

The Enlightener



North Star
Electric Cooperative, Inc.

Your Touchstone Energy® Partner



VOLUME 50 NUMBER 11

BAUDETTE, MINNESOTA

NOVEMBER 2005

65th annual meeting held



Glen DeLack was the lucky winner of the 65 Sakakawea dollars to mark North Star's 65 years of service.



The Sloughgrass band from Birchdale entertained the crowd before the annual meeting.



North Star members listen to a presentation during the annual meeting.



About 375 members enjoyed an excellent ham dinner prepared by the Littlefork Lutheran Ladies.



Ron Hostetter was the lucky winner of the \$200 grand prize.

Annual Meeting Prize Winners

2005

William Lyon
Harvey Lindquist
Donald Davison
Byron Fiedler
Wilma Schake
Ray Community Club
Caleta Belanger
Robert Hair
Eileen Johnson
Marie Heiss

Andrew Lystad
Alan Carlson
James R. Linder
Clarence Schuh
Frank Kuncic
Jerrie Glawe
Rufus Tomczak
Travis Hope
Roger A. Johnson
Ronald Epley

**North Star offices
will be closed
Nov. 24 and 25 for
Thanksgiving.**

Have a nice holiday!

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**Electrical
after-hours
emergencies
1-888-6OUTAGE
(1-888-668-8243)
634-2603**



September 2005 Operating Report

Revenue	\$ 570,363
Cost of Power	\$ 289,197
Operation, Maintenance, Administration	\$ 221,571
Depreciation and Interest	\$ 142,042
Margin on Operations	\$ (82,447)
Average use per Residential.....	821
Total kWhs Sold	6,073,472

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 527 hours. The years of 20 to 40 hours of control are gone. This year, Minnkota Power Cooperative estimates 400 to 600 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 an 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 member services department
11. Outstanding loan balance at termination of service is due in full

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.



By Dan Hoskins
General Manager

A terrific annual meeting

On Oct. 14, we had the 65th annual meeting of your Cooperative at the Littlefork/Big Falls High School gymnasium. The evening began with a terrific ham supper, and approximately 375 members enjoyed the meal. The entertainment for the evening was "The Sloughgrass Band" from Birchdale, Minn.; they played a variety of crowd favorites with a whole lotta foot stompin' going on!

A great rendition of the National Anthem, by Sloughgrass, opened the meeting with a warm welcome by Littlefork Mayor, Jerry Anderson. Steve Arnesen, President of the North Star Electric Cooperative (NSEC) board of directors, then opened the business meeting. After approval of the minutes of the last meeting and some normal meeting business to take care of, President Arnesen called for nominations from the floor for District #6 and then for District #7; hearing none, he closed nominations and instructed the members to vote for one of the candidates in District #6

and to vote for one of the candidates in District #7.

Our attorney, Mr. Steve Anderson, then discussed all of the proposed Bylaw changes with the members and answered all questions and concerns. (674-08-001-04 Joan E. Christensen) The motions were made, the membership voted, the motion was carried, and the Bylaw changes will be effective immediately.

Financial report given

President Arnesen introduced our guests for the evening and then introduced Ann Ellis, North Star's Finance Manager, who gave a very nice financial report that stated your Cooperative is moving along just fine, and finances are good. Plus, as always, she gave her report with a little twist of her own by involving the members in a game which gives, what Ann calls, "a financial report with a little life."

Then, it was my turn with the

Continued on page 8



Quick Cake

- 1 white or yellow cake mix
- 1 can Wilderness apple pie filling
- ³/₄ cup brown sugar
- 2 tsp. cinnamon nuts, if desired

Prepare cake mix according to directions.

Pour into 9 x 13 pan.

Add pie filling, sugar, cinnamon and nuts.

Bake according to directions.

Serve warm.

Submitted by:

Lee Konen

Ray, Minn.

Gopher State One Call



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Minnesota Statewide One Call

Notification Center

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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 county:

Lee Herseth

10078 Gappa Road

Ray, MN 56669

Phone: (218) 875-3028

7:00 a.m. - 8:30 a.m. (Mon. thru Fri.)

• Roseau, Lake of the Woods and

Koochiching counties:

William Crunden

29513 Corlan Dr. N.E.

Blackduck, MN 56630

Phone: (218) 835-8567

7:00 a.m. - 8:30 a.m. (Mon. thru Fri.)



