

# WORKING TODAY TO POWER YOUR TOMORROW

ENLIGHTENER | VOLUME 69 - NO. 9 |  
SEPTEMBER 2024 | BAUDETTE - MINNESOTA



## 2024 NORTH STAR ANNUAL REPORT

ANNUAL MEETING – Friday, Oct. 4, 2024

Lake of the Woods School, Baudette, Minnesota



### 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

If you recently made or plan to make energy efficiency upgrades to your home, you may be eligible for federal tax credits. The Inflation Reduction Act (IRA) of 2022 empowers homeowners to save up to \$3,000 annually to lower the cost of efficiency upgrades by up to 30%.

Source: [Energystar.gov](https://www.energystar.gov)

## 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 CANDIDATES

## District 1 – Steve Arnesen (incumbent)



Steve Arnesen is a lifelong resident of the Rocky Point area, where he lives with his wife, Margo. They have one grown son, Chris. Steve is involved in the family businesses – Lakewood Farms and Rocky Point Resort, on the south shores of Lake of the Woods.

Arnesen has served on the North Star Electric Co-op board of directors since December 1986 and has been president of the board since November 1998. He is also North Star Electric’s representative on the Minnkota Power Cooperative board.

During his term as a director, Arnesen has attended several training seminars and has become a credentialed board member. He knows the electric industry has some very large challenges in the future, and with his 38 years of experience, he feels that he can help North Star and Minnkota make the right choices on tough decisions that must be made. Arnesen would like to continue to serve on the board out of his commitment to community service.

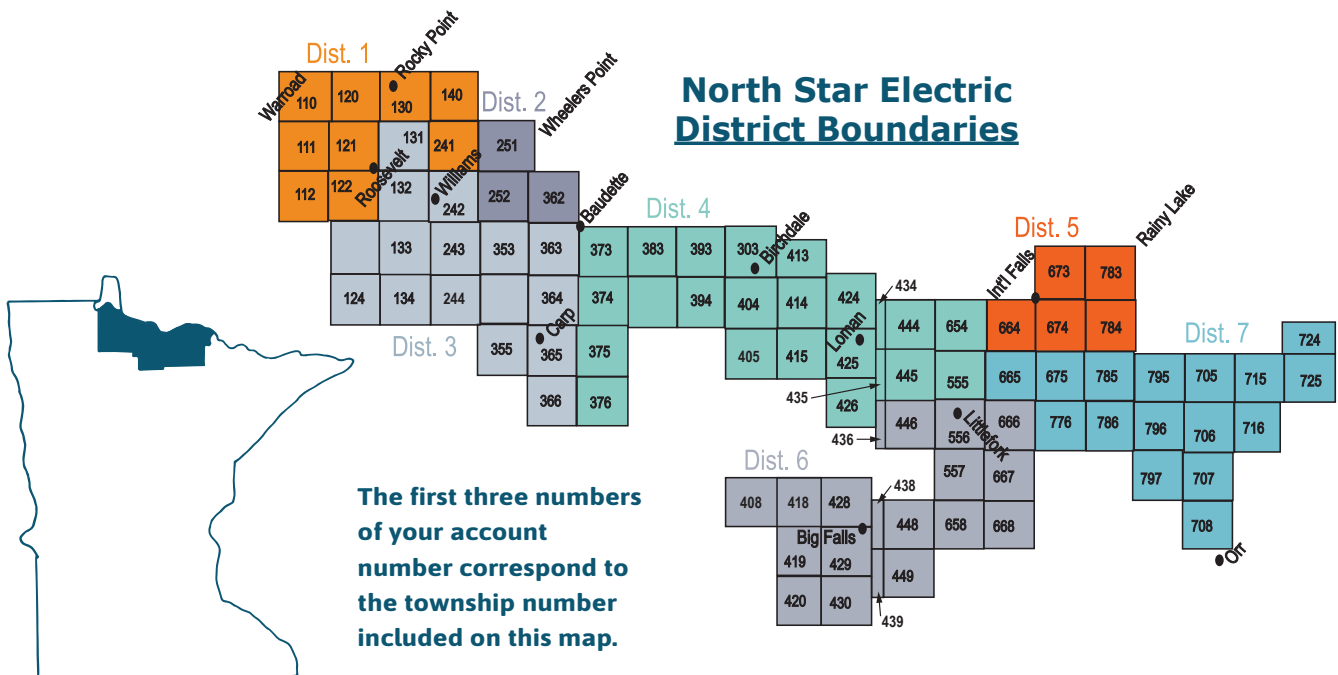
## District 4 – Mike Hanson (incumbent)



Mike Hanson and his wife, Myrna, have lived in the Birchdale area for the past 43 years. They have one son, Adam; two grandsons, Dakota and Ethen; and two granddaughters, Shyanne and Caidence. Hanson has been active in the community for many years. In the past, he served on the school board for six years, as chairman of the Rainy/Rapid River Citizens’ Advisory Committee and as county commissioner for 16 years.

Hanson has served on the North Star Electric Co-op board of directors since November 1994, was secretary/treasurer of the board from September 1999 to September 2015, and now serves as vice president.

During his term as a director, he has attended several training seminars and has become a credentialed board member. Hanson has been on the North Star board for 30 years and would like to continue to serve on the board out of his commitment to community service.



# ANNUAL MEETING INFORMATION

## 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 2024 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](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](mailto:program.intake@usda.gov)).

## Free Bus Service to Annual Meeting

*Call or send us a note to confirm your seat on the bus.*

The bus is free, but we are asking that you give us a call or drop a note to let us know that you plan to ride. Also, it would be helpful to know where you plan to board. With your help, we can make sure everyone finds a seat.

**Call us to confirm your seat on the bus:**

634-2202 (Baudette)  
 or 278-6658 (Littlefork)  
 or toll-free (888) 634-2202

## Bus schedule for annual meeting Friday, Oct. 4, 2024

### EAST END ROUTE

Gateway Store	Kabetogama	3:10 p.m.
North Star Electric	Littlefork	3:40 p.m.
Y-Knot Quick Stop	Pelland Junction	4:00 p.m.
Loman Church	Loman	4:20 p.m.
Birchdale Church	Birchdale	4:40 p.m.
LOW School	Baudette	5:05 p.m.

### Destination – Lake of the Woods School

Registration and Supper	5 - 6 p.m.
Business Meeting	6 p.m.

## Assistance offered to disabled members for attending North Star annual meeting

Any member with a disability who needs assistance to attend our annual meeting is requested to notify Manager of Member Services Clayton Gubbels of their needs for assistance at least two weeks prior to the meeting. We will do our best to accommodate your needs so that you may take part in the annual meeting of your cooperative.

# ARTIFICIAL INTELLIGENCE AND ENERGY

## Data-driven future REQUIRES RELIABLE ENERGY

AI

### Artificial intelligence driving increase in U.S. electricity demand

Every email you send, every social media post you share and every app you use relies on a vast network of data centers scattered around the globe. These data centers, humming with thousands of servers, require significant amounts of electricity 24 hours a day.

