

## **Lake Country Power**

### **Board Resolution**

#### **Opposing Regulation by the Minnesota Public Utilities Commission (MN PUC)**

WHEREAS, it is the mission of Lake Country Power to strive to exceed the expectations of our members by providing safe, reliable and affordable electric service and to invest in innovative solutions that demonstrate value, commitment to our members and the area we serve; and

WHEREAS, all members-owners of Lake Country Power are affected by the rising cost of electricity and some member-owners support additional government involvement, oversight and regulation through the Minnesota Public Utilities Commission; and

WHEREAS, the Rural Utilities Service, through its role as the primary source of loan funds for Lake Country Power, as well as numerous other state and federal agencies, oversees and regulates the cooperative in the areas of safety, reliability and service quality, revenue, cash and margin requirements, accounting and auditing procedures and standards, operation and maintenance programs and practices, construction design and standards, environmental rules and regulations, conservation improvement programs and requirements, renewable energy mandates, distributive generation, and co-generation; and

WHEREAS, Lake Country Power has been aggressively managing the rising cost of electricity by holding its 2010 operating budget at 2009 levels, and has been working closely with Great River Energy, which, in turn, has reduced its planned operations and maintenance expenses, instituted salary freezes for management, a hiring freeze for non-critical positions and reduced its capital budget in an effort to minimize rate increases; and

WHEREAS, regulation of Lake Country Power by the MN PUC would not shield members from power cost adjustment charges or rate increases imposed by Great River Energy, or any other power supplier; and

THEREFORE BE IT RESOLVED, the Board of Directors understands and appreciates the right and responsibility of members to make known concerns over rising costs and other issues as a local member-owned cooperative, and that involvement of consumers is fundamental in a cooperatively-owned business. Nevertheless, the Board opposes additional outside regulation through the MN PUC for the following reasons:

1. Cost – Lake Country Power operates on an “at cost” basis and research indicates that the cost of additional regulation under the MN PUC will add \$200,000 per year for monthly, seasonal and annual administrative filings. In addition, the estimated cost of filing a retail rate case is \$500,000 per occurrence.

2. Member owned, member controlled - As a cooperative, Lake Country Power is governed by those we serve - the member-owner. The member-owners, who elect the Board of Directors, are charged with setting the cooperative's financial and operational strategies to meet or exceed the requirements of the lenders and the agencies that oversee other functions, and more importantly the service requirements of the members.

I, Carter Pettersen, Secretary of Lake Country Power, do hereby certify that the above is a true and correct copy of a resolution adopted at the meeting of the Board of Directors of Lake Country Power on December 18, 2009, at which a quorum was present and voted.



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Carter Pettersen, Secretary