our finish goal.

When the line is finished, Minnkota will acquire an additional 22.5 percent of the Young 2 output. We will continue to receive an increasing allocation of the Young 2 output until we have all 100 percent in 2026. This is part of the Young 2 deal, you might recall.

We were able to keep rates stable this year, with no rate increase. We are still putting together the numbers for 2014 but, if there is an increase, it likely will be small. In 2015 there could be a need for additional increases to meet the needs of the membership.

Rate increases are always a concern. We must keep a long-term focus and stay watchful.

Even with the challenges of EPA regulations and legislative mandates, it is our pledge to do everything possible to help North Star keep its electricity as the best energy value in the region.



## *Straight Talk on Energy:*

# Finding the right energy balance

Trying to find an energy source that is affordable, reliable and environmentally friendly has always been a balancing act. Your cooperative's wholesale power supplier, Minnkota Power Cooperative, has a portfolio that reflects its location near some of the nation's best coal and wind resources. You also receive a fair amount of energy from the Garrison Dam, which created Lake Sakakawea in central North Dakota. Listed below are some pros and cons of different fuels used for generating electricity.

## Where Your Power Comes From

**Minnkota Power**  
MPC COOPERATIVE, INC.

Your Touchstone Energy® Partner



**Garrison Dam**  
Missouri River



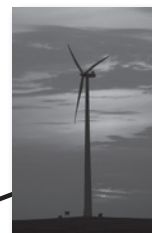
**Coyote Station**  
Beulah, N.D.



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



**Langdon Wind Energy Center**  
Langdon, N.D.



**Infinity**  
Petersburg, N.D.



**Ashtabula Wind Energy Center**  
Valley City, N.D.



**Infinity**  
Valley City, N.D.

### Coal

#### Pros

- Abundant – North Dakota has an 800-year supply.
- Affordable – Relatively inexpensive compared to other fuels. Generators that use coal are proven technology.
- Reliable – Coal is baseload generation, meaning a power plant can run 24/7 with this fuel source.
- Increasingly cleaner – Technology exists, which Minnkota uses,

to drastically cut nitrogen oxides, sulfur dioxide and mercury emissions.

#### Cons

- Environmental groups and the federal government continue to attack coal due to its higher carbon dioxide output, which they believe is a contributor to climate change.
- Regulations and legislation have made it next to impossible to build a new coal-fired power plant.

## Natural gas

### Pros

- Currently rivals coal in terms of affordability.
- Abundant fuel supply.
- Can be used as either peaking (as needed) or baseload generation.

### Cons

- The price of natural gas has

historically been very volatile.

- Fracking is an environmental concern in its own right.
- The flaring of methane naturally present in these natural gas wells is many times more powerful a greenhouse gas than carbon dioxide. This may negate any advantage natural gas has over coal in terms of carbon dioxide output.

## Wind

### Pros

- Emissions free and renewable resource.
- Cheaper than other forms of renewable energy but still more expensive than coal or natural gas.
- Landowners receive royalties.

### Cons

- Not reliable. The wind energy you receive from your cooperative is only available 40 percent of the time on average.
- Can disrupt the path of birds.
- Is an eyesore to some.
- Still needs to be backed up by a reliable, baseload energy source like natural gas.

## Solar

### Pros

- Emissions free and renewable.
- As technology improves, may be a supplement to power certain items in the home.

### Cons

- Very expensive in its current form.

- Only available up to 18 percent of the time.
- If implemented in a large scale, would take up large amounts of land.
- May not be the best fit for certain regions.

## Water

### Pros

- Emissions free renewable resource.
- Affordable unless a prolonged drought occurs.
- Reliable unless a prolonged drought occurs.

### Cons

- Virtually no resources left to develop.
- Does affect fish migration and changes the ecosystem.
- A prolonged drought could raise prices and lessen its rated capacity.

## Nuclear

### Pros

- Reliable energy; available 24/7.
- Emissions free.

### Cons

- The U.S. still hasn't figured out what

to do with the spent radioactive material.

- Takes a long time to build.
- Expensive to build.
- There is a stigma associated with nuclear energy.

## About Co-ops

Electric cooperatives are private, independent electric utilities, owned by the members they serve. Democratically governed businesses, electric cooperatives are organized under the Cooperative or Rochdale Principles, anchoring them firmly in the communities they serve and ensuring that they are closely regulated by their consumers.

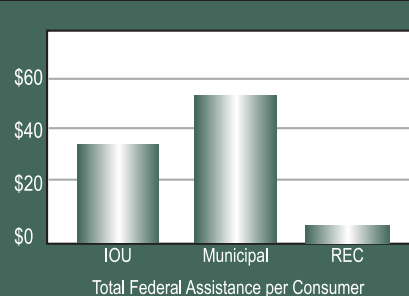
Electric cooperatives began to spread across rural America after President Franklin D. Roosevelt created the Rural Electrification Administration (REA) in 1935. The Executive Order establishing the REA and the passage of the REA Act a year later marked the first steps in a public-private partnership that has, over the last 75 years, bridged the vast expanse of rural America to bring electric power to businesses and communities willing to organize cooperatively and accept responsibility for the provision of safe, affordable and reliable electric power.