With society's increasing dependence on the Internet and the projected rapid growth of artificial intelligence (AI), the demand for electricity is expected to surge in the next five years. According to a 2024 study completed by the Electric Power Research Institute (EPRI), data centers could double their electricity usage by 2030 – at which point they would consume 9% of America's electricity generation. A key driver is the increased computing power associated with AI.

"AI queries require approximately ten times the electricity of traditional internet searches and the generation of original music, photos, and videos requires much more," EPRI said in its report. "With 5.3 billion internet users, rapid adoption of these new tools could increase power demands substantially."

The Federal Energy Regulatory Commission (FERC) drew a similar conclusion in a 2024 report, estimating that U.S. data center demand for electricity will grow from 17,000 megawatts (MW) in 2022 to 35,000 MW by 2030.

While most people are familiar with ChatGPT, an AI chatbot and language tool, there are many AI and machine learning technologies that are transforming industries and automating countless tasks. Advocates tout the potential of AI to solve scientific problems, improve healthcare research and make many manual processes more efficient. This incredible computational power, however, comes with significant electricity requirements.

#### POWERING THE DIGITAL FUTURE

With the expansion of our data-driven world, having a practical energy strategy will be vitally important. Reliable coal, natural gas and nuclear power plants will be needed to meet the rising demand for electricity. These dispatchable power plants have the ability to operate on a 24/7 basis

and are more dependable than other forms of power generation.

Unfortunately, many of these dispatchable power plants are currently being removed from the grid without adequate replacement. This has the potential to lead to future energy shortfalls without realistic planning, engagement and enhanced collaboration from all key stakeholders.

In addition to supporting the continued operation of needed power plants, it's also critical to significantly expand the nation's electric grid. Building new high-voltage power lines and creating stronger connections throughout the country will help ensure energy can be delivered to where it is needed.

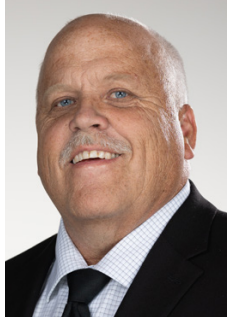
AI and new digital technologies have the potential to transform our society, but we must ensure their energy needs remain at the forefront. By investing in reliable generation resources, we can ensure that the growth of AI contributes to a sustainable and prosperous future.

# PRESIDENT & MANAGER'S REPORT

*Celebrating 84 years of providing reliable electricity*



**Steve Arnesen**  
Board President



**Kevin Holen**  
General Manager

As we conclude another year, North Star Electric Cooperative celebrates its 84<sup>th</sup> year of providing safe, reliable electricity to its member-owners. What a positive impact this has made in each of our lives. Powering rural America would not have been possible without the Rural Electrification Act of 1936.



This was one of the most important pieces of legislation passed as part of President Franklin D. Roosevelt's New Deal. The law allowed the federal government to provide low-cost loans to farmers who had banded together to create nonprofit cooperatives for the purpose of bringing electricity to rural America.

## Moving inside

After several years of holding our annual meeting drive-in style, we are excited to finally be moving back inside. The annual meeting will be at the Lake

of the Woods School Auditorium in Baudette, with dinner being served in the commons area. The school has a beautiful facility with an updated lighting and sound system in the auditorium. Please refer to the schedule in the annual report. We also are providing bus services to our members to the east. Be sure to call our office to get on the list.

## Safety

North Star Electric Cooperative had zero lost-time injuries in 2023. This is a testament to our employees in not only getting the job done, but most importantly, getting the job done safely. Your board of directors and employees continue to have their primary focus on safety. Being able to send every one of our North Star family members home to their own families safely is our number one priority.

## Financials

Your cooperative remains strong with operating margins of just over \$1 million, while maintaining an equity level of 40.6%. Total kilowatt-hour (kWh) sales were approximately 105 million kWh, with a total operating revenue of \$15.7 million. We currently have \$53 million in plant investments situated over 5,200 square miles. Ensuring the financial health and sustainability of your electric cooperative is a critical function of your board at North Star. By exercising prudent financial stewardship, the board safeguards the cooperative's long-term viability to provide safe, affordable and reliable electricity.

- North Star Electric Cooperative had zero lost-time injuries in 2023. Being able to send every one of our North Star family members home safely is our number one priority.

- Only 21 of 1,884 tested poles were flagged as needing replacement. This number is a testimony to the crew's relentless efforts to maintain the system.

- Coal-fired generation provides our region with ALL-SEASON electricity that is safe, reliable and affordable, and it is the backbone of our baseload generation.

## Construction

The primary focus for North Star of the 2023 construction season was the reconstruction and completion of repairs caused by the flood of 2022,



A transformer and service point in our electric system during the flooding in 2022.



A transformer and service point in our electric system after the flooding in 2022.

located in the Rainy Lake, Ash River Trail and Kabetogama areas. This project was over \$800,000 through funds from FEMA and posed some challenges, considering the work to be performed was mostly along shorelines and islands. Our secondary focus was the upgrading of infrastructure for broadband expansion on the eastern end of our system.

The completion of the new Roosevelt substation was also a much-needed upgrade. This \$1 million project supports the growth of the area and will provide stability and resilience to that area.

Eighty new services and 55 service upgrades were completed in 2023. As part of our yearly pole inspection, 1,884 poles were tested and only 21 were flagged as needing replacement. We are very proud of this number, and it is a testimony to the crew's relentless efforts to maintain our system.

Thankfully, we were spared from major ice damage in December 2023, but we did send crews to Nodak Electric Cooperative to assist with the extensive



ice damage they experienced. The cooperative spirit is alive and well, knowing we all come to each other's aid.

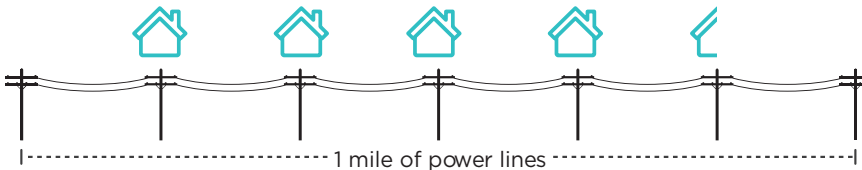
### Future challenges

Providing safe, reliable and affordable electricity to our member-owners has always been the focus of your electric cooperative. Accomplishing these

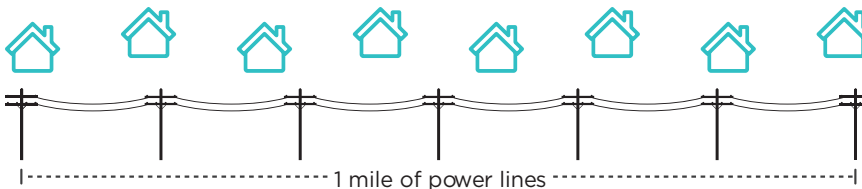
## GOING THE EXTRA MILE

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.

