

FOCUSED ON *THE FUTURE*

Drive-In Annual Meeting

FRIDAY, OCT. 1, 2021

LAKE OF THE WOODS
SCHOOL | BAUDETTE



North Star
ELECTRIC COOPERATIVE
Your Touchstone Energy® Cooperative 

ENLIGHTENER | VOLUME 66 - NO. 9 | SEPTEMBER 2021 | BAUDETTE - MINNESOTA

NORTH STAR ELECTRIC COOPERATIVE, INC. MISSION STATEMENT

To improve the lives of our member-owners and community by responsibly providing clean, affordable, electric energy and other beneficial services while maintaining the very highest standards of performance and member satisfaction.

NORTH STAR ELECTRIC BOARD OF DIRECTORS



Steve Arnesen
District 1 (President)



Shelley Spears
District 2



Randy Bergan
District 3



Michael Hanson
District 4 (Vice President)

Serving since:

Steve Arnesen 1986
Michael Hanson 1994
Randy Bergan 1999
Lorraine Nygaard 2007
Tom Smith 2016
Shelley Spears 2017
Bruce Sampson 2017



Tom Smith
District 5

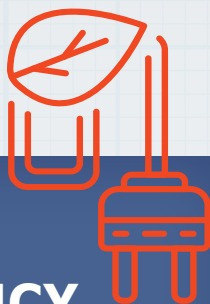


Lorraine Nygaard
District 6 (Secretary/Treasurer)



Bruce Sampson
District 7

ENERGY EFFICIENCY TIP OF THE MONTH



Old, uninsulated and improperly installed exterior doors can waste energy and money. Shut the door on wasted energy by weather stripping and sealing all exterior doors. If you have an old exterior door, consider replacing it with a newer, energy efficient model.

Source: energy.gov

MISSION STATEMENT

To improve the lives of our member-owners and community by responsibly providing clean, affordable electric energy and other beneficial services while maintaining the very highest standards of performance and member satisfaction.

An annual meeting is a meeting of the member-owners of the cooperative. It provides the opportunity to vote for the director of your choice and to express your opinions about the operations of your cooperative. It also provides you with the opportunity to become better informed through the reports of officers and employees. This will be a successful meeting if all who attend gain some knowledge of their cooperative. A well-informed membership is the basis of a strong cooperative.

DIRECTOR CANDIDATES

District 5 - Tom Smith



Tom Smith and his wife, Barb, have been property owners in Koochiching County since 1999, and after retiring from Xcel Energy in 2012, Tom became a year-round resident at his home on Rainy Lake.

Tom has worked in the electrical industry for more than 33 years and has experience in all aspects of the electric system, from generation to distribution.

Tom holds a Bachelor of Science-Mechanical Engineering degree from the University of Minnesota and a Master of Business Administration degree from the University of St. Thomas.

Tom started his electrical career with Northern States Power and, from 1979-1990, he worked as an engineer, engineering superintendent and production engineer. In 1990, Tom continued his career in electric management at NRG Energy Inc., where he served in various management capacities until 2003 and worked in three locations. While at NRG Energy Inc., Tom was Plant Manager at the Ramsey Washington Resource Recovery, Executive Director of Operations in Minneapolis and Vice President of European Operations in Amsterdam. His latest project was Director of Argentina Operations for Xcel Energy (2003-2004) and then as Plant Director at the Black Dog Generation Plant and the Allen S. King Plant (2004-2012).

Tom has served on the board of Rainy Lake Property Owners Association and on the board of a corporation developing a large local economic development project. He currently serves on the board of the Backus Community Center. He has served on six boards of electrical generation companies on five continents.

Since elected to the North Star Board in October 2016, he has attended training seminars for new directors, strategic planning, district meetings and the Minnkota and Square Butte annual meetings. Tom has also attended several seminars enabling him to become a credentialed board member for the electric cooperative.

Since Tom retired from Xcel Energy, he has been looking for ways to give back to the community. With a lifetime of successful energy leadership experience, he feels he is an effective candidate to continue serving as a board member for District 5.

District 6 - Lorraine Nygaard



Lorraine Nygaard has lived in Big Falls for many years. She has three grown children, four grandchildren and three great-grandchildren. Some of her hobbies include gardening, traveling, baking, decorating and visiting family and friends.

Lorraine worked as the city clerk in Big Falls for 30 years. As city clerk, part of her duties included working with other government offices, including the county and state. Some of the projects she was involved in were getting the medical clinic, dental office and bank (now the credit union) to move into Big Falls.

In February 2007 she was appointed to the North Star Board to fill the vacancy for District 6. She was elected to the North Star Board by the members of District 6 at the annual meeting in October 2007.

She has served on several other boards, including the Koochiching County HUD Board for 17 years and Northern Itasca Hospital Board for 15 years. She has also been a member of the Big Falls Community Education and Recreation organization for 29 years and the Legion Auxiliary for 69 years.

Since elected to the North Star Board in October of 2007, she has attended training seminars for new directors, strategic planning, district meetings and the Minnkota and Square Butte annual meetings. Lorraine has also attended several seminars enabling her to become a credentialed board member for the electric cooperative.

Lorraine would like to remain on the board because of her commitment to community and knowing that she can make a difference. Being active in the community, she feels that she is there to listen to concerns of the members and is willing to work with them to find a solution to the problem.

She says that her priorities for the future include keeping the members informed, holding the line on electric rates and helping North Star achieve the goals that have been set for the future growth and prosperity of the cooperative. She feels that her business knowledge of being city clerk for 30 years would help her to accomplish this.

VOTING FORM AND DISTRICT BOUNDARIES

Organization voting form

If you plan to cast the vote of a membership held by an organization, the form shown below will need to be completed and presented before we can issue a ballot. The form must be fully completed.

The

(Name of Organization) has, at an official meeting, authorized

(Name)

to represent us at the 2020 annual meeting of North Star Electric Cooperative, Incorporated.

Attest _____
(Mayor, Chairperson)