Today more than 900 electric cooperatives power Alaskan fishing villages, dairy farms in Vermont and the suburbs and exurbs in between. They provide reliable and technologically advanced service to 42 million Americans while maintaining a unique consumer-focused approach to business.

### Federal assistance to electric utilities

According to Nobel Laureate economics professor, Lawrence R. Klein of the University of Pennsylvania, all types of utilities (investor-owned utilities (IOUs), municipal-owned utilities and electric cooperatives enjoy some form of subsidy. You may be surprised to learn that electric cooperatives receive the least amount of subsidy per customer.

RECs receive the least federal assistance per consumer



Source: DOE, EIA Data

All electric utilities receive federal subsidies in one form or another. Calculations based on federal government financial reports show that rural electric cooperatives receive the least federal amount of subsidy per consumer. This is in spite of the fact that rural electric cooperatives serve only six consumers per mile of line compared to 38 for investor-owned (such as Minnesota Power) and 48 for city-owned utilities.

# Your 2012 *Dollar*

## Where it came from:

Farms and Homes	\$ 9,112,312
Small Commercial	3,708,627
Large Commercial	0
Seasonal	607,248
Street Lighting	31,028
Consumer Penalties	68,212
Rent from Electric Property	49,645

**Total Revenue** \$ 13,577,072

## Where it went:

### Operation Expense:

Purchased Power	\$ 8,071,602
Operations <i>(includes supervision, safety, mapping, cable locating, etc.)</i>	755,880
Consumer Accounts	326,628
Consumer Services and Information	229,160
Sales	28,959
Administrative and General	1,214,256

### Maintenance Expense:

Maintenance of Distribution Plant <i>(includes right-of-way maintenance, outage costs, etc.)</i>	\$ 515,614
Depreciation	975,257
Interest	805,454
Other Deductions	0

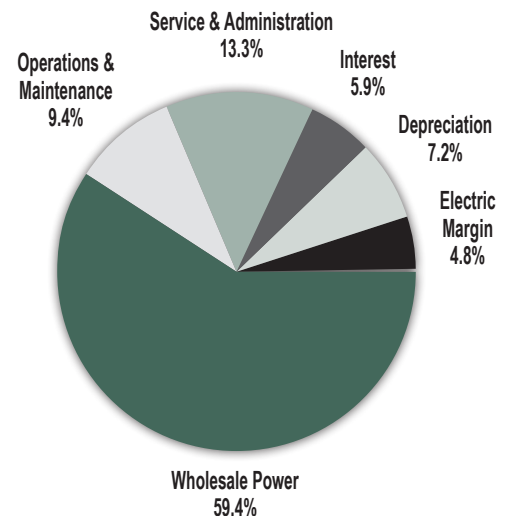
**Total Expense** \$ 12,922,810

Electric Operation Margin for Year <i>(Revenue less expense)</i>	\$ 654,262
Interest and Dividend Income	191,202
Misc. Non-Operating Margins	(9,433)
Generation and Transmission Capital Credits <i>(Minnkota Power Cooperative)</i>	22,661
Other Capital Credits and Patronage Dividends	33,743

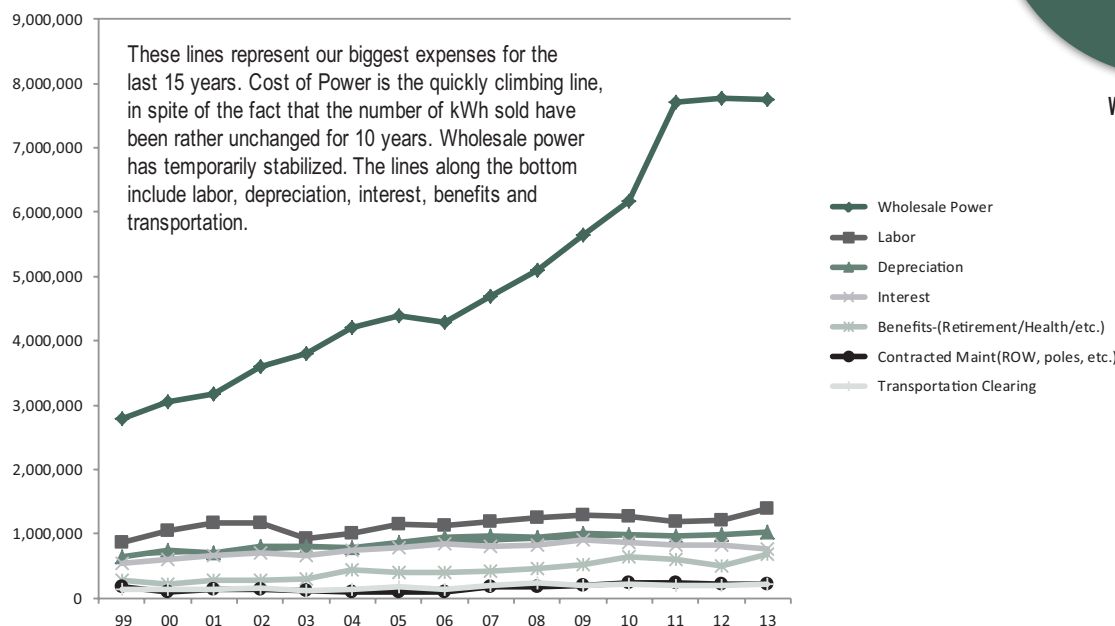
**Net Patronage Capital Assigned** \$ 892,435