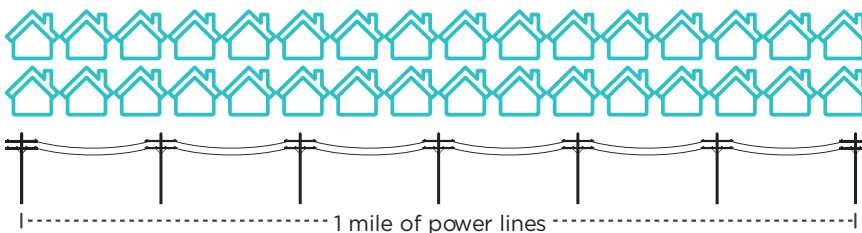
**NORTH STAR ELECTRIC COOPERATIVE** – Serves 4.7 consumers per mile of line



**ELECTRIC COOPERATIVES** – Serve 8 consumers per mile of line



**OTHER ELECTRIC UTILITIES** – Serve 32 consumers per mile of line



goals continues to be increasingly challenging.

In 2024, the Environmental Protection Agency (EPA) has challenged our commitment for safe, reliable and affordable electricity by mandating new greenhouse gas emissions requirements for existing coal and new natural gas-fired facilities. These mandates impose unrealistic timelines and requirements on coal-fired power plants. Minnkota estimates it could spend \$260 million to bring its Milton R. Young Station lignite coal-fired power plant into compliance with the new standards.

The Minnesota "Carbon Free by 2040" energy bill went into law Feb. 7, 2023. This bill will attempt to put an end to fossil fuel generation by driving costs up. Coal-fired generation provides our

region with **ALL-SEASON** electricity and is the backbone of our baseload generation, along with a portfolio of renewable resources. We have to be realistic and ask the question: What will be sustainable and readily available? Fossil fuels are the answer to keeping the lights on during a wintery 30 below zero night. Your board and staff at North Star Electric Cooperative continue to pass on all our concerns on grid reliability to our legislative leaders with a unified voice.

Even after 84 years, our current directors and employees are working just as hard as ever to safely maintain 24/7 service at the lowest cost of power possible.

Stay safe,

*President Arnesen and Manager Holen*

# NORTH STAR ELECTRIC EMPLOYEES



Kevin Holen



Tim Pelach



Robyn Sonstegard



Clayton Gubbels



Todd Thydean



Susan Williams



Glen Marcotte



Todd Higgins



Tessa Strohl



Jesse Huot



Preston Kennedy



Brittany Hanson



Nick Horne



Nathan Zortman



Daniel Fish



Rachel Noble



Travis Pederson



Josh Hamm



Blake Huwe



Wayne Brown



Jody Solo

“ We are here to  
serve you, our  
member-owners. ”



	<b>POSITION</b>	<b>YEARS OF SERVICE</b>
Kevin Holen	General Manager	28
<b>STAFF</b>		
Tim Pelach	Operations Manager	33
Robyn Sonstegard	Finance Manager	17
Clayton Gubbels	Member Service Manager	5
<b>EMPLOYEES</b>		
Todd Thydean	Line Foreman	36
Susan Williams	Supervisor, District Office Services	36
Glen Marcotte	Work Order and Procurement Coordinator	22
Todd Higgins	Line Foreman	21
Tessa Strohl	Assistant Finance Manager	15
Jesse Huot	Line Sub-Foreman	11
Preston Kennedy	Line Sub-Foreman	11
Brittany Hanson	Billing Coordinator	10
Nick Horne	Journeyman Lineman	10
Nathan Zortman	Lead Lineman	9
Daniel Fish	AMI, Mapping and IT Technician	7
Rachel Noble	Member Services Representative	6
Travis Pederson	Lead Lineman	4
Josh Hamm	Apprentice Lineman	2
Blake Huwe	Journeyman Lineman	2
Wayne Brown	Apprentice Lineman	
Jody Solo	Member Services Representative/Custodian	

# CO-OPS THEIR COMMUNITIES

Check out all the ways your cooperative is caring for you – the members of the cooperative family.

- ### 1 COMMITTED TO AFFORDABLE AND RELIABLE ENERGY

Every decision and plan we make is to keep the electricity you use every day affordable and available 24/7. As a not-for-profit, our goal is reliability – not profits.
- ### 2 LEADERS IN ENVIRONMENTAL STEWARDSHIP

More than 40% of our energy generation capacity comes from carbon-free resources like wind and hydro. Members can also enroll in the Infinity Renewable Energy program to add even more wind to their power mix.
- ### 3 HELP WITH SAVINGS AND EFFICIENCY

If you set up an electric water heater, heat pump or even an EV charger on our voluntary off-peak program, you will see major savings each month. We also offer rebates to help with the installation of new electric technology.
- ### 4 GIVING BACK TO OUR COMMUNITIES

A big part of the co-op way of life is giving back to the members we serve. In addition to returning end-of-year margins to our members as capital credits, we also participate in many programs that support all ages in our service territory.

# POWER SUPPLY REPORT

Mac McLennan, *Minnkota Power Cooperative President & CEO*

In a time of immense industry change, Minnkota is guided by the support of its 11 member-owners, including North Star Electric Cooperative, the dedication of its employees and the growth of its community relationships. Working together to accomplish what cannot be done alone is a cornerstone of the electric cooperative model and will prove to be increasingly important as the energy transition continues.

Having a united membership is critical as we face some of the most complex challenges in our industry's history. At the forefront, the carbon-managed world Minnkota has been forecasting for many years is quickly becoming reality. In 2023, the state of Minnesota passed a new law that requires 100% carbon-free electricity in the state by 2040. At the same time, the federal Environmental Protection Agency has finalized a new suite of rules for power plants that would likely result in

additional power plants being closed prematurely without the installation of carbon capture systems. While Minnkota supports the advancement of technologies to reduce emissions, these rules include unworkable timelines as well as unreasonable requirements that have the potential to create stability issues across the nation's electric grid. Minnkota has joined with electric cooperatives and other key stakeholders across the nation in pursuing legal challenges against these rules and will continue to advocate for sensible energy policy and regulation.

Proactively, Minnkota continues to work on development of Project Tundra, which would be one of the world's largest carbon capture projects at a power plant. Retrofitting the Milton R. Young Station in North Dakota with this technology presents a significant opportunity to preserve a reliable and resilient resource, but it

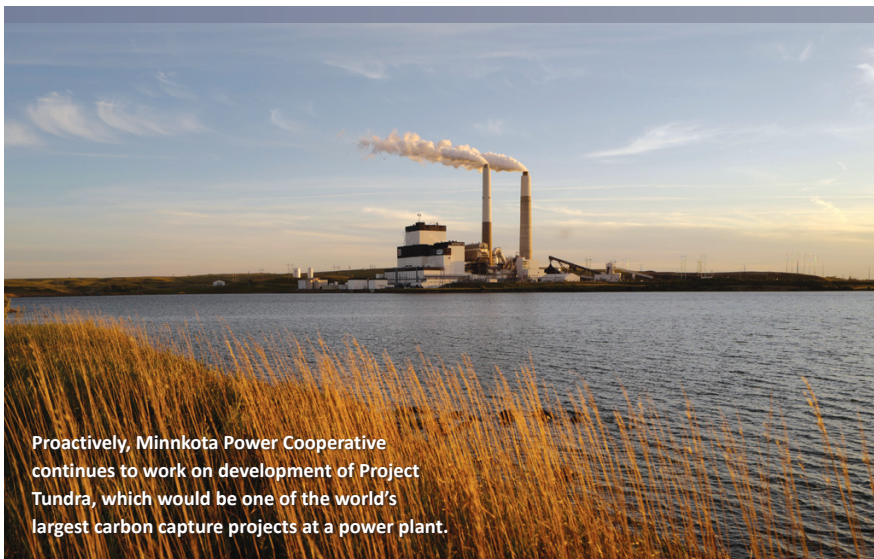
- Having a united membership is critical as we face some of the most complex challenges in our industry's history. A carbon-managed world is quickly becoming reality.

