North Star
ELECTRIC COOPERATIVE

PO Box 719
441 State Highway 172 NW
Baudette, MN 56623

Phone (218) 634-2202
Email: clayton.g@nse.coop

Attention 2026 Seniors!

Would you like **$1,000** to help pay for your post-secondary education?

North Star will be offering:
one (1) $1,000 scholarship
and
four (4) $500 scholarships this spring!

You don't have to be an honor student,
just come and take the test!

North Star Electric Cooperative, Inc.

PO Box 719
Baudette, Minnesota 56623
Phone (218) 634-2202
(888) 634-2202

PO Box 371
Littlefork, Minnesota 56653
Phone (218) 278-6658
(888) 258-2008

MANAGEMENT STAFF	POSITION
Kevin Holen	General Manager
Robyn Sonstegard	Finance Manager
Clayton Gubbels	Member Services Manager
Tim Pelach	Operations Manager

DIRECTORS	
Steve Arnesen, President	Roosevelt, MN 56673
Mike Hanson, Vice-President	Birchdale, MN 56623
Shelley Spears, Secretary/Treasurer	Baudette, MN 56623
Doug King	Kabetogama/Ray, MN 56669
Richard Ferguson, Jr.	Big Falls, MN 56627
Randall Bergan	Williams, MN 56686
Tim Mathews	International Falls, MN 56649

Total Member-Owners: **5,628**
Employees: 20 full-time, 1 part-time
Miles of Line: **958** overhead
Miles of Line: **513** underground
Total Plant Investment: **$58,230,805**
Annual Meeting: October
Board Meetings: First Wednesday of the month
Counties served: Roseau, Lake of the Woods, Koochiching, St. Louis
Wholesale Power Source: Minnkota Power Cooperative
Date System Organized: 1940
Date Energized: 1940
Monthly Newsletter: Enlightener

TAKE THE KNOWLEDGE SCHOLARSHIP TEST

North Star Electric will be awarding a total of five scholarships, one (1) $1,000 scholarship and four (4) $500 scholarships*, plus a chance to win one of four (4) $50 cash awards just for scoring over 60% on the test!* The test is about your electric cooperative that provides electricity to your home. Most of the test answers will be included in the study material that North Star provides. A few hours of study time could pay off with a $1,000 scholarship!

To qualify to take the test, students must be high school seniors and have parents or guardians who are active members of North Star Electric Cooperative. Students who attend the following schools could be eligible:

- Warroad High School (and live east of the City of Warroad)
- Lake of the Woods High School (and do not live in the City of Baudette)
- International Falls High School (and do not live in the cities of International Falls or Ranier)
- Littlefork-Big Falls High School
- Northome High School (Big Falls area)

Students not living in one of the above areas could also be eligible if their parents or legal guardian are members because they own other property that is served by North Star, such as a business or a summer home.

North Star participates in this program because it gives us an opportunity to acquaint you with who we are and what the co-op is all about. Knowing the information in this handout will help you do well on the test. This test is not about electricity. It is about electric cooperatives like North Star.

FACTS ABOUT NORTH STAR ELECTRIC COOPERATIVE & AMERICA'S OTHER RURAL ELECTRIC SYSTEMS

RURAL ELECTRIC COOPERATIVES (RECs) are … consumer-owned utilities that were established to provide electric service to rural America when investor-owned utilities would not. To become a member, you must **sign a membership application, pay a $5 membership fee, and buy electricity from the electric cooperative.** Three of the main cooperative principles are **open membership, democratic control, and the profits belong to the members.** Consumer cooperatives owned and controlled by the people they serve are nonprofit enterprises, but they pay more than **$1.5 billion in state and local taxes each year**. Each member-consumer receives one vote, and all margins (profits) are returned to the members in the form of **capital credits**. Electric cooperatives retire over $1.4 billion in capital credits annually.

Electric cooperatives are an integral part of the $491 billion electric utility industry. They play a critical role in our nation's economy, in local communities and employ 73,000 people in the United States. They own $213 billion in assets, own and maintain 2.7 million miles, or **42%,** of the nation's electric distribution lines covering 56% of the nation's landmass, but they distribute only about **13%** of the nation's electricity. There are **894** rural electric systems which form a rural electric network across the United States. Most are distribution systems that deliver electricity to homes and businesses. Rural electric systems serve about 22 million farms, homes, schools, churches, commercial enterprises, and other establishments in 2,500 (80%) of the 3,141 counties or county-type areas of the United States.

