

Dan Hoskins, General Manager

Ladies and gentlemen, the survey is in and it speaks loudly! Not only do your answers and/or comments come across loud, they are also strong. Some are pleasant, some are intelligent, some are, well let's just say, interesting, and some are inquisitive, but most are truthful and from concerned member-owners.

I will cover the survey percentages here, but there also was a bill stuffer in your February bill that addressed some of the questions. Now, you ask why in a bill stuffer? Because everyone gets a power bill and the stuffer reaches out to all members, but not everyone reads the *Enlightener*.

According to question #7 on the survey, there are about 7 percent who don't read the *Enlightener*. So, that means there are a few members who won't see this.

AND THE SURVEY SAID!

Question #1: I understand why my bill is increasing.

Twenty-four percent said you disagree and you in fact don't understand why it is increasing. Twenty-four percent remained neutral, which tells me you think you have an idea but are not sure and then there are 52 percent who agree and understand why your power bill is increasing.

Question #2: I want more energy conservation info.

Eight percent disagree and, in fact, don't care too much about getting more conservation information. Twenty-nine percent remained neutral on this topic, which tells us that you do or you don't want conservation info, and then 63 percent said you agree and want more conservation info to possibly assist you in being more energy efficient.

Question #3: I like board highlights printed in the *Enlightener*.

Five percent said that you disagree with the printing of the highlights of the previous board meeting minutes in the *Enlightener*. Twenty-four percent remained neutral and didn't have an opinion, and 71 percent agreed that you like this type of information available.

Question #4: I would attend a co-op meeting in my community.

Twenty-two percent said that you disagree and probably wouldn't attend, but I am sure that depends on the topic. Anyway, 52 percent of you remained neutral, and like I said, this would probably change depending on the topic of the co-op meeting. Then 26 percent said that you agree and would attend the meeting of the cooperative in your area.

Question #5: I am pleased that power comes from wind.

Twenty-two percent said that you disagree with wind power. Twenty percent remained neutral, and I take it, that as long as it is at our lowest cost and it lights a bulb, you are happy

with it. Fifty-eight percent agree and are in fact pleased that North Star and Minnkota Power are providing wind energy.

Question #6: I support paying more for wind.

Forty-one percent disagree and you do not support paying more for wind. Twenty-five percent remained neutral and had no opinion, and 34 percent agreed to support paying more for wind power.

Question #7: I read the *Enlightener*.

Seven percent said that you disagree and probably don't read the *Enlightener*, although I would say that some of you may skim through it. Ten percent remained neutral and 83 percent agree that you do in fact read the *Enlightener*, and we thank you.

Question #8: *Enlightener* articles are informative.

Six percent said that you disagree and that the articles are not informative. Fifteen percent remained neutral on this issue, and 79 percent said you agree that the articles are informative. Well, we welcome any and all suggestions on what kind of information you

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Your Touchstone Energy® Partner

For energy-saving ideas
go to **togetherwesave.com**.

MARCH 2010

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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



It's the LAW
CALL BEFORE YOU DIG
Minnesota Statewide One Call
Notification Center
1-800-252-1166

• • • • 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:

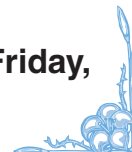
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Thief River Falls, MN 56701
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7 a.m. - 8:30 a.m. (Mon. thru Fri.)

OFFICES CLOSED

**North Star offices will be closed Friday,
April 2, for Good Friday.**



Highlights from the BOARDROOM

These are the highlights from the Board of Directors meeting held February 3, 2010. The board acted upon usual, routine business and voted to allocate the 2009 margins to members' capital credit accounts, to approve early retirement of requested discounted estate capital credits in 2010, to amend the policy to provide for mailing minutes to members who specifically request a copy of the most recently approved minutes for their personal information, to accept the Safety Committee meeting minutes and to reduce the originally budgeted rate increase due to the slightly lower increase in the 2010 wholesale rate.

Staff reports were provided. The year-end financial report shows reduced sales and reduced expenses. Past due bills are on the rise along with questions about the fixed charge. Results from the recent member survey were reviewed, and the board discussed having an informational meeting to address member concerns. The bus for the

power plant tour is about half full. The meter changeout project is progressing, with meters on islands or inside homes remaining to be changed. Safety and training was discussed, as well as the sale of salvage transformers and January outages caused by an ice storm. Manager Dan Hoskins is working on a possible economic development opportunity with the technical college in Wadena. He also attended a meeting in Big Falls where residents are exploring the possibility of harnessing hydroelectric power. Minnkota delegate Steve Arnesen reported on the Minnkota board meeting.