## How your 2012 dollar was *spent*

Revenue from the sale of our service amounted to \$13,577,072 as of the year ending December 31, 2012.



## Highest Cost *Expenses*





# Statement of *Financial Condition*

## What we own:

Lines and General Equipment	\$ 39,268,721
Less: Provision for Depreciation	14,227,125
	\$ 25,041,596

## Cash:

General Funds	\$ 362,520
Special Funds	20
Investments	1,468,185
Temporary Investments	287,681
Notes Receivable Net	360,000
Receivables	1,416,126
Material and Supplies	571,882
Prepaid Expenses ( <i>includes insurance</i> )	162,817
Deferred Debits ( <i>includes engineering studies</i> )	97,294
Other Current and Accrued Assets ( <i>accrued revenue</i> )	483,672

## Total what we own

\$ 30,251,793

## What we owe:

Long-Term Obligations	\$ 13,931,813
Current and Accrued Liabilities ( <i>includes accounts payable, taxes, interest, deposits, etc.</i> )	2,624,935
Deferred Credits ( <i>includes member prepayments</i> )	222,930

## Our Equity in Above Assets:

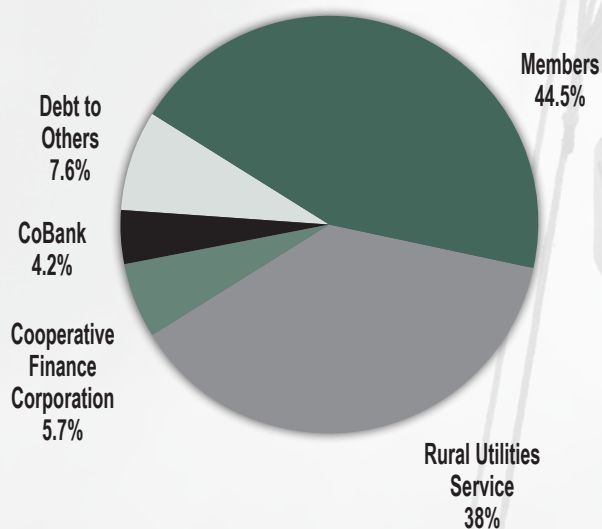
Membership Fees	\$ 26,700
Patronage Capital and Other Equities	13,445,415

