

The Enlightener



North Star
Electric Cooperative, Inc.

Your Touchstone Energy® Partner 

VOLUME 49 NUMBER 10

BAUDETTE, MINNESOTA

OCTOBER 2004

Are you ready for winter?

Prepare now for this season's load control

By Mike Nisbet,
Senior Publications Editor,
Minnkota Power Cooperative, Inc.

Cold, blustery days. Below zero temperatures. A warm, cozy house.

As summertime vanishes across the Minnkota Power Cooperative service region, thoughts about load control and the upcoming winter season are likely on the minds of many off-peak electric heating members.

“North Star Electric Cooperative encourages all of our off-peak members to have a reliable, automatic dual fuel heating system in place and ready for use,” says Wayne Haukaas, Manager of Compliance and Member Services. “This makes the switch to your backup system relatively transparent when load control occurs.”

System checklist

To ensure your total comfort this winter, consider the following questions concerning your backup heating system:

1. Is your system sized appropriately to heat your entire home or business?
2. Does it maintain an adequate comfort level?
3. Is it reliable?
4. Is it fully automatic?

Another important action off-peak members can take now is to have propane or fuel oil tanks filled. (Chris/Marge Kuffenkam 675-06-004-02) Prices for these heating fuels typically rise as demand increases during the wintertime, escalating home heating costs.

Future predictions

The weather in the Upper Midwest and



One of the more popular heating systems today is a fully automated, forced air dual fuel system with an electric plenum heater and propane backup.

North Star will be serving coffee and goodies at the Baudette and Littlefork offices during regular working hours from Monday, Oct. 25, to Friday, Nov. 5. Stop by – have a cup of coffee on us – let us answer any questions you might have.

October is Co-op Month!

future wholesale power market prices are two big unknowns that could cause load times to exceed 400 hours per heating season in upcoming years, according to Jim Burley, systems operation manager for Minnkota.

Due to a number of factors influencing the price and availability of power in the wholesale marketplace, Minnkota controlled the off-peak sys-

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August 2004 Operating Report

Revenue	\$ 556,251
Cost of Power	\$ 286,619
Operation, Maintenance, Administration	\$ 188,923
Depreciation, Interest	\$ 129,668
Margin on Operations	\$ (48,959)
Average use per Residential	798
Total kWhs Sold	5,790,826

Lake of the Woods County Fair winners



Katrina Baldwin won a \$25 kid's gift certificate.



Joyce Olson was the Grand prize winner, winning a Deluxe cart grill.



Rocky Thompson, second place prize winner, with a new Lock-N-Go grill.

Winners of the nightly draw surge protector strip

Rodney Boots
William Olson
Lee Kloer
Brenda Nelson

WE NEED YOUR METER READING!

Please read your meter on or as near the 25th of EACH month as possible. We must have your reading by the 5th of the next month to avoid an estimated bill. If a bill consecutively estimates two times, the crew will read the meter and a \$15 fee will be added to the account.

— Please Note —

Bills that are past due will be charged a 1.5 percent late payment fee. Bills that are 30 days past due will also be charged a \$2 delinquent notice fee.

Continued from page 1

tems a total of 414 hours last winter. During the previous winter of 2002-2003, Minnkota controlled the off-peak loads a total of 407 hours. However, even with the increased control hours, the electric portion of the off-peak systems supplied more than 85 percent of customers' heating needs.

"Contrary to some rumors and misinformation, Minnkota does not control loads to sell the power on the open market," Burley emphasizes. "We control off-peak loads only to avoid buying high-priced electricity."

Looking ahead, the price projections for natural gas indicate even sharper heating fuel price increases in the 2004-2005 winter season. Because natural gas fuels much of the region's new peaking generation facilities, less economical wholesale electricity will likely be available for Minnkota to purchase during peak usage periods, causing off-peak control to be required frequently.

Two choices available

"Off-peak members who may be concerned about future load control hours basically have two choices," says Haukaas. "The first is to do nothing and hope for warmer winters and less load control. This is a risky choice, though, since cold winters are common to the region and future load control periods will likely lengthen as the regional electric energy market tightens."