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 Hoskins at least one week in advance to be included on the agenda.

Energy tips for clothes washers



Did you know that Energy Star™ clothes washers use about 30 percent less electricity and more than 50 percent less water than a regular clothes washer? Many Energy Star™ washers also have a greater capacity than conventional models, which means fewer loads of laundry. A 10-year-old top load washer normally will use more than twice the detergent as today's Energy Star™ front load washers. Using more detergent in the top load models doesn't harm the washer because of the large amount of water it used. That is not the case with the Energy Star™ models made today. Follow the operating instructions in the owner's manual and you will use much less detergent and you will not damage your new washer. In most cases washing all your clothes in today's cold water detergent will clean your clothes as good as either warm or hot water. With the average American family washing almost 400 loads of laundry each year that's a lot of hot water. The Energy Star™ Web site says that over the life of your new Energy Star™ washer, you'll save enough money in operating costs to pay for the matching dryer.

North Star Electric does have a \$50 rebate on qualifying Energy Star™ washers. The application form is on our Web site at www.northstarelectric.coop or give us a call at 634-2202 or 888-634-2202 and we will send the rebate form to you.

Survey questions addressed... *continued from page 1*

would like to have in the *Enlightener*. Just send us your suggestions on paper along with your account number, name, address and phone number and we will try to oblige you.

Question #9: *Enlightener* articles are whiny.

Fifty-eight percent said that you disagree and that they are not whiny. I can tell you that we do research into our *Enlightener* articles before they are printed and we try not to offend anyone in any way. We try to print information that only pertains to our industry that could and has affected our member-owners in some way. Twenty-nine percent remained neutral on this topic and 13 percent, in fact, agree that our articles are whiny. OK, the squeaky wheel gets

the grease and we are probably guilty to some extent. We have decided to try and keep things greased around here but still provide you with needed information about our business and our industry.

Question #10: NSEC provides good value for services.

Ten percent disagree with that statement. The only thing I will say is that the folks here at NSEC work their tail off to provide you with a good, dependable and reliable service that provides the greatest product in the world at our lowest cost. Twenty-one percent remained neutral and 69 percent agree and still believe in a great product through a great service.

Well, there are the 10 questions that we

surveyed our membership with and the percentage of answers. As you can see, there are some very good concerns from our membership and I would like to thank the nearly 1,000 folks who returned their survey. Your response is greatly appreciated. And the winner of the \$100 bill credit is: Avis and Steven Reandeau of Warroad.

Just a reminder, we, meaning your board of directors, your employees and your management at North Star Electric Cooperative are, and will, continue to work hard to give you the best reliable, dependable energy service at our lowest possible cost.

God Bless You and Our Troops,
Dan

Parents: caregivers urged to help protect the smallest among us

Whether indoor or outdoor, Safe Electricity encourages families and caregivers to learn about electrical safety and to use that information to educate their youngsters about the threat of electric shock.

"At this time of year children are often restless and bored from being cooped up inside during the winter. This might inspire them to be as curious and adventurous indoors as they are outside," Safe Electricity Executive Director Molly Hall said. "Luckily there are some really affordable and convenient ways to make a home less hazardous."

Safe Electricity recommends investing in the following measures to protect your loved ones:

- **Tamper Resistant Outlet Receptacles**

These receptacles have built-in shutter systems that prevent single-pronged objects like hairpins and paper clips from being inserted. Unlike plastic outlet caps, the new receptacles are permanent, automatic and reliable. They install just like standard outlets and are marginally more expensive.

- **Ground Fault Circuit Interrupters (GFCI)**

These devices are used in interior outlets of the home in rooms with high water use such as the kitchen, bathroom, laundry and basement. GFCIs should also be installed on exterior outlets as well. GFCIs stop the flow of electricity instantly if there is a problem and should be professionally installed. When properly used, they save lives. It's important to know how to test and reset them. Portable GFCIs are available for use on outdoor outlets if they do not have them.