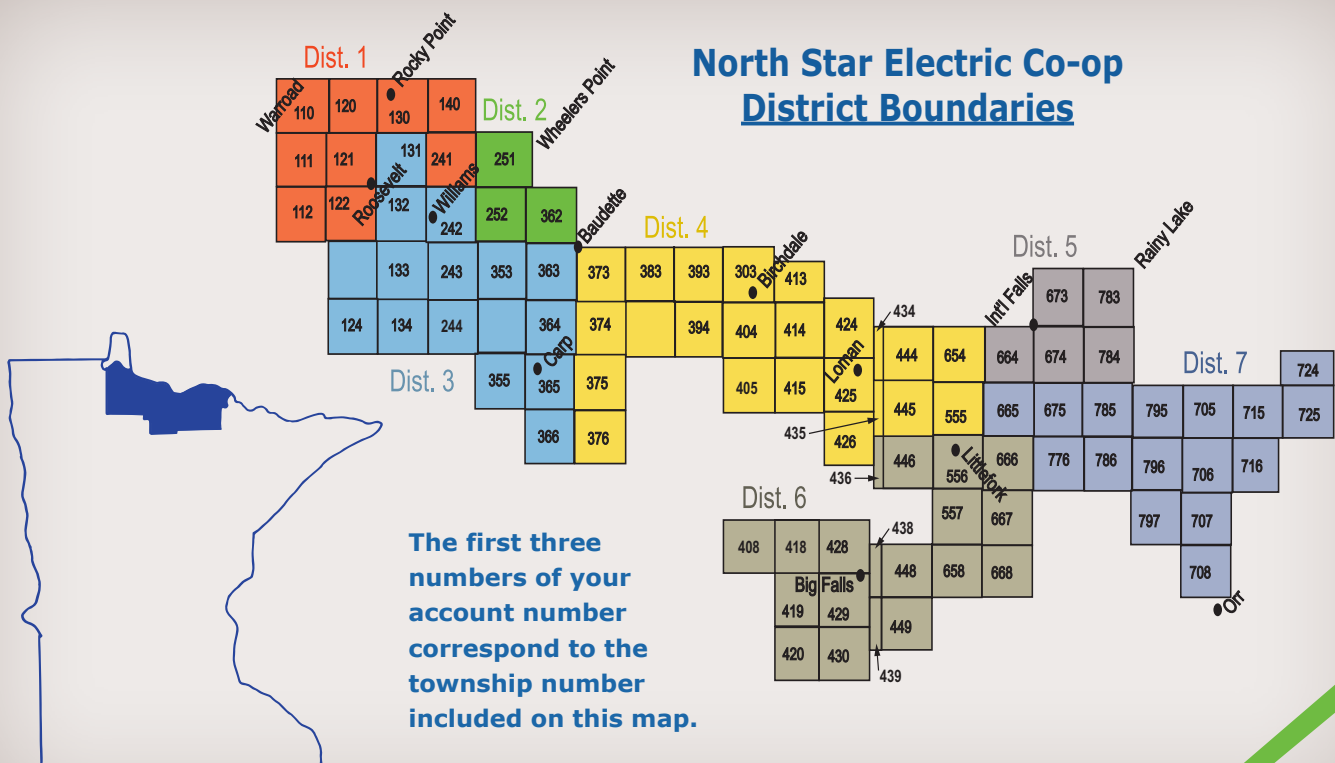
Attest _____
(Clerk, Secretary)

STATEMENT OF NONDISCRIMINATION

North Star Electric Cooperative, Inc. is an equal opportunity provider and employer and does not discriminate on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.)

If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202-690-7442) or email (program.intake@usda.gov).

North Star Electric Co-op District Boundaries



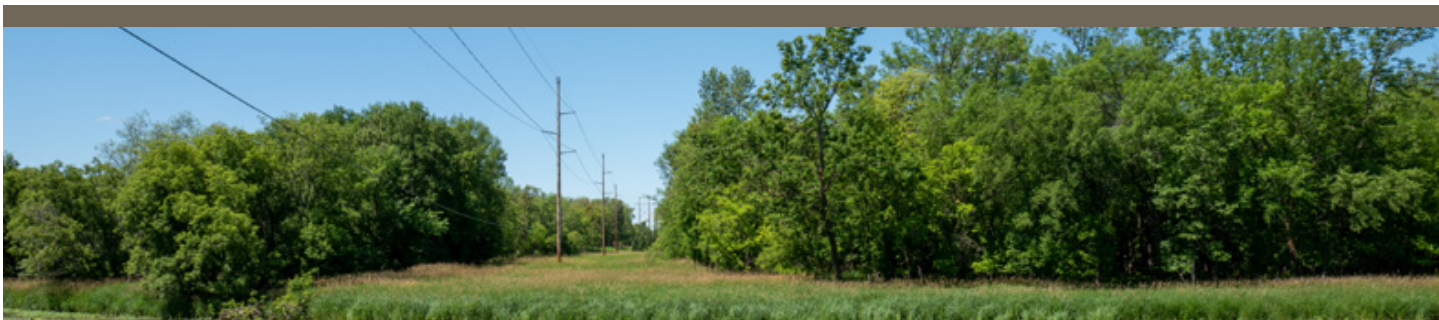
FALL COLORING SHEET



Child's name

Parent's name

PRESIDENT & MANAGER'S REPORT



Empowering the future of our membership



Steve Arnesen
Board President

Over the past year there's no denying we've all continued to face challenges; however, we should focus on how resilient each and every one of us has been. Your cooperative board, employees and members have done a spectacular job adjusting to circumstances well beyond our control. North Star remains steadfast and devoted to the mission of providing our member-owners with clean, affordable electric energy and other beneficial services while maintaining the very highest standards of performance and member satisfaction. Focusing on the future is exactly what we're doing at North Star to look out for our members' best interests in a sea of uncertainty.

This year's 81st annual meeting will be quite similar to last year's, held at the Lake of the Woods School parking lot in Baudette. Members will have the opportunity to



Josh Compton
General Manager

win an Apple iPad, a Fitbit smartwatch and a \$500 energy bill credit – all of which will be randomly drawn from the members who are in attendance at the meeting. Children who complete a coloring sheet activity will have the chance to win a \$100 prize as well. Members will be able to pick up their free gift and dinner between 4 p.m.-4:45 p.m. The meeting will begin at 4:45 p.m.

The cooperative's financials are forecasted to remain stable and within budget through the end of 2021, excluding any unexpected events. Safety is always a top priority. Our line crews will continue working tirelessly to clear and maintain rights of way across the system to ensure we maintain a strong level of safety for

- Your co-op board, employees and members have done a spectacular job adjusting to circumstances well beyond our control.

- It's imperative we take steps to empower our membership with the tools and resources for any changes on the horizon.

- The future is bright and your cooperative is here to ensure we plan for and play an integral role in it.

our members and employees. We are committed to keeping power outages to a minimum and right-of-way clearing plays a large role in it.

Over the last several decades, we've seen the utility industry undergo several changes that have shaped where we are and how we operate. Today, it is one of

Avoid planting trees in our right-of-way.



the most evolving sectors of the economy in terms of electric vehicles, renewable resources, technology, strong environmental mandates and politics that swing back and forth like a pendulum every few years. With so many changes on the horizon for electric utilities (co-ops, IOUs and municipals), we're committed to staying focused on the future here at North Star. The decisions we make today will have lasting impacts on our current members and our future members. It's imperative we take steps to empower our membership with the tools and resources to address these changes. Our investments into Advanced Metering Infrastructure (AMI) will be one tool that allows us to do this. AMI meters will allow North Star to provide members with demand readings (soon to be on your bills for informational purposes), which could one day translate into revamping rate structures that empower our members to save more money.

A couple weeks ago, the federal government released census data indicating rural America is seeing a decline in population growth. Even though this isn't great news, it doesn't have to diminish our voice – it should make us louder. Just because we don't have the largest numbers compared to the big cities doesn't mean we can't make our voices heard. We do this by attending our local government board meetings, voting, contacting local, state and federal representatives, running for office (if possible) and fighting for causes that we believe empower rural America.



National Voter Registration Day

Tuesday, September 28, 2021

Sign up today! [Nationalvoterregistrationday.org/partner](https://nationalvoterregistrationday.org/partner)

If we remain silent and allow the large urban centers to shape any and all policy changes, we are at the mercy of whatever they decide and mandate unless we remain active in the discussion. We may not be able to drive the entire train, but we certainly can help push it on a track that is more beneficial to us. Over the years, North Star has done a tremendous job at being part of the conversations and fighting for our membership. It's imperative our members remain active and we collectively, across the cooperative network nationwide, continue the course.

We as electric cooperatives should be excited to embrace change. However, in instances where that change is a direct threat, or information is being conveyed in very disingenuous ways, we need to do our best to push back. We all have and can support a transition to cleaner renewable energy, but we cannot realistically warm our homes and businesses when temperatures are -40 degrees without coal, gas, nuclear, etc. The future is bright and your cooperative is here to ensure we plan for and play an integral role in it – with the help and input of our member-owners.