A second and much wiser choice, according to Haukaas, is for off-peak members to make sure they have a fully automatic, reliable backup heating system in place and ready to provide heat to every part of their home or business.

"With a good backup heating system that is properly installed and maintained, there should be no difference in comfort level experienced by our off-peak members when the backup heating system is called on to operate," says Haukaas. "And it's important to remember that a blend of primary off-peak electric heat with a fuel oil, propane or natural gas backup heating system is still significantly less expensive than heating with straight fuel oil, propane or natural gas."

If you have any questions concerning North Star Electric's off-peak heating program, please call our office in Baudette at 634-2202 or Littlefork at 278-6658.

Share a favorite recipe with your North Country neighbors!

Send to:
North Star Electric Cooperative, Inc.
Attn: The Enlightener
P.O. Box 719
Baudette, MN 56623



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.

■ *Koochiching and St. Louis counties:*
Lee Herseth
10078 Gappa Road
Ray, MN 56669
Phone: (218) 875-3028
7:00 a.m. - 8:30 a.m. (Mon. thru Fri.)

■ *Roseau and Lake of the Woods counties:*
Laurence Otto
60426 County Road 12
Warroad, MN 56763
Phone: (218) 386-2299
7:00 a.m. - 8:30 a.m. (Mon. thru Fri.)

Help Keep Your Lights On



Careless ditch burning can destroy utility poles and junction boxes, leading to unnecessary power outages. Pole damage ranges from surface charring to destruction, and may cost landowners anywhere from \$2,000 on up, depending on the location of the pole and the severity of the damage.

Please use extreme caution when burning around our electrical equipment, and always tend to a fire once it is lit. Let's all do our part to keep the lights on and costs down.



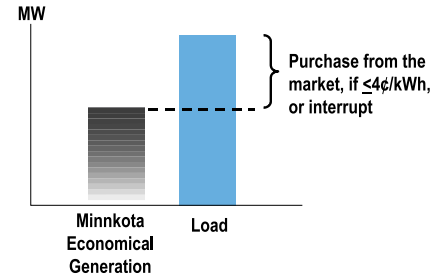
Office notes

From Ann Ellis, Office Manager

“Worry doesn’t empty tomorrow of its sorrows. It empties today of its strength.”

—Corrie Ten Boom

Generation vs. Load



for your electric needs is done on a very reliable basis. Outages of your electric service are generally few and not very long in duration. While there can be experiences with weather and equipment damage that will extend an outage, we do our very best to keep our equipment running in a fashion

Annual Meeting

By the time you receive this, the annual meeting will be history. If you were able to come, thank you for taking the time to spend the evening with us.

One of the pages in our annual report was a message from David Loer, CEO of our wholesale power supplier, Minnkota Power Cooperative. (Barbara J. Albert 658-14-002-01) We are reprinting it in this issue of the *Enlightener* for those of you who were not able to come. If you would like a copy of the full annual report, please let us know, and we’d be happy to send you a copy.

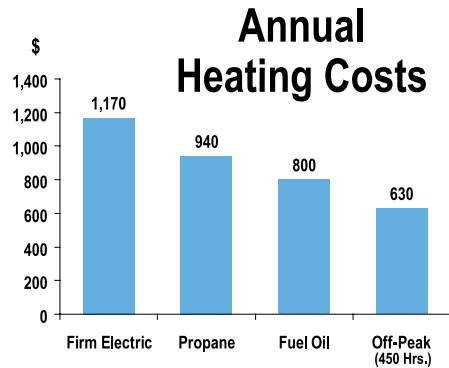
Power supply report

As the power supplier for North Star Electric Cooperative, Minnkota has three broad obligations: 1) Have an adequate power supply, 2) Deliver energy in a reliable fashion, and 3) Keep energy at the lowest possible cost.

As you have heard at previous North Star annual meetings, Minnkota’s wholesale rate of less than 3.5¢/kWh is among the lowest wholesale rates in the nation. We are pleased with that rate, which is largely attributable to our low-cost, coal-fired electric generating plants in central North Dakota. Our low rates are also a result of a very successful load management program. Under this program Minnkota is required to own gen-

eration to serve firm load, but for the off-peak load, we serve the load only when it is economical to do so. Our economic determination is this: If we can buy electricity for 4¢/kWh or less, we will purchase it and not interrupt load. However, when the market rates are above 4¢, we will control the off-peak loads.