- **Professional Electrical Inspection**

Having an electrical professional ensure home safety by making certain home electrical systems and wiring are adequate to support increased electric demands of a growing and active family. An older home may be inadequately wired for today's electrical consumption, putting your family at risk for fire and electrical shock. Replace worn and outdated circuitry and add enough outlets for appliances and electronics.

Safe Electricity strongly recommends not trying to do this yourself. Nonetheless, safety outdoors is always a concern. Make sure everyone in the family knows to stay away from downed power lines and wires, and tell children to report any fallen or dangling wires to an adult. Always assume that any power line is fully charged and stay far away. Call your local electric company immediately if you or your child encounters a downed power line.

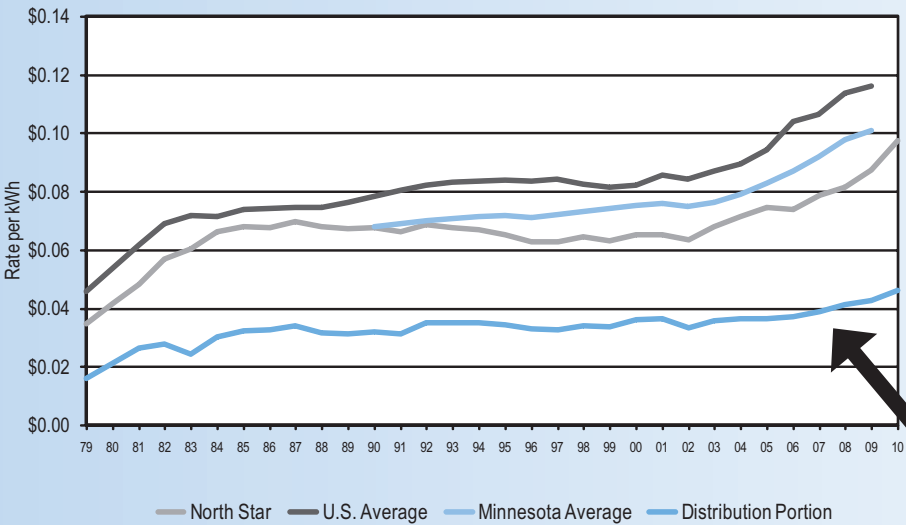
"It's a good idea to include utility emergency numbers with other posted emergency phone numbers, and instruct children how to call for help in an emergency," advises Hall.

TLC "Teach Learn Care" is a public service campaign of Safe Electricity, an electrical safety awareness program created and supported by a coalition of hundreds of organizations, including electric utilities, educators and other entities committed to promoting electrical safety (355-11-002-06, Greg Olson). For more information on electrical safety visit www.SafeElectricity.org.

CAPITAL CREDIT ALLOCATION

Your March bill will show your share of the 2009 margins (revenue in excess of expenses) and your accumulated capital credit balance. Because North Star Electric Cooperative is nonprofit and owned by those who purchase electricity from it, all margins are returned to you and the other members. Current margins are temporarily held in your capital credit account, which is your share of the ownership of the cooperative's assets. Over time, these capital credits are repaid to the members. Payment or bill credits are typically made in September. We have returned more than \$7,000,000 of capital credits to our members and hold just more than \$10,000,000.

Average Residential Electric Rates



Please note that North Star’s local delivery costs, the Distribution Portion, to bring your electricity from the substation to your meter, are fairly stable and have increased an average of less than 2 percent per year for the last nine years. The monthly fixed charge IS included when calculating the average rate.

Minnkota’s rates have historically been some of the lowest in the nation. We are confident they will, once again, settle in as enviable, provided further carbon tax, cap and trade, or climate change type of legislation is not enacted.

The result of all these factors is a Rate Adjustment

General Single-Phase

	Was	*Effective 3/20/10
Fixed Charge	\$32.90	\$35.00
kWh	8.4 cents	9.2 cents
Off-Peak	4.4 cents	4.8 cents
Short-Term OP	6.7 cents	7.4 cents

Three-Phase \$67.00 \$72.00
kWh charges the same as GSP above

*Excludes the half-cent Temporary Wind Energy Surcharge

Good news ...The off-peak rate will not go up during the summer.

