

Members receiving more than just bad hair days from wind

North Dakota is known for strong winds that often create waves of crops and prairie grasses rippling across vast tracts of rural land. In fact, the state is ranked number one in wind energy potential.

With the addition of 148.5 megawatts (MW) more of wind power located north of Valley City, N.D., from Minnkota Power Cooperative, the state is gaining recognition as a major provider of wind energy as well. Members of North Star Electric are receiving an increasing percentage of that wind energy to power their lives.

Minnkota, based in Grand Forks, N.D., is North Star's wholesale power supplier, and now has 288 MW of wind energy to supply its 11 member-systems when the wind is blowing strong enough. For members, this means about 23 percent of the power they receive on an annual basis comes from wind generation resources – the highest percentage of any utility serving Minnesota.

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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

Highlights from the BOARDROOM

These are the highlights from the board of directors meeting held on April 1, 2009. The board acted upon usual, routine business and voted to approve the purchase of two replacement AMR servers, voted to move the May board meeting date to May 15 to coincide with the Member Appreciation Day in Baudette, approved expenditures to improve the efficiency of the heating/cooling system at the headquarters building, approved changes to policies to eliminate the board purchasing committee and to align the smoke-free workplace policy with Minnesota statutes, as well as formalized policies regarding privacy, confidentiality, conflicts of interest, whistle-blowers, and the code of ethics and business conduct.

Staff reports included the February financial report, favorable inventory adjustments, past due seasonal bills, unclaimed capital credits, the new IRS Form 990, the changes in the Conservation Improvement Program (CIP), plans for the annual power plant tour, the upcoming scholarship testing at area schools, the various reasons for cancellation of this year's student power plant tour, the reduced number of calls recently to inquire about distributed generation, that Operation Round Up has raised almost \$50,000 to date, the

NRECA Legislative Day in Washington, D.C., in May, costs to the members associated with proposed carbon cap-and-trade taxes, AMR issues, the neutrino site construction plans for this summer, summer work plan projects, safety and training, line maintenance, and the dates for the Member Appreciation Days in Littlefork and Baudette. MREA Manager Mark Glaess and Minnkota Power Cooperative President & CEO David Loer are scheduled to attend these Open Houses on May 14 and 15, to meet with the members and answer their energy-related questions. There was discussion on publishing the board meeting minutes in the *Enlightener* or on the website. Manager Hoskins will contact Attorney Sogard regarding this issue.

Board members reported on meetings and discussed how they could improve the process of reviewing their reimbursable expenses.

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.

Members' corner

We added 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.

Current electrical inspectors

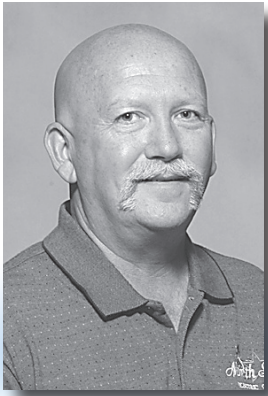
State law requires that every new electrical installation in any construction, remodeling, replacement or repair shall file a certificate for inspection with the State Board of Electricity and be inspected by a Minnesota electrical inspector.

• St. Louis and Koochiching counties:

Bob Orgon
10111 Roosevelt Rd. S.E.
Bemidji, MN 56601
Phone: (218) 556-3829
Fax: (218) 333-0451
7 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 a.m. - 8:30 a.m. (Mon. thru Fri.)



Dan Hoskins, General Manager

"Your cooperative has a very talented and professional group of employees that are always looking for ways to control costs."

Controlling costs

Folks, we all know that the cost of almost everything is going up. We also know that the cost of electricity is going to go up. You have been terrific on doing your part and contacting your legislators to let them know that we do not agree with some of their ideas on energy issues. We would like for you to continue to show your concern to our legislators.

This economic turmoil we are in is creating many problems for a lot of folks, and you, our member-owners are not any different. A lot of you are facing tremendous pressures from job loss or cutbacks, a distressed financial market, economic hardships, and factors that create the wholesale energy costs that just seem to keep getting higher and higher.