- New technologies have been added to substations (including the new substation near Roosevelt) to provide enhanced data and communication capabilities.

- With nearly 85 years of experience as our foundation, we are confident that the steps we are taking today will ensure reliable, affordable and sustainable electricity.

is currently facing challenges related to supply chain, inflation and labor shortages. To date, the project has secured significant state and federal funding to offset rising costs, but there is still much work that needs to be done before a final investment decision can be made. In addition to robust funding applications for Project Tundra, Minnkota is also pursuing dollars made available through the U.S. Department of Agriculture's New ERA program and the Department of Energy's Grid Resiliency and Innovation Partnerships program. Both decarbonization projects and power delivery system upgrades have been included in applications submitted in 2024.

In recent years, the nation's leading grid operators and regulators reported on the growing concerns around the reliability of electricity. The retirement of dependable power plants without adequate replacement is a primary driver for the Midcontinent Independent System

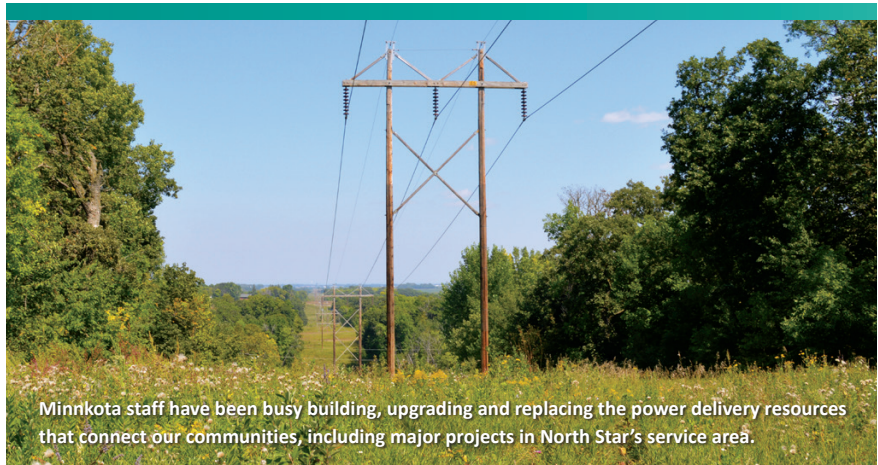


Proactively, Minnkota Power Cooperative continues to work on development of Project Tundra, which would be one of the world's largest carbon capture projects at a power plant.

Operator (MISO) region – which includes Minnkota’s service area – being designated as the highest-risk region in the United States. In addition to reliability issues, the swift changes are creating increased pricing volatility in the MISO market that must be managed.

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 completed work in 2023 on 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 a financial standpoint, the Minnkota Power Cooperative board



Minnkota staff have been busy building, upgrading and replacing the power delivery resources that connect our communities, including major projects in North Star’s service area.

approved a 2024 budget that provides seven straight years of rate stability for the membership. However, the aforementioned inflation and supply chain issues are continuing to place upward pressure on Minnkota’s costs – an issue experienced by all utilities across the country. Minnkota will continue to search for strategies to help ensure it has access to the tools needed to do the job, while also managing rising expenses across many of its major inputs.

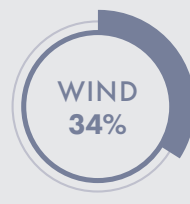
As we chart the path ahead, we recognize the challenges and obstacles that lie before us. Yet, we also foresee opportunities to enhance service to our members and modernize the systems you depend on each day. With nearly 85 years of experience as our foundation, we are confident that the steps we’re

taking today will ensure the delivery of reliable, affordable and sustainable electricity – both now and for the future.



Minnkota completed work in 2023 on a new substation near Roosevelt to help improve power reliability.

**JOINT SYSTEM  
POWER GENERATION  
PORTFOLIO**  
(WHERE YOUR POWER  
COMES FROM)



North Star Electric Cooperative distributes a diverse supply of electricity generated from coal, wind and water. The figures represent Minnkota Power Cooperative's generation in terms of capacity.

# 2023 INCOME STATEMENT

## WHERE IT CAME FROM:

Farms and Homes	\$ 10,468,485
Small Commercial	2,500,957
Large Commercial	2,142,416
Seasonal	416,000
Street Lighting	29,969
Consumer Penalties & Misc. Electric Revenue	123,105
Rent from Electric Property	60,824
<b>TOTAL REVENUE</b>	<b>\$ 15,741,757</b>

## WHERE IT WENT:

Purchased Power	\$ 8,808,814
Operations <i>(includes supervision, safety, mapping, cable locating, etc.)</i>	655,377
Maintenance of Distribution Plant <i>(includes right-of-way maintenance, outage costs, etc.)</i>	1,233,205
Consumer Accounts	346,926

Consumer Services and Information	325,405
Sales	62,353
Administrative and General	1,192,141
Depreciation	1,349,982
Interest	650,629
Taxes	66,666
<b>TOTAL COST OF ELECTRIC SERVICE</b>	<b>\$ 14,691,498</b>

## OPERATING MARGINS

*(Revenue less Expense)*

Interest and Dividend Income	174,168
Misc. Non-Operating Margins	(56,311)
Generation and Transmission Capital Credits <i>(Minnkota Power Cooperative)</i>	200,507
Other Capital Credits & Patronage Dividends	70,537

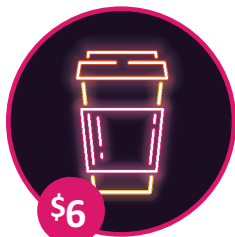
## NET MARGINS

**\$ 1,439,160**

## Where Do You Find Value?

Did you know the average daily cost of electricity is \$4.57, or about \$140 per month?

Electricity fuels our daily life essentials, from heating/cooling equipment to entertainment devices and appliances. Think of how vital power is compared to other everyday purchases. **That's real value.**



Morning To-Go Latte



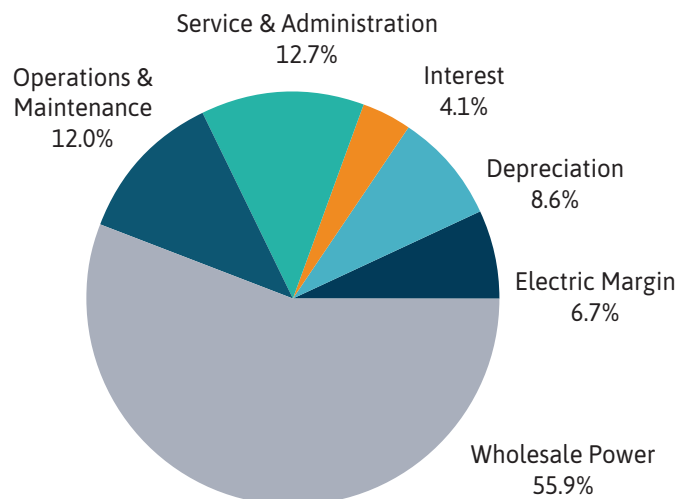
Fast-Food Combo Lunch



All-Day Power

## HOW YOUR 2023 DOLLAR WAS SPENT

Revenue from the sale of our service amounted to \$15,741,757 as of the year ending Dec. 31, 2023.