Since the wholesale energy market has increased quite dramatically over the last two or three years, there has been a related increase in winter control hours for the off-peak load customers. For two winters in a row, the control hours have exceeded 400 hours, but as you can see in the graph titled Daily Wholesale Energy Price, a significant portion of the winter experienced prices higher than 4¢/kWh. Unfortunately, we expect that trend to continue and North Star Electric Cooperative, along with Minnkota, would encourage you to be



sure that your backup furnaces are fueled, automatic and ready to operate. The good news is that the price of heating your home or business with off-peak electric energy is your

best heating energy value, as shown on the graph titled Annual Heating Costs.

We believe the service that you receive from North Star and Minnkota

Annual Heating Costs

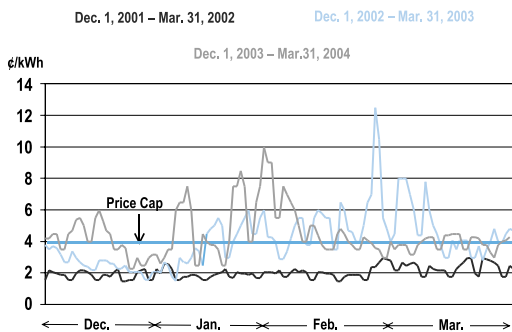
that will provide reliable electric service to you as one of North Star’s customers.

The responsibility to have adequate power supply is something we also take very seriously at Minnkota. It has been more than 20 years since we

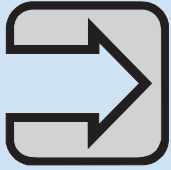
have built a new power plant. The last plant on our system was the Coyote Station, which was energized in 1981. With load management and with modest growth, our generation fleet of Young 1, Young 2 and Coyote will provide capacity and energy for our customers until about the year 2015. That means that 11 years from now, we will likely have need for an additional generating plant on our system. In order to get a plant online in 11 years, we must begin the planning process now, which we are doing.

We are looking at several alternatives, but the most promising one appears to be an additional generator at the Young Station site. This Young 3 generator would have a completion date of approximately 2015, would be a plant about the size of Young 1 and would utilize the same lignite now burned by Young 1 and Young 2. The

Daily Wholesale Energy Price



Continued on page 8



West End News

By Steve Ellis

Baudette District Operations Supervisor



With fall here, we will all surely get in our last minute frenzy to fix-up, clean up, and get ready for Mr. Winter. Please remember when doing these projects to be aware of power lines, overhead and underground, around your projects. If you have what you think is a hazardous situation with the power feed near your home, please call us and let us know immediately.

If you have trees near our overhead lines that need to be trimmed or removed, call us so we can help with any trees that could hit our lines. These are high-voltage lines and can be dangerous to your health, not to mention your pocketbook, if you decide to just do it yourself. The tree could get away and cause an outage, or worse yet, electrocute you. (Charles/Harriette Lysfjord 251-24-065-04) It is never fun to be the one who disrupted all the neighbors' power and then end up getting a bill besides. It is much easier to work with us and stay safe! Please leave this work up to the professionals that are trained to do the job in this very dangerous environment.

Right of way is a job that never ends in this area with the abundance

of trees we have, so please remember that when the co-op asks you about cutting right of way, it is something that has to be done. If not done and kept clear, you might deal with blinking lights, with or without the wind blowing, which in turn may make you late for work or school, or maybe no power at all because the wire has burned down, which in turn maybe starts a fire. Or one of the worst ones that I can think of is some of the neighborhood kids, or your children or grandchildren, decide to climb that tree that you wouldn't let anyone cut or trim and they end up hurt or possibly dead.

Power lines need a clear right of way; it is essential for good power quality and safety. So, please keep this in mind when you are asked about the right of way on your property.

Reminder . . . all underground construction ends on Nov. 1. It will resume next spring when the frost comes out.

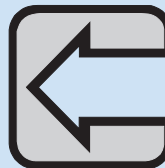
If you have any questions or comments, please call or stop in at the office so we can discuss them. Until next time, stay safe!