Office notes

From Ann Ellis, Manager of Finance and Administration

“Individual commitment to a group effort – that is what makes a team work, a company work, a society work, a civilization work.”

~ Vince Lombardi

AMR progress

AMR (automated meter reading) is on the doorstep for those of you in our test areas. If the words “Co-op Read” are printed in the box(es) where you normally write in your meter reading(s), you got it – you may now quit reading those meters. If you have an installation with off-peak, but not all of your meters are “AMR’d” yet, please read the meters that have an open box for the reading; and please read them as close to the 25th as possible. Because, in most cases, off-peak kWh are subtracted from the total kWh recorded on the main meter, it’s important that the main meter be read at the same time as the off-peak meter. If it’s just not possible to read your meters close to the 25th, you should read all of your meters.

ACH

Now is the perfect time to consider having your electric bill paid automatically from your checking or savings account. Signing up is simple, and never having to pay late fees is even better. And if you’re one of the lucky ones who no longer has to read your meter(s), you can eliminate that stamp cost, too! The form is available on our Web site, www.northstarelectric.coop in the “Bills and Capital Credits” section. It works great for me, and I’m sure it will for you, too!

Rate realignment

The residential rates are being realigned effective 12-25-2005. The fixed charge is going up to \$28.50, but the price per kWh is going down to one, lower rate!

Any GSP (general single-phase) member using 380 or more non-off-peak kWh will see a savings. Anyone using 700 or more non-off-peak kWh will see about a \$10 per month savings. If you have a home account and a low-use account (remote fencer, deer camp, etc.), your savings on the home account will probably offset the other.

Our job at North Star is to deliver electricity from

the substations to your meter. It is expensive to keep the electrons always ready to flow at your flip of a switch, and many of those costs don’t change depending on your usage. This realignment will do a better job of recovering those costs fairly for all co-op members.

So, look for the new rates on the bill you receive in February when your kWh usage from Dec. 25 to Jan. 25 is billed.

Price increase for less load control?

That is the direction that the Minnkota Power Cooperative board has chosen. Now, it will be up to our local board to review the impact this will have on North Star and possibly adjust the off-peak rate.

Relax, it wouldn’t be as big a jump as other heating fuels have taken; it would certainly be less than 10 percent. AND remember that less control means that you’d purchase less backup fuel, which could make the adjustment close to a wash.

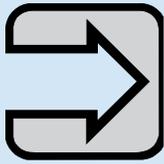
It’s all about a good backup system

Need help looking at how to improve your backup system? Call our Member Service Department in Baudette or Littlefork. They have

answers and low-cost loans to help you.

At your service, we remain....





West End News

By Steve Ellis
Baudette District Operations Supervisor



We have been busy finishing up the underground services for the year; we will resume this in the spring after the frost leaves the ground.

We are gearing up for the AMR (automated meter reading) metering on the rest of our system. Meters will be changed out during the annual line inspection this fall and winter; our goal is to have all meters reporting to us by the end of 2006.

This is a very large project with substation reporting equipment to be installed in all substations, as well as repeaters installed in the weak signal areas, right down to every meter on the system.

Our crews will be coming to your door, if you are an off-peak user, to change out your off-peak meter. We appreciate your cooperation in this project as we will need to change all meters before the system can be fully utilized. Added trips will only add to the cost of the change-over. Thank you.

If you have been out to our main office north of Baudette, you may have noticed some construction going on in the pole yard. We are in the process of putting up a building to

store equipment that has been outside since our move from town. With the cost of everything, we needed room so that hundreds of thousands of dollars in material and equipment could be stored inside ... safe and out of the elements.

New service plans, anyone? If you plan on building, or just simply need to upgrade your existing service, please contact us well in advance so that your project may be scheduled in our work plans.

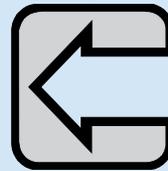
Please be careful around overhead lines, as they are very dangerous when working around them. Always keep their presence in mind; if you see or have any questions about your power lines, contact us for help.

Call GSOC (Gopher State One Call) if you plan to do any digging. Remember that it is the law that you MUST contact GSOC before you do any digging. The ground 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. Call 1-800-252-1166.



