

Thank you Lynette and Norma

*Best wishes
in retirement*



With 72 years of combined service, Lynette Dostall and Norma Anderson and are saying farewell to the daily routine of getting to work every day to meet the needs of the members.

Lynette's first stint with the cooperative was in 1963, fresh out of school. When she married and left the area, it was not the last we'd see of her. When she and her husband moved back to Baudette, she returned to the full-time ranks at the co-op. Children came along, an absence from the co-op, part-time work a little later, and then in 1987, she was back full time at the front desk. The word describing Lynette is "polished," which has helped extend great first impressions of the cooperative as members walk through the door or call. She is the go-to person to have your work proofed so communica-

tions from the cooperative look as professional as possible. Customer service comes so naturally to Lynette, and we are pleased that she will continue to grace the halls of the office on a part-time basis.

Norma began her career with North Star in 1968. In 1976 she turned her full-time attention to raising her children, but would come in a couple of times a year to work on the annual capital credit allocation and payment. As time went by, her very part-time work began to grow, eventually landing her back in a full-time position. If only one word could be used to summarize Norma, it would have to be "dedicated." That would be true when describing her from the perspective of the members, the employees and management. Norma's contributions to the cooperative are many, and she, and all of

the knowledge she has acquired, will be hard to replace. She is becoming a grandmother in March – how fun is that!

These two ladies have spent their entire careers meeting the needs of North Star members. It won't be the same without them, but our gratitude is extended for their many years of service and friendship.

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North Star Electric Cooperative, Inc.

Mission Statement

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

Gopher State One Call



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CALL BEFORE YOU DIG
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Highlights from the BOARDROOM

These are the highlights from the board of directors meeting held on Dec. 5, 2007.

The board acted upon usual, routine business. In addition, they voted to approve the 2008 Operating Budget, to approve the list of unpaid final bills to turn over to the collection agency, and to approve travel to meet with legislators.

There was extensive discussion about recent off-peak load control. Although load control hours are about the same as last year at this time, much of the cause this year is due to the extended scheduled maintenance of generator Young 2 coupled with the high cost of replacement power on the market. Additional generation will soon be coming on-line to help ease the burden of growth. The Young 2 maintenance will add 18 megawatts (MW) due to higher efficiency, 20 MW will be available from Square Butte, and the wind farm will come on-line with 99 MW, projected to be 36 percent reliable, compared to 92 percent reliability from a coal-fired plant. Minnkota is talking about addressing the wind reliability issue by installing natural gas turbines to back up the wind generation.

Electricity is getting harder to find at reasonable prices. With demand for electricity growing, but plans for new generating plants being scrapped, rather than implemented, the supply and demand economics will drive electricity prices higher. The reason that new generating plants are not being built is due to new and threatened legislation resulting from climate change theories. Known environmental improvements to Minnkota's generating facilities will total in excess of \$300 million over the next couple of years. This, alone, will increase wholesale power rates by 40 percent, which means that retail rates will also increase dramati-

cally. It is clear that legislators need our help to understand the cost of legislation that they approve.

The financial report was reviewed. Sales slipped in October due to milder weather, and projections for November appear to indicate more under-budget sales. With the budget being very lean, these sales reductions will cause margins to be lower than acceptable by our lenders. The 2008 budget had been prepared assuming a 3 percent retail rate increase; however, a budget this lean could create a similar, but unacceptable, problem in 2008. Manager Hoskins asked the board to approve the budget as presented, but with the understanding that a rate increase larger than 3 percent will be needed and presented at the January board meeting. The three-year-old rate study indicates that it costs \$36.71/month just to have a service energized, so North Star's fixed charge is reasonably close to that. The board gave direction to staff to adjust all components of the rates when preparing the rate increase recommendation.

Reports from staff also included the business plan change of Steffes, the makers of the ETS (electric thermal storage) heating systems. North Star will no longer be selling these units.

The Operation Round Up board will meet on January 21 to review 32 applications.

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) 333-0451
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.)