Stay healthy and until next time,

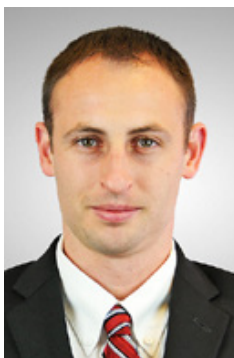
President Arnesen and Manager Compton



**Community born.
Community led.
Focused on YOU.**

October is
National Co-op Month!

NORTH STAR ELECTRIC EMPLOYEES



Josh Compton



Marty Mollberg



Kevin Holen



Robyn Sonstegard



Patsy Olson



Todd Thydean



Susan Williams



Tim Pelach



Glen Marcotte



Todd Higgins



Tessa Strohl



Jesse Huot



Darren Koschak



Preston Kennedy



Brittany Hanson



Nick Horne



Nathan Zortman



Daniel Fish



Rachel Krohn



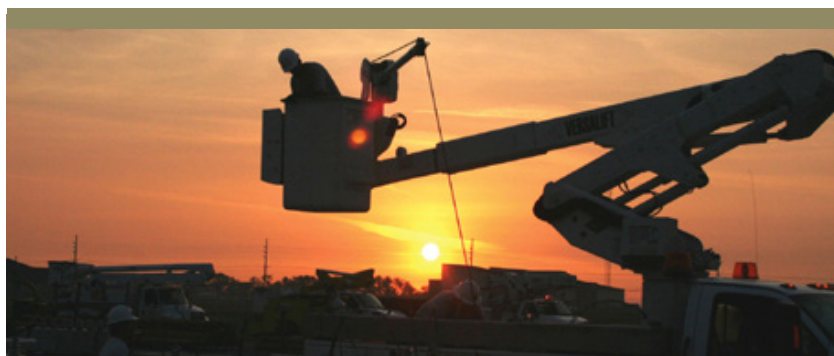
Clayton Gubbels



Travis Pederson



John Lehrer

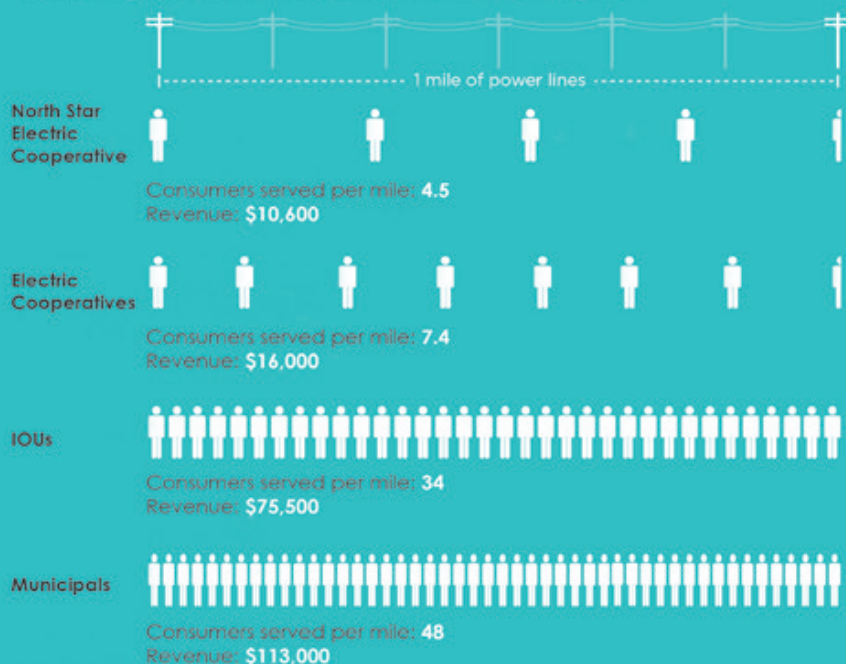


	Position	Years of Service
Josh Compton	General Manager	
STAFF		
Kevin Holen	Member Services Manager	25
Marty Mollberg	Operations Manager	33
Robyn Sonstegard	Finance Manager	14
EMPLOYEES		
Patsy Olson	Billing Coordinator	45
Todd Thydean	Line Foreman	33
Susan Williams	Supervisor, District Office Services	33
Tim Pelach	Line Foreman	30
Glen Marcotte	Line Sub-Foreman	19
Todd Higgins	Line Sub-Foreman	18

	Position	Years of Service
Tessa Strohl	Accountant	12
Jesse Huot	Journeyman Lineman	8
Darren Koschak	Lead Lineman	8
Preston Kennedy	Lead Lineman	8
Brittany Hanson	Plant Accountant	7
Nick Horne	Journeyman Lineman	7
Nathan Zortman	Journeyman Lineman	6
Daniel Fish	AMI, Mapping, IT Technician/Purchasing Agent	4
Rachel Krohn	Billing Clerk/Administrative Assistant	3
Clayton Gubbels	Member Service Electrician	2
Travis Pederson	Journeyman Lineman	1
John Lehrer	Summer Apprentice Lineman	

Going the Extra Mile

Electric cooperatives maintain more miles of power lines per consumer than other types of electric utilities. Even though they serve fewer consumers and acquire less revenue, electric co-ops always go the extra mile to power the communities they serve.



What can you get for \$1?



You may feel guilty about the time you spend on your tablet, but you don't have to feel guilty about the power price. It only costs \$1 in electricity to use your device for around 600 hours. That's a lot of movie watching, article reading or video chatting for just a buck!

POWER SUPPLY REPORT

Mac McLennan, *President & CEO, Minnkota Power Cooperative*

At Minnkota Power Cooperative, we are navigating through rapid industry change and working to build a better future for our membership. Over the last year, projects have been pursued to improve overall reliability, enhance service and advance next-generation energy technologies. While there are challenges on the horizon, we remain confident in our ability to provide reliable, affordable and environmentally responsible energy to North Star Electric Cooperative and the other 10 member-owner cooperatives in our system.

Despite obstacles presented by the COVID-19 pandemic over the last 18 months, Minnkota employees continue to find creative solutions to problems and have proven to be innovative in collaborating and moving projects forward. We have worked to keep them safe, while at the same time ensuring your homes, farms, businesses and healthcare facilities have access to dependable electricity.

To meet your 24/7 energy needs, Minnkota utilizes a diverse mix of coal,




wind and hydro resources. Although we have added a significant amount of renewable energy over the last 15 years, coal remains a critical resource to ensure the reliability of the electric grid. Harsh winters in the Upper Midwest can severely limit the ability of wind and solar farms to operate for extended periods of time. During polar vortex events in 2014, 2019 and 2021, Minnkota received almost no production from wind facilities for multiple days. At temperatures of

negative 30 degrees, the absence of reliable power can be life-threatening. The devastating power outage events in Texas and California this past year have shown that the electric utility industry must refocus on reliability, resiliency and security of the grid.

As the electric utility sector continues to go through one of the most transformational periods in its history, questions remain on how ambitious environmental goals will be met while maintaining affordable and dependable service. On the environmental front, Minnkota has made great strides toward reducing the carbon footprint of our generation portfolio. About 42% of the generation capacity provided is already derived from carbon-free resources, and opportunities to decarbonize even further are being pursued. We are currently in the process of thoroughly evaluating Project Tundra – an effort to install carbon capture technology at the coal-based Milton R. Young Station near Bismarck, N.D. This power plant has reliably delivered electricity to the grid for decades and is well-positioned for





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technology advancements. The Project Tundra facility is designed to have a 90% CO₂ capture rate – which is the equivalent of permanently taking 800,000 gasoline-fueled cars off the road. The CO₂ would be safely stored more than one mile underground near the Young Station site. We fully anticipate CO₂ regulation is on the horizon, but if the goal is to meet climate goals around the world, the United States must focus its efforts on innovation and technology development.