Although America's rural electric systems serve more than 42 million people, they average only **8** customers per mile of line and collect annual revenues of approximately $19,000 per mile of line. Investor-owned utilities (such as Minnesota Power and Xcel Energy) average 32 customers per mile of line and collect $79,000 per mile of power line annually. Publicly owned utilities (such as the City of Baudette) average 48 customers and collect $113,000 per mile of line annually. For this reason, rural Americans were denied access to central station electricity (electricity generated in a central location and distributed to many customers via power lines) until the creation of REA (the Rural Electrification Administration). Co-op goals are not to make a profit. Their goal is only to make enough money to maintain their system and serve their members with an adequate supply of electricity.

A typical rural electric system is about 80 years old with 2,900 miles of line and 13,000 consumers in portions of three counties. **North Star Electric Cooperative has 1471 miles of line and 6984 accounts, which is 4.75 accounts per mile. North Star serves most of Lake of the Woods and Koochiching Counties, plus portions of Roseau and St. Louis Counties.** North Star's service territory stretches from Warroad to Orr, and south to Margie (excluding the cities of Baudette, International Falls, and Ranier).

Cooperatives, such as North Star Electric Co-op, are **non-profit** organizations. Any margin (profit) left at the end of the year is credited to the capital credit accounts of the member-consumers based on how much electricity each member-consumer purchased during that year. North Star generally returns a portion of the accumulated capital credits in September of each year. **North Star Electric Cooperative has returned over $16,000,000 to its member-consumers. Investor-owned utilities (IOU's) and municipal systems do not return their profits to their consumers. Their profits go to shareholders.**

The Cooperative has **7** districts and the **members from that district elect a director to represent them.** The directors serve a 4-year term. Each family purchasing electricity from North Star **has one membership in the co-op and one vote.**

Since 1961, RUS (Rural Utility Services) borrowers have helped start and expand new commercial, industrial, and community facility projects, producing new jobs and helping to strengthen the economy in their communities.

Some co-ops are called G&T's because they both generate and transmit electricity to meet the power needs of distribution co-ops. Nationwide, there are 64 generation and transmission cooperatives, owned by their member systems. 38.5% of the power distributed by rural electric systems is generated by rural electric generation and transmission (G&T) cooperatives. All of the wholesale power purchased by North Star comes from Minnkota Power Cooperative, a G&T, headquartered in Grand Forks. **58% of this power is generated in North Dakota at the Milton R. Young and the Coyote Station coal-fired plants located efficiently on the coal fields.** Once the coal has been mined, the land is restored to near-original condition at a cost of about **$60,000** per acre. More than **30%** of the cost of producing lignite coal goes towards reclaiming the land to be at least as productive as it was prior to mining. Minnkota Power Cooperative operates this coal-fired plant and owns most of it. They also have an agreement with the coal supplier to provide coal until the year **2037**. Because Minnkota is also a cooperative owned by those it serves, North Star is a part-owner of the generating plant along with **10** other rural electric cooperatives in Minnesota and North Dakota. Any margins (profits) earned by Minnkota are passed on to its member cooperatives.

Minnkota Power generates 7,000,000 MW of electricity from several different sources. **58% comes from lignite coal, 7% from hydro, 33% from wind, and 2% from a mixture of diesel & biomass. They are working on a project to capture and store CO2 from coal, called Project Tundra. Electricity must be consumed at the moment it is generated. The intermittency of some sources (wind and solar) makes it more difficult to deliver reliable electricity.**

ENVIRONMENTAL STEWARDSHIP

In the United States, Minnkota Power is one of the nation's leaders in renewable energy when compared with other G & T in the nation. Of the total electricity they generate, **33%** is generated from wind and **7%** from hydro power. Their coal fired power plant is located in Oliver County along with four of the state's six coal fired power plants and has received an **A** rating from the American Lung Association's "State of the Air" Annual Report.

Minnkota Power is committed to 100 percent compliance with all environmental regulations. Proactive leadership and emission control equipment enable the cooperative to meet strict state and federal environmental standards. Minnkota Power made a major investment of more than **$425 million** in environmental upgrades from 2006 to 2011 at the Young Station. The results from these upgrades were a **95% reduction in sulfur dioxide (SO2), 60% reduction in nitrogen oxides (NOx), 60% reduction in mercury, and 99.9% removal efficiency in fly ash.**

RENEWABLE ENERGY

In 2007, Minnesota mandated that **25 percent of our electric energy must come from a renewable resource by 2025**. Minnesota has also stated that our existing Hydro plant **(109MW)** cannot be counted as renewable energy. Minnkota Power, our G&T, was very aggressive in finding these renewable sources early. Minnkota has contracts ranging from **25 - 35 years** for purchasing **457MW** of wind capacity with NextEra Energy Resources, which is one of the largest owner/operators of wind turbines in the United States.