Dan Hoskins, General Manager

“With the political movement concerned with global warming and emission control, there is a very good chance that rate increases will happen every year for the next few years.”

Looking to the future

Folks, on March 20, 2008, your Cooperative will initiate a 7 percent rate increase throughout the system. This means that every rate class of North Star Electric Cooperative will see an increase. With the cost of most everything increasing, we need to have a rate increase to satisfy our costs and our obligations to our lenders. This is not something that your Cooperative wants to do but we do have our obligations and costs also.

And, with the political movement concerned with global warming and emissions control, there is a very good chance that rate increases will happen every year for the next few years. For instance, if you would, rewind your internal clocks back about 18 months or to June 2006. Our *Enlightener* ran a story about our G&T, Minnkota Power Cooperative, settling a suit with the Environmental Protection Agency (EPA) and the State of North Dakota concerning the current emissions of the Milton R. Young power plant. The EPA contends that the Young Station violated the New Source Review

(NSR) permitting rules and, although Minnkota did not agree with those allegations, Minnkota decided the best thing to do was settle the issue and move on. Dragging it out in court could have cost much more.

At that time, I believe that the estimated cost of the five-year plant upgrade was in the neighborhood of approximately \$180 million and that in itself will make the rates jump. Well, the time is near for Minnkota to begin its emission upgrades so things will start happening, but over a period of just those few months, instead of costing approximately \$180 million, Minnkota is estimating these costs to rise to approximately \$300 million and this has to be done by 2012, which is only five short years away. (242-46-001-08 William E./Karyl Williams) So my prediction is that wholesale energy will increase by almost 30 percent in the next five years.

This is, by no means, putting the blame on Minnkota. Those folks work hard to try to give us the lowest wholesale power cost available. This is just

one example of how the rising costs are increasing so quickly. I am sure you are aware of a few more rising cost changes in the energy industry. If not, just listen to the news or read the newspapers, there are usually some in there. But, we will also try to keep you informed on all of the upcoming issues with our improving *Enlightener*. Two of those improvements will be the addition of the question and answer corner and the political corner.

I can tell you one thing – your Cooperative is doing everything we can to help hold down costs, and some of those things are cutting back on employee positions, working more efficiently, utilizing money-saving technology, planning ahead and maintaining our current electrical plant and lines. And while doing all of this with fewer employees, we still provide you with the same dependable, reliable service and electricity at our lowest cost, as we have done for so many years.

God Bless You and our Troops,
Dan

Members' corner

We are adding a section called the members' corner. What we would like is for members to send in questions about your electric Cooperative, and we will answer them for you. Please give us your name and a phone number in case we need to clarify the question, and send them to North Star Electric, PO Box 719, Baudette, MN, 56623, Attn: Wayne.

EIA reports increase in electricity prices

The annual electric power report released by the Energy Information Administration (EIA) found that electric prices increased in all regions of the country from 2005-2006. The largest increases occurred in the East, due to expired rate caps implemented during deregulation.

According to the report, 14 states and the District of Columbia saw the average price of electricity rise by 10 percent or more. Additionally, another 14 states experienced increases between 5 to 10 percent.

The study also indicated that average residential electric rates increased to 10.4 cents per kWh, approximately 10 percent more than 2005.

A developing

*University scientist at
weighs in on c*

Climate change. Global warming. The greenhouse effect.

No matter what it is called, the threat of rising atmospheric temperatures has been an issue of intense debate in the media lately. Despite a so-called “strong consensus” among the world’s climatologists, there remain many articulate and intelligent skeptics of the human-induced global warming theory.

One such skeptic is John R. Christy, who serves as director of the Earth System Science Center at the University of Alabama in Huntsville. Christy was a participant in the United Nation’s Intergovernmental Panel on Climate Change (IPCC).

In the Nov. 1 issue of the *Wall Street Journal*, Christy published an article titled “My Nobel Moment,” in which he reveals his perspective on the recent global warming hype.

Christy wrote, “I’ve had a lot of fun recently with my tiny (and unofficial) slice of the 2007 Nobel Peace Prize awarded to the IPCC.”