Project Tundra is estimated to require approximately \$1 billion capital investment, which would primarily be funded through federal 45Q tax credits. These incentives work similarly to the tax credits that have been used by wind and solar projects for many years. Research, permitting and financing efforts will all continue into 2022 in anticipation of making a decision on whether to move forward with the project later that year.

When it comes to delivering power to your region, our systems and infrastructure are becoming smarter, stronger and more efficient with each passing year. Even with challenges and supply chain issues related to COVID-19, nearly all scheduled project work has remained on schedule. Aging infrastructure and system reliability are the primary focus, as vast stretches of the power delivery system have been modified, upgraded or completely rebuilt in recent years. In North Star's area, a significant stretch of 69-kilovolt (kV) transmission line from south of Warroad to Baudette will be rebuilt in the coming years and a new distribution substation is planned near Roosevelt. Major upgrades to the Moranville substation were also

completed in 2021. These projects will help ensure your area has access to reliable energy well into the future. As we work to address this legacy infrastructure, positive results are beginning to emerge. Over the last five years, power delivery metrics—including sustained outages, blink outages and total outage time – are all steadily improving thanks to a wide array of programs and routine maintenance.

Looking back on the past year, we reached several milestones and created new opportunities to improve our operations. We know we have challenges in front of us, but we haven't endured for 81 years without facing adversity. We will remain a strong and stable cooperative as long as we stay true to our purpose – serving our members.

- Although we have added a significant amount of renewable energy over the last 15 years, coal remains a critical resource to ensure the reliability of the electric grid.

- The devastating power outage events this past year have shown that the electric utility industry must refocus on reliability, resiliency and security of the grid.

- In North Star's area, a significant stretch of 69-kilovolt transmission line from south of Warroad to Baudette will be rebuilt in the coming years.

Small electric cooperatives have big goals these days. Our biggest goal is reliability.

Renewable resources are part of our diverse energy strategy. But when it's this cold, we need 24/7 coal power to keep our grid strong. And as a leader in carbon capture research, our resilience is becoming even more responsible.



ALL IN

Reliable. Affordable. Cleaner than ever.
We're all in on all-of-the-above energy.

ALL-OF-THE-ABOVE ENERGY

2020 INCOME STATEMENT

WHERE IT CAME FROM:

Farms and Homes	\$ 10,015,389
Small Commercial	2,415,647
Large Commercial	2,085,294
Seasonal	466,769
Street Lighting	31,534
Consumer Penalties & Misc. Electric Revenue	114,992
Rent from Electric Property	58,078

Total Revenue **\$ 15,187,703**

WHERE IT WENT:

Operations and Maintenance Expense:

Purchased Power	\$ 8,763,420
Operations (includes supervision, safety, mapping, cable locating, etc.)	595,187
Maintenance of Distribution Plant (includes right-of-way maintenance, outage costs, etc.)	1,022,522
Consumer Accounts	357,430

Consumer Services and Information	386,145
Sales	44,173
Administrative and General	1,397,392
Depreciation	1,249,865
Interest	675,582
Taxes	79,358

Total Cost of Electric Service **\$ 14,571,074**

Electric Operation Margin for Year (Revenue less Expense)	\$ 616,629
Interest and Dividend Income	38,276
Misc. Nonoperating Margins	26,441
Generation and Transmission Capital Credits (Minnkota Power Cooperative)	844
Other Capital Credits and Patronage Dividends	36,803

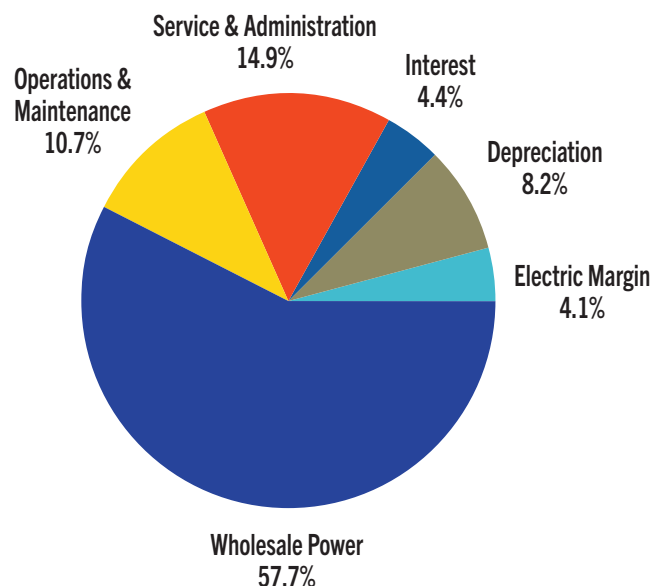
Net Patronage Capital Assigned **\$ 718,993**

COMPARATIVE CHARACTERISTICS

TRAIT	CO-OPS	IOUS	MUNIS
Owned by	Consumers	Stockholders	City/Town
Number in MN	48	5	124
% of consumers served	13%	72%	15%
Tax status	Not-for-profit	For-profit	Not-for-profit
Earnings from operations?	Not allowed, returned to members	Paid to investors	Can be used for general fund
Pays income tax?	No	Yes	No
Pays property tax?	Yes	Yes	No
Number in U.S.	900	200	2,000
% of total distribution line	42%	50%	7%
Number of consumers (U.S.)	20 million	110 million	24 million
Total assets (U.S.)	\$192 billion	\$1,025 billion	\$280 billion

HOW YOUR 2020 DOLLAR WAS SPENT

Revenue from the sale of our service amounted to **\$15,187,703** as of the year ending Dec. 31, 2020.



STATEMENT OF FINANCIAL CONDITION

Balance Sheet as of Dec. 31, 2020

WHAT WE OWN:

Lines and General Equipment	\$ 48,545,287
Less: Provision for Depreciation	(17,329,548)
Net Utility Plant	\$ 31,215,739

Cash:

General Funds	\$ 810,721
Investments	1,505,846
Temporary Investments	3,624,149
Notes Receivable Net	80,417
Receivables	1,818,892
Material and Supplies	553,034
Prepaid Expenses <i>(includes insurance)</i>	85,336
Other Current and Accrued Assets <i>(accrued revenue)</i>	3,900
Deferred Debits <i>(includes prepayments for engineering studies and benefits)</i>	158,603

Total of What We Own

\$ 39,856,637

WHAT WE OWE:

Long-Term Obligations	\$ 21,769,569
Current and Accrued Liabilities <i>(includes accounts payable, taxes, interest, deposits, etc.)</i>	2,760,050
Deferred Credits <i>(includes member prepayments)</i>	262,370

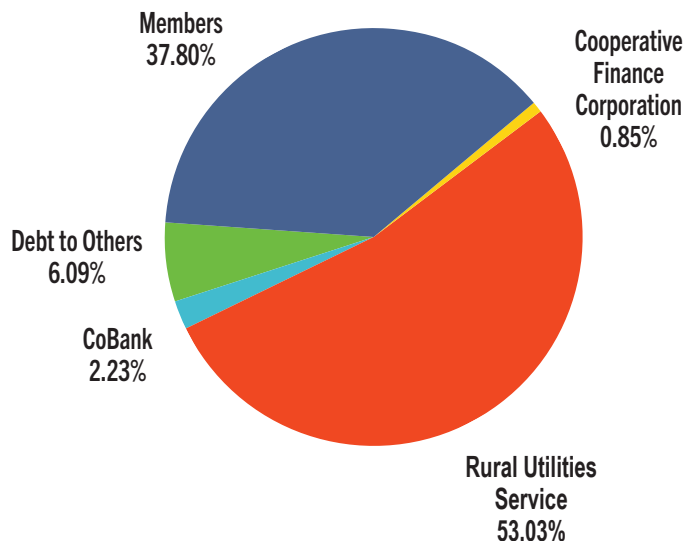
Our Equity in Above Assets:

