

**Overview of how additional governmental regulation by the Minnesota Public Utilities Commission (PUC) will affect members of Lake Country Power:**

**1. Will regulation by the PUC lower my electric bill?**

No. Regulation by the PUC will not lower electric rates and will not remove the “power cost riders” from monthly bills.

**2. Will regulation by the PUC increase my electric bill?**

Yes. Additional regulation will add to the cost of running Lake Country Power, and those costs will increase members’ electric bills. The cost of PUC regulation is anticipated to average more than \$350,000 annually to cover the cost of PUC reporting and compliance requirements.

**3. What is the role of the Minnesota PUC?**

The mission of the PUC is to maintain a regulatory environment that ensures safe, reliable and efficient utility services at fair and reasonable rates — not to lower rates.

Your co-op board of directors is answerable to its members; the PUC is not answerable to members of the co-op.

**4. Why is the cost of power increasing?**

New generation, legislative mandates, investments in cleaner, greener energy, changes in a market-based transmission system, and the depressed economy caused power costs to increase significantly in recent years. After several increases in the cost of power since late 2008, the price we pay for power from Great River Energy, our supplier, has largely stabilized.

**5. Why are some utilities regulated by the PUC and some are not?**

The PUC is designed to regulate investor-owned utilities like Minnesota Power and Xcel Energy to ensure that profits yield a reasonable rate of return for investors (shareholders) and that electric rates to their customers are fair.

In electric co-ops across the country, members elect boards of directors to represent them and to establish a reasonable margin to operate the business safely, reliably and to pay down debt. Lake Country Power members have a right to vote out board members if they feel they are not doing a good job. With PUC regulation, LCP members would have no access to the PUC.

**6. If Lake Country Power is regulated by the PUC, how will things change at the co-op?**

Lake Country Power will continue to provide safe, reliable energy. Regulatory requirements will increase the cost of doing business, and that cost will be passed on to members. Decisions regarding rates will still be made by the co-op board based on operational expenses, energy costs and debt. Other than cost, the main difference will be that final approval of rates will not be made by your elected board, but by an outside government regulator, the PUC, with whom you have no recourse.