## Total what we owe

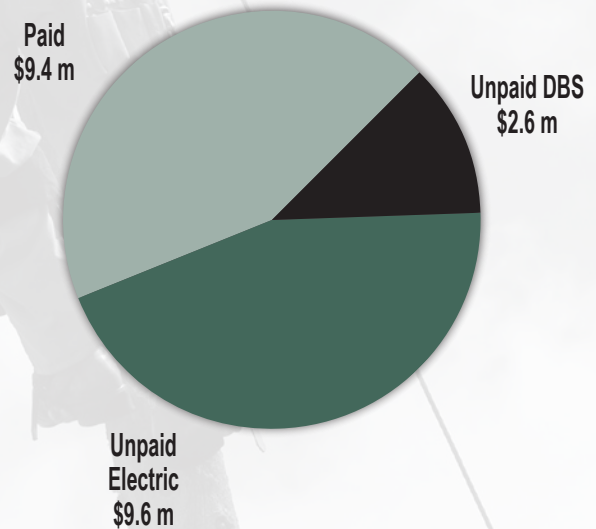
\$ 30,251,793

*Balance  
Sheet as of  
December 31,  
2012*

## Who owns *what*



## Capital *credits* (as of Aug. 2013)



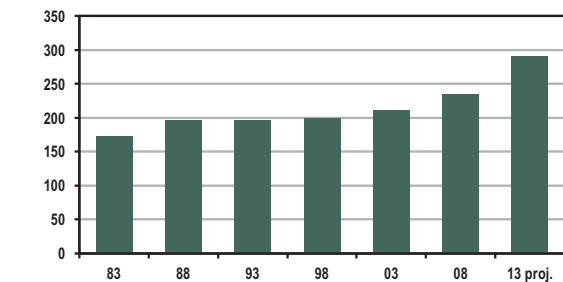
# Comparative Operating *Statistics*



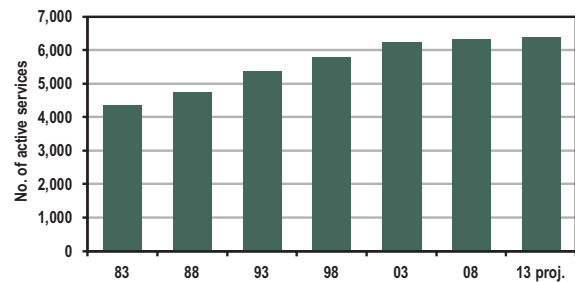
	2008	2009	2010	2011	2012	2013 proj.
Revenues	\$10,216,719	\$10,736,921	\$11,595,695	\$13,113,268	\$13,577,072	\$13,793,109
Cost of Wholesale Power	5,100,023	5,636,546	6,178,195	7,703,546	8,071,602	8,168,029
Operating Expenses	2,864,847	2,916,823	3,069,555	2,946,149	3,070,497	3,263,751
Depreciation	986,944	1,000,947	998,400	962,717	975,257	1,011,195
Interest	830,430	907,672	872,989	836,221	805,454	770,025
<b>TOTAL EXPENSES</b>	<b>\$9,782,244</b>	<b>\$10,461,988</b>	<b>\$11,119,139</b>	<b>\$12,448,633</b>	<b>\$12,922,810</b>	<b>\$13,213,000</b>
Operating Margin	\$434,475	\$274,933	\$476,556	\$664,635	\$654,262	\$580,109
kWh Purchased	130,097,978	127,791,821	117,026,307	118,972,535	117,772,420	120,829,190
kWh Sold	121,112,345	119,651,800	109,176,084	111,141,990	109,678,468	113,365,878
Miles of Line	1,397	1,399	1,405	1,421	1,426	1,428
Connected Members	6,346	6,366	6,384	6,379	6,404	6,398
Average Residential Usage*	1,516	1,498	1,339	1,345	1,273	1,327
Average Residential Bill*	123.89	130.75	139.69	156.05	157.28	159.27
Average Residential Rate/kWh* (excludes seasonals)	0.082	0.087	0.104	0.116	0.124	0.122
Average Wholesale Cost to North Star per kWh Sold	0.0421	0.0471	0.0566	0.0693	0.0736	0.0721