I know you are probably asking a number of questions, but mainly, what is my Cooperative doing to try and control costs, how much more are my rates going to increase, and when is it going to stop?

First of all, you elected eight people for our board of directors, and they do a great job of overseeing your cooperative. Also, your cooperative has a very talented and professional group of employees that are always looking for ways to control costs. For instance, let's start with the board of directors. A few years back they recognized the fact that times were changing and costs were going up. So, they asked you for a bylaw change to go to eight directors and then down to seven directors, but to do this through natural attrition. Now that they are down to eight directors, this saves us money, and in the future going to seven directors will save us more.

The employees of North Star have really picked up the slack in the last few years. In the last two years we have cut our work force by three full-time employees. Now, this doesn't by any means tell you that we didn't need those folks. It should tell you that the current employees, with proper training and use of technology, have been able to find ways

to do things more efficiently, which saves us money.

Speaking of technology, let's look at our AMI system. North Star invested in an (AMI) Automated Meter Information system, which saves time. The office staff no longer needs to manually enter your meter readings into the billing system every month. The line crews don't need to drive to each meter for an annual reading. The member service people don't have to physically inspect the off-peak controls because AMI will alert us if an off-peak load is not "off" during peak time. It also increases the efficiency when members call with problems such as outages, low voltage, service transfers, etc., because we can get real-time information from these meters to determine what is going on and maybe save a truck roll. AMI also requires a much tighter and more thorough line maintenance and right-of-way program because interference will stop the readings from getting to us. (674-08-007-02 Allen Skallman) Always being on top of maintenance issues provides you with a higher quality of energy, fewer outages and reduces blinks. Finally, because we don't have to wait for member-read readings, we are also able to bill immediately, which saves the cooperative money and allows members to detect possibly abnormal usage a month earlier.

Around the cooperative, we are in the conservation mode, which by the way, you will also need to get into that mode in the future. We have been working on our buildings in Littlefork and Baudette to make them more energy efficient. We have been working on the heating systems, windows and doors. In the near future, we will be working on the lighting system in each of our buildings. We need to do this, because contrary to a lot of beliefs, we don't get free electricity either!

One of the other things we are doing at North Star is contracting our big jobs on our power lines to outside contractors. This enables our crews to work on other parts of our system while the contractor

works on the project until it is finished. Our line workers have the daily tasks of answering outages, doing repairs, or anything else that comes up while they are working during the day.

We also recently surveyed the employees about switching over to a four-day workweek, where the employee would work four 10-hour days each week. The employees wondered if this would save money and help with efficiency. After exploring the suggestions, management decided that the small savings did not outweigh the impact on the customer service side.

The next question that you could be asking is, how much more are my rates going to increase? Now, that question I cannot answer. There are so many variables with the so called global warming federal and state bills, the federal CO₂ cap-and-trade (tax) bills that loom on the horizon, the state of Minnesota Feed in Tariff bill, and the many other bills that our state and federal elected officials will be pondering this year and next. I do know, however, that Minnkota has projected that our wholesale rates will increase approximately 6 percent each year over the next five years.

Now, for the last question; when are the rate increases going to stop? Now, I am being a little facetious, but if I knew that answer, I would be wearing President Obama's shoes right now, he would still be a senator, and the past governor of Illinois would not be preparing for license plate duty. My answer to the question is, no one knows!

In reality, like they always say, prepare for the worst and hope for the best. Your cooperative directors and employees are planning for the future. We would like to have you help us by conserving energy every chance you get. For conservation ideas, please contact Wayne Haukaas, our member service manager for more information.

God Bless You and Our Troops,
Dan

Approach on climate is wrong, English says

NRECA CEO tells president budget plan increases electric bills to pay for tax cuts

By Steven Johnson

*Reprinted from the
March 6, 2009, issue of
Electric Co-op Today*

NRECA CEO Glenn English has told President Obama the administration's budget proposal contains a tax on consumers in the name of climate change that is designed more to fatten government coffers for tax cuts than to address environmental concerns.

In a Feb. 27 letter to Obama, English said a provision in the president's fiscal 2010 budget outline to auction emissions credits as part of a massive revenue-raising scheme would have a devastating effect on the affordability of electricity.