Membership Fees	\$ 27,470
Patronage Capital and Other Equities	15,037,178

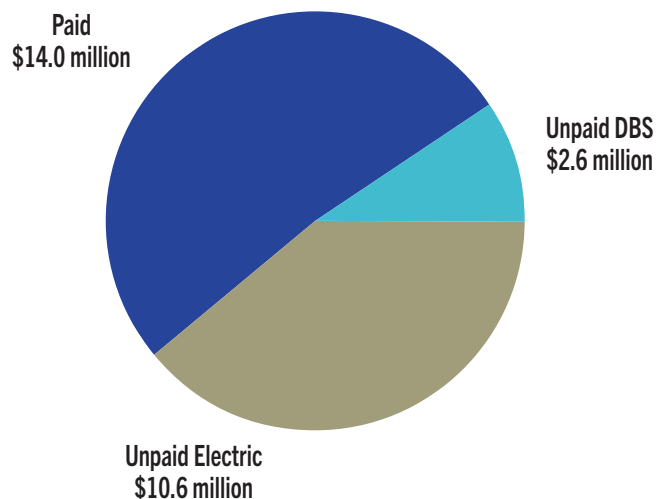
Total of What We Owe

\$ 39,856,637

WHO OWNS WHAT



CAPITAL CREDITS *(as of Aug. 2021)*

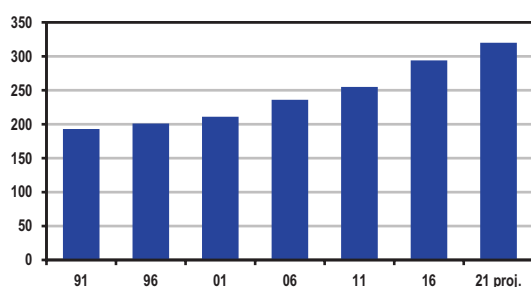


COMPARATIVE OPERATING STATISTICS

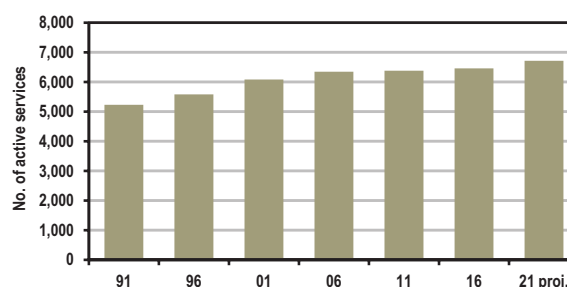
	2016	2017	2018	2019	2020	2021 proj.
Revenues	\$14,145,538	\$14,713,050	\$15,318,619	\$15,518,647	\$15,187,703	\$15,092,418
Cost of Wholesale Power	8,502,552	8,742,381	9,087,856	9,210,217	8,763,420	8,859,253
Operating Expenses	3,378,657	3,344,276	3,754,563	3,307,368	3,802,849	3,735,981
Depreciation	1,126,580	1,315,363	1,218,479	1,297,878	1,249,865	1,282,643
Taxes	600	77,704	73,428	75,703	79,358	76,508
Interest	843,285	856,583	850,529	861,465	675,582	686,533
TOTAL EXPENSES	\$13,851,674	\$14,336,307	\$14,984,855	\$14,752,631	\$14,571,074	\$14,640,918
OPERATING MARGIN	\$293,864	\$376,743	\$333,764	\$766,016	\$616,629	\$451,500
kWh Purchased	111,114,871	112,629,479	117,733,425	118,463,330	113,317,173	111,921,735
kWh Sold	104,003,534	105,527,407	109,236,049	111,159,290	106,410,124	104,700,444
Miles of Line	1,437	1,442	1,444	1,449	1,452	1,454
Connected Members	6,457	6,513	6,549	6,597	6,655	6,715
Average Residential Usage*	1,127	1,128	1,157	1,153	1,083	1,053
Average Residential Bill*	153.95	158.63	162.83	162.42	157.40	155.17
Average Residential Rate/kWh* (excludes seasonals)	0.137	0.141	0.141	0.141	0.145	0.147
Average Wholesale Cost to North Star per kWh Sold	0.0818	0.0828	0.0832	0.0829	0.0824	0.0846

* Monthly billed residential accounts

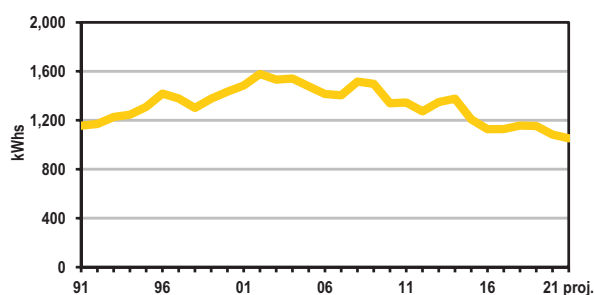
ACCOUNTS PER EMPLOYEE



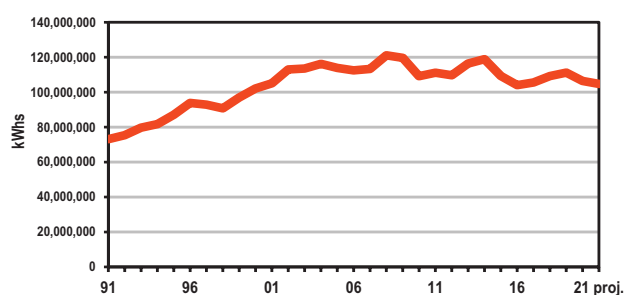
TOTAL ELECTRICAL ACCOUNTS



ELECTRICITY CONSUMED PER RESIDENCE



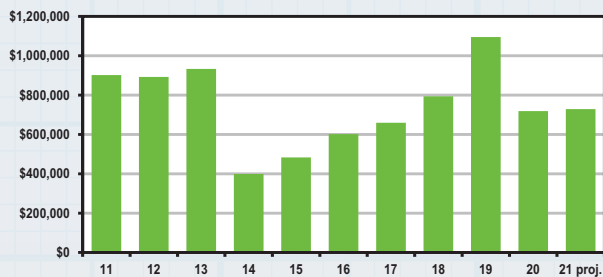
ELECTRICITY CONSUMED CO-OP TOTAL



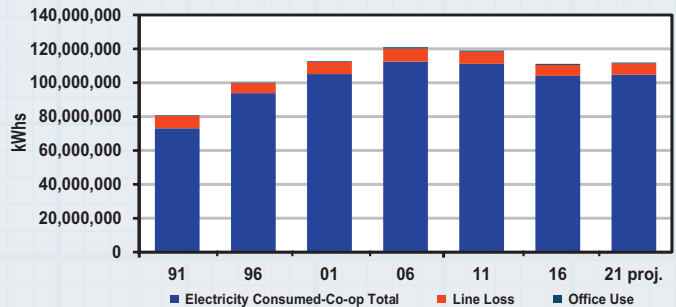
OPERATING COMPARISONS

	New Services	Retired Services	Connects	Disconnects	Net Gain	Sec. Lights Installed	Sec. Lights Removed
2005	87	17	80	137	30	43	34
2006	106	28	85	158	33	122	125
2007	69	27	112	189	-8	35	49
2008	62	52	126	188	0	33	45
2009	57	34	119	171	5	35	43
2010	44	70	130	153	21	24	50
2011	41	25	93	133	1	17	48
2012	63	30	97	137	23	21	40
2013	38	20	92	133	-3	18	26
2014	46	26	109	134	21	15	40
2015	65	36	80	112	33	22	32
2016	58	37	87	104	41	17	23
2017	82	58	78	104	56	29	31
2018	100	54	75	116	59	23	23
2019	54	36	88	117	25	16	20
2020	89	43	81	75	95	10	21

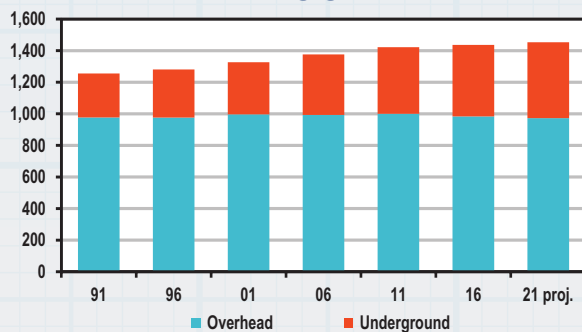
MARGINS



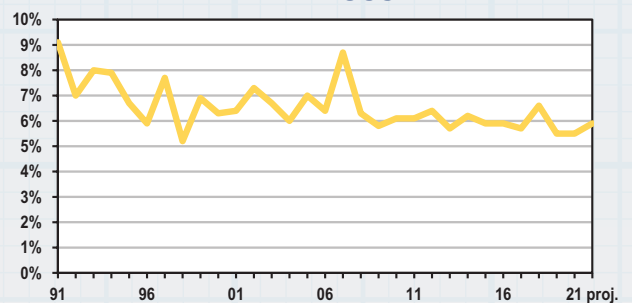
KWH SOLD, OFFICE USE AND LOSSES



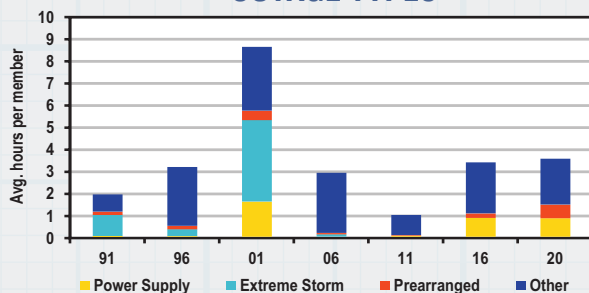
MILES OF LINE



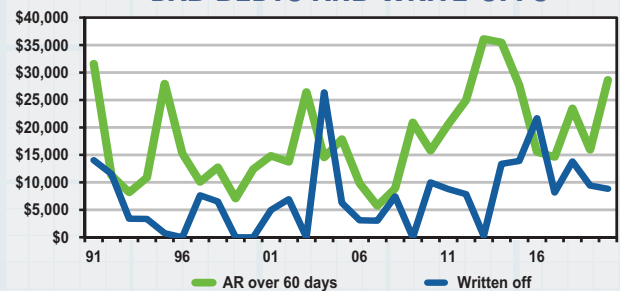
LINE LOSS



OUTAGE TYPES



BAD DEBTS AND WRITE-OFFS



2020 ANNUAL MEETING MINUTES



Annual meeting of the members of North Star Electric Cooperative, Inc., Oct. 2, 2020

The Drive-In Annual Meeting of the members of North Star Electric Cooperative, Inc., was held at the Lake of the Woods School parking lot in Baudette, Minn., on Friday, Oct. 2, 2020, pursuant to the notice of the meeting published in the cooperative's newsletter.

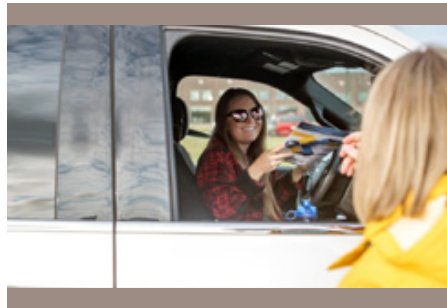
The meeting was preceded by the registration of the members. A pulled pork dinner was served by the West of Border food truck.

President Steve Arnesen welcomed the members to their 80th annual meeting, called the meeting to order at 4:45 p.m., led the meeting attendees in the Pledge of Allegiance and gave the invocation.

President Arnesen reported the number of registered members as 144, which exceeded the minimum requirements of 50 for a quorum.

President Arnesen read the Notice of the 2020 Annual Meeting, reported that the minutes of the 2019 annual meeting of the members were printed in the annual report handed out during registration and gave the Treasurer's Report, which highlighted the favorable results of the annual audit conducted by CliftonLarsonAllen.

A motion was made, seconded and unanimously carried to approve the minutes of the 2019 annual meeting as presented.



President Arnesen introduced attorney Sam Schmitz to conduct the election for the directors in District 1 and District 4. Attorney Schmitz introduced the two unopposed candidates, Steve Arnesen as the only candidate for District 1, and Michael Hanson as the only candidate for District 4.

Attorney Schmitz explained that if a motion was made to cast a unanimous ballot for the reelection of the unopposed candidates in Districts 1 and 4, there would be no need to conduct an election.

A motion was made, seconded and unanimously carried to cast a unanimous ballot for District 1 candidate Steve Arnesen. A motion was made, seconded and unanimously carried to cast a unanimous ballot for District 4 candidate Michael Hanson.

President Arnesen addressed the membership. He discussed the history of rural electric cooperatives and thanked the members for allowing him to serve the last 34 years.

Attorney Schmitz addressed the membership and gave a brief overview and history of Minnkota Power Cooperative and its upcoming projects, including those that will directly impact the members of North Star.

A request for old business to be presented in writing ahead of time was posted in the Enlightener. There was no old business.

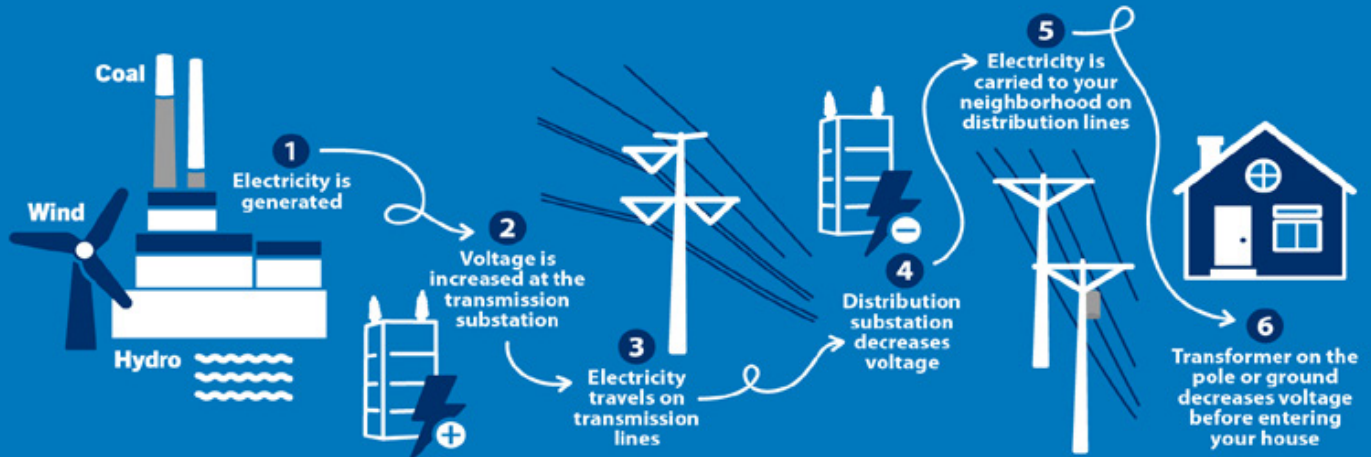
A request for new business to be presented in writing ahead of time was posted in the Enlightener. There was no new business.