The other half of the Nobel Peace Prize was awarded to former Vice President Al Gore. Both halves of the award promote the message that the Earth’s temperature is rising due to human emissions of greenhouse gases. (674-08-002-08 Dean/Karen Tveit) The Nobel committee praises Mr. Gore and the IPCC for alerting the public to a potential catastrophe and for spurring increased efforts to achieve a carbon neutral economy.

No smoking gun

“I’m sure the majority (but not all) of my IPCC colleagues cringe when I say this, but I see neither the developing catastrophe nor the smoking gun proving that human activity is to blame for most of the warming we see,” Christy said. “Rather, I see a reliance on climate models and the coincidence that changes in carbon dioxide and global temperatures have loose similarity over time.”

For years, the IPCC has advocated a reduction in the amount of greenhouse gases released into the atmosphere. Established by the World Meteorological Organization in 1988, the IPCC has been evaluating the risks associated with human-induced climate change based on findings from scientists and institutions around the globe.

At the beginning of 2007, the panel released the first portion of its Fourth Assessment Report. The authors of the report warned that the Earth will “most likely” see an increase of 0.36 degrees Fahrenheit (F) per decade during the next 20 years.

“There are some of us who remain so humbled by the task of measuring and understanding the extraordinarily complex climate system that we are skeptical of our ability to know what it is doing and why,” Christy explained. “As we build climate data sets from scratch and look into the guts of the climate system, however, we don’t find the alarmist theory matching observations.”

Christy said he cringes when he hears overstated confidence from those who describe the projected evolution of global weather patterns during the next 100 years, especially considering how difficult it is to accurately predict that system’s behavior within the next five days.

Mother Nature simply operates at a level of complexity that is, at this point, “beyond the mastery of mere mortals, such as scientists, and the tools available to us,” he stated, noting that his high school physics teacher once reminded him and his classmates to begin all of their scientific pronouncements with, “At our present level of ignorance, we think we know that...”

Hasty conclusions

Christy said he has not observed much climate change humility lately. Instead, he noted an abundance of jump-to-conclusions advocates and, unfortunately, some scientists who see in every weather anomaly the specter of a global-warming apocalypse.

catastrophe?

and IPCC participant climate debate

*Photo courtesy of National Science
Foundation, Mike Usher photographer*

"Explaining each successive phenomenon as a result of human action gives them comfort and an easy answer," Christy stated. "Others of us scratch our heads and try to understand the real causes behind what we see. We discount the possibility that everything is caused by human actions, because everything we've seen the climate do has happened before. Sea levels rise and fall continually. The Arctic ice cap has shrunk before."

One of the challenges in studying global climate is keeping a global perspective, especially when much of the research focuses on data gathered from various locations around the globe. Oftentimes observations from one region get more attention than equally valid data from another.

For example, the recent CNN report "Planet in Peril," spent considerable time discussing shrinking Arctic sea ice cover. CNN did not note that winter sea ice around Antarctica recently set a record maximum since aerial measurements started.

Christy considered the challenge of translating global trends to local climate. For instance, he pondered, has climate change led to the five-year drought and fires in the U.S. Southwest?

"Not necessarily," he said. "There has been a drought, but it would be a stretch to link this drought to carbon dioxide. If you look at the 1,000-year climate record for the western U.S., you will see not five-year but 50-year-long droughts. The 12th and 13th centuries were particularly dry. The inconvenient truth is that the last century has been fairly benign in the American West."

Balancing act

Scientists around the globe have noted that atmospheric carbon dioxide is increasing, primarily due to carbon-based energy production and its undisputed benefits to humanity. Some environmentalists passionately believe the U.S. government must do something about the alleged consequences of global warming as soon as possible, to avoid the often-

times cited doomsday scenarios.

"This might seem like a legitimate concern given the potential disasters that are announced almost daily, so I've looked at a couple of ways in which humans might reduce carbon dioxide emissions and their impact on temperatures," Christy said.