While co-ops stand ready to work with the president and Congress to develop sensible, low-cost approaches to climate change, English said, the auction system cedes control of the price of electricity to Wall Street financiers and multinational corporations.

"NRECA strongly objects to the proposal in your administration's budget to auction emission allowances to the highest bidder in a cap-and-trade program.

"Such a program would only serve as a backdoor variable tax on consumers," English wrote.

The administration wants Congress to enact a program that would raise about \$80 billion annually starting in 2012 by auctioning allowances of carbon to the highest bidder.

It contends the market-based approach would reduce greenhouse gas emissions about 14 percent below 2005 levels by 2020, and about 83 percent below 2005 levels by 2050.

A small portion of the new revenues, expected to reach nearly \$646 billion by 2019, will go toward energy investment and research. (383-18-001-50 David E. Erickson)

The lion's share will be returned in the form of household tax cuts, meaning the plan would take away money from consumers through higher electric bills – NRECA has estimated a 15 percent monthly increase – to pay it back later in the form of tax cuts.

"If the government needs to raise revenue

North Star Electric Cooperative Political Leaders

Federal legislators

Senator Amy Klobuchar
302 Hart Senate Office Building
Washington, D.C. 20510
www.klobuchar.senate.gov
202-224-3244
1-888-224-9043 (Minnesota office)
Fax: 202-228-2186

Congressman James Oberstar
2365 Rayburn House Office Building
Washington, D.C. 20515
www.jamesoberstar.house.gov
202-225-6211
Fax: 202-225-0699

Congressman Collin Peterson
2211 Rayburn House Office Building
Washington, D.C. 20515
www.collinpeterson.house.gov
202-225-2165
Fax: 202-225-1593

State of Minnesota legislators

Senator Tom Bakk
75 Rev. Dr. Martin Luther King Jr. Blvd.
Capitol Building, Room 226
St. Paul, MN 55155-1606
651-296-8881
sen.tom.bakk@senate.mn

Senator Tom Saxhaug
75 Rev. Dr. Martin Luther King Jr. Blvd.
Capitol Building, Room 124
St. Paul, MN 55155-1606
651-296-4136
sen.tom.saxhaug@senate.mn

Senator LeRoy Stumpf
75 Rev. Dr. Martin Luther King Jr. Blvd.
Capitol Building, Room 208
St. Paul, MN 55155-1606
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Representative Tom Anzelc
417 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155
651-296-4936
rep.tom.anzelc@house.mn

Representative David Dill
571 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155
651-296-2190 or 800-339-0466
rep.david.dill@house.mn

Representative Dave Olin
593 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155
651-296-9635
rep.dave.olin@house.mn

Representative Tom Rukavina
477 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155
651-296-0170 or 888-682-3205
rep.tom.rukavina@house.mn

to fund important national priorities, those taxes should be set by the government and collected by the IRS, not set by Wall Street to be collected by utilities,” English said.

English also said that the auction system plays into the hands of well-heeled interests, who can scoop up allowances and sell them at higher prices to utilities.

Not-for-profit co-ops would have little chance to compete against those bidders to acquire allowances that would help them comply with the greenhouse gas caps.

“The level of the tax would be determined by Wall Street and large multinational energy companies who would likely be the highest bidders in any auction,” English wrote.

Some officials already have expressed concern that revenues collected from the auctions would represent a transfer of wealth from parts of the country that rely more heavily on fossil fuel-based generation to other regions.

A group of 15 Senate Democrats have

signed a letter urging that any cap-and-trade legislation “ensure that consumers and workers in all regions of the U.S. are protected from undue hardship.”

“When addressing climate change, we should ensure that revenue generated by a cap-and-trade system goes back to the consumers, states and industries that are most affected by the changes,” said Sen. Sherrod Brown, D-Ohio.

The fact that the administration assumes that Congress will enact a cap-and-trade system means outreach by members to elected officials through the Our Energy, Our Future program is vital, English said.

“There is no time to waste. It is clear which direction the administration is taking, and it is incumbent on every single co-op to contact their members in Congress and express their very real concerns about this budget proposal.”