Prizes drawn totaled \$1,000 in energy credits and one \$100 check for a children's coloring contest:

- **\$500 Energy Bill Credit** – Willis Bitter
- **\$500 Energy Bill Credit** – Barbara Welberg
- **\$100 Check** – Nolan Martinson (son of member Jared Martinson)

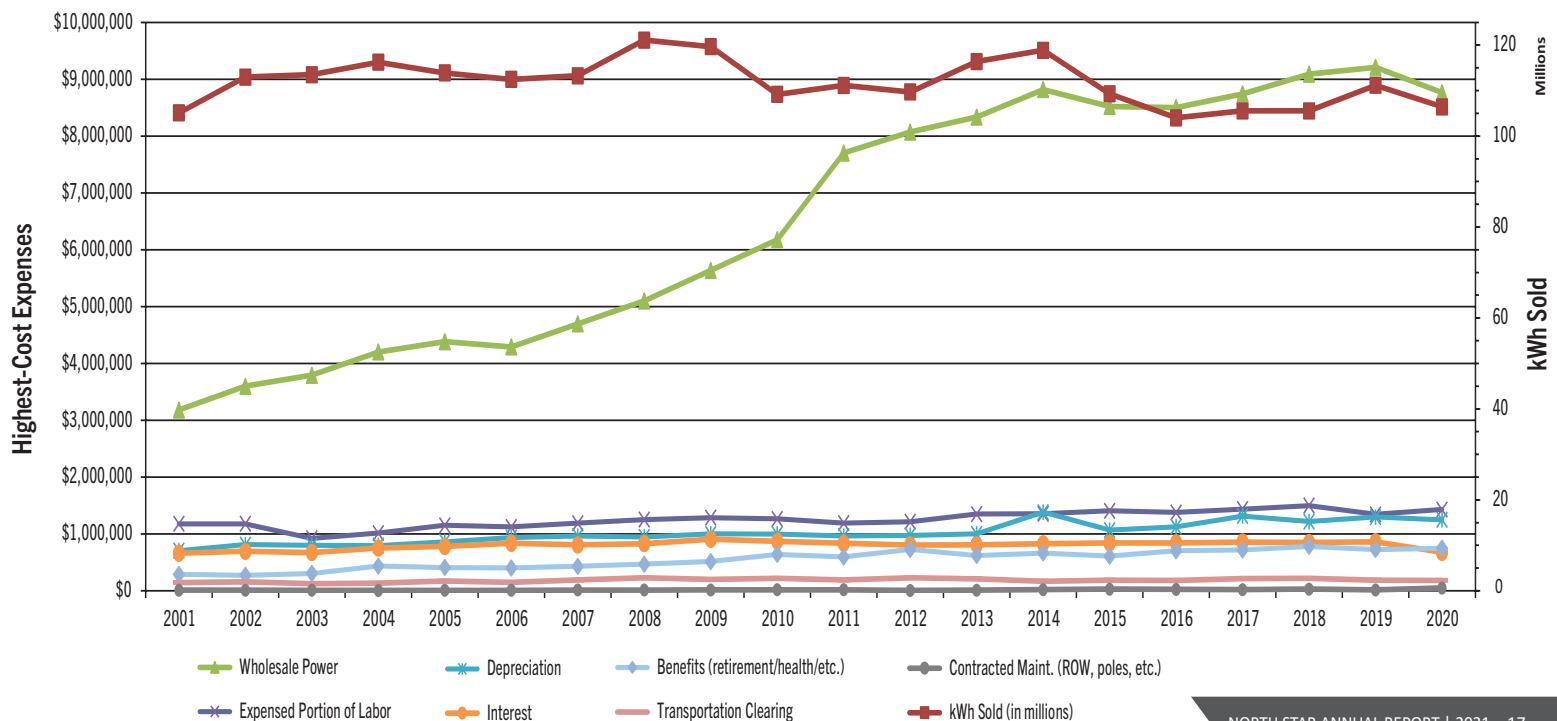
There being no further business, a motion was made, seconded and unanimously carried to adjourn the meeting at 5:05 p.m.

HOW ELECTRICITY GETS TO YOUR HOME



HIGHEST-COST EXPENSES *(compared to kWh sold)*

These lines represent our largest expenses for the last 20 years. Cost of power is the quickly climbing line despite the fact that the number of kWh sold were rather unchanged since 2002. Wholesale power, per kWh, stabilized in 2013 and 2014. The lines along the bottom include labor, depreciation, interest, benefits and transportation.



AS PROPANE PRICES SPIKE, OFF-PEAK PROGRAM PROVIDES STABILITY

The last two years have shown consumers how volatile pricing can be – from gas to building supplies to vehicles. Most recently, propane prices have skyrocketed, leaving some people planning for a costly heating season. If you're looking for something rock solid, take advantage of an air-source heat pump on your co-op's off-peak electric heating program for your next system replacement or new home.

For the last decade, our low off-peak electricity price has remained stable, protecting you from the harsh, sometimes pocket-emptying cost swings of propane. With the off-peak electric program, you still have the choice to utilize a backup fuel source when it's very cold, and you have more control over your monthly expenses. It's the comfort and security you've been longing for.

What is the demand response – or "off-peak" – program?

The demand response program is voluntary for our members, and it has become a popular way to save on heating and cooling by reducing your exposure to variable propane prices. Participants allow our power supplier, Minnkota Power Cooperative, to remotely turn off electric heaters and other interruptible loads in exchange for a discounted retail electric rate. This enables Minnkota to more effectively manage

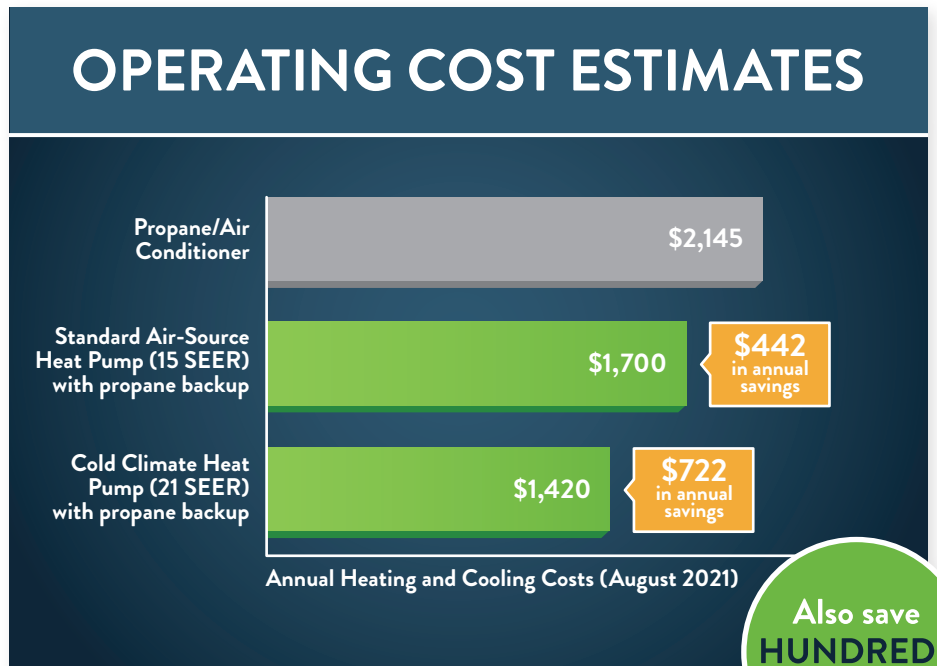
its existing power resources and avoid adding new, costly electric generating resources.