California and some Northeastern states have decided to force their residents to buy vehicles that average 43 miles per gallon within the next decade, Christy stated. "Even if you applied this law to the entire world, the net effect would reduce projected warming by about 0.05 F by 2100, an amount so minuscule as to be undetectable. Global temperatures vary more than that from day to day."

Suppose, Christy contemplated, that the human race was very serious about making a dent in carbon emissions and could replace 10 percent of the world's energy sources with nuclear power by the year 2020, roughly equivalent to halving U.S. carbon dioxide emissions. Based on IPCC-like projections, the required 1,000 new nuclear plants would slow the rate of warming by about 0.2 F per century.

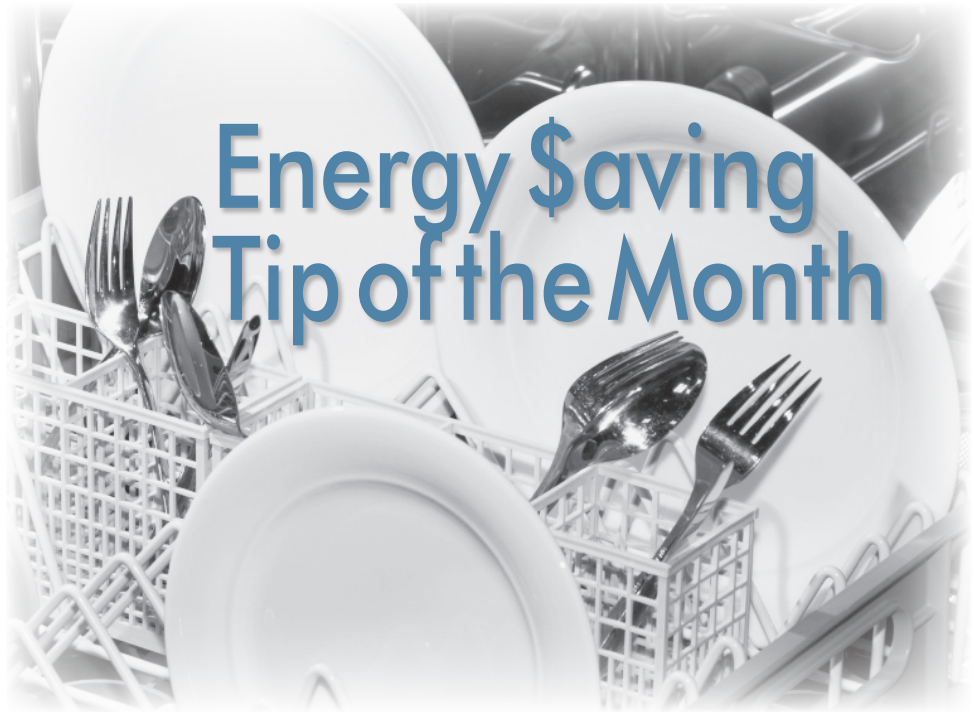
But what is the economic and human price, and what is it worth given the scientific uncertainty?

"My experience as a missionary teacher in Africa opened my eyes to this simple fact: Without access to energy, life is brutal and short. The uncertain impacts of global warming far in the future must be weighed against disasters at our doorsteps today," Christy said.

Bjorn Lomborg's Copenhagen Consensus 2004, a cost-benefit analysis of health issues by leading economists, including three Nobel Peace Prize winners, calculated that spending on health issues such as micronutrients for children, HIV/AIDS and water purification has benefits 50 to 200 times those of attempting to marginally limit global warming.

"Given the scientific uncertainty and our relative impotence regarding climate change," Christy concluded, "the moral imperative here seems clear to me."

Studies have shown it takes more energy to hand wash your dishes versus using a modern energy-efficient dishwasher. There are a few things to consider when using a dishwasher. Remember to run the dishwasher with full loads. Scrape the excess food from your dishes rather than rinsing. If you need to pre-rinse, use cold water. Use the most energy efficient setting on your dishwasher. Some dishwashers have an electric element that is used for drying. Instead choose the setting that uses no-heat drying. When buying a new dishwasher, make sure to look for the ENERGY STAR® label.