\* Monthly billed residential accounts

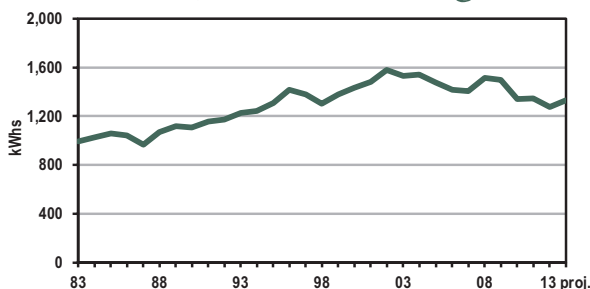
*Accounts per Employee*



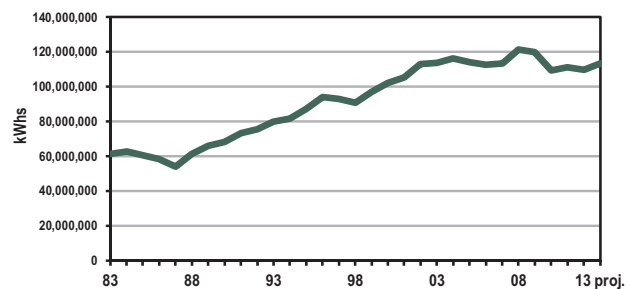
*Total Electrical Accounts*



*Electricity Consumed per Residence*



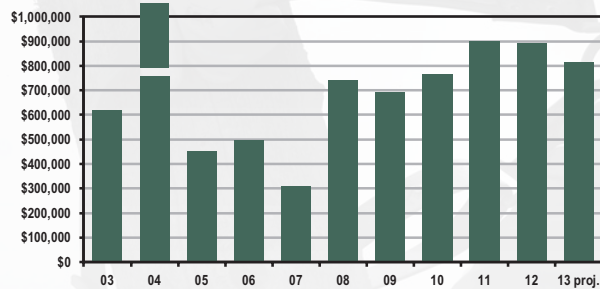
*Electricity Consumed Co-op Total*



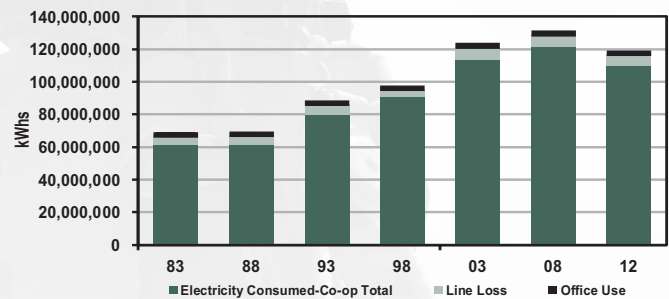
# Operating *Comparisons*

	New Services	Retired Services	Connects	Disconnects	Net Gain	Sec. Lights Installed	Sec. Lights Removed
1997	84	19	104	113	75	94	60
1998	129	20	95	113	111	82	55
1999	133	16	103	102	134	77	42
2000	126	55	72	122	76	67	62
2001	117	17	82	103	96	64	44
2002	113	16	84	120	77	58	47
2003	127	17	74	133	68	51	50
2004	111	27	92	132	71	66	50
2005	87	17	80	137	30	43	34
2006	106	28	85	158	33	122	125
2007	69	27	112	189	-8	35	49
2008	62	52	126	188	0	33	45
2009	57	34	119	171	5	35	43
2010	44	70	130	153	21	24	50
2011	41	25	93	133	1	17	3
2012	63	30	97	137	23	21	1

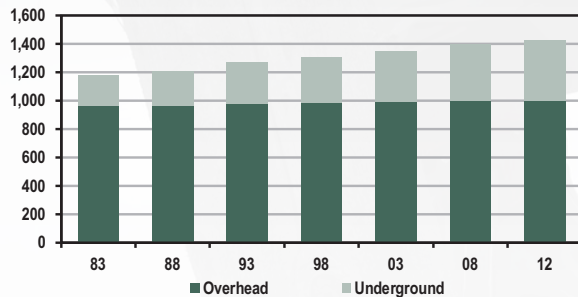
## Margins



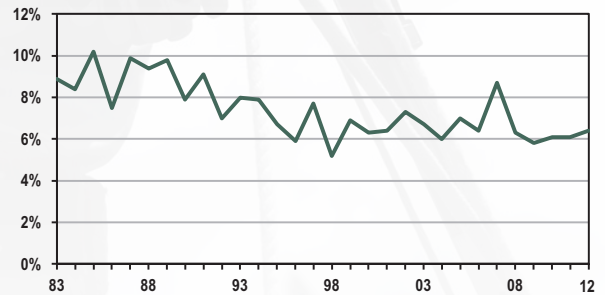
## kWh Sold, Office Use and *Losses*



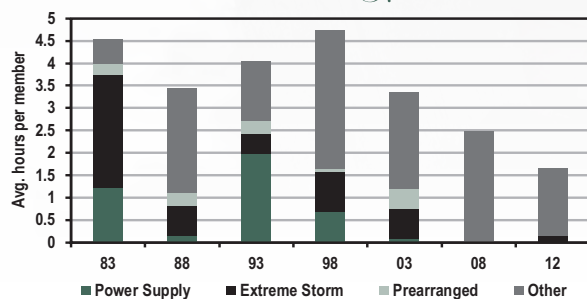
## Miles of *Line*



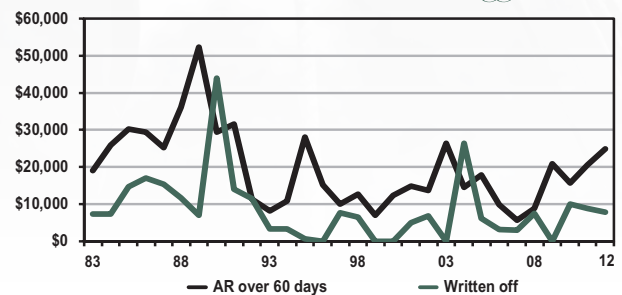
## Line *Loss*



## Outage *Types*



## Bad Debts and *Write-Offs*







# North Star Electric

## *Co-op Employees*



**Dan Hoskins**



**Ann Ellis**



**Wayne Haukaas**



**Marty Mollberg**



**Patsy Olson**



**Bruce Petersen**



**Ron Lee**



**Kathy Senti**



**Todd Thydean**



**Susan Williams**



**Tim Pelach**



**Kevin Holen**



**Rich Grotberg**



**Glen Marcotte**



**Todd Higgins**



**Jim Kuehl**



**Brad Dolinski**



**Robyn Sonstegard**



**Tessa Pepera**



**Jesse Huot**



**Darren Koschak**



**Toby Wahl**



**Kevin Engholm**



**Tom Jacklovich**



**James Sather**

	<u>Position</u>	<u>Years of service</u>
Dan Hoskins	General Manager	11
<b>STAFF</b>		
Ann Ellis	Assistant General Manager/Finance Manager	36
Wayne Haukaas	Manager of Compliance & Member Services	25
Marty Mollberg	Operations Manager	25
<b>EMPLOYEES</b>		
Patsy Olson	Billing Coordinator	37
Bruce Petersen	Line Foreman	35
Ron Lee	Line Sub-Foreman	31
Kathy Senti	Work Order Clerk	28
Todd Thydean	Line Crew Chief	25
Susan Williams	Supervisor, District Office Services	25
Tim Pelach	Line Crew Chief	22
Kevin Holen	Member Service Electrician	17