# STATEMENT OF FINANCIAL CONDITION

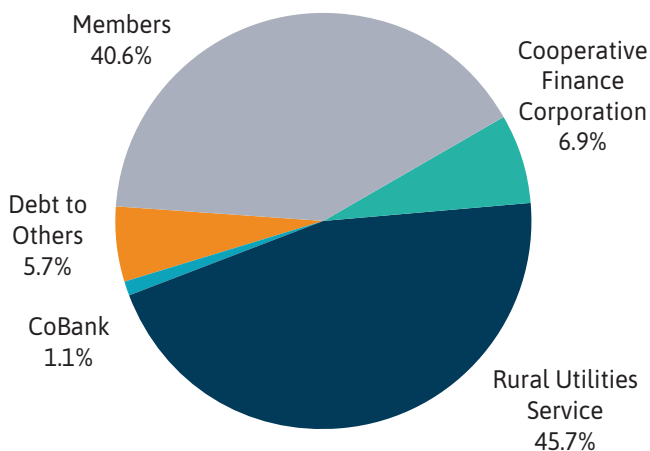
## WHAT WE OWN:

Electric Plant, Buildings and Equipment	\$ 52,966,019
Less Accumulated Depreciation	19,860,584
<b>Net Plant Assets</b>	<b>\$ 33,105,436</b>
General Funds	\$ 861,054
Investments	2,306,979
Temporary Investments	1,738,930
Receivables	1,880,184
Material and Supplies	2,120,718
Prepaid Expenses <i>(includes insurance)</i>	85,588
Other Current and Accrued Assets <i>(accrued revenue)</i>	3,900
Deferred Debits <i>(includes engineering studies)</i>	113,791
<b>Total Other Assets</b>	<b>\$ 9,111,143</b>
<b>TOTAL OF WHAT WE OWN</b>	<b>\$ 42,216,579</b>

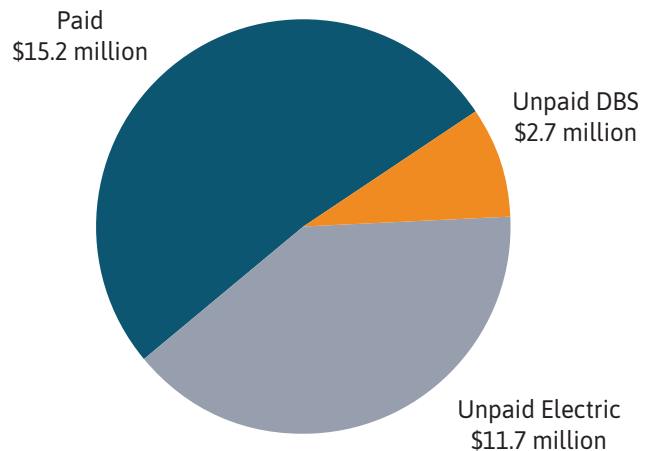
## WHAT WE OWE:

Membership Fees	\$ 28,015
Patronage Capital and Other Equities	17,108,943
<b>Total Member Equity</b>	<b>\$ 17,136,958</b>
Long-Term Obligations	\$ 21,917,112
Current and Accrued Liabilities <i>(includes accounts payable, taxes, interest, deposits, etc.)</i>	2,730,785
Deferred Credits <i>(includes member prepayments)</i>	431,724
<b>Total Liabilities</b>	<b>\$ 25,079,621</b>
<b>TOTAL OF WHAT WE OWE</b>	<b>\$ 42,216,579</b>

## WHO OWNS WHAT



## CAPITAL CREDITS *(as of Aug. 2023)*

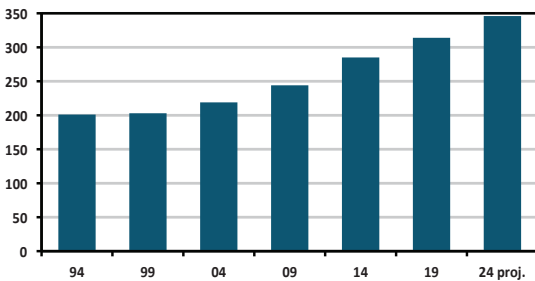


# COMPARATIVE OPERATING STATISTICS

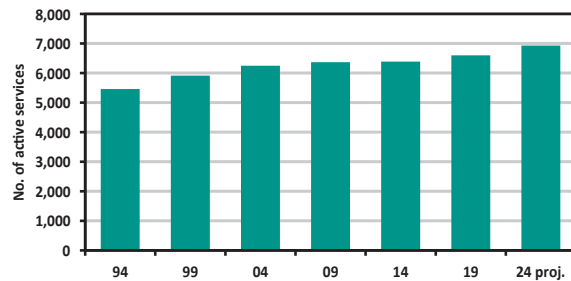
	2019	2020	2021	2022	2023	2024 proj.
<b>REVENUES</b>	\$15,518,647	\$15,187,703	\$14,974,871	\$15,942,721	\$15,741,757	\$15,894,336
Cost of Purchased Power	9,210,217	8,763,420	8,698,818	9,172,406	8,808,814	8,748,974
Operating Expenses	3,307,368	3,802,849	3,688,228	4,115,804	3,815,407	4,115,214
Depreciation	1,297,878	1,249,865	1,283,392	1,327,078	1,349,982	1,399,012
Taxes	75,703	79,358	69,839	66,616	66,666	66,923
Interest	861,465	675,582	667,436	667,908	650,629	699,889
<b>TOTAL EXPENSES</b>	\$14,752,631	\$14,571,074	\$14,407,713	\$15,349,812	\$14,691,498	\$15,030,012
<b>OPERATING MARGIN</b>	\$766,016	\$616,629	\$567,158	\$592,909	\$1,050,259	\$864,324
kWh Purchased	118,463,330	113,317,173	110,423,269	120,835,264	112,476,010	110,403,736
kWh Sold	111,159,290	106,410,124	102,907,919	112,918,145	104,886,791	103,826,658
Miles of Line	1,449	1,452	1,459	1,468	1,470	1,473
Connected Accounts	6,597	6,655	6,746	6,832	6,944	6,964
Average Residential Usage*	1,153	1,083	1,021	1,110	1,006	1,036
Average Residential Bill*	162.42	157.40	152.46	160.24	156.56	159.07
Average Residential Rate/kWh* (excludes seasonals)	0.141	0.145	0.149	0.144	0.156	0.154
Average Power Cost to North Star per kWh Sold	0.0829	0.0824	0.0845	0.0812	0.0840	0.0843