Members who plug in an electric space heater to keep warm in one room for just an hour a day should not notice a big increase in their electric bill. A space heater plugged in for one hour a day would use 45 kWh per month or about \$3.24 in electricity.

On the other hand, put that same space heater out in the well house or shed and let it run 24 hours a day for the month; you would be billed for 1,020 kWh or \$77.76 in energy.

Other electric heating appliances operate the same way. A stock tank heater for cattle or horses will run much of the time when it is located out in the cold. A 1,000-watt heater will cost you 7.2 cents per hour to operate. This sounds low but if it did not shut off, it would use 720 kWh or \$51.84 per month to operate. If you have multiple tank heaters in use, you'll have to multiply that amount by the number of tank heaters.

Other appliances, like warm doggy's beds, dog water bowls, heated bird baths, etc., will consume energy when used in cold weather. (242-41-006-23 Lorrie O'Connell) However, most of these appliances have much smaller wattages of 12 to 250 watts each. Check individual appliance wattages to determine energy use.

*For more information call North Star Electric
and ask for the member service department.*

Reliable backup systems a must!

Because increased load control hours are predicted in the future, electric off-peak heating installations must be capable of 600 hours or more of interruption each winter season.

"In order to realize the full benefits of the load management program, it is very important that our members work with a qualified heating contractor to ensure that they have an automatic, adequate and well-maintained backup heating system," said Wayne Haukaas, manager of compliance and member services.

The electric off-peak heating program continues to provide great value to members today, just as it did when it was first utilized in the late 1970s. The winter heating season is here, and North Star Electric stands ready to assist our members with their electric home heating options.

Langdon Wind Energy Center update

The Langdon Wind Energy Center south of Langdon, N.D., is now operational. Our wholesale power supplier, Minnkota Power Cooperative, will be purchasing approximately 10 percent of North Star Electric Cooperative's annual power requirements from this new facility.

The FPL Energy-owned portion of the Langdon Wind project was completed by Dec. 31 as originally planned. All 66 of the 1.5 MW turbines assigned to Minnkota Power Cooperative are commissioned and operational. The Otter Tail Power portion is partially commissioned and will be fully completed this month. A total of 106 turbines will dot the prairie landscape.

This represents the largest addition to Minnkota's generation resource base since the Coyote Station came on line in 1981.

The Langdon substation, Hensel substation and Langdon-Hensel 35-mile 115-kV line work has been completed by Minnkota and Otter Tail.

The project is a joint effort between FPL Energy, Minnkota and Otter Tail Power. A formal dedication of the Langdon Wind Energy Center is planned for later this spring. Watch the Enlightener for more details.

North Star will no longer sell or service Steffes ETS heaters

North Star Electric Co-op has received notice that Steffes Corporation of Dickinson, N.D., has done a major change in marketing their ETS room units and furnaces. In the past, they sold directly to electric cooperatives, like North Star, and we sold the product to our members. Now, Steffes will sell to a wholesale distributor, which will sell only to certified dealers. To find a certified dealer in your area, check Steffes' Web site at www.steffes.com or call 1-888-783-3337.



Problems paying your electric bill?

Energy assistance may be available!

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

Lake of the Woods County Social Services

206 8th Ave. SE, Suite 200
Baudette, MN 56623-2867
634-2642

Northwest Community Action Council

P.O. Box 67
Badger, MN 56714-0067
800-568-5329

Koochiching County Community Services

1000 5th St.
International Falls, MN 56649
283-7000

Kootasca Community Action, Inc.