	<u>Position</u>	<u>Years of service</u>
Rich Grotberg	Journeyman Lineman	17
Glen Marcotte	Journeyman Lineman	11
Todd Higgins	Journeyman Lineman	10
Jim Kuehl	Part-time Handyman/Groundskeeper	10
Brad Dolinski	Purchasing Agent/CAD Draftsman	8
Robyn Sonstegard	Bookkeeper/Asst. Office Manager	6
Tessa Pepera	CSR/Billing Clerk	4
Jesse Huot	Journeyman Lineman	
Darren Koschak	Line Crew Chief	
Toby Wahl	Apprentice Lineman	
Kevin Engholm	Part-time Summer Apprentice Lineman	
Tom Jacklovich	Part-time Summer Apprentice Lineman	
James Sather	Part-time Summer Apprentice Lineman	



## About Your *Co-op*

*The employee group at North Star Electric recently achieved 500,000 hours worked without a lost-time accident. This took almost 10 years, and is quite an accomplishment. North Star strives to provide affordable, reliable and SAFE electricity to you, our member-owners.*

### **7** Cooperative Principles

Voluntary and Open Membership  
Democratic Member Control  
Members' Economic Participation  
Autonomy and Independence  
Education, Training and Information  
Cooperation Among Cooperatives  
Concern for Community



# Annual Meeting *Minutes*

*Annual meeting of the members of North Star Electric Cooperative, Inc., Oct. 5, 2012*

The annual meeting of the members of North Star Electric Cooperative, Inc., was held at Lake of the Woods School in Baudette, Minn., on Friday, Oct. 5, 2012, 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 meatball dinner was served by the Lake of the Woods School kitchen staff. Entertainment was provided by the "Sloughgrass Band" from Birchdale, Minn.

The Colors were presented and the National Anthem was sung by Holger Olesen.

General Manager Dan Hoskins invited the audience to watch a brief video on the history of electric cooperatives.

General Manager Dan Hoskins welcomed the members to their 72<sup>nd</sup> annual meeting and introduced President Arnesen.

President Arnesen called the meeting to order at 6:10 p.m. and gave the invocation. He then introduced the board of directors and Attorney Gerad Paul.

President Arnesen reported the number of registered members as 199, which exceeded the minimum requirements for a quorum. He then introduced Secretary Mike Hanson.

Secretary Hanson read the Notice of the 2012 Annual Meeting. A motion was made by Jack Stanhope, seconded by David Cassi and unanimously carried to approve the 2012 notice and agenda as presented.

Secretary Hanson reported that the minutes of the 2011 annual meeting of the members were printed in the annual report handed out during registration. A motion was made, seconded and unanimously carried to approve the minutes of the 2011 annual meeting as presented.

Secretary-Treasurer Hanson gave the Treasurer's report and also reported on

the favorable results of the annual audit, conducted by Eide Bailly.

President Arnesen then recognized the guests in the audience. Visiting distinguished guests included Gloria Enervold, Larry Gebhardt, Gerad Paul and Stacey Dahl, all with Minnkota Power Cooperative; Don Simons of Lake Country Power; Bruce Leino, Jim White and Walter Breeze of North Itasca Electric Cooperative; Mark Glaess of MREA; Sen. Rod Skoe and Rep. Dave Hancock.

President Arnesen introduced Attorney Gerad Paul to conduct the election for directors in Districts 1 and 4. Attorney Paul introduced the candidates. Steve Arnesen, the only candidate for District 1, and Mike Hanson, the only candidate for District 4, addressed the members.

Attorney Paul explained that if a motion was made to declare the candidates elected, there would be no need to conduct an election.

A motion was made by Allan Carlson, seconded by David Cassi and unanimously carried, to declare District 1 candidate Steve Arnesen elected.

A motion was made by Dick Corle, seconded by Pernell Sather and unanimously carried, to declare District 4 candidate Mike Hanson elected.

Attorney Paul explained the bylaw amendment ballot as proposed and distributed to each member with the official notice of the annual meeting, and again at registration tonight. Attorney Paul explained that if a motion was made to declare the approval of this amendment, there would be no need to collect the ballots.

A motion was made by Jody Horntvedt, seconded by Jack Stanhope and unanimously approved, to accept the amendment to remove the interim language for reducing the number of director districts to seven, and leave only that the cooperative has seven director districts.