East End News

By Allan Baumgartner

Littlefork District Operations Supervisor



Our crews, along with a Baudette crew, energized and switched our Rainy Lake members over to our new 14.4 feeder on Sept. 16. Having the extra crew on the job held the outage time down to about 2.5 hours. We have been working over two years on it, so it was nice to see it in place and working.

New services and service upgrades are still coming in. Our crews have done a good job keeping up with them this summer despite the rain, wind and outages that

have affected our work. In September, we had 17 outages; 10 of them were caused by trees during windstorms. After storms have passed through, please take the time to look at the overhead power lines in your area, and if you see something that looks different or hazardous, please call us.

In October, we will be replacing several underground lines, doing service work on our breakers in two substation areas, and reading all the seasonal meters on the islands.

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
Phone: 634-2642
- **Northwest Community Action Council**
312 N. Main St.
P.O. Box 67
Badger, MN 56714-0067
Phone: 218-528-3258
or 1-800-568-5329
- **Koochiching County Community Services**
1000 5th St.
International Falls, MN 56649
Phone: 283-7000
- **Kootasca Community Action, Inc.**
2232 2nd Ave. E.
P.O. Box 44
International Falls, MN 56649
Phone: 283-9491 or 1-800-559-9491
- **Kootasca Community Action, Inc.**
1213 SE 2nd Ave.
Grand Rapids, MN 55744-3984
Phone: 1-800-422-0312
- **Arrowhead Economic Opportunity Agency**
702 3rd Ave. S.
Virginia, MN 55792-2797
Phone: 1-800-662-5711
or 218-749-2912

Have you filled your tank yet?



Highlights of the board of directors meeting

September 1, 2004

These are the highlights from the board of directors meeting held on September 1, 2004. Detailed minutes are available at the Cooperative for member review. Regular board meetings are 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.

All directors were present except Director Palm. They acted upon usual, routine business. In addition they voted to pay \$570,000 of capital credits, to approve the bylaw amendment language to be presented to the membership for consideration at the Annual Meeting, to approve the candidates for Districts 1, 4 and 5, to approve the annual meeting agenda, to have each director identify organizations to donate unclaimed capital credits to, and to approve a donation to provide transportation for an educational trip for mechanical students to the power plants and coal mines.

Management and operations report

Manager Hoskins reported on the Minnkota managers' meeting, the CIP (Conservation Improvement Program), summer load control, generator troubles for two members on the controlled load rate, future wholesale rates, the MREA Energy Summit, the upcoming NRECA Region VI meeting, AMR (automated meter reading) presentations, WildBlue satellite Internet, line loss, and non-union wage adjustments. He also reported on Operations Department activities including updates on the relocation projects to provide space for road jobs in Roseau and Lake of the Woods Counties, the Vphase rebuild south of the Pitt Substation, outages, lineworker training, safety training, planned safety awards for no lost time accidents, the new 14.4 feeder to Rainy Lake, new services and equipment.

Office report

Finance Manager Ellis provided the financial report and also reported that Attorney Anderson would be calling in during the board meeting to discuss bylaw requirements for the election of directors and address any questions. She also discussed security of the employees at the offices and plans to install webcams to offer virtual assistance from either office. The CFC KRTA (Key Ratio Trend Analysis) was also reviewed.

Compliance and member services report

Manager of Compliance and Member Services Haukaas reported on summer load control, a successful fair booth at Lake of the Woods with 875 entries in the drawings, AMR in-field demonstration at Lake Country Power, the CIP program requiring that 1.5 percent (\$120,000) of North Star's revenue be spent on energy conservation, DBS, local network issues with DirecTV having allowed the free preview but not allowing continued viewing or reinstatement of distant feeds, and that prebuy for LP is at \$1.27-up about 20 cents (19 percent) from last year.

Board reports

President Arnesen reported on the recent Minnkota board meeting including the financial report, overhaul plans for Young 2, summer load management, lower than budgeted summer load control hours, construction budget update, and a generation report. North Star's 4.6 percent growth is the largest percentage among the member systems, and the substations showing that growth all feed the lake areas.

Director Brzoznowski reported very favorably on MREA's Energy Summit including Crow Wing's membership loyalty card, business trends in utilities, and the Enron debacle, which has caused loss of credibility and loyalty within the utility industry.

Off-Peak Loan Program for Automatic Backup Systems

If your off-peak backup heating system is in need of repair or replacement, we may be able to help.

From 1977 to 2000, we had an average of 34 hours of load control per heating season. This past heating season, we had 414 hours. The years of 20 to 40 hours of control are gone. This year, Minnkota Power Cooperative estimates 450 to 700 hours of load control.

You must have a reliable backup heating system.

North Star Electric will lend up to \$2,500 for upgrading members' existing off-peak backup systems when the following terms and conditions are met:

1. On approved credit.
2. \$2,500 maximum.
3. 6 percent interest.
4. 1 to 3-year term.
5. Payment will be added to existing electric bill (\$25 minimum per month).
6. \$35 filing fee.
7. Must be existing off-peak member.
8. Automatic backup system only (no wood or manual systems).
9. Must furnish sales receipt from contractor or vendor.
10. Job must be completed before loan is approved for payment by our member services department.
11. Outstanding loan balance at termination of service is due in full.

Snowbirds on the monthly billing

Contact us before heading out for the winter

Each year we receive inquiries concerning what should be done if you leave your home or close your resort for the winter. Whether you leave for a short vacation or for the entire winter, please notify me at the Baudette office. Call Pat Olson at 634-2202 or toll-free (888) 634-2202.

If you are on the monthly billing, the most important thing to remember is to read your meters before you leave and report those readings to me. I will use those readings to figure your charges up to date and then, depending on what you plan to leave running while you're gone, I will set up an estimate. It is also helpful to know the estimated time you plan to be gone and a winter address, if possible.

If the estimated bill is not totally accurate, any differences will be adjusted on the first billing after you return home and report the actual readings to me.

You may choose to pay your bills monthly while you are away, but then you could forget to make a payment. Your account will pick up penalties and run the risk of possible disconnection. Most members find it more convenient to take care of their bills in advance.

*Neither rain,
nor snow,
nor the dark
of night . . .*



Electric co-op line workers are trained to deal with any power emergency. But there's one thing that can't be taught: dedication.

Dedication to duty is a quality line workers are born with. That's why you'll see them in a driving storm repairing downed power lines. That's why your power is restored in the middle of the night.

That's why they decided to be line workers in the first place. And they expect no special awards or recognition.

It's reward enough for them to know your family is safe and warm – regardless of the weather.

Energy tip:

Compact fluorescents save money and energy

ENERGY STAR labeled light bulbs, or compact fluorescent light bulbs (CFLs), are up to 75 percent more efficient than standard incandescent light bulbs, give off the same light output and last up to 10 times longer.

CFLs have changed a lot in recent years. They are available in various sizes to fit almost any lamp, chandelier or other light fixture, including dimmable and motion detector fixtures. The bulb's appearance ranges from a globe shape to two slender tubes twisted like a coil.

"You'll find the quality of light is equal to that of incandescents," said Phil Smith, energy specialist. "And there is no hum or noise that is sometimes associated with older tube-shaped fluorescent lights."

CFLs emit the same amount of



light as standard bulbs, but because they use significantly less energy than incandescent bulbs, they have lower wattage ratings than people are accustomed to purchasing. For example, a 15 watt CFL replaces a 60 watt incandescent bulb, an 18 to 20 watt CFL replaces a 75 watt bulb and a 25 to 28 watt CFL bulb replaces a 100 watt bulb.

While all CFLs use less energy than incandescent light bulbs, it is a good idea to watch for the ENERGY STAR symbol when shopping around.

The potential savings on energy bills is significant. The typical household spends about 10 to 15 percent of its electrical bill, an average of \$110 a year, on lighting.

Source: Minnesota Department of Commerce

Gopher State One Call



It's the LAW

CALL BEFORE YOU DIG

Minnesota Statewide One Call
Notification Center

1-800-252-1166

October is co-op month

Cooperatives come in all types and sizes, but we all have the same seven Cooperative Principles:

1. **Voluntary and open membership** – Co-ops are available to everyone.
2. **Democratic member control** – Each member has one vote to participate in setting policy and making decisions.
3. **Members' economic participation** – Margins (revenue in excess of expenses) are returned to the members in the form of capital credits because we are a non-profit organization.
4. **Autonomy and independence** – Cooperatives are self-help organizations

and always do business on terms that ensure democratic control by the members.

5. **Education, training and information** – Cooperatives recognize the benefits of informed and educated members, directors and staff.

6. **Cooperation among cooperatives** – Working together is the most effective way to serve the members and strengthen the Cooperative.

7. **Concern for community** – The needs of the members are always a focal point.

These principles set us apart from businesses that are out to make a profit for their investors or themselves. As employees of this great organization, we thank you for the privilege to assist you to make *YOUR* Cooperative the best that it can be.

Continued from page 4

new plant would likely require an additional transmission line from Center, N.D., to near Grand Forks or Fargo. The electricity would then be distributed by lower voltage lines to areas such as North Star for customer use. It takes seven years to plan and build a new power plant fired with coal. Therefore, it is important that we do our preliminary planning with our formal planning process ready to begin in 2007 or 2008.

One fact is that new generating plants are more expensive than the ones we now have on our system. However, we hope to keep the rate impact of the new generation equipment to a minimum for North Star and the other 10 cooperatives that own Minnkota. We will be seeking the lowest-cost alternative for our new energy requirements.

Today and in the future, Minnkota takes its obligations of providing adequate power and reliable service at the lowest possible cost very seriously.

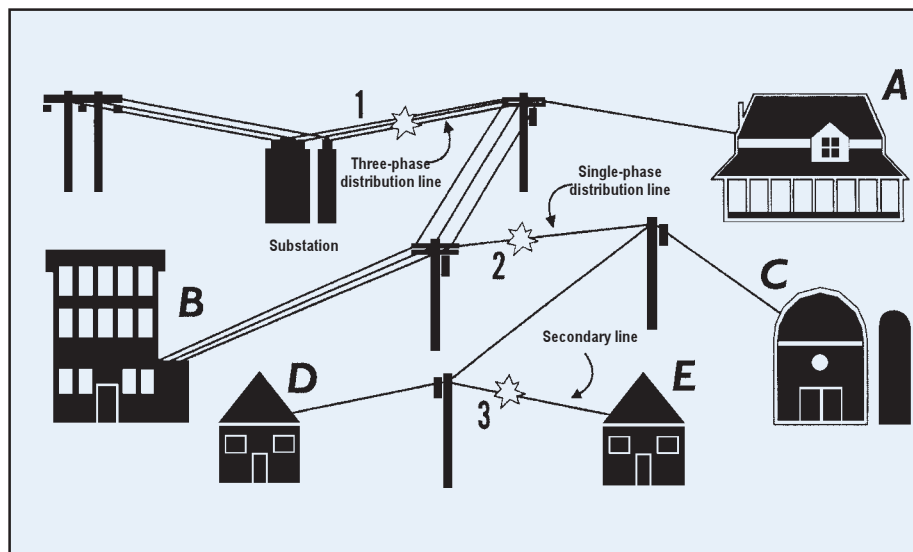
How does a co-op decide which electric lines to fix first?

When an outage occurs, restoring electrical power is often a complicated process. Damage done by wind, ice or other bad weather usually occurs at several points in the distribution system. The idea is to get the power back on for everyone in the most efficient manner.

When a widespread outage occurs, the first location the repair crew checks is the substation.

Line workers then work their way out on the main distribution line, restoring service to the main feeder lines, then lines serving groups of homes and finally individual members.

Fixing the power at an individual home first is useless if the main line is dead. No electricity would flow into the home anyway. By repairing the main line first, many more people would have their power restored.



Electricity: Use it wisely

Frayed wires are dangerous anywhere. They should be repaired at once, by someone who knows how, or better yet, replaced.

The diagram at left shows that Step 1 would be repairing the main distribution line from the substation. Because there is no additional damage leading to buildings A or B, this would automatically restore their power. In Step 2, the problem with the tap line leading off the main line would be cleared up. This would restore power to buildings C and D. After the high-voltage lines are repaired, power to individual members (house E in the diagram) would be restored (Step 3). The entire system would then be in good working order.