

Write to us at P.O. Box 719, Baudette, MN 56623-0719
or call us at 1-888-634-2202

E-mail us at: nsec@wiktel.com
Find us on the Web at: www.northstarelectric.coop

Welcome to 2008!

This marks North Star Electric Cooperative's 68th year of service to you, our member-owners. It has been a privilege meeting your needs in the past, and we look forward to meeting your energy needs in the future.

Your bill

For 10 out of the last 16 years we have NOT increased your electric rates, but effective March 20, 2008, the rates will increase 7 percent. There are many factors involved. Some directly involve only the kWhs you purchase (our wholesale power cost increase is the reason for about a fourth of this increase). Other costs impact the cost of keeping our distribution system operating and reliable for you.

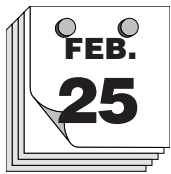
This bill is for the 2008 fixed charges plus any electricity used in 2007.

If paying monthly is more appealing to you, we can accommodate your request. You may also choose to have your monthly payment paid automatically from your checking or savings account. Once established, we would continue to send you a bill for your records, but you would not need to send anything back to us. You may print the ACH form from our Web site, www.northstarelectric.coop. Click on the "Tips and Forms" link. Otherwise, we can mail the form to you.

You may also choose budget billing, which would make your automatic payment the same every month except the bill due July 5, when actual usage is reconciled with budget billed amounts. Please give Pat Olson, our billing coordinator, a call if you have any questions about your bill or making any changes to your account. (1-218-634-2202, toll-free at 1-888-634-2202, or by e-mailing patsynsec@wiktel.com.)

Due date

PLEASE NOTE THAT YOUR DUE DATE IS **FEB. 25, 2008**. IF THIS CREATES A PROBLEM FOR YOU, PLEASE CALL US TO AVOID DISCONNECTION OF SERVICE. The enclosed bill is the only statement you will receive.



If an account is disconnected for non-payment, there are additional fees; a \$50 disconnection fee; a \$50 reconnect fee (\$90 if after hours); payment for all energy used up to the disconnect date; plus the full annual prepayment. The extra fees and the inconvenience can be avoided with a quick call to our toll-free number (1-888-634-2202).

Meter readings

It's a good idea for you to read your meter once in awhile and keep tabs on your usage. If your annual bill ends up higher than you think it should be, you would have had a better chance of identifying a problem, and stopping it before it became a very large annual bill, if you had read your meter occasionally throughout the year and monitored your usage. We will be reading your meter monthly with

the AMR (automated meter reading) system, but only the December reading will be used for calculating energy usage.

Monthly billing

Now that members on the monthly billing are generally no longer required to read their own meters, your next question might be about the monthly rate. It is exactly the same as the seasonal rate. Monthly bills are mailed late in the month, and payments are due on or before the 5th. One and a half percent is added to the bill if the payment is late, and another \$5 is added if a disconnect notice is printed. With ACH, the automatic payment of your bill from your checking or savings account, late fees are eliminated, and the payment is set up on the 5th to be taken from your bank account a day or two later.

Annual billing was created for the convenience of members who move around during the year and prefer a single, annual billing in the winter. If you still prefer the convenience of the annual billing, but don't like one large payment each winter, you may send prepayments at any time during the year to reduce the amount due in February.

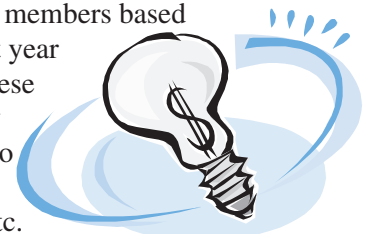
Power failure... Will your seasonal home be okay?

We always advise members to have someone check on their homes while they're on vacation or, in the case of the seasonal member, when they're gone for an extended time. You never know when a power failure, either in the home or supply lines, will occur. If seasonal homes are not going to be checked regularly, we would recommend the homeowner consider draining the water pipes, turning the breakers off and otherwise preparing the home to be unattended. You never know if a suicidal squirrel will decide to scamper across your transformer, blow the fuse and not live to report the outage for you!

Capital credits

To explain what capital credits are is actually quite simple. Since we are a non-profit cooperative, the margins belong to the members (the owners, like you). At the end of the year, the total margins (co-op income in excess of costs) are prorated among the members based on the amount of their current year billing(s) from North Star. These capital credits are temporarily retained and invested back into the cooperative as capital to fund system improvements, etc.

To explain to a member when he or she may expect a refund is more difficult. The Board of Directors annually evaluates the financial impact of paying capital credits. In the last 29 years North Star has returned \$6,417,680 of capital credits to its members, like you. You may even have a credit on the enclosed billing statement for capital credits being returned to you.



As for the taxation of capital credits, it is our understanding that you are not required to include this on your income tax return unless one condition exists. If you receive a capital credit check for a refund from a year in which you deducted electricity as a business expense, you must claim the refund, or a part of it, as income.

We hope this explanation has answered any questions you may have. Further questions can be answered if you contact either of our offices.

Other items of interest

We've Got Issues....

This was our theme for the annual meeting. The legislative climate is brewing quite a storm that could prove very costly to Americans. With excess power supply rapidly dwindling, and plans for new power plants being scrapped because all of the new and costly environmental legislation being passed and/or considered, we are headed for some extremely uncertain times. Supply had never been a major problem, but demand continues to increase. More information is available on the home page of our Web site www.northstarelectric.coop.

Where does your power come from?

Have you ever wondered how and where your electricity is generated? If you'd like to join a group of North Star members on a bus tour to Center, N.D., in June 2008, to find out everything you wanted to know about power supply but were afraid to ask, this trip is for you! Contact Wayne at waynensec@wiktel.com, or toll-free at 1-888-634-2202. If you can't make the trip, but still want to know, there's a nicely designed brochure on the Minnkota Power Cooperative Web site, www.minnkota.com. Click on the "Power Plant tab," and select the "Milton R. Young Station" brochure.

Scholarships for high school seniors

Our future is in the hands of our young people, and to support their post-secondary education, North Star Electric Cooperative provides scholarship opportunities to students whose parents or guardians are North Star members. Even if your primary residence is outside of the North Star territory, your student is eligible to visit one of our local schools for the cooperative knowledge-based scholarship testing. We also participate in the local schools' Dollars for Scholars programs.

Monthly newsletter

We have a monthly newsletter for the year-round residents, and if you are interested in receiving it, just let us know. We would be happy to add you to that mailing list.

North Star Electric Co-op belongs to YOU



... and the other members who purchase electricity from this cooperative. Your capital credits are your portion of your ownership in the co-op. As a member-owner, you and your neighbors elect a director representative to the Board of Directors. These elections by district occur at the annual meeting held early in October, although the nomination process begins in the summer. We'd love to see you at the annual meeting!

We hope you found this newsletter informative and helpful. We appreciate your patronage, and we look forward to meeting your needs. We are just a phone call away, so please let us know whenever we can be of help to you. Have a good winter season!

Write your account number here. Put this by your telephone.

CALL DURING OFFICE HOURS

Baudette 218-634-2202 or toll-free 1-888-634-2202
Littlefork 218-278-6658 or toll-free 1-888-258-2008

FOR OUTAGE REPORTING AFTER HOURS

218-634-2603 or toll-free 1-888-6outage (1-888-668-8243)

NOTICE

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.

State Electrical Inspectors

St. Louis and Koochiching counties:

Bob Orgon

10111 Roosevelt Rd. S.E.
Bemidji, MN 56601
Phone: (218) 556-3829
Fax: (218) 333-0451
7:00 a.m. - 8:30 a.m. (Mon. thru Fri.)



Roseau and Lake of the Woods counties:

Scott Stenvik

16409 State Hwy 1 N.W.
Thief River Falls, MN 56701
Phone: (218) 689-5406
7:00 a.m. - 8:30 a.m. (Mon. thru Fri.)



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Notification Center

1-800-252-1166

For underground utility locations, you must call 48 hours in advance before beginning any excavations.

It's the law.