Save money with an air-source heat pump

Because of their advanced efficiency, the cost to run an air-source heat pump (ASHP) often falls well below the cost of propane-only heat. The difference grows when propane prices rise, which can happen without much notice. North Star Electric Cooperative offers

hundreds of dollars in rebates to help offset the cost of installing a qualified ASHP.

In addition to protecting you from unpredictable fuel prices, ASHPs maintain the same comfort you expect without the need to endlessly monitor fuel levels. Electric heat doesn't run out, so you can avoid more seasonal refills and messy maintenance. Plus, less reliance on fossil fuels means fewer emissions inside and outside your home.



Assumptions: Typical weather in a northern climate. Assumed heating requirements of 55,000 BTUh. Average propane price of \$1.50 per gallon. Summer electric rate of 12.7 cents per kWh. Winter off-peak electric rate of 6.6 cents per kWh. (Estimates courtesy of Bryant Heating & Cooling.)

See how your home can go off-peak by calling your North Star Electric energy pros at 218-634-2202 or visiting our website: northstarelectric.coop.

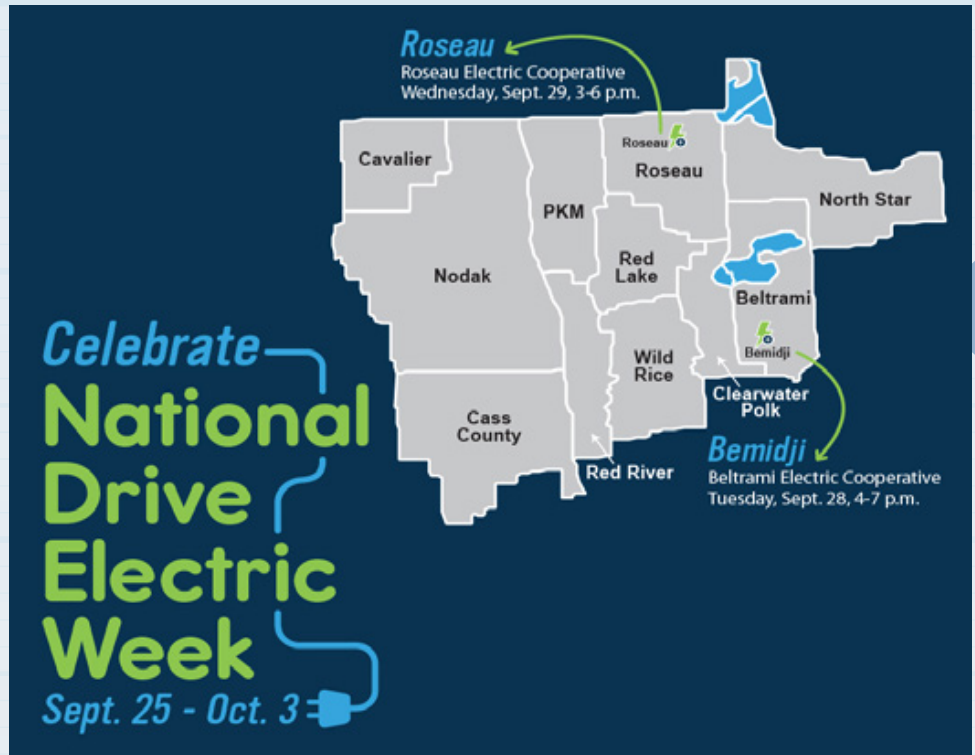
WHERE YOUR POWER COMES FROM:

CAPACITY

34% wind
8% hydro
55% lignite coal
3% other

ENERGY

19% wind
11% hydro
67% lignite coal
3% other



2020 Average Residential Electric Rates (cents per kilowatt-hour; data shows year-to-date rates as of December 2020)

**2021 North Star
Electric Rate
(projected)
14.25¢**

West North Central	11.99	East North Central	13.48	New England	21.20	Middle Atlantic	15.92
Iowa	12.98	Illinois	12.84	Connecticut	22.44	New Jersey	16.06
Kansas	12.73	Indiana	12.53	Maine	16.80	New York	18.34
Minnesota	13.42	Michigan	16.39	Massachusetts	22.03	Pennsylvania	13.56
Missouri	10.90	Ohio	12.07	New Hampshire	19.06		
Nebraska	10.99	Wisconsin	14.80	Rhode Island	22.01	South Atlantic	11.89
North Dakota	10.49			Vermont	19.47	Delaware	12.70
South Dakota	11.81					District of Columbia	12.63
						Florida	11.58
Mountain	11.88					Georgia	11.82
Arizona	12.41					Maryland	13.02
Colorado	12.44					North Carolina	11.50
Idaho	10.00					South Carolina	12.53
Montana	11.52					Virginia	12.09
Nevada	11.39					West Virginia	11.81
New Mexico	13.09						
Utah	10.61					East South Central	11.36
Wyoming	11.18					Alabama	12.66
						Kentucky	10.83
Pacific Contiguous	16.67			West South Central	11.29	Mississippi	11.26
California	20.51			Arkansas	10.40	Tennessee	10.76
Oregon	11.10	Pacific Noncontiguous	27.15	Louisiana	9.47		
Washington	9.74	Alaska	22.86	Oklahoma	9.97		
		Hawaii	30.32	Texas	11.96		

Source: Energy Information Administration

This is your Express Registration ticket. Please bring it to the meeting.



2021 ANNUAL MEETING AGENDA

Lake of the Woods School | Baudette, Minn. | Friday, Oct. 1, 2021

- 4:00-4:45 p.m.** 1. – Drive-up registration, receive gift and takeout dinner
(Express registration lane for those bringing this addressed page of the Enlightener)
– Park in school parking lot and face the school
– Tune radio to 94.5 FM
– Kids complete \$100 activity drawing
- 4:45 p.m.** 2. – Flag raise signals beginning of meeting
3. – Welcome and call to order.....President Steve Arnesen
(Kids' activity pages collected by employees)
4. – Approve minutes of the 2020 annual meeting
5. – Election of directors
(Districts 5 and 6 are uncontested, so motion to cast unanimous ballot is requested)
5. – President's reportPresident Steve Arnesen
6. – Old and new business
(If there is something you would like addressed, please submit it in writing before meeting)
7. – Prize drawings (must be present to win)
\$500 energy credit grand prize
Apple iPad
Fitbit Versa 2 Smartwatch
\$100 kids' coloring contest
8. – Adjournment



Annual meeting
gift for all
members –
oven mitt



ANNUAL MEETING PRIZES

GRAND PRIZE
\$500 Energy Credit

- 1 – Apple iPad
- 1 – Fitbit Versa 2 Smartwatch
- 1 – \$100 Kids' Coloring Contest

*Thank you for participating
in YOUR annual meeting!*

OFFICE HOURS | 7:30 A.M. - 4 P.M. | MONDAY - FRIDAY

Baudette 218-634-2202 or 888-634-2202 | Littlefork 218-278-6658 or 888-258-2008
For credit card payment 855-874-5354 | Online billing info available via SmartHub app
Electrical after-hours emergencies 1-888-6OUTAGE (1-888-668-8243)
E-mail us at nsec@wikel.com | Visit our website at northstarelectric.coop

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**'LIKE' US ON FACEBOOK TO
STAY UP TO DATE**

Like your cooperative for outage
updates during autumn storms and
other useful info.

 /northstarelectric

*This institution is an equal opportunity
provider and employer.*