Fixed charge ... Rural communities were turned away by investor-owned and municipal utilities when asking for electricity in the late 1930s because there weren’t enough services to make it profitable. Nonprofit rural electric cooperatives, such as North Star, were then formed to get the job done. Other utilities enjoying 10 times more accounts per mile of line have similarly less investment per account and less fixed costs to recover.

The economy has since reduced the demand for electricity, so the excess wind power is being sold at a significant financial loss – for about half the price Minnkota is contracted to buy it for. The contract requires Minnkota to buy all electricity the wind turbines can generate, regardless if the members need it. Since this economic situation is expected to be temporary, it appears on your bill that way... a Temporary Wind Energy Surcharge.

Minnesota 25x’25 mandate... Minnkota Power Cooperative has already complied with the mandate to add new, renewable energy sources, so 25 percent of your electricity comes from wind (658-27-001-53, John Thompson). Wind energy is twice the price of coal-fired electricity, but when the contracts were signed, the open market price to sell the excess was at about a break-even price.

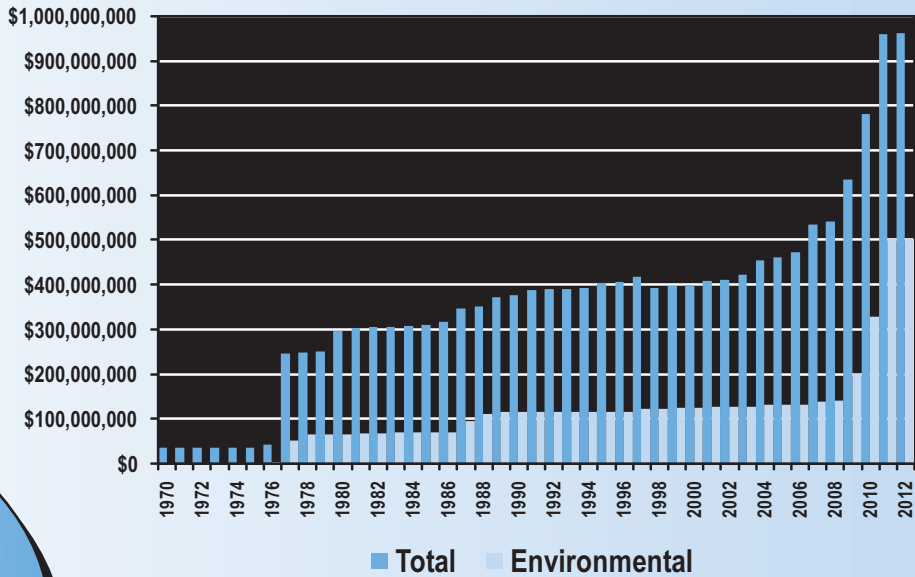
Minnkota Power Cooperative was swift to secure the new renewable wind power. Other utilities will also have to comply, and when they do, it is likely their options will be even more expensive. Their retail rates will rise as well.

The EPA has required new, environmental control equipment, totaling nearly \$400 million, to be added to the coal-fired plants that were originally constructed for \$250 million. The chemicals alone needed to operate the new environmental add-ons will cost \$20 million per year (0.4 cents/kWh), based on today’s commodity pricing.

Rising Rates

Local delivery costs by North Star Electric Cooperative remain relatively stable; however mandates in the wholesale power arena are having a significant impact on the electric bill you pay.

Investments in Minnkota’s Coal-Fired Power Plants 1970-2012 (estimated)



If you’re wondering why wholesale power is going up, here’s a big reason for the increases you are seeing now. In 1995 and 1997 improvements were made to Minnkota Power Cooperative’s coal-fired power plants, but because the reliability and efficiency of the plant was improved, the EPA (Environmental Protection Agency) argued it should now meet their requirements for a brand-new power plant. A formal notice of violation ensued, and Minnkota eventually agreed to add new environmental control equipment, totaling nearly \$400 million. In comparison, these two power plants originally cost \$250 million to construct, and about \$50 million of that was for environmental control equipment. This EPA-mandated emission control construction project is under way, and it is one of the main reasons for the current wholesale, and thus retail, rate increases (excluding the Temporary Wind Energy Surcharge). In fact, it is currently estimated to impact our wholesale rates by another 9 percent in 2011, followed by an additional 9 percent in 2012.

Staff Report

The line crews have been busy, working on our annual line inspection. We changed out 100 plus poles this winter that were rejected during our pole testing program. Some poles with underground risers will need to wait for changeout until the frost is gone.