President Arnesen introduced Manager

of Finance and Administration Ann Ellis, who provided an informative slide presentation on rates and the financial status of the cooperative.

A motion was made by Dan Crompton, seconded by Jack Stanhope and unanimously approved, to accept the financial report.

President Arnesen introduced Mark Glaess, who spoke to the audience about rural electrification in northern Minnesota, and how legislation affects your local cooperative.

At this time, General Manager Hoskins recognized the following employees for their years of service: Ann Ellis – 35 years; Ronnie Lee – 30 years; Dan Hoskins – 10 years; Glen Marcotte – 10 years; and Robyn Sonstegard – 5 years.

This being North Star Electric's 72<sup>nd</sup> year, Manager Hoskins had a drawing for \$72. This was won by Dan Crompton of Williams. Prizes drawn throughout the evening totaled \$2,000 in energy credits. The winners of the energy credit prizes were:

Lyndon Anderson of Baudette	\$500
Arlin Trelstad of Orr	\$250
Louise Menk of Baudette	\$100
Norman Johnson of Baudette	\$100
Bruce Sundvall of Baudette	\$100
Ken Horntvedt of Baudette	\$100
Edvin Magnuson of International Falls	\$100
Einar Sundin of Ray	\$100
Andrew Lystad of Baudette	\$100
Dan Crompton of Williams	\$100
Dennis Bush of Loman	\$100
Bruce Chapman of Baudette	\$100
Sonya Larson of Yuma	\$50
Irvin Reme of Roosevelt	\$50
Don Senkyr of Williams	\$50
Marvin Holter of Warroad	\$50
Elsie Boquist of Big Falls	\$50

President Arnesen asked the members for any old business. There was no old business, other than a member asking about proper disposal of CFL light bulbs.

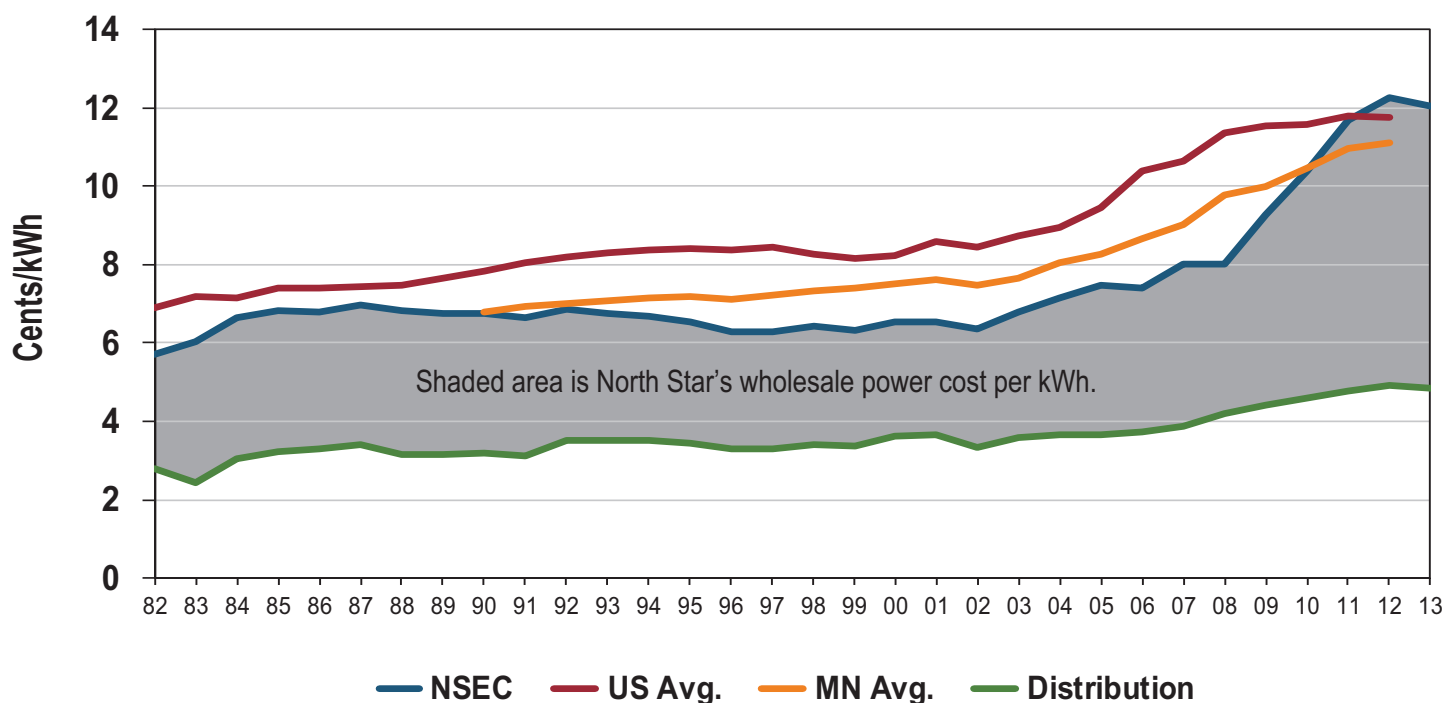
President Arnesen asked the members for any new business. There was no new business.