Our Energy, Our Future
A Dialogue With America

There is no time to waste. It is clear which direction the administration is taking, and it is incumbent on every single co-op to contact their members in Congress and express their very real concerns about this budget proposal.

Get involved in the energy debate!

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?



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?



Technology

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



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 _____

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



A warm welcome to summer safety & fun!

After a chilling winter, summertime is here! The school year is ending, the weather is warm, the grill is hot and the pools are cool. Time to make sure our children and family members remember to have fun and be safe at the same time. As part of the "Teach Learn Care" TLC campaign, Safe Electricity urges parents and other caregivers to make sure children know how to stay safe during outdoor play.

Children often do not understand the dangers of electricity. Take some time to get down and view the surroundings from a child's vantage point to locate possible hazards.

Do your part to prevent accidents by sharing important safety information with those you love. Visit www.SafeElectricity.org to watch videos, read articles, play games and more, all aimed at helping you and your loved ones to stay safe around electricity.

"Teach Learn Care" TLC is a public service campaign of Safe Electricity, an electrical safety public awareness program created and supported by a coalition of hundreds of organizations, including electric utilities, educators and other entities committed to promoting electrical safety.

For safety outdoors, Safe Electricity recommends that children and adults follow these rules:

Stay away from electrical equipment on the ground and overhead. Never climb a utility pole or tower. Don't play on or around pad-mounted electrical equipment. Electrical power poles and utility equipment should never be used as a playground.

Never climb trees near power lines. Even if the power lines aren't touching the tree, they could touch when more weight is added to the branch.

Fly kites and model airplanes safely away from trees and overhead power lines. (242-25-020-02 Doug G. Erickson) If a kite gets tangled in a tree that's near power lines, don't climb up to get it. Contact your electric utility for assistance.

Never go into an electric substation. Electric substations contain high-voltage equipment, which can kill you. Don't retrieve a toy or rescue a pet that goes inside. Call your electric utility instead.

Look up and around you. Always be aware of the location of power lines, particularly when using long metal tools like ladders and pool skimmers.

Water and electricity never mix! Keep electronics like radios away from pools and hot tubs, and watch for overhead power lines when cleaning pools, sailing or fishing. Never install pools underneath or near power lines.

Never touch an electrical appliance if you are wet; always dry off completely.

Be careful using electrical appliances outdoors. Whether it is a bug zapper, an electric charcoal lighter, or a radio or CD player, caution must be exercised. Be sure you use outlets that have weatherproof covers and ground fault circuit interrupters (GFCI) to prevent serious shock injuries. Use portable GFCIs for outdoor outlets that don't have them.

Keep electrical appliances and tools at least 10 feet away from pools, ponds and wet surfaces. "Electricity and water are a dangerous combination," warns Molly Hall, Safe Electricity Executive Director. "Caution children and family members about the danger of using electrical appliances in wet areas – even wet grass can create a hazard."

Supervise the use of extension cords outside, check them carefully for exposed wires; make sure they are in good shape, and not frayed or cracked. Use only extension cords that are rated and marked for outdoor use, and are large enough to handle the current needed for the device you are using. Check that the prongs on the extension cord plugs are clean, not broken or bent. Make sure the ground prong is intact in a three-prong plug, and avoid use of adapters.

Summer can signal an increase in accidents and injuries. Keep utility and emergency numbers close at hand.



Scholarship Winners

FIRST PLACE

Paul Inhof

SECOND PLACE

Justin Franz

Becky Horne

Kelly Millerbernd

Cory Ecklund

Littlefork/Big Falls

Littlefork/Big Falls

Littlefork/Big Falls

Littlefork/Big Falls

Littlefork/Big Falls

SCORE

89%

87%

85%

85%

85%

Congratulations to this year's winners!