\* Monthly billed residential accounts

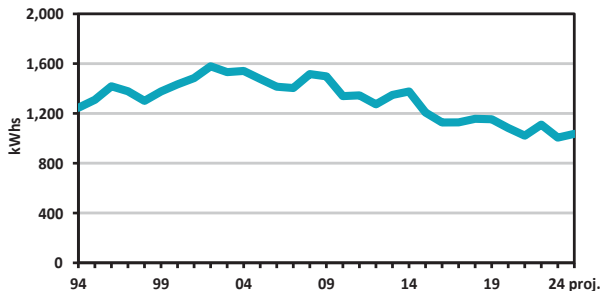
## ACCOUNTS PER EMPLOYEE



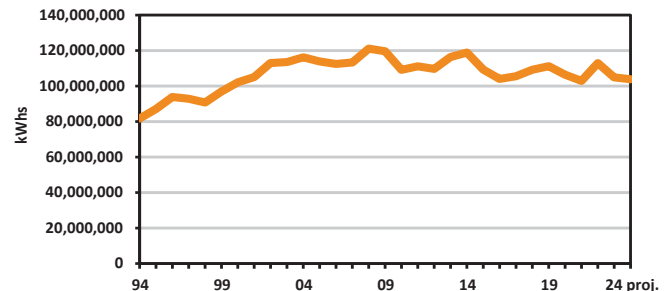
## TOTAL ELECTRICAL ACCOUNTS



## ELECTRICITY CONSUMED PER RESIDENCE



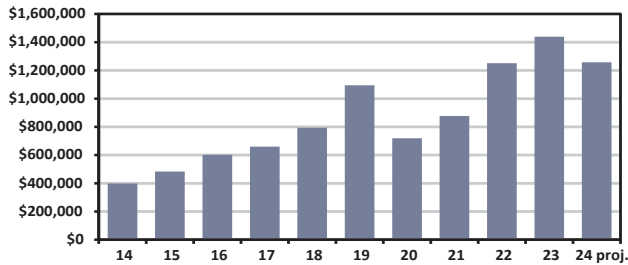
## ELECTRICITY CONSUMED CO-OP TOTAL



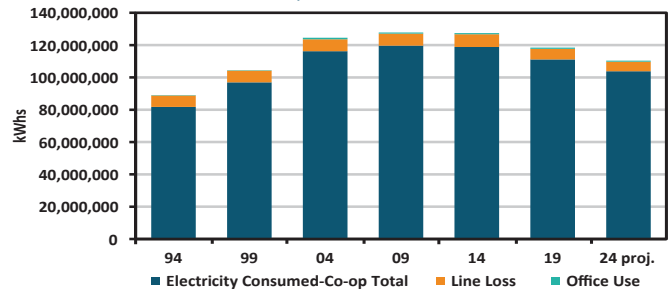
# OPERATING COMPARISONS

	New Services	Retired Services	Connects	Disconnects	Net Gain	Sec. Lights Installed	Sec. Lights Removed
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
2023	80	67	73	101	52	16	26

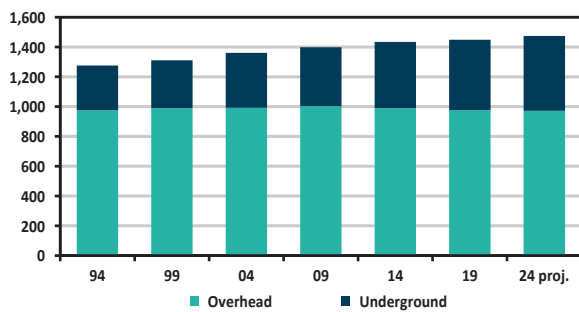
## MARGINS



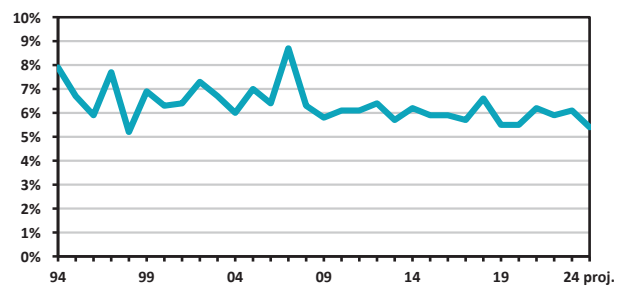
## KWH SOLD, OFFICE USE AND LOSSES



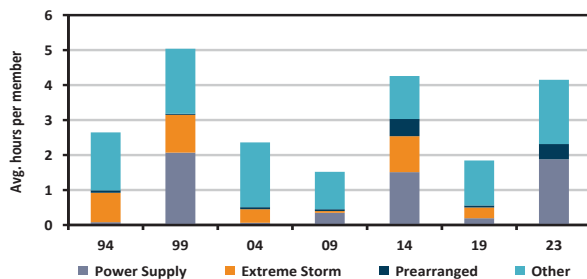
## MILES OF LINE



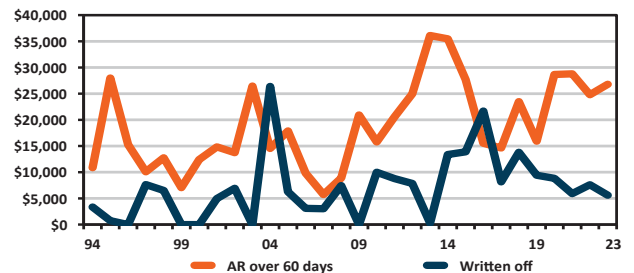
## LINE LOSS



## OUTAGE TYPES



## BAD DEBTS AND WRITE-OFFS



# 2023 ANNUAL MEETING MINUTES



## *Annual meeting of the members of North Star Electric Cooperative, Inc., Oct. 6, 2023*

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, Minnesota, on Friday, Oct. 6, 2023, 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 83<sup>rd</sup> 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 157, 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 2023 Annual Meeting and Affidavit of Mailing.

A motion was made, seconded and unanimously carried to approve waiving the reading of the Notice of the 2023 Annual Meeting and Affidavit of Mailing.

President Arnesen called for a motion to waive the reading of the 2022 annual meeting minutes.

A motion was made, seconded and unanimously carried to approve waiving the reading of the minutes of the 2022 annual meeting as presented.

President Arnesen introduced Attorney Sam Schmitz to conduct the election for the director in District 7. Attorney Schmitz introduced the unopposed candidate, Douglas King, as the only candidate for District 7.

Attorney Schmitz explained that if a motion was made to cast a unanimous ballot for the re-election of the unopposed candidate in District 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 7 candidate Douglas King.

President Arnesen introduced Finance Manager Robyn Sonstegard.

Finance Manager Robyn Sonstegard provided an informative presentation on the cooperative's current financial position.

General Manager Kevin Holen gave a cooperative update discussing the history of North Star, the cooperative principles, outages time, miles of line served, our continued commitment to safety and the future of the cooperative. He also thanked the Lake of the Woods School for letting us host the annual meeting on their grounds.

President Arnesen addressed the membership, thanked them for attending their annual meeting and gave a history of rural electrification. He also recognized the promoting of Manager of Member Services Kevin Holen to General Manager in 2023.

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.

President Arnesen introduced Attorney Sam Schmitz.

Attorney Schmitz gave a report on Minnkota Power Cooperative. He discussed the distribution cooperatives that Minnkota serves and the issues they face due to today's economy and the needs of the membership.