President Arnesen thanked the Lake of the Woods School kitchen staff for preparing the delicious dinner, and the special guests and the members for coming to their annual meeting and showing their concern and support for the cooperative.

There being no further business, a motion was made by Ken Horntvedt, seconded by Jack Stanhope and unanimously carried, to adjourn the meeting at 7:30 p.m.



# Average Residential Electric *Rates*



## 2012 Average Residential Electric Rates (cents per kilowatt-hour)

**North Star  
Electric Rate  
12.4¢**

<b>West North Central</b>	<b>10.23</b>	<b>East North Central</b>	<b>11.99</b>	<b>New England</b>	<b>15.95</b>	<b>Middle Atlantic</b>	<b>15.13</b>
Iowa	10.52	Illinois	11.75	Connecticut	17.38	New Jersey	15.94
Kansas	10.94	Indiana	10.44	Maine	14.69	New York	17.08
<b>Minnesota</b>	<b>11.11</b>	Michigan	13.81	Massachusetts	15.35	Pennsylvania	12.93
Missouri	9.78	Ohio	11.45	New Hampshire	16.35	<b>South Atlantic</b>	<b>11.27</b>
Nebraska	9.43	Wisconsin	13.18	Rhode Island	14.60	Delaware	13.59
North Dakota	8.70			Vermont	16.94	District of Columbia	12.36
South Dakota	9.69					Florida	11.45
<b>Mountain</b>	<b>10.63</b>					Georgia	10.71
Arizona	11.05					Maryland	12.80
Colorado	11.03					North Carolina	10.69
Idaho	8.12					South Carolina	11.56
Montana	9.84					Virginia	11.18
Nevada	12.01					West Virginia	9.82
New Mexico	11.04					<b>East South Central</b>	<b>10.17</b>
Utah	9.63					Alabama	11.21
Wyoming	9.54					Kentucky	9.26
<b>Pacific Contiguous</b>	<b>12.62</b>			<b>West South Central</b>	<b>10.26</b>	Mississippi	10.30
California	15.29			Arkansas	9.00	Tennessee	9.93
Oregon	9.74	<b>Pacific Non Contiguous</b>	<b>28.78</b>	Louisiana	8.26		
Washington	8.42	Alaska	17.87	Oklahoma	9.42		
		Hawaii	37.60	Texas	11.00		

Source: Energy Information Administration



## NORTH STAR ELECTRIC COOPERATIVE

# Agenda

## 2013 Annual Meeting

### "Generation(s)"



#### Littlefork/Big Falls School • Littlefork, Minnesota • Oct. 4, 2013

- |           |   |  |
|-----------|---|--|
| 5-6 p.m.  | Registration and Dinner                       |  |
| 5 p.m.    | Entertainment                                 | Sloughgrass Band   |
| 5:30 p.m. | Free child care until meeting adjournment     |  |
| 6 p.m.    | Presentation of Colors and National Anthem    |  |
|           | Welcome                                       | General Manager Dan Hoskins                                  |
|           | Call to Order                                 | President Arnesen  |
|           | Invocation                                    | President Arnesen  |
|           | Welcome Guests                                | President Arnesen  |
|           | Notice of 2013 Meeting                        | Secretary Hanson   |
|           | Minutes of 2012 Meeting                       | Secretary Hanson   |
|           | Treasurer's Report of Audit                   | Treasurer Hanson   |
|           | Introduction of Board Candidates              |  |
|           | Election of Directors                         | Districts 5 and 6  |
|           | Financial Report                              | Asst. General Manager/Finance Manager, Ann Ellis             |
|           | Guest Speaker                                 | Mac McLennan, President & CEO,<br>Minnkota Power Cooperative |
|           | Manager's Report                              | General Manager Dan Hoskins                                  |
|           | President's Report                            | President Arnesen  |
|           | Old and New Business                          | Members  |
|           | Question and Answer Time                      |  |
|           | Drawing for Balance of Prizes and Grand Prize |  |
|           | Adjournment                                   |  |



Sloughgrass  
Band,  
Birchdale,  
Minnesota

*Thank you for attending  
your annual meeting!*

**ANNUAL  
MEETING PRIZES**  
5 - \$ 50 Energy Credit  
10 - \$ 100 Energy Credit  
1 - \$ 250 Energy Credit  
**GRAND PRIZE**  
\$500 Energy Credit  
(must be present to win)