East End News

By Allan Baumgartner
Littlefork District Operations Supervisor



Our crews have been busy building new services lately. We received quite a rush of them during the last half of October. We are in fairly good shape as far as getting our underground cable in the ground, but still have a lot of terminating left to do. Also, the three large developments, two in the Ash River area and one in Littlefork, are going to need four or five new services yet this fall if the weather holds out.

EIR, a contractor, was here and serviced 36 of our mainline OCRs (oil circuit breakers) in the Big Falls and International Falls areas. Our crews bypass them, take them down and bring them to our substations, where EIR tests and services the OCRs. Then

our crews get them and install them back in our substations and out on our poles. This important work is done on a five-year rotation.

American Energy, our pole testers, were here and tested 2,013 poles in the Baudette and Littlefork areas. Of those, we had 110 poles that were rejected and will need to be changed out.

Two of our crews have changed out 80 meters to our new AMR (automated meter reading) system on the islands on Rainy Lake. (243-11-003-01 Randy Schuh) We still have 116 to go that are quite spread out there.

We had 18 outages in October; eight of those were caused by the high winds we had on Oct. 5.

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**
P.O. Box 67
Badger, MN 56714-0067
Phone: 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

The economical choice

Off-peak heating remains the best energy value in the region

*by Mike Nisbet,
Communications Supervisor,
Minnkota Power Cooperative, Inc.*

Stay the course.

That's the advice from Minnkota Power Cooperative vice president of Planning and System Operations Al Tschepen to off-peak heating customers of North Star Electric Cooperative for the upcoming winter season.

Recent sharp increases in the price of fossil fuels required for dual heating systems might have some co-op members concerned about the operating costs of their backup heating systems.

"Even with the escalating cost of propane, fuel oil and natural gas, off-peak electric heating will be the best energy value this winter," Tschepen said. "The off-peak system will once again provide about 80 percent of the customers' heating requirements at a substantially discounted rate, while the other 20 percent will come from an alternate, higher-priced heating source."

Power purchase strategy

Minnkota projects 400-600 hours of off-peak control for the 2005-2006 winter season.

The original estimate of 500-750 hours was recently revised downward due to a decision by Minnkota to purchase more electricity for off-peak customers this winter season, thereby reducing the total hours of control.

"While the cost of power to the Minnkota-associated systems remains stable, the cost of wholesale electricity on the open market, much like the cost of fossil fuels, is on the rise," said Jim Burley, system operations manager. "That makes it

challenging for us to find economically priced power in the market to serve the off-peak loads rather than control them."

Minnkota supplements its own low-cost and reliable power production during peak-use periods by purchasing power from the wholesale market. The economical

Expensive heating season predicted

The U.S. Energy Information Administration reports that dramatic increases in energy costs have set the stage for an expensive winter heating season.

The expected heating fuel increases this winter compared to last are:

- 71 percent more for natural gas in the Midwest
- 17 percent more for electricity in the South
- 31 percent more for heating oil in the Northeast
- 40 percent more for propane in the Midwest

ceiling price for supplemental power purchases is four cents per kilowatt-hour (kWh). When the price in the marketplace exceeds that limit, load control measures are used to bring the Minnkota/Northern Municipal Power Agency Joint System demand in line with available economical energy supply.

"That strategy is designed to result in the best energy value for all customers," Burley said. "Building a new power plant to serve only the high-use periods is not economical

because it would require a substantial rate increase for all customers, both firm and off-peak."

Last year, Minnkota controlled the off-peak loads 527 hours. Even with the 400-600 hours of control that could be implemented during peak-use periods this winter, Tschepen emphasized that the cost of operating an interruptible heating system will still be less expensive than switching to a firm electric rate.

Some good news

Minnkota will soon be receiving additional increments of low-cost, baseload electricity from Square Butte Electric Cooperative, an organization affiliated with Minnkota by reason of common ownership and management. Square Butte owns the lignite-fired Young 2 generating station and the related direct current transmission line from Center, N.D., to Duluth, Minn.

Beginning Jan. 1, 2006, Minnkota's share of Young 2 generation will increase from 29 percent to 34 percent and add almost 22 megawatts (MW) of energy into the Joint System.

"This new increment of firm, baseload power will help keep the number of load control hours from increasing," Tschepen explained.

In each of the next four years, Minnkota will receive additional generation from Young 2. By Jan. 1, 2009, 90 MW of additional baseload capacity will be added to the Joint System generation resources.

"We want to remind off-peak customers that even with the higher cost of alternative fuels, their off-peak systems are their best heating choice," Tschepen said. "Off-peak electricity remains the best heating value in our region."

Highlights of the board of directors meeting

October 5, 2005

These are the highlights from the board of directors meeting held on October 5, 2005, and October 10, 2005. 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.

All directors were present. They acted upon usual, routine business. In addition, they voted to support the Hurricane Katrina relief effort by contributing \$1,000 to the tri-state project which supplied meter loops, to recognize overwhelming member support of Operation RoundUp and implement the program, to proceed with low bids for the construction of the cold storage building, and to realign the residential rates which will recover more in the fixed charge, less in the cost per kWh, and not produce additional revenue for the cooperative.

Management and operations report

Manager Hoskins reported on load control, replacement power, public safety, training, progress of the AMR (automated meter reading) project, and attendance at area city council meetings.

He also reported on Operations Department issues including work plan projects, outages, AMR, equipment, right-of-way spraying, and the lightning strike on the transmission line which caused a 7.5-hour outage on the east end.

Office Report: Finance Manager Ellis provided the financial report and reported on office activities including bill collections, completion of the capital credit allocation and payment projects, a smooth annual audit, the sales and use tax audit, the Annual Report, health insurance and the beginning of the budgeting process.

Compliance and member services report

Manager of Compliance and Member Services Haukaas reported on increased load management control, member calls, progress of transitioning water heaters from the off-peak meter to an ECC credit, increased interest in ETS (electric thermal storage) heating units, and building maintenance.

Board reports

Director Polkinghorne reported on the Minnkota board meeting. He also suggested that absentee or mail-in balloting be explored for future consideration by the membership. Director Hanson reported that he had been interviewed by the Cooperative's auditing firm as part of their routine work.

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.



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



Continued from page 3

microphone, and since the annual meeting booklet contained the facts and figures from this past year's operations, I discussed the new rate realignment that will be implemented on Dec. 25 of this year, our new automated meter reading (AMR) project that we have begun to install, and a short version of our challenges that we face this winter with load control.

Our guest speaker, Mr. David Loer, President & CEO of Minnkota Power Cooperative, our power supplier, was next with the microphone. Mr. Loer gave us a very good report, wrapped with a little humor, and reflected very professionally on Minnkota and how fortunate we are to have low-cost electricity.

Questions answered

We answered a few questions from the questionnaire sheets that were turned in by the members. One of the questions was, "Why do we use weed spray to control vegetation?" I answered this question by telling the members that it is the cheapest and most effective way we can control vegetation on our rights of way. I also made a very verbal mistake; I stated that we used pesticides, and that is not true. We do not spray pesticides; we use herbicides to control vegetation.

A member approached me after the meeting to correct me, and I appreciate that. At the end of the question and answer period, I drew one member's name out of the box of registered members for a commemorative black felt pouch that had 65 Sakakawea coins inside to commemorate North Star's 65 years. The winner was Mr. Glen DeLack of Littlefork. Congratulations, Glen!

Votes were tallied

The voters' tallies came in from the election; one in District #6 which is the Big Falls/Ray area, and one in District #7 which is the Littlefork area. Congratulations to Allan Nygaard, of Big Falls, for his re-election to the board from District #6 and to Bruce Polkinghorne for his re-election to the board from District #7. (783-29-042-01 Richard/Jean Stadt) I would also like to thank Mr. Al Linder for his interest in the Cooperative enough so that he was on the ballot for a board of director position.

The 65th annual meeting of North Star Electric Cooperative ended after the drawing of numerous gifts and prizes.

So, if you attended the annual meeting, I hope you went away from there with some very satisfying information on your Cooperative, and possibly one of our end of the evening prizes, and if you couldn't make it this year, maybe next year it will be on your schedule.

Thank you to all the employees who worked ever-so-hard to make this evening a success for our members.

God Bless you and our Veterans,
Dan

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 Pat. 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, with phone numbers.

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. We also have automatic payment available. Call Pat about ACH.

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.