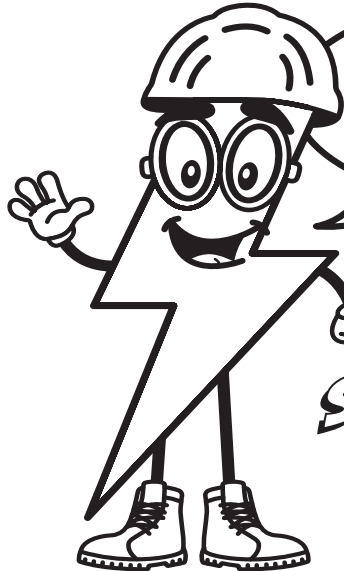
Prize drawings included a 55" Smart TV, an Apple iPad, an Apple Watch and one \$100 bill for a children's coloring contest. The winners were:

- **55" Smart TV** – Alan Thomas
- **Apple iPad** – Roger and Rita Krause
- **Apple Watch** – George Swentik
- **\$100 Cash Youth Prize** – Aurora Anderson (granddaughter of Levain and Sue Anderson)

There being no further business, a motion was made, seconded and unanimously carried to adjourn the meeting at 5:28 p.m.

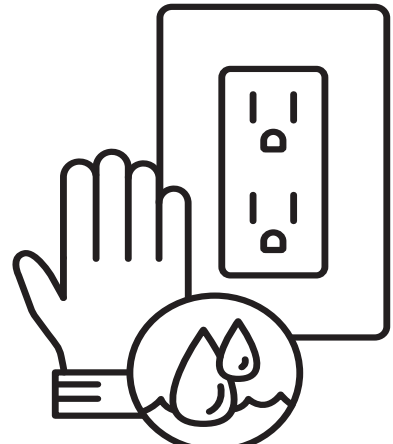


# KIDS' COLORING CONTEST SHEET



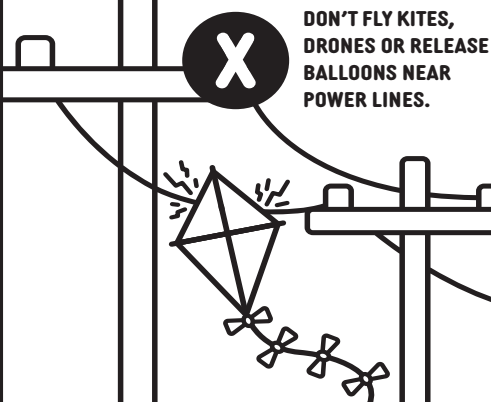
"ELECTRICAL SAFETY IS EVERYONE'S RESPONSIBILITY! HERE ARE SOME TIPS TO HELP REMIND YOU OF HOW TO BE SAFE AROUND ELECTRICITY."

**WAYS TO STAY SAFE AROUND ELECTRICITY**



**X** BE CAREFUL AROUND ELECTRICAL OUTLETS, ESPECIALLY WITH WET HANDS. WATER AND ELECTRICITY DO NOT MIX!

**X** DON'T FLY KITES, DRONES OR RELEASE BALLOONS NEAR POWER LINES.



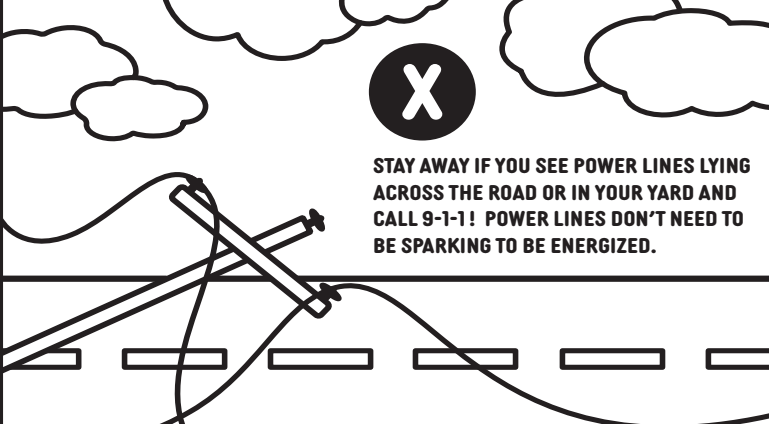
**✓** SAFETY GLASSES, SAFETY VESTS AND WORK BOOTS HELP KEEP PEOPLE SAFE WHEN WORKING WITH ELECTRICITY.



**✓** USE FIRE EXTINGUISHERS TO PUT OUT ANY ELECTRICAL FIRE.



**X** STAY AWAY IF YOU SEE POWER LINES LYING ACROSS THE ROAD OR IN YOUR YARD AND CALL 9-1-1! POWER LINES DON'T NEED TO BE SPARKING TO BE ENERGIZED.



"ALWAYS REMEMBER THESE HELPFUL TIPS TO STAY SAFE AROUND ELECTRICITY!"

\_\_\_\_\_

Child's name

\_\_\_\_\_

Parent's name

# OCTOBER IS NATIONAL CO-OP MONTH

## CO-OPS ARE COOL. Celebrate National Co-op Month!

As a member of North Star Electric, you're part of something special. You're a member-owner of a rural electric cooperative that strives for innovation, works to give back to its community and provides the region with safe and reliable power. This National Co-op Month, we're celebrating some of the things that make being a co-op member so cool.

### Community Engagement

Whether it's sponsoring local events, supporting schools, or providing energy efficiency workshops and electric contractor trainings, rural electric cooperatives are deeply committed to the well-being of their communities.



### Affordable Rates

Because we operate on a not-for-profit basis, we focus on providing our services at cost to our members. Any excess profits are returned to members in the form of capital credits or used for upgrades to our services.



### Member-owned and Governed

Unlike investor-owned utilities, electric cooperatives are owned by members like you. This means you're not just a customer. Members have a say in how North Star is run by voting for the board of directors, who ensures that decisions are made with the community's best interests at heart.

### Sustainability Initiatives

Minnkota Power Cooperative, North Star's wholesale power provider, works to keep a diverse energy portfolio with 41% of its energy generation coming from carbon-free resources. Members can also elect to participate in energy efficiency programs like off-peak or Infinity Renewable Energy, through which you can choose how many kilowatt-hours come from wind generation.



### Positive Rural Impact

Electric cooperatives were created to bring electricity to rural areas that were overlooked by other utility companies. Cooperatives like North Star continue to be a lifeline for rural communities, providing essential services and helping to drive local economic growth.

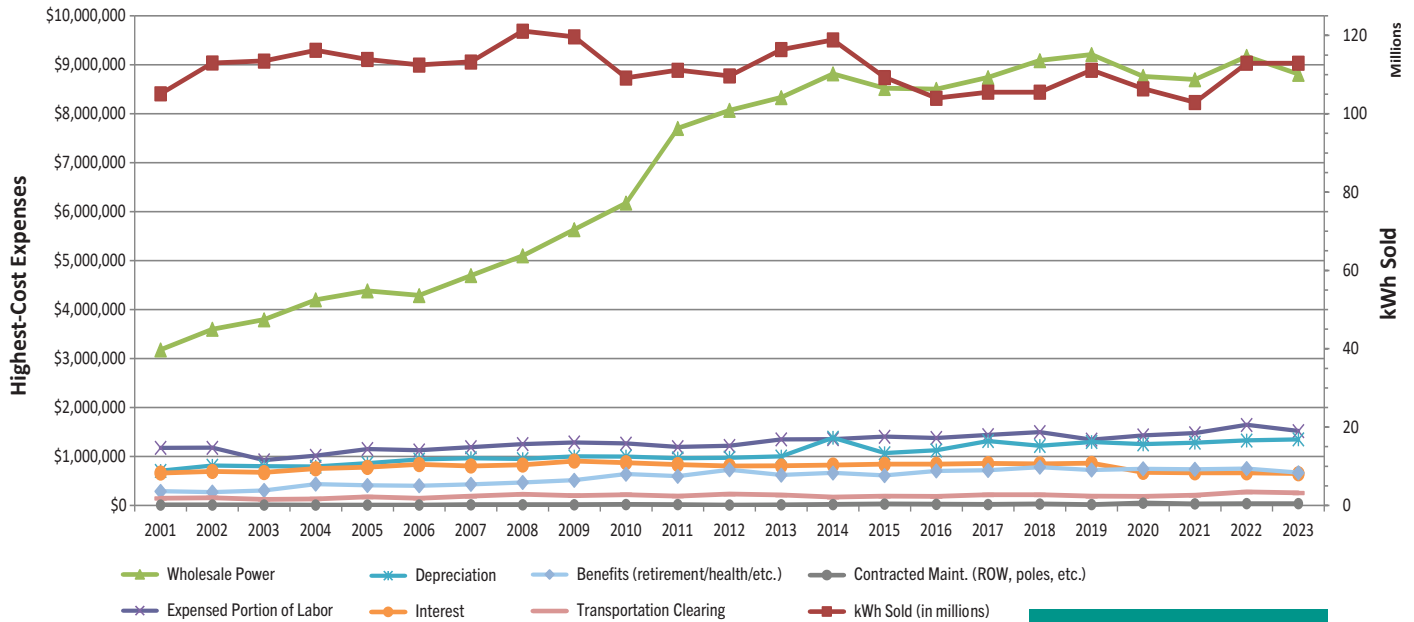


THANKS

We want to thank our members for your continued support and engagement this National Co-op Month. You are what makes North Star so cool. To learn more about your electric cooperative, visit [www.northstarelectric.coop](http://www.northstarelectric.coop) or give us a call at **218-634-2202**! We are here for you.

# HIGHEST COST EXPENSES (compared to kWh sold)

These lines represent our largest expenses for the last 23 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.



## 2023 Average Residential Electric Rates (cents per kilowatt-hour; data shows year-to-date rates as of December 2023)

**2024 North Star Electric Rate (projected)**  
**15.02¢**

<b>West North Central</b>	<b>13.07</b>
Iowa	13.21
Kansas	13.62
<b>Minnesota</b>	<b>14.57</b>
Missouri	12.77
Nebraska	11.29
North Dakota	10.97
South Dakota	12.25

<b>Mountain</b>	<b>13.71</b>
Arizona	14.01
Colorado	14.32
Idaho	11.12
Montana	12.43
Nevada	16.67
New Mexico	14.16
Utah	11.20
Wyoming	11.45

<b>Pacific Contiguous</b>	<b>21.69</b>
California	28.92
Oregon	12.68
Washington	10.98

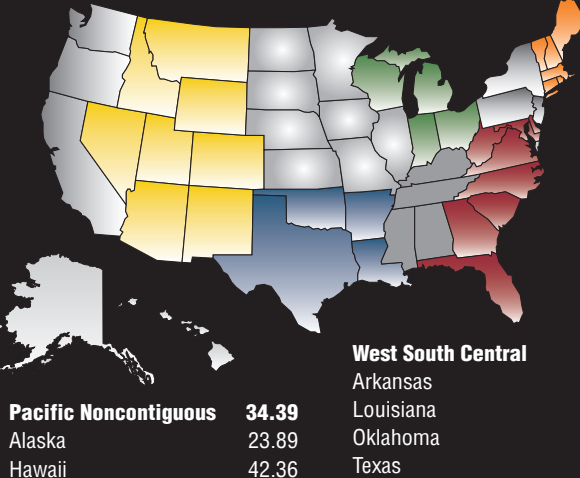
<b>East North Central</b>	<b>16.20</b>
Illinois	15.82
Indiana	14.94
Michigan	18.70
Ohio	15.46
Wisconsin	16.77

<b>New England</b>	<b>28.72</b>
Connecticut	29.86
Maine	27.46
Massachusetts	29.40
New Hampshire	28.31
Rhode Island	27.98
Vermont	20.81

<b>Middle Atlantic</b>	<b>19.61</b>
New Jersey	17.73
New York	22.25
Pennsylvania	18.10

<b>South Atlantic</b>	<b>14.55</b>
Delaware	15.75
District of Columbia	16.35
Florida	15.24
Georgia	13.73
Maryland	16.59
North Carolina	13.24
South Carolina	14.10
Virginia	14.34
West Virginia	14.07

<b>East South Central</b>	<b>13.13</b>
Alabama	14.58
Kentucky	12.49
Mississippi	13.42
Tennessee	12.27



Source: Energy Information Administration

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



# 2024 ANNUAL MEETING AGENDA

LAKE OF THE WOODS SCHOOL | BAUDETTE, MINNESOTA | FRIDAY, OCT. 4, 2024

- 5:00 - 6:00 p.m.** – Dinner and Registration
  - Entertainment
- 5:30 p.m.** – Free Childcare Until Meeting Adjournment
- 6:00 p.m.** – Presentation of Colors and National Anthem
  - Welcome ..... Steve Arnesen, *President*
  - Call to Order ..... Steve Arnesen, *President*
  - Invocation..... Steve Arnesen, *President*
  - Welcome Guests..... Steve Arnesen, *President*
  - Notice of 2024 Meeting ..... Lorraine Nygaard, *Secretary*
  - Minutes of 2023 Meeting..... Lorraine Nygaard, *Secretary*
  - Audit Report
  - Introduction of Board Candidates
  - Election of Directors (*Districts 1 and 4*)
  - Manager’s Report..... Kevin Holen, *General Manager*
  - Guest Speaker ..... Mac McLennan, *Minnkota President & CEO*
  - President’s Report ..... Steve Arnesen, *President*
  - Old and New Business ..... Members
  - Prize Drawings (*must be present to win*)
    - 55” TV (*grand prize*)
    - Apple iPad
    - Apple Watch
    - \$50 Energy Credit (*4*)
    - \$100 Kids’ Coloring Contest
  - Adjourn



**Annual meeting gift for ALL attending members –**  
Blanket 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
- 4 – \$50 Energy Credit
- 1 – \$100 Kids’ Coloring Contest

**Thank you for attending**  
**YOUR annual meeting!**

**‘LIKE’ US ON FACEBOOK TO STAY UP TO DATE**

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

 /northstarelectric

**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** 1-888-60OUTAGE (1-888-668-8243)  
**E-mail us at** nsec@wiktel.com | **Visit our website at** northstarelectric.coop

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