



WE POWER YOU



**DRIVE-IN
ANNUAL MEETING**
Friday, Oct. 6, 2023

**Lake of the
Woods School**
Baudette, Minn.



North Star
ELECTRIC COOPERATIVE
Your Touchstone Energy® Cooperative 

ENLIGHTENER | VOLUME 68 - NO. 9
SEPTEMBER 2023 | BAUDETTE - MINN.

NORTH STAR ELECTRIC COOPERATIVE, INC. MISSION STATEMENT

To improve the lives of our member-owners by providing reliable electric energy services while maintaining the very highest standards of performance and member satisfaction.

NORTH STAR 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
Douglas King 2022



Tom Smith
District 5



Lorraine Nygaard
District 6 (Secretary/Treasurer)



Douglas King
District 7



ENERGY EFFICIENCY

TIP OF THE MONTH

Did you know fall is the perfect time to schedule a tune-up for your heating system? Home heating accounts for a large portion of winter energy bills, and no matter what kind of system you have, you can save energy and money by regularly maintaining your equipment.

Source: Department of Energy

MISSION STATEMENT

To improve the lives of our member-owners by providing reliable electric energy 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.

BOARD OF DIRECTORS CANDIDATE

District 7 – Douglas King (*incumbent*)



Doug King and his wife, Ann, have lived at their current home in Ericsburg for 27 years. They raised two sons who, after attending college, both chose careers in the electrical industry.

Doug has nearly 40 years of experience in the electrical industry. He began his career working with a contractor in Rogers, Minn., where he attained his Journeyman Electrician's license and then went on to obtain his Master Electrician's license.

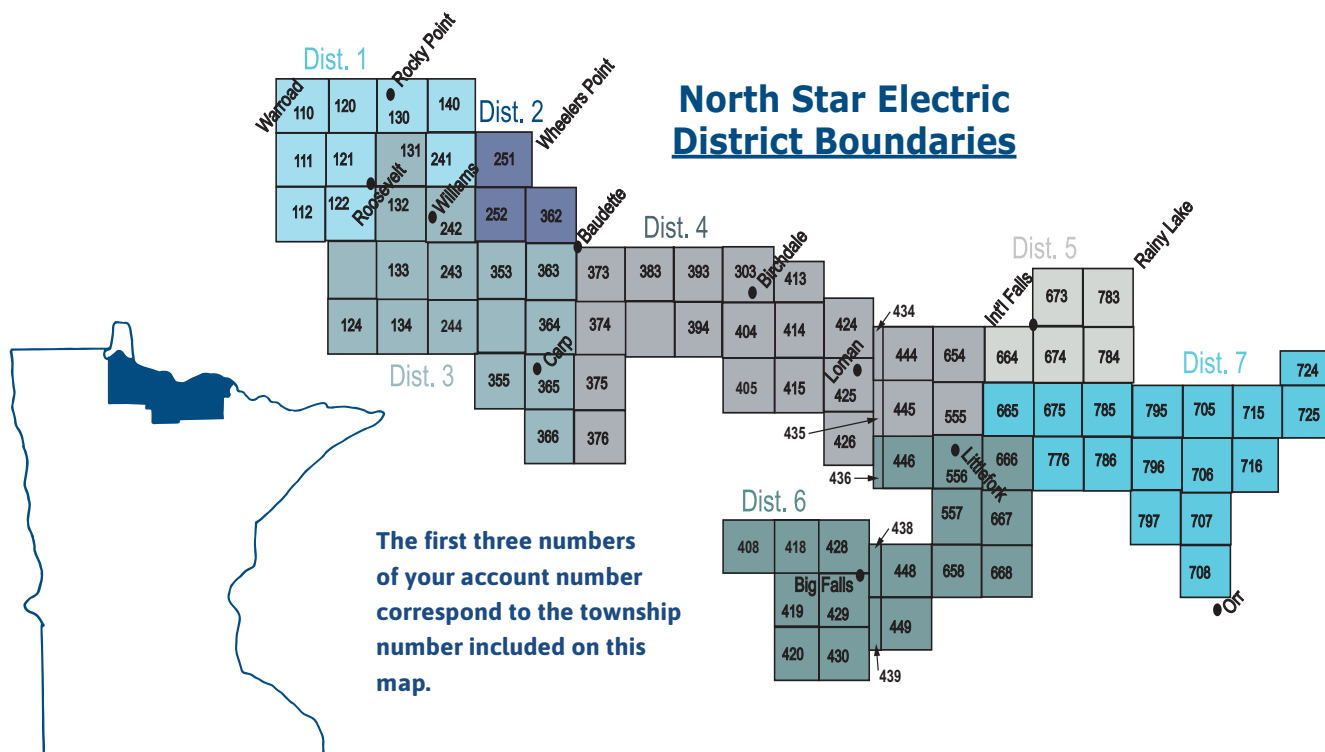
After moving back to International Falls, Doug worked as a Contract Electrical Inspector for the state of Minnesota. Doug then returned to electrical construction for several years as co-owner of a local electrical contracting firm. After selling his interest in the firm, Doug accepted a position in electrical distribution at Minnesota Power, where he worked for 15 years until his retirement in the spring of 2019.

Doug has participated in numerous volunteer activities with United Way of Northeastern Minnesota, including several years as an Allocation Panelist. Doug also served on the board of Second Harvest Northern Lakes Food Bank in Duluth.

Since being appointed to the North Star board in May 2022, Doug has taken advantage of several training opportunities and began his path toward becoming a credentialed board member of the electric cooperative by recently completing a new director orientation program.

Doug is very passionate about the electrical industry and looks forward to serving on the North Star board. "The industry is experiencing an unprecedented rate of change in both how the power is generated and how it's utilized by customers," he said. "This will create many challenges for the electric utilities." With his experience in the industry, Doug feels he can help the cooperative meet these challenges.

North Star Electric 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 2022 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).

OUR SEVEN COOPERATIVE PRINCIPLES

October is National Cooperative Month and your co-op is proud to be the local electric cooperative for your region! We are rooted in seven key cooperative principles that guide us in always putting our member's needs first.



COOPERATION
AMONG
COOPERATIVES



DEMOCRATIC
MEMBER
CONTROL



EDUCATION,
TRAINING AND
INFORMATION



AUTONOMY AND
INDEPENDENCE



OPEN AND
VOLUNTARY
MEMBERSHIP

CONCERN FOR
COMMUNITY



MEMBERS'
ECONOMIC
PARTICIPATION



PROJECT TUNDRA MOVES INTO FINAL DEVELOPMENT STAGE

Minnkota Power Cooperative, North Star Electric's wholesale power provider, announced agreements with TC Energy, Mitsubishi Heavy Industries (MHI), and Kiewit and its affiliates moving Project Tundra into its final stage of project development. The joint effort combines decades of energy industry expertise and strengthens the strategic vision to build one of the world's largest carbon capture projects in North Dakota.