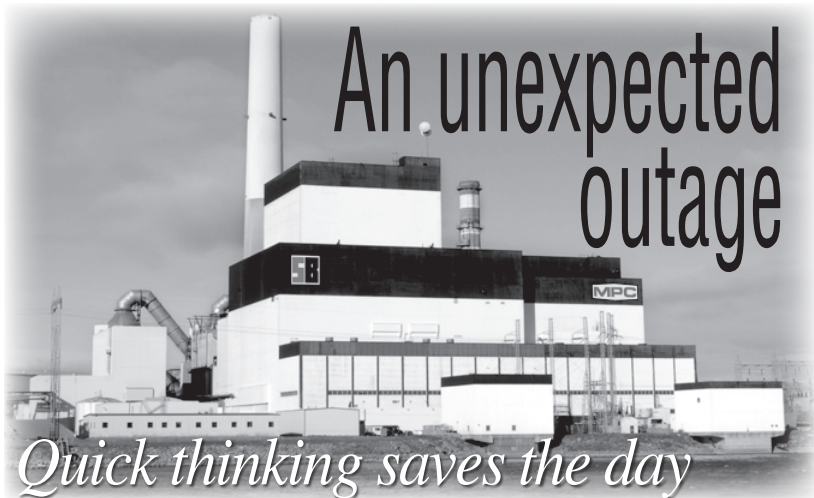
2232 2nd Ave. E.
P.O. Box 44
International Falls, MN 56649-2243
283-9491 or 800-559-9491

Kootasca Community Action, Inc.

1213 SE 2nd Ave.
Grand Rapids, MN 55744-3982
800-422-0312

Arrowhead Economic Opportunity Agency

702 3rd Ave. S.
Virginia, MN 55792-2775
800-662-5711



Just about the time that Minnkota Power Cooperative employees at the Milton R. Young Station near Center, N.D., thought things were getting back to normal after completing a major 12-week maintenance outage on the 439-megawatt Young 2, they encountered another bump in the road.

At 1:30 a.m. on Dec. 19, control operators detected a smoke odor coming from the Young 1 generator exciter and tripped the 235-megawatt generating unit off line to protect the turbine-generator from further damage.

Minnkota immediately began purchasing higher-priced electricity from the wholesale market to serve its firm load commitments. Prices averaged nearly 15 cents a kilowatt-hour, which is approximately five to six times more than Minnkota's cost to produce it.

"North Star Electric Cooperative off-peak members experience additional load control as a result of the unexpected power plant issues," explained Wayne Haukaas, Manager of Compliance and Member Service.

During the outage employees in Minnkota's procurement department in Grand Forks worked closely with plant personnel, ordering the necessary parts and materials to repair the exciter and return the unit to service as soon as possible.

General Electric employees were flown in to work side by side with plant employees to make the necessary repairs. A closer inspection revealed that the exciter brush holders, brushes and collector ring were severely overheated.

If it were not for the quick thinking of the Young 1 operations personnel on duty that evening, the situation could have been far worse. Minnkota is currently evaluating what caused the exciter to fail.

With a lot of coordination and teamwork, Young 1 was back on line Sunday, Dec. 23, just in time for the holidays.

"Our greatest demand for power is during the winter months," said Haukaas. "During the outage, the value of the load management system was proven once again."



Contractor training program marks 20 years in 2008

Minnkota Power Cooperative and the associated systems will once again be hosting a Professional Contractor Program in 2008. This marks the 20th year of the successful program, aimed at providing area trade allies with the latest information in building and electrical practices.

The program is scheduled to begin Friday, Feb. 1, at the Doublewood Inn in Fargo, N.D. The training then moves to the Hampton Inn in Bemidji, Minn., on Wednesday, Feb. 6, and concludes at the Ramada Inn, Grand Forks, N.D., on Thursday, Feb. 7.

Registration starts at 7:15 a.m. each day. Courses begin at 8 a.m. and conclude at 5 p.m. The cost is \$60 per attendee, and includes a noon hour lunch. Cancellations will be refunded in full with prior notification up to the day before each workshop is held. Continuing Education Unit (CEU) credits will be available for electrical and building contractors.

A brochure detailing the course descriptions and registration instructions will be mailed early in 2008. Completed registration forms need to be returned by Jan. 25, 2008. This information will also be posted on the Web at www.minnkota.com.

For more information about the program, contact Lisa Pickard, Minnkota communications/member services specialist, at (701) 795-4218 or e-mail lpickard@minnkota.com.