We have also been working on single-phase meter changeouts. You may be contacted in the near future if we need to gain access to your off-peak meter if it is located inside your building. We will contact you to set up an appointment for this meter replacement. With the single-phase project winding down, we will move on to replacing the three-phase meters on our system with AMR (automated meter reading) meters and testing the associated equipment.

We are in the process of evaluating the distribution system and creating a long-range work plan. These plans consider factors such as age of the plant, growth areas and need for upgrades. These work plans are the result of input from us, as well as our engineer, and help us keep the system operating reliably and adequately.

New service plans, anyone (243-21-003-01, Craig Severs)? If you plan on building, or just simply need to upgrade your existing service, please contact us well in advance, so your project may be scheduled in our work plans.

GSOC (Gopher State One Call) ...If you plan to do any digging, please remember it is the law and you **MUST** contact GSOC before you do any digging. The ground is crawling with more than worms; it is full of wires and cables of all kinds! To save yourself, and most likely many others, the inconvenience and cost of a dig in, please plan your project well in advance, and notify GSOC first! ...1-800-252-1166.

As we all know, costs have increased over the years, for everything, including electricity. We at North Star do everything we can to make our costs as low as possible. We have learned to do more with less. Our goal is to deliver reliable and safe electricity to our members at the lowest cost possible. There are things we can control and many things we cannot. We are regulated by many government rules and regulations, which are simply not optional. You may have heard of agencies like OSHA, NESC, MPCA, EPA, DOT and RUS throughout the years. The cooperative has set up policies and procedures to deal with all of these required regulations in the most cost-effective and efficient way possible. Please remember they all take time and money to comply.

The biggest driver of the size of your power bill comes from the cost of wholesale power, which we get from Minnkota Power Cooperative. They have even more regulations to deal with because of the emissions, which come from burning coal. They also have to deal with how power is sold. You may remember the results of the ENRON debacle, where anyone could buy power in the stock market. This, in turn, simply opened the power industry up to people and companies that bought up power, marked it up for their profits and sold it back to the people who needed it at a higher price. The whole thing did not make any sense for the end user, but that is what happens when the government listens to people and lobbyists who were only looking for new income from something that had been working just fine. The final result to our members up here has been to share the excess power from our lower-cost regional pool of excess power. This power became less available to Minnkota during peak situations, and increased load control. Put simply, you can't buy power at a cost that is more than you sell it for and remain in business, thus more load control.

Some of the same windy lobbyists and environmentalists helped convince the government to go big in wind energy. While



Steve Ellis
Baudette District
Operations Supervisor

it looks good at first glance, it will, and has already, cost all of us more money for our energy needs. The Minnesota state government passed a law mandating 25 percent of energy comes from new renewable energy by 2025. Remember, this is an energy source that is at best 40 percent efficient and taxpayer subsidized. It has also caused many bottlenecks in the transmission system, which is costing billions of dollars to upgrade and build. You also need to know that even with the wind availability at 40 percent at best, baseload generators that run on coal or natural gas still need to be working. It is not possible to just turn them on and off to accommodate the fluctuating wind.

How did we get to such an inefficient and costly mess? In my opinion, I would say it started with greed and special interest groups that took advantage of the passion of those on the global warming bandwagon.

In conclusion, if you believe in global warming, you need to look at all the facts, and especially the back-tracking that is going on at this time. Made-up, supposed facts that this conclusion was based on are being exposed. Stay informed to what your legislators are up to and stand up and be heard.

Until next time, stay safe!

ATTENTION:

Parents of high school seniors

Are you aware of North Star Electric's Knowledge Scholarship? To qualify, the parent/guardian must be an active member of North Star Electric, and your child must take a test about your cooperative that provides electricity to your home. North Star Electric will be awarding five scholarships, one \$1,000 and four \$400, plus a chance to win one of eight \$50 cash awards for scoring more than 50 percent on the test. Most of the answers will be in the study material that North Star provides. A couple of hours of study time could pay off with a \$1,000 scholarship. Last year only 35 students took the test. The information meeting and the test will be given in mid-April. For more information about the scholarships, please call Wayne at North Star Electric or check with your guidance counselor at your school.

FREQUENTLY ASKED QUESTIONS

Why is the monthly fixed charge so high?