Under the arrangements, Minnkota will continue to lead project development activities at the Milton R. Young Station power plant, as well as coordination with landowners and community members in the project area near Center, N.D.

"If our organizations are successful in making this historic project a reality, Minnkota will be one of the fastest decarbonizing utilities in the country while maintaining stable electric rates and a reliable, resilient power supply," said Mac McLennan, Minnkota President and CEO. "By working together, we aim to advance carbon capture technology in a way that can serve as a blueprint for our state, nation and world to meet ambitious decarbonization goals."

TC Energy will lead commercialization activities, including qualifying for

federal 45Q tax credits. Return on project construction and operation costs would be recouped through 45Q, which provides \$85 per ton of CO₂ permanently stored underground.

In addition, the project participants submitted an application in May for a \$350 million grant through the U.S. Department of Energy's Carbon Capture Demonstration Projects Program. The project also has \$250 million in low-interest loans approved through the state of North Dakota's Clean Sustainable Energy Authority (CSEA).

"Today's announcement is a powerful example of private industry and cooperative utilities collaborating to bring scaled change to the energy transition," said Corey Hessen, Executive Vice President and President, Power and Energy Solutions, at TC Energy. "With Minnkota, Mitsubishi and Kiewit we will combine our respective capabilities to deliver a de-risked commercial and technical solution."

MHI is the lead technology provider for the project and has successfully deployed more than a dozen commercial CO₂ capture projects globally since 1999. The company is committed to building an innovative solutions ecosystem to realize a carbon-

neutral future and achieve its net-zero ambitions within its own operations by 2040. MHI will collaborate on the CO₂ capture facility with Kiewit, who will construct the project.

Project Tundra is designed to capture up to 4 million metric tons of CO₂ annually from the coal-based Young Station. The CO₂ will be safely and permanently stored more than a mile underground in deep geologic formations. Minnkota currently has the largest fully permitted CO₂ storage facility in the United States and is pursuing additional CO₂ storage opportunities near the Young Station.

"Our industry-leading team has guided this project through a global pandemic, record inflation and unprecedented supply chain constraints," McLennan said. "Through those challenges, we have received outstanding support from the community of Center, Oliver County, and the state of North Dakota. None of this would be possible without their commitment and vision."

Closing on financing and the notice to move forward with construction of Project Tundra are anticipated in early 2024. The project remains subject to closing on financing and a final investment decision by each of the project entities in the consortium.

PRESIDENT & MANAGER'S REPORT

Past, present and future of your cooperative



Steve Arnesen
Board President

Another year has come and gone, and it makes us wonder where the time went. North Star Electric Cooperative celebrates its 83rd birthday this year. We have experienced many changes in our industry since the cooperative was founded in 1940. However, we can all agree that one thing hasn't changed over all of those decades – the vital role electricity plays in each of our lives.

Where we came from

Back in 1940, George Berggren (Lake of the Woods County) and R.E. McMillen (Koochiching County), along with a small group of rural citizens, began laying the groundwork for a rural electrical system. They faced much skepticism and doubt; the idea of an electric cooperative being formed in the remote area of northern Minnesota, bordering Canada, seemed far-fetched.

McMillen called together a meeting on March 7, 1940, in Koochiching County with 200 members in attendance, and Berggren organized a similar meeting in Baudette that drew more than 300. From those discussions arose two co-ops – North Star Electric Cooperative and Border Electric Cooperative.



Kevin Holen
General Manager

Lines were constructed in 1941, and the cooperatives consolidated two years later in the best interests of both the cooperatives and their members. From that point on, North Star Electric Cooperative has been focused on service and reliability for its members.

In 1946, a 60-kW portable generator was installed in the Lake Kabetogama area to help with peak demand. That same year, a 150-kW diesel plant was paralleled with Border Counties Power Co-op and a 150-kW and 60-kW diesel plant were installed. Other power sources were scattered throughout the system in Littlefork, Big Falls, and International Falls. The reliability of these individual generators and continual growth made it necessary to find a more sustainable energy source.

North Star Electric, along with Roseau Electric Cooperative, met to discuss integrating Border Counties Power Co-op with Minnkota Power Cooperative in order to ensure economical and reliable power. On Dec. 20, 1955, North Star Electric Cooperative and Roseau Electric Cooperative were accepted as members of Minnkota

- Many changes have happened since the co-op was founded in 1940. However, we can all agree that one thing hasn't changed – the vital role electricity plays in our lives.

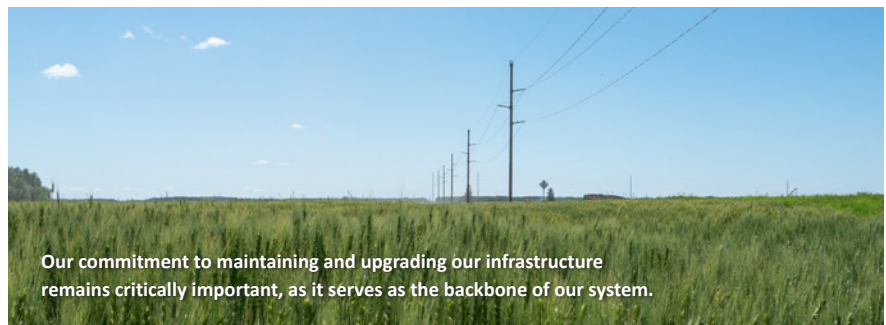
- We are operated and maintained by 20 employees, and that small-but-mighty staff meets the needs of our members at sites in Littlefork and Baudette.

- Your board of directors remains very engaged with your legislative leaders to ensure your voice is heard and relay your concerns for the future of your co-op.

Power Cooperative, and both remain member-owners of Minnkota today.

Where we are now

North Star experienced continued growth in 2022. Crews installed 84 new services, and the co-op sold almost 113,000,000 kWh of electricity to more than 6,900 accounts. This includes 2,250 off-peak accounts, for a total operating revenue of approximately \$16 million and operating margins of \$600,000. We have approximately \$51 million in plant investments that is situated over approximately 5,200 square miles. We are operated and maintained by 20 employees, and that small-but-mighty staff accomplishes meeting the needs of our members



Our commitment to maintaining and upgrading our infrastructure remains critically important, as it serves as the backbone of our system.

out of two local offices – one located in Littlefork, and the headquarters in Baudette.

Our commitment to maintaining and upgrading our infrastructure remains critically important, as it serves as the backbone of our system. In 2022, over 10 miles of overhead lines were converted to underground, along with many service and transformer upgrades. The co-op also completed a considerable amount of right-of-way maintenance, and we appreciate the continued support of our members who were impacted in these areas.

Safety is always at the forefront of North Star. In 2022, we had no lost-time work hours. This is a testament to our employees, who are committed to getting the job done; but more importantly, getting it done safely. This is something your board of directors is very mindful of, and they continue to promote a culture of safety in every decision that is made. At the end of the day, we want every employee to go home to their families safely.

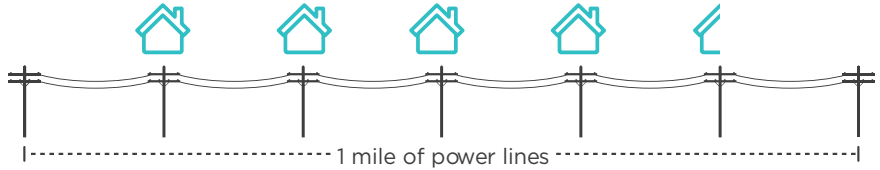
Where we are headed

As our electric industry faces rapid transformation, our responsibility to you, our members, remains the same – to provide reliable electricity to every home, farm and business, 24/7. Nationally, there is an increased reliance on renewable energy sources to uphold the grid. You have probably heard the phrases “carbon-free mandate” and “grid reliability challenges” lately. These talking points have generated much concern in the electrical industry. Energy sources like wind and solar are beneficial in contributing to a responsible power

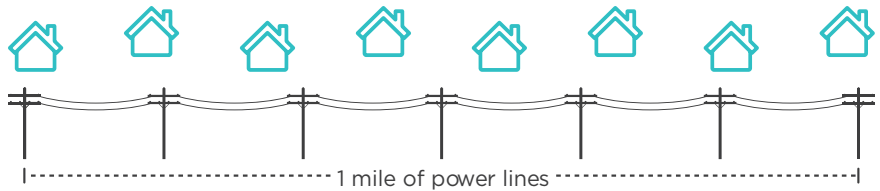
GOING THE EXTRA MILE

Electric co-ops maintain more miles of power lines per consumer than other electric utilities. Even though we power fewer consumers on our lines compared to other utilities, we'll always go the extra mile for you, the consumer-members we proudly serve.

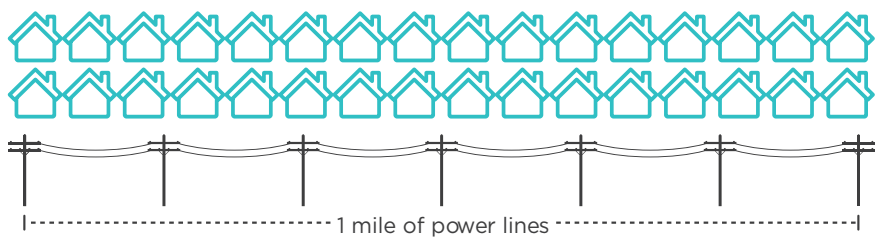
NORTH STAR ELECTRIC COOPERATIVE – Serves 4.6 consumers per mile of line



ELECTRIC COOPERATIVES – Serve 8 consumers per mile of line



OTHER ELECTRIC UTILITIES – Serve 32 consumers per mile of line



mix, but they are not always reliable. The wind does not always blow and the sun does not always shine. Baseload generation is essential to maintain electric reliability every hour of every day, especially on a cold, 40-below-zero night.

Currently, Minnkota's energy capacity portfolio is 56% coal, 34% wind and 8% hydropower. Coal provides our region with the all-season reliability we need. Resource diversity is the answer to meeting the demands of the future.

Your board of directors remains very engaged with your legislative leaders to ensure your voice is heard and relay your concerns. A unified voice is essential to accomplish commonsense legislation. The future of your electric cooperative is directly impacted by these issues, and we will continue to keep you updated.

Your cooperative has learned a great deal over its 83 years of service, with a solid foundation in our past, a hardworking and talented team in our present, and a mindful eye on the challenges and opportunities of our future. We don't have all of the answers right now, but we do know one thing for sure – that change is inevitable, and we should embrace it. Our embrace of change started back in 1940 with the electrification of rural service areas, and it continues today stronger than ever.

In closing, your cooperative is always looking to improve and maintain the reliability and service we provide to you. We do this with safety and cost effectiveness always in the back of our minds. We look forward to serving you in the future.

President Arnesen and Manager Holen

NORTH STAR ELECTRIC EMPLOYEES



Kevin Holen



Tim Pelach



Robyn Sonstegard



Todd Thydean



Susan Williams



Glen Marcotte



Todd Higgins



Tessa Strohl



Jesse Huot



Preston Kennedy



Brittany Hanson



Nick Horne



Nathan Zortman



Daniel Fish



Rachel Krohn



Clayton Gubbels



Travis Pederson



Josh Hamm



Blake Huwe



Eli Rahier



Jack Gunderson



	Position	Years of Service
Kevin Holen	General Manager/ Member Services Manager	27
STAFF		
Tim Pelach	Operations Manager	32
Robyn Sonstegard	Finance Manager	16
EMPLOYEES		
Todd Thydean	Line Foreman	35
Susan Williams	Supervisor, District Office Services	35
Glen Marcotte	Work Order/Procurement Coordinator	21
Todd Higgins	Line Foreman	20
Tessa Strohl	Accountant	14
Jesse Huot	Line Sub-Foreman	10

	<u>Position</u>	<u>Years of Service</u>
Preston Kennedy	Line Sub-Foreman	10
Brittany Hanson	Billing Coordinator	9
Nick Horne	Journeyman Lineman	9
Nathan Zortman	Lead Lineman	8
Daniel Fish	AMI, Mapping and IT Technician	6
Rachel Krohn	Member Services Representative	5
Clayton Gubbels	Member Services Electrician	4
Travis Pederson	Lead Lineman	3
Josh Hamm	Apprentice Lineman	1
Blake Huwe	Journeyman Lineman	1
Eli Rahier	Apprentice Lineman	1
Jack Gunderson	Seasonal Apprentice Lineman	

ELECTRIC VALUE AT YOUR FINGERTIPS

SAVE MORE during the chilly season with off-peak heating, rebates and efficiency tips. You can find it all in one place at **ValueOfElectricity.com!**

The Value of Electricity website is your home base for:

- ✓ Electric heating system **REBATES**
- ✓ Electric water heater **REBATES**
- ✓ Off-peak program **SAVINGS**
- ✓ Ideas for extra **ENERGY EFFICIENCY**
- ✓ Testimonials from your **THRIFTY NEIGHBORS**



**VALUE OF
ELECTRICITY**



Scan the code and tap your utility to start **saving today!**

POWER SUPPLY REPORT

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

At Minnkota Power Cooperative, we are proud to power the lives of people in eastern North Dakota and northwestern Minnesota. As a member-driven not-for-profit cooperative, our responsibility extends far beyond power plants, poles, wire and steel. We were formed by local citizens more than 83 years ago, and we remain committed to improving their quality of life.

As North Star Electric Cooperative's wholesale power provider, Minnkota works closely with the North Star staff to ensure we are positioned to provide reliable, affordable and sustainable electricity well into the future. Currently, we are in the midst of one of the most transformational periods in our industry's history. We readily accept this challenge and believe we're on the right path forward.

As the energy landscape continues to shift around us, we're fortunate

to start from a solid foundation. Our members have provided outstanding support, collaboration and guidance every step of the way. We continue to operate with the shared belief that we're stronger when we work together. In 2023, we furthered that commitment by extending and updating our wholesale power contracts with the Class A members, including North Star Electric, through 2060.

Minnkota uses a diverse mix of coal, wind and hydroelectric resources to power the region. While 42% of our generation capacity comes from renewables, the most reliable and resilient resources in our system are the coal-based facilities – especially in the region's harsh winters. Over the last eight years, Minnkota has been working to develop one of the largest carbon capture projects in the world at the coal-based Milton R. Young Station – an effort known as Project Tundra. This proposed facility

- We are in the midst of one of the most transformational periods in our industry's history. We readily accept this challenge and believe we're on the right path forward.

- Dependable electric service is the cornerstone of our modern society and is an absolute necessity for homes, schools and businesses.

- Minnkota has been busy building, upgrading and replacing the power delivery resources that connect our communities, including projects in North Star's service area.

is designed to capture up to 4 million metric tons of carbon dioxide (CO₂) annually and store it more than a mile underground in geologic formations. The project has made major strides in the last two years, as we secured the largest fully permitted CO₂ storage facility in the United States, completed advanced engineering studies and have created partnerships with industry-leading companies to complete additional engineering work and position the project for financing. Project Tundra would be primarily funded through federal tax credits, which helps mitigate impacts to retail electric rates. We remain on track to make a final decision on whether the project moves forward in the first half of 2024. If we are successful in making Project Tundra a reality, Minnkota would be one of the fastest decarbonizing utilities in the U.S. without sacrificing reliability.

As more coal and nuclear plants are retiring across the United States without adequate replacement, our



Over the last eight years, Minnkota has been working to develop one of the largest carbon capture projects in the world at the coal-based Milton R. Young Station – an effort known as Project Tundra.



nation's electric grid is beginning to show signs of fragility. Minnkota continues to work with grid operators and regulators to sound the alarm on the vulnerabilities that are affecting power reliability. As the pace of change in the energy industry continues to accelerate, so does the risk of rotating power outages and other energy emergencies. We continue to push for a cautious and commonsense approach to these major grid changes. After all, there's a lot on the line. Dependable electric service is the cornerstone of our modern society and is an absolute necessity for homes, farms, schools and businesses.

While power supply decisions garner most of the headlines, the upgrade

and expansion of transmission assets are just as important. Minnkota staff have been busy building, upgrading and replacing the power delivery resources that connect our communities. This includes major projects in North Star's service area, such as the complete rebuild of a 40-mile stretch of power line from the Warroad area to Baudette. Additionally, Minnkota is building a new substation near Roosevelt to help improve power reliability. New technologies have also been added to provide enhanced data and communication capabilities – all in an effort to respond more quickly to issues. These efforts are ongoing as we move through the system and replace aging infrastructure with enhanced tools to make our grid

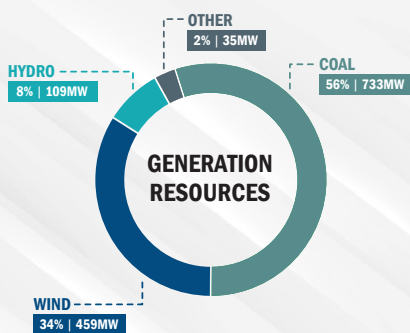
smarter, stronger and more efficient.

From an operational standpoint, we are proud to have reached two million hours without a lost-time incident in 2023. Our safety statistics continue to position us as an industry leader, especially considering the challenging work our employees do every day. Perhaps most impressively, this excellent safety record was achieved during a period with significant projects at the Milton R. Young Station and a full slate of projects across our power delivery system.

From a financial standpoint, Minnkota will complete its sixth straight year without a rate increase in 2023, and future forecasts indicate relative rate stability. Additionally, we have created a Resource Transition Fund to limit future rate pressures, better manage power supply decisions and mitigate the impacts of an extreme market event.

As we look toward the journey ahead of us, we know there will be challenges, adversity and obstacles, but there will also be successes and growth. Using more than 80 years of experience as our guide, we remain confident that we're taking the right steps to deliver reliable, affordable and sustainable electricity to you – now and in the future.

WHERE YOUR POWER COMES FROM



North Star Electric Cooperative provides its membership with reliable, resilient and responsible energy. A strong generation portfolio of coal, wind, hydro and other resources from Minnkota Power Cooperative, North Star's wholesale energy provider, helps meet your 24/7 needs.

2022 INCOME STATEMENT

WHERE IT CAME FROM:

Farms and Homes	\$ 10,570,034
Small Commercial	3,967,537
Large Commercial	805,259
Seasonal	400,932
Street Lighting	29,699
Consumer Penalties & Misc. Electric Revenue	111,742
Rent from Electric Property	57,517
TOTAL REVENUE	\$ 15,942,721

WHERE IT WENT:

Purchased Power	\$ 9,172,406
Operations <i>(includes supervision, safety, mapping, cable locating, etc.)</i>	648,597
Maintenance of Distribution Plant <i>(includes right-of-way maintenance, outage costs, etc.)</i>	1,214,372
Consumer Accounts	380,806

Consumer Services and Information	322,810
Sales	51,756
Administrative and General	1,497,463
Depreciation	1,327,078
Interest	667,907
Taxes	66,616

TOTAL COST OF ELECTRIC SERVICE **\$ 15,349,812**

OPERATING MARGINS **\$ 592,910**
(Revenue less Expense)

Interest and Dividend Income	72,833
Misc. Non-Operating Margins	94,681
Generation and Transmission Capital Credits <i>(Minnkota Power Cooperative)</i>	436,635
Other Capital Credits & Patronage Dividends	54,247

NET MARGINS **\$ 1,251,306**

The average home in our area can be powered for about **\$5 a day** – the price of the perfect jack-o'-lantern pumpkin!



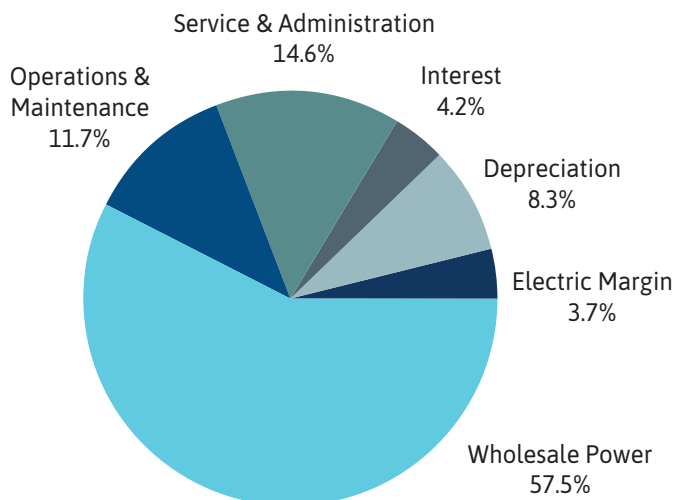
**VALUING EVERYTHING
THAT POWERS YOUR DAY.**

THAT'S THE VALUE OF ELECTRICITY.



HOW YOUR 2022 DOLLAR WAS SPENT

Revenue from the sale of our service amounted to \$15,942,721 as of the year ending Dec. 31, 2022.



STATEMENT OF FINANCIAL CONDITION

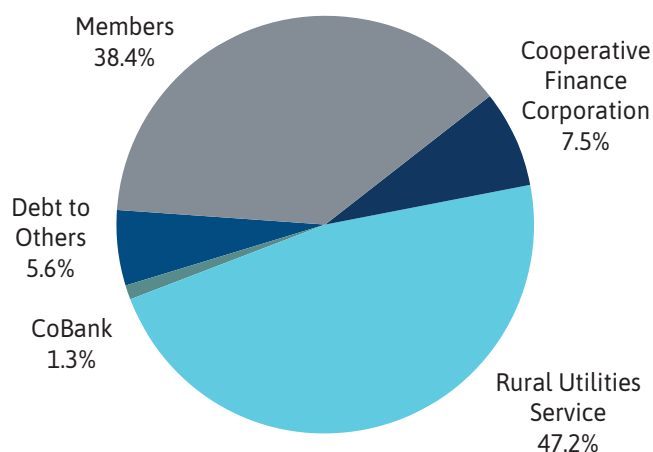
WHAT WE OWN:

Electric Plant, Buildings and Equipment	\$ 51,232,254
Less Accumulated Depreciation	(18,592,329)
Net Plant Assets	\$ 32,639,926
General Funds	\$ 697,106
Investments	2,082,253
Temporary Investments	3,123,913
Notes Receivable Net	30,848
Receivables	1,883,123
Material and Supplies	1,555,304
Prepaid Expenses <i>(includes insurance)</i>	97,363
Other Current and Accrued Assets <i>(accrued revenue)</i>	3,900
Deferred Debits <i>(includes engineering studies)</i>	54,681
Total Other Assets	\$ 9,528,490
TOTAL OF WHAT WE OWN	\$ 42,168,416

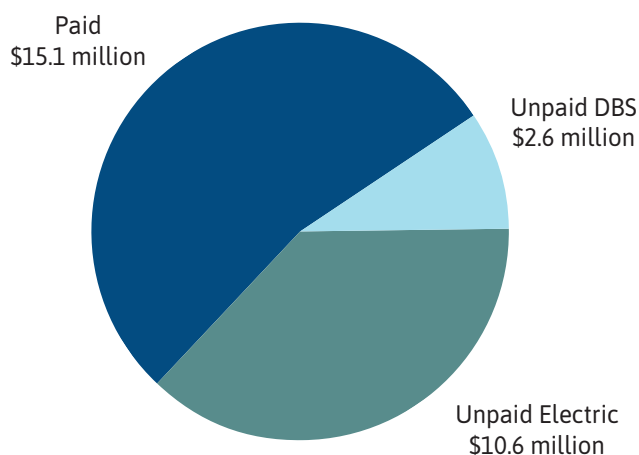
WHAT WE OWE:

Membership Fees	\$ 27,945
Patronage Capital and Other Equities	16,179,803
Total Member Equity	\$ 16,207,748
Long-Term Obligations	\$ 22,963,438
Current and Accrued Liabilities <i>(includes accounts payable, taxes, interest, deposits, etc.)</i>	2,838,249
Deferred Credits <i>(includes member prepayments)</i>	158,981
Total Liabilities	\$ 25,960,668
TOTAL OF WHAT WE OWE	\$ 42,168,416

WHO OWNS WHAT



CAPITAL CREDITS *(as of Aug. 2022)*

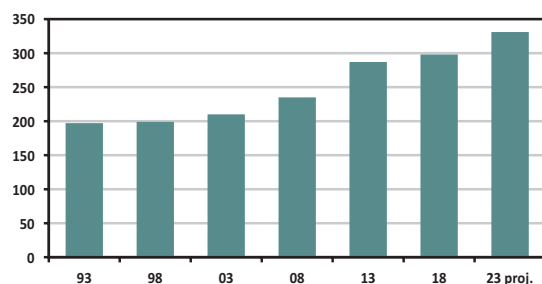


COMPARATIVE OPERATING STATISTICS

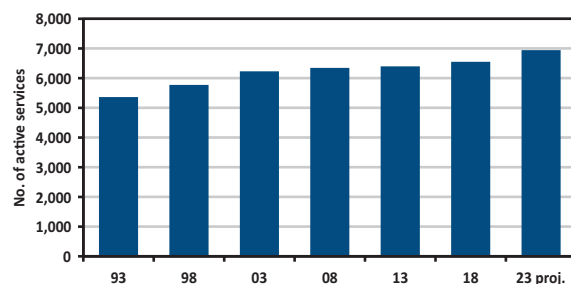
	2018	2019	2020	2021	2022	2023 proj.
Revenues	\$15,318,619	\$15,518,647	\$15,187,703	\$14,974,871	\$15,942,721	\$15,851,403
Cost of Wholesale Power	9,087,856	9,210,217	8,763,420	8,698,818	9,172,406	8,876,891
Operating Expenses	3,754,563	3,307,368	3,802,849	3,688,228	4,115,804	3,950,954
Depreciation	1,218,479	1,297,878	1,249,865	1,283,392	1,327,078	1,348,464
Taxes	73,428	75,703	79,358	69,839	66,616	66,889
Interest	850,529	861,465	675,582	667,436	667,908	679,180
TOTAL EXPENSES	\$14,984,855	\$14,752,631	\$14,571,074	\$14,407,713	\$15,349,812	\$14,922,378
OPERATING MARGIN	\$333,764	\$766,016	\$616,629	\$567,158	\$592,909	\$929,025
kWh Purchased	117,733,425	118,463,330	113,317,173	110,423,269	120,835,264	114,081,464
kWh Sold	109,236,049	111,159,290	106,410,124	102,907,919	112,918,145	106,904,659
Miles of Line	1,444	1,449	1,452	1,459	1,468	1,473
Connected Members	6,549	6,597	6,655	6,746	6,832	6,943
Average Residential Usage*	1,157	1,153	1,083	1,021	1,110	1,065
Average Residential Bill*	162.83	162.42	157.40	152.46	160.24	160.03
Average Residential Rate/kWh* (excludes seasonals)	0.141	0.141	0.145	0.149	0.144	0.150
Average Wholesale Cost to North Star per kWh Sold	0.0832	0.0829	0.0824	0.0845	0.0812	0.0830

* Monthly billed residential accounts

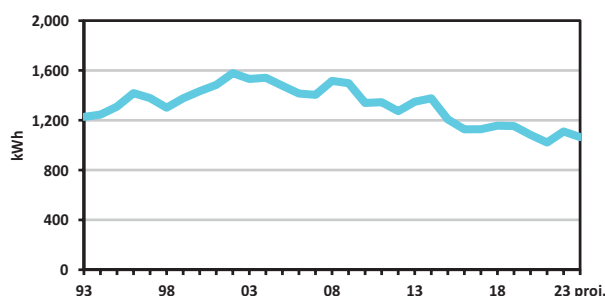
ACCOUNTS PER EMPLOYEE



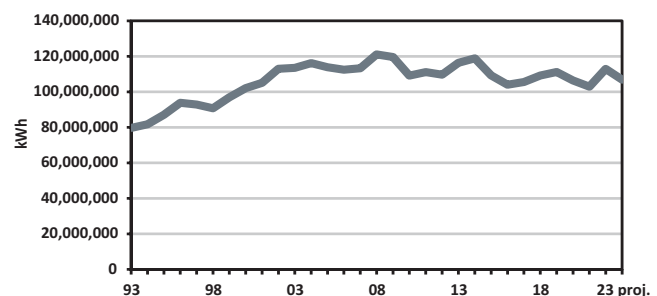
TOTAL ELECTRICAL ACCOUNTS



ELECTRICITY CONSUMED PER RESIDENCE



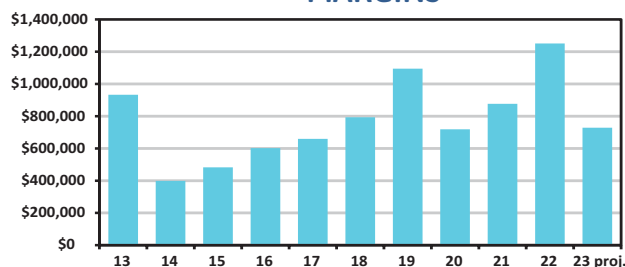
ELECTRICITY CONSUMED CO-OP TOTAL



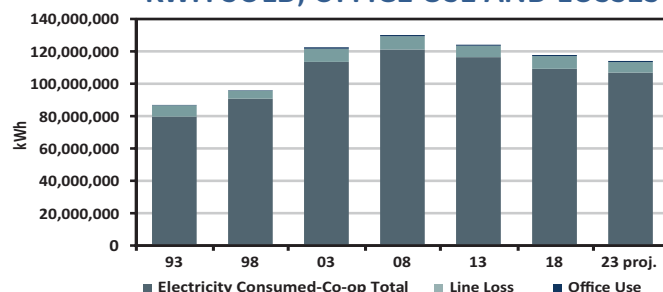
OPERATING COMPARISONS

	New Services	Retired Services	Connects	Disconnects	Net Gain	Sec. Lights Installed	Sec. Lights Removed
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
2021	119	23	75	87	107	14	21
2022	84	54	80	78	86	18	34

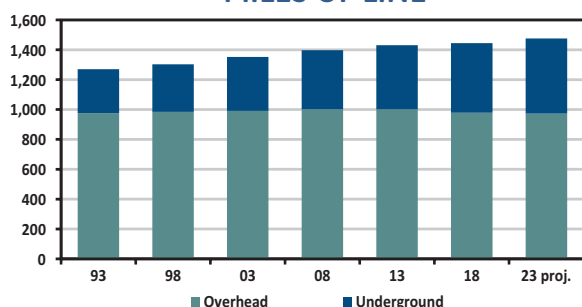
MARGINS



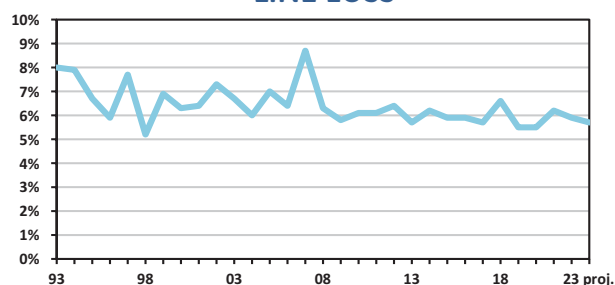
KWH SOLD, OFFICE USE AND LOSSES



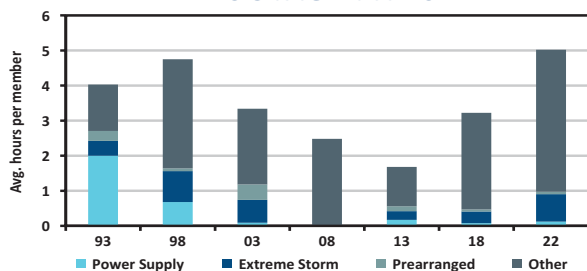
MILES OF LINE



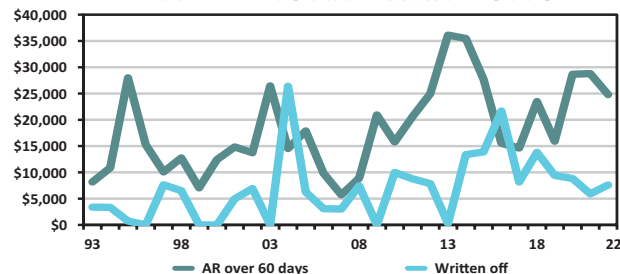
LINE LOSS



OUTAGE TYPES



BAD DEBTS AND WRITE-OFFS



2022 ANNUAL MEETING MINUTES



Annual meeting of the members of North Star Electric Cooperative, Inc., Oct. 7, 2022

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. 7, 2022, 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 82nd 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 147, which exceeded the minimum requirements of 50 for a quorum.

President Arnesen reviewed a portion of the bylaws stating that district boundaries are reviewed annually and may be re-aligned to remain equitable. Each director represents approximately 780 members and no boundaries were adjusted this year. The current board consists of President Steve Arnesen, Vice President Michael Hanson, Secretary-Treasurer Lorraine Nygaard, Randy Bergan, Shelley Spears, Thomas Smith and Douglas King.

President Arnesen called for a motion to waive the reading of the Notice of the 2022 Annual Meeting and Affidavit of Mailing.

A motion was made, seconded, and unanimously carried to approve waiving the reading of the Notice of the 2022 Annual Meeting and Affidavit of Mailing.

President Arnesen called for a motion to waive the reading of the 2021 annual meeting minutes.

A motion was made, seconded, and unanimously carried to approve waiving the reading of the minutes of the 2021 annual meeting as presented.

President Arnesen introduced Attorney Sam Schmitz to conduct the election for the directors in Districts 2, 3 and 7. Attorney Schmitz introduced the two unopposed candidates, Shelley Spears, as the only candidate for District 2, and Douglas King, as the only candidate for the mid-term District 7 election.

Attorney Schmitz explained that if a motion was made to cast a unanimous ballot for the re-election of the unopposed candidates in Districts 2 and 7, there would be no need to conduct an election.

A motion was made, seconded and unanimously carried to cast a unanimous ballot for District 2 candidate Shelley Spears and District 7 candidate Douglas King.

Attorney Schmitz proceeded with the election for District 3, which had two candidates. Randy Bergan was the incumbent and Kevin Fish was his opponent. Bobby Jo Castle and Chad Larson were appointed, and Don Castle and Jeff Bauers volunteered to assist the office staff in counting the ballots.

President Arnesen introduced Finance Manager Robyn Sonstegard and Operations Manager Tim Pelach.

Finance Manager Robyn Sonstegard provided an informative presentation on rising costs in today's economy and the cooperative's current financial position.

Operations Manager Tim Pelach introduced himself as the new Operations Manager upon the retirement of Marty Mollberg. He gave a summary of what the east and west ends line crews have been working on and what is planned for the upcoming year.

President Arnesen introduced General Manager Josh Compton, who gave a cooperative update discussing the flooding and storm issues encountered this summer, the new demand portion of the bills, and the cooperative's commitment to safety and energy reliability. He also recognized the following employees for their years of service: Dan Fish – 5 years, Robyn Sonstegard – 15 years, Glen Marcotte – 20 years, and Patsy Olson – 46 years. He also wished Patsy a happy retirement as she will be leaving the cooperative at the end of the year.

President Arnesen addressed the membership, thanked them for attending their annual meeting and gave a history of rural electrification.

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.

Prize drawings included an electric pressure washer, an Apple iPad, one \$200 energy credit and one \$100 bill for a children's coloring contest. The winners were:

- **Electric Pressure Washer** – Robert and Marlin Ravndalen
- **Apple iPad** – Roger and Rita Krause
- **\$200 Energy Credit** – Nancy Craig
- **\$100 Cash Youth Prize** – Kate Albrecht (daughter of Aprille and Matt Albrecht)

The election results were read by Attorney Schmitz indicating the following:

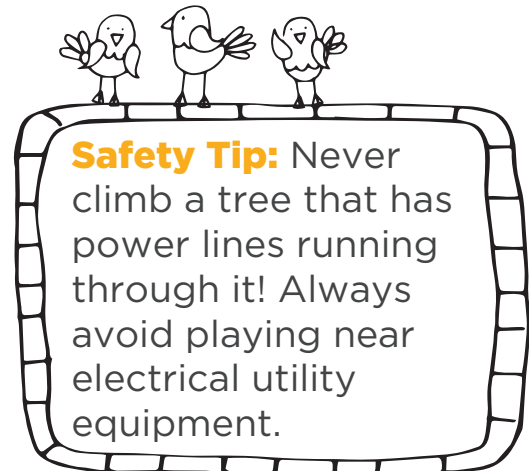
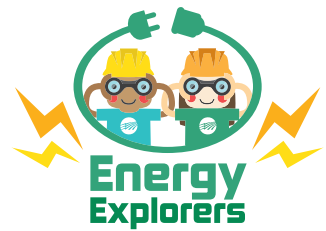
District #3:	Randy Bergan	119 votes
	Kevin Fish	112 votes

There being no further business, a motion was made, seconded, and unanimously carried, to adjourn the meeting at 5:20 p.m.

KIDS' COLORING CONTEST

Electrical Safety Coloring Sheet

Whether you live on a farm or in the city, always play it safe near power lines and other electrical equipment in your yard and in your neighborhood.



Child's name

Parent's name

THE PATH OF ELECTRICITY

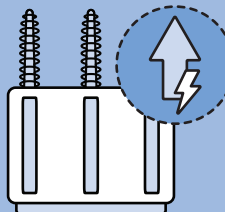
BEHIND THE OUTLET

Only a trained electrician should be peeking behind the outlets in your home, but have you ever been curious about what's back there? It turns out, it's much more than wires and currents. It's an advanced journey of science and engineering that stretches hundreds of miles – and it's traveled in an **INSTANT**.

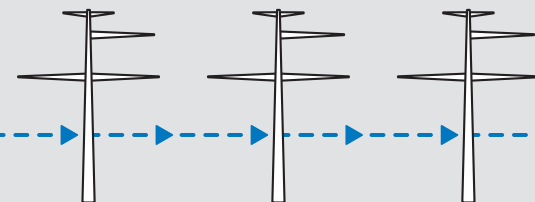
Want to take a look at what happens when you plug in an appliance? Let's start at the beginning...



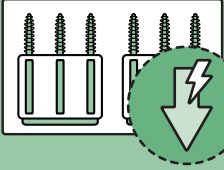
The path of your co-op electricity starts at several points around North Dakota – a coal-based power plant, a hydroelectric dam and dozens of wind turbines. These diverse resources are what Minnkota Power Cooperative (our power provider) uses to generate reliable electricity.



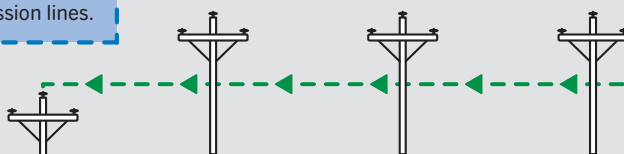
Near each generation point, the power flows through a step-up transformer that raises the voltage, giving the electricity the boost it needs to be carried across the region by large transmission lines.



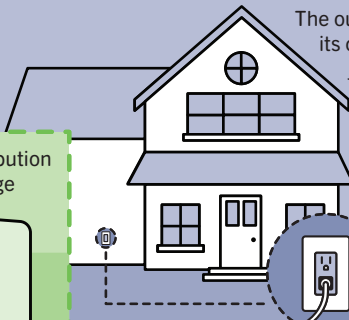
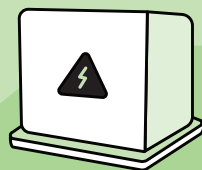
While on the lines, the electricity travels hundreds of miles at the speed of light, and that electricity needs to be used as soon as it's generated (unless it is stored in a large-scale battery). That's why Minnkota has to generate electricity 24/7 – to keep it always available at your outlet.



The power voltage through the transmission lines is much too high for use in communities, so the electricity makes a quick pitstop at a substation to be stepped down and distributed through the power lines of your local co-op.



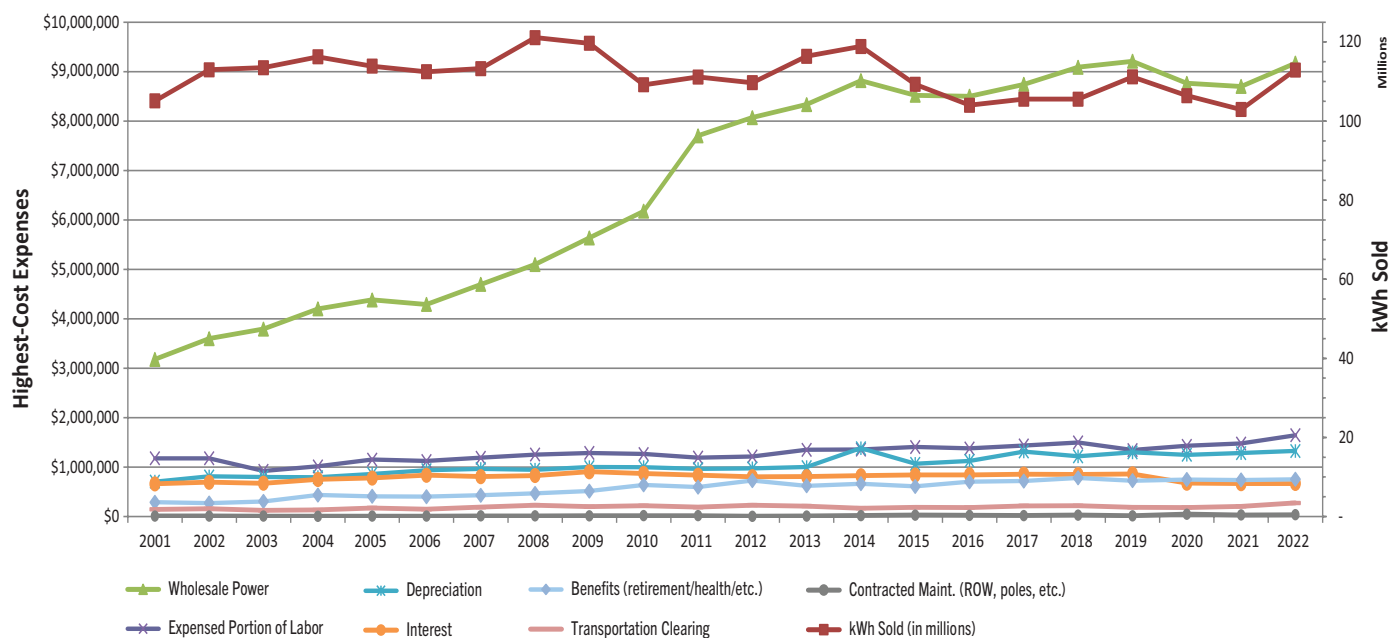
Once electricity flows through the distribution lines, it has to be stepped down in voltage one more time with a smaller transformer before it is safely accessible through an outlet.



The outlet is where electricity ends its complicated and fascinating journey, powering your phone, your air conditioning and everything else in your life that needs a charge. The whole process happens every second of every day – without you thinking twice about it.

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

These lines represent our largest expenses for the last 22 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, transportation and contracted maintenance.



2022 Average Residential Electric Rates

(cents per kilowatt-hour; data shows year-to-date rates as of December 2022)

**2023 North Star
Electric Rate
(projected)
14.67¢**

West North Central

Iowa	12.83
Kansas	14.13
Minnesota	14.16
Missouri	12.29
Nebraska	10.93
North Dakota	10.90
South Dakota	12.17

Mountain

Arizona	12.85
Colorado	13.02
Idaho	14.29
Montana	10.42
Nevada	11.37
New Mexico	13.79
Utah	14.11
Wyoming	10.94

Pacific Contiguous

California	19.95
Oregon	26.17
Washington	11.35

East North Central

Illinois	15.49
Indiana	15.87
Michigan	14.98
Ohio	17.75
Wisconsin	14.01

New England

Connecticut	24.81
Maine	24.65
Massachusetts	22.52
New Hampshire	26.10
Rhode Island	25.50
Vermont	23.20

Middle Atlantic

New Jersey	18.47
New York	16.79
Pennsylvania	22.04

South Atlantic

Delaware	13.63
District of Columbia	13.73
Florida	14.20
Georgia	13.92
Maryland	14.02
North Carolina	14.51
South Carolina	12.08
Virginia	14.11
West Virginia	13.52

East South Central

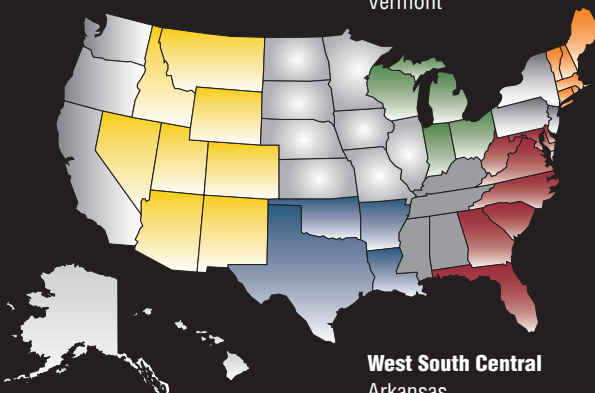
Alabama	13.06
Kentucky	14.39
Mississippi	12.85
Tennessee	12.65

West South Central

Arkansas	13.21
Louisiana	11.86
Oklahoma	12.69
Texas	12.57

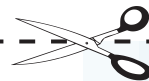
Pacific Noncontiguous

Alaska	34.49
Hawaii	23.02



Source: Energy Information Administration

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



2023 ANNUAL MEETING AGENDA

LAKE OF THE WOODS SCHOOL | BAUDETTE, MINN. | FRIDAY, OCT. 6, 2023

- 4 - 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 Steve Arnesen, *President*
(Kids' activity pages collected by employees)
4. – Approve minutes of the 2022 annual meeting
5. – Introduction of board candidates
6. – Election of directors (*District 7 is uncontested*)
7. – Financial report Robyn Sonstegard, *Finance Manager*
8. – Manager's report Kevin Holen, *General Manager*
9. – President's report Steve Arnesen, *President*
10. – Old and new business (*If there is something you would like addressed, please submit it in writing before meeting*)
11. – Minnkota update Sam Schmitz, *Minnkota Legal Counsel*
12. – Prize drawings (*must be present to win*)
– 55" TV
– Apple iPad
– Apple Watch
– \$100 Kids' Coloring Contest
13. – Adjourn



**Annual meeting gift
for ALL attending
members –**

Tumbler with
the North
Star Electric
Cooperative logo



ANNUAL MEETING PRIZES

**GRAND PRIZE
55" TV**

- 1 – Apple iPad (Silver, 64 GB and 10.2")
- 1 – Apple Watch
- 1 – \$100 Kids' Coloring Contest

**Thank you for attending
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@wiktel.com | **Visit our website at** northstarelectric.coop

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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.*