



A Touchstone Energy
Cooperative

Newsline

March 2009

BOARD MEETINGS

March 31 – 9:30 a.m.
at Mountain Iron service center

April 28 – 9:30 a.m. at Grand
Rapids service center

*Editor's Note: Co-op events, including
board meeting schedules, are posted
at www.lakecountrypower.coop. Go to
"Community & Kids" and click "Events."*

FUN FOR KIDS

Your children will have
fun with CFL Charlie in the
Touchstone Energy Kids Zone.
You will find him at www.touchstoneenergykids.com. As
CFL Charlie says, "it's a cool
place for kids to learn about
electricity, energy savings and
electrical safety." Have fun!

NEWSLETTER ARCHIVES

This newsletter, among
other *Newsline* issues, has
been posted online at www.lakecountrypower.coop in the
event you misplace previously
mailed newsletters and need
to reference newsletters from
previous months. Click on the
News & Information tab.

PRIMARY NUMBER

Lake Country Power's phones
are answered 24 hours a day.
Our primary phone number is
1-800-421-9959.

Inside

State Goal Demands Energy Savings

Conservation Corner

Power Cost Answers

Financing Energy Improvements

Annual meeting to address rising energy prices



Wholesale State	1985	2007	2007 (Summer)
NECA	\$102.40	\$107.00	\$127.00
DIEC	\$92.70	\$107.00	\$107.00
CCGFA	\$95.00	\$107.00	\$127.00

Representatives from Lake Country Power and Great River Energy are inviting co-op members to join both utilities April 25 for a conversation about the rising price of energy and the impact on monthly electric bills.

On Saturday, April 25, the co-op will hold its annual meeting to present information about co-op operations, the rising cost of wholesale power, and the uncertain future of energy policy and electricity supply. The annual meeting will be held at the Cromwell High School gymnasium in Cromwell. Registration and breakfast will begin at 9:00 a.m., and the business meeting will start at 10:00 a.m.

Members will receive a compact fluorescent light for bringing at least one non-perishable food item or a cash donation for the Tri-Community Food Shelf.

Ballot Mailing

Director election results will also be announced. The official annual meeting notice will be mailed to all members the

week of April 6. Members residing in Districts 1, 5 and 9 will receive a director election ballot.

All mail ballots must be received at the Grand Rapids post office no later than 5:00 p.m. Friday, April 24. Or you may vote at the annual meeting before the polