

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](mailto:nsec@wiktel.com)  
Find us on the Web at: [www.northstarelectric.coop](http://www.northstarelectric.coop)

## Welcome to 2010!

This marks North Star Electric Cooperative's 70<sup>th</sup> year of service to you, our member-owners. It has always been a privilege meeting your needs in the past, and we look forward to continuing to meet your energy needs in the future. The horizon is looking a little rocky for electric utilities in general, but we are prepared to keep fighting for affordable and reliable electricity to power your future.

## Your bill

### Rate adjustment

We are experiencing a one-two punch this year with our wholesale rates – multiple legislative mandates on top of the stressed economy.

The hardest hit thus far has come from a legislative mandate. This first legislative result is visible on your bill under the title of "temporary wind energy surcharge." The mandate in Minnesota says 25 percent of electricity sold will have to come from new, renewable sources, such as wind. Why is this a financial problem? Because wind energy costs twice as much to generate, even after all of the government subsidies, PLUS, under contract we are bound to purchase all electricity they produce, regardless if we need it. Here's where the ailing economy delivers the second blow. It has created quite a surplus of energy on the market, and we all know what happens when there's a lot of supply and lower demand. The resale price goes down, even though the purchase price we are contracted to pay stays high, resulting in a financial loss. When spread across all of the electricity that is actually needed by the members of Minnkota Power Cooperative, this loss requires an adder of a half a cent per kWh to make up for it. Unfortunately, we must pass this surcharge through to all of our retail customers.

An even harder legislative blow will be the enactment of federal law or mandates that regulate carbon dioxide. You hear about global warming, climate change, carbon tax and cap and trade. All of these are phrases used to describe proposed legislation that could make electricity in the Midwest skyrocket because of our dependence on electricity generated from American coal.

If that's not enough to knock you out, here's the last bit of bad news on rates. The stumbling economy not only puts a glut of energy on the market, it also stagnates growth at the local level. Without growth in customer base and their demand for electricity, there is a strain on recovering the local costs of delivering electricity. The fixed charge for residential members (monthly or seasonal) is going up 6.4 percent to \$35/month.

This is hard news to share with our members. We have been beating the pavement to try to make legislators understand the consequences of global warming/carbon tax/cap-and-trade legislation. It would be one thing if we knew that the billions of dollars this will raise for the government would be spent to protect our environment, but it appears the money raised (tax embedded in your future electric bills) will be spent mostly on projects unrelated to the environment. That's what really makes our blood boil.

This enclosed bill is for any electricity you used in 2009, plus a prepayment of your 2010 fixed charge. Even though the cost is rising, we hope you find the electricity we provide to be a good value.

## If paying monthly is more appealing to you

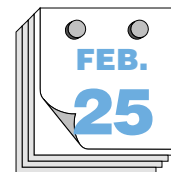
- 1) We can easily accommodate your request to transfer to monthly billing.
- 2) You may also choose to have your monthly payment paid automatically from your checking or savings account (ACH). Once established, we would continue to send you a bill for your records, but you would not need to send anything back to us. There is no charge for this service.
- 3) Budget billing is available to the monthly billed members, which would make your automatic payment the same every month, except the bill due July 10, when actual usage is reconciled with budget billed amounts.
- 4) We are now offering e-bill. This allows members to see their billing information as soon as it is calculated, no matter where they are, any time of any day. An e-mail address and knowing your account number is all it takes to sign up on our Web site. Members who live away from North Star country find this helpful, as it eliminates the need to wait for the postal service to deliver your bill. This works really well with the free ACH method of payment (see above). E-bill does provide the option of paying with a credit card or e-check, but there is a \$3.95 convenience fee with that. Most members on e-bill are using the free ACH method or sending in a check.
- 5) Our AMR (automated meter reading system) is now reading 97 percent of our meters, eliminating the need for most of our monthly billed members to self-read their meter(s).
- 6) The monthly rate is exactly the same as the seasonal rate. Monthly bills are mailed late in the month, and payments are due on or before the 10<sup>th</sup>. 1.5 percent is added to the bill if the payment is late, and another \$5 is added if a disconnect notice is printed. With ACH, late fees are eliminated, and the payment is set up on the 10<sup>th</sup> to be taken from your bank account a day later.

Annual billing had been created for the convenience of members who moved around during the year, couldn't supply monthly meter readings, and preferred a single, annual billing in the winter. If you still prefer the convenience of annual billing, but don't like one large payment each winter, you may send prepayments at any time during the year to reduce the annual amount due.

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](mailto:patsynsec@wiktel.com)). Also, if you notice that the phone number(s) listed on your stub needs updating, please let us know.

## Due date

PLEASE NOTE THAT YOUR DUE DATE IS FEBRUARY 25, 2010. IF THIS CREATES A PROBLEM FOR YOU, PLEASE CALL US TO AVOID DISCONNECTION OF SERVICE. If your payment is late, a 1.5 percent late fee penalty will be added each month until paid. The enclosed bill is the only statement you will receive. If an account is disconnected for nonpayment, there are additional fees: a \$75 disconnection fee, a \$75 reconnect fee (\$150 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 by making a quick call



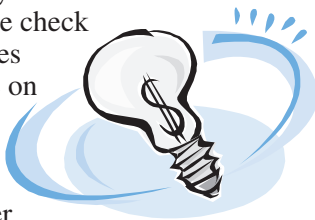
to our toll-free number (1-888-258-2008) before the due date.

### Meter readings

It's a good idea for you to read your meter once in awhile and keep tabs on your usage. That will allow you to identify if your usage is unusually high, and correct it early. We will be reading your meter monthly with the AMR (automated meter reading) system, but only the December reading is uploaded to the billing system for calculating energy usage in the past year.

### 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 nonprofit cooperative, the margins (co-op income in excess of costs) belong to the member-owners, like you. At the end of the year, the total margins 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 30 years North Star has returned \$7,284,035 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

#### Our Energy, Our Future

State and federal legislators have been brewing quite a storm under the guise of fighting climate change. This makes coal an easy, and plentiful, target to tax. Because most of the power you buy is generated from coal in North Dakota, your electric bill is where the tax bucks will come from. Some of that tax money will be spent to develop new technologies, but not all. You need to be an informed voter and ask your legislators tough questions, like, "What effect will the legislation you support have on the affordability, reliability and availability of electricity?" "How much of the cap-and-trade (carbon tax) money will be spent on research required to make emission-free electric plants an affordable reality?" Learn more at [www.ourenergy.coop](http://www.ourenergy.coop) or contact us for more information.

#### 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 this summer to Center, N.D., 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](mailto: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 done brochure on [www.minnkota.com](http://www.minnkota.com). Click on the Power Plant tab and select the Milton R. Young 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 provides scholarship opportunities to students whose parents or guardians are North Star Electric Coopera-

tive 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 program.

#### Monthly newsletter

We have a monthly newsletter for year-round residents, and if you are interested in receiving it, just let us know. We would be very 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 with a mail vote or 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 or answer any questions. Have a good winter!*

## 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.)



### OFFICERS AND DIRECTORS

Steve Arnesen . . . . . President  
Bruce Polkinghorne . . . . . Vice President  
Michael Hanson . . . . . Secretary-Treasurer

### BOARD OF DIRECTORS

L.J. Anderson, Randy Bergan,  
Julian Brzoznowski, Lorraine Nygaard,  
Mike Trueman

*Ann Ellis, Editor*

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)