Delivering electricity from nine substations over 1,380 miles of line to 6,400 accounts requires more than just a transformer and meter at your location. The Cost of Service Study shows our fixed costs, to provide ongoing service, average about \$46 per month per account, regardless if the member uses 1 kilowatt-hour (kWh) or 1,000.

Four years ago we changed our rate structure to raise the fixed charge by \$11, but at the same time we eliminated the higher price for the first 700 kWh, bringing the cost for those 700 kWh down by 3 cents each. A member using at least 700 kWh per month is saving \$21 in energy charges, partially offset by the \$11 increase in the fixed charge, for a net savings of \$10 per month. A member using 370 kWh is at the break-even point. A member using almost nothing is paying more than they did under the old rate structure.

How do we calculate our average rate?

When we report the average retail rate per kWh sold, we are including ALL components of a residential bill: the kWh, the fixed charge, security lights, etc. When we compare this average residential rate to the state and the national averages, we are about average for Minnesota, and we are below the national average retail rate.

Get involved in the energy debate!



Now is the time to have a candid conversation with your elected officials. Start the conversation today at www.ourenergy.coop.

Our Energy, Our Future
A Dialogue With America

I would like North Star Electric to e-mail my elected officials and ask them the following four questions:



Capacity

Experts say that our nation's growing electricity needs will soon go well beyond what renewables, conservation and efficiency can provide. What is your plan to make sure we have the electricity we'll need in the future?



Technology

What are you doing to fully fund the research required to make emissions-free electric plants an affordable reality?



Affordability

Balancing electricity needs and environmental goals will be difficult. How much is all this going to increase my electric bill and what will you do to make it affordable?



Jobs

How will you keep existing jobs and attract new businesses to Minnesota if our electric rates are higher than those in neighboring states?

Name _____

Address _____

City/State/Zip _____

Account number _____

NORTH STAR ELECTRIC COOPERATIVE POLITICAL LEADERS

Federal legislators

Senator Al Franken
320 Hart Senate Office Building
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www.franken.senate.gov
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Fax: 202-224-0044

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www.klobuchar.senate.gov
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1-888-224-9043 (Minnesota office)
Fax: 202-228-2186

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Problems paying your electric bill?

Energy assistance may be available!

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

Lake of the Woods County Community Services
P.O. Box G-0200
Baudette, MN 56623
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
283-9491 or 800-559-9491

Kootasca Community Action, Inc.
1213 SE 2nd Ave.
Grand Rapids, MN 55744-3984
800-422-0312

Arrowhead Economic Opportunity Agency
702 3rd Ave. S.
Virginia, MN 55792-2797
800-662-5711

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 74 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.

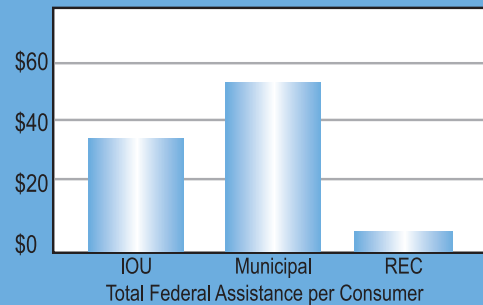
Federal assistance to electric utilities

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.

The difference in federal subsidies for each type of utility becomes even sharper after considering that electric cooperatives typically serve sparsely populated areas: they have an average of seven customers per mile compared to 35 for IOUs (such as Minnesota Power) and 47 for municipal-owned utilities. North Star serves 4.5 customers per mile of line.

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 seven consumers per mile of line compared to 35 for investor-owned (such as MP) and 47 for city-owned utilities.

RECs receive the least federal assistance per consumer



Source: DOE, EIA Data



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

Enlightener online

We are getting a few requests that we no longer mail the *Enlightener* to homes or businesses of our members because the *Enlightener* is available on our Web site www.northstarelectric.coop. The *Enlightener* is available on our Web site at the same time or before the *Enlightener* is mailed. Past *Enlightener* issues are also available at the same site. If this is something that you would be interested in doing, please fill out the form below and we will make the change for you. By reading your *Enlightener* online instead of us mailing you the paper copy would save North Star some publishing and mailing costs. Any questions please give us a call at 634-2202 or 888-634-2202.

Name _____

Account number _____

E-mail address _____