ASSOCIATIONS

STATEWIDE ORGANIZATIONS In 38 of the **48 states** where rural electric systems are located, there are statewide organizations that represent members' interests and coordinate such services as State legislative services, communications, safety training and education. Statewide organizations are financed through dues from member cooperatives and revenues from services. They vary in size and resources.

NRECA, the National Rural Electric Cooperative Association, **formed in 1942**, represents the national interests for rural electric systems. NRECA provides legislative services and programs in management training, insurance, public relations, and advertising – all designed to help rural electric systems serve their members effectively and efficiently. NRECA and its members also support supplemental energy and environmental research and administer an international program of technical advice and assistance in the development of rural electric systems in **43 countries**. NRECA is also financed by dues and revenues.

Rural Utility Service (RUS, but formerly REA-Rural Electrification Administration) is a federal agency in the US Department of Agriculture that administers insured and guaranteed loan programs and provides technical assistance for rural electric systems.

MILESTONES

Rural Americans were denied electrical service due to the sparce population in rural areas. No one wanted to make a large investment to bring power to a limited number of consumers. They were in it for money, not for the people.

On May 12, 1935, President Franklin D. Roosevelt, by Executive Order 7037, created the Rural Electrification Administration (REA). In May 1936, the Rural Electrification Act was passed by Congress. It also established a loan program to

finance qualified entities willing to provide electric service in rural areas, with preference to nonprofit enterprises. Under the provisions of the Rural Electrification Act, the REA made direct loans to rural electric cooperatives, such as North Star Electric Cooperative. Power to rural areas became a reality due to the availability of financing and the desire of local leaders to form rural electric cooperatives. In 1995, the REA was renamed RUS (Rural Utility Services). Other sources of financing are now the National Rural Utilities Cooperative Finance Corporation **(CFC),** CoBank, and the Federal Financing Bank **(FFB**).

Touchstone Energy® Cooperatives
The power of human connections®

TOUCHSTONE ENERGY

North Star Electric Cooperative is a Touchstone Energy Cooperative. We've joined with more than 700 electric cooperatives from 48 states to form this nationwide alliance and a new brand of energy: **Touchstone Energy.** The core values associated with Touchstone Energy® are **integrity, accountability, commitment to community, and innovation**. We've combined forces because we all agree that providing outstanding customer service and being active in and committed to our local communities is our number one job. You see this name and logo on our materials, as well as on TV.

OPERATION UP ROUND

OPERATION ROUND UP

North Star Electric Cooperative started Operation Round Up in July 2006. Many local organizations benefit from Operation Round Up. It is a **voluntary** member-driven fund-raising program of North Star Electric Co-op, which is designed to provide financial assistance for worthwhile projects and charities in the area. Operation Round Up directors are appointed by North Star's board members and must be members of the cooperative. The cooperative's general manager is a non-voting member of the board. If a member chooses to be part of Operation Round Up, their electric bill is "rounded up" to the next higher dollar. For example, if a bill is $96.47, the computer will round up the bill to $97. The additional 53 cents will be placed in the trust. About **80 percent** of North

Star members have chosen to participate in Operation Round Up and have donated about **$379,000** to 150 local charitable and community-based programs.

WHY DO WE OFFER THESE SCHOLARSHIPS?

Older members have remained active in the co-op by attending the annual meetings and participating in the decision-making process, but the younger generations have not taken as active a role. We feel that it is extremely important that young people continue to take an active interest in their co-op, a business they own.

North Star Electric Cooperative is pleased to offer you this chance to help with your college expenses, while at the same time you can become acquainted with the utility that your parents own and control. There's a good chance that one day you will also be a member of the Cooperative!

In the spring we deliver these study materials to students who are interested in competing for the scholarships. The test will be about a week later. All winners will be notified of the results shortly after all the tests have been checked.

If you have any questions about eligibility or anything else concerning this contest, you may contact Clayton Gubbels at 634-2202 or 1-888-634-2202.

Give it a shot – what do you have to lose?

Thank you for participating
and
Good Luck!