North Star would like to thank all the students that took the time to study and take the test, which was about North Star Electric and rural electric cooperatives. The students who took the test were: Warroad – Jacob Boyd, Nic Gary, Tony Hams, Micky Knox and Alex Fish; Lake of the Woods – Cody Hasbargen, Jalen Stay, Paul Pedersen, Jacqueline Edwards, Karlene Brown, Katrina Baldwin, Logan Ubel, Caprecia Matthias and Alyssa Schulz; Indus – Eric Townsend and Zack Kerry; Littlefork/Big Falls – Paul Inhof, Justin Franz, Cory Ecklund, Becky Horne, Kelly Millerbernd, Mason Inhof, Kristi Bloom, Brett Heriot-Buimister, Brody Pritchard, Jared Ecklund, Erica McGuire, Dustin Splett and Triffany Barnett; International Falls – Ross King, Breanne Friend and Alyssa Sutch; Orr – Stephanie Ebel; Northome – Brittany Reimer and Kly Kennedy. These scholarships were made possible from funding of unclaimed capital credits.



*Next Operation
Round Up
Deadline is June 1*

The deadline to submit Operation Round Up grant applications is June 1. Community organizations may apply for an Operation Round Up grant by completing and returning an application form, available at either North Star office or from a director of the North Star Electric Community Trust Board members. The directors are Pete Granger, Margie Sporlein, Gretchen Thompson, Shelly Kraft, Joyce Wheelock, Sandi Jo Kennedy, Laura Larson and Jean Reichow.

Grants will be awarded to non-profit or community-based organizations that demonstrate a commitment to enhancing the quality of life in our region.

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



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

Wind energy important, but not reliable enough for constant power

Wind energy continued from page 1

That's important for the coming years because Minnesota law requires utilities to produce 25 percent of their energy from renewable sources by the year 2025 – an expensive undertaking for consumers served by all utilities.

Minnkota's early development of wind energy will help North Star members in two other ways. First, Minnkota was able to utilize some of the best wind resources in the nation. The wind turbines Minnkota currently owns or purchases energy from are expected to generate at a 40 percent capacity factor, which is considered excellent. Although, that still means that firm energy must be purchased or generated elsewhere much of the time.

Second, having this source of wind energy online now will also save money compared to other utilities in the long run because the costs associated with wind energy are projected to go much higher. It also shows that North Star and all Minnkota systems are serious about wind energy.

The catch is that wind energy, despite being heavily subsidized by the government, is costly. While wind is a free power source, the costs for materials needed to make turbines are rising, not to mention building new expensive transmission lines needed to deliver

this power to population centers.

Plus, wind is not a reliable source of power and cannot be counted on to deliver electricity 24/7 hours a day like coal can. Baseload energy (the type that powers your home 24/7) must still be added to produce power when wind doesn't blow. Additionally, wind often blows at the same time throughout the region, so other power sources must still be used to balance its volatile output.

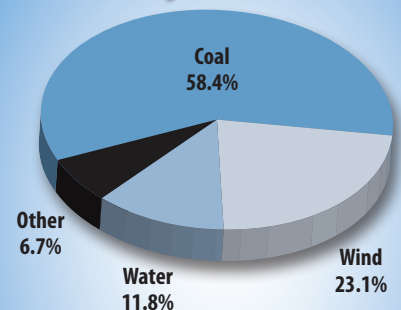
Renewables simply can not meet all the nation's appetite for power alone. Projections show that Minnesota will need 4,000 to 6,000 more MW of power in the next 15 years.

"Beyond wind energy, other firm generating resources will be needed to meet the growing demands of the member-owners," explained Al Tschepen, Minnkota vice president of Planning & System Operations.

North Star members receive electricity from one of the most diversified power suppliers in the region. In addition to wind energy, Minnkota provides 122.5 MW of hydropower as well as 1.4 MW of biomass energy from landfills in Cass County, N.D., and Polk County, Minn.

Many members have asked why Minnkota has not built wind farms in

Bringing diversified power to your outlet



North Star Electric Cooperative distributes a diverse supply of electricity generated from coal, wind, water and biomass. That's good news for North Star Electric members because Minnesota requires 25 percent renewable energy by 2025.

North Star's territory. The answer is simple. Wind does not blow as strong here as it does at current wind farm sites. Therefore, building wind farms here is currently not cost-effective, even though we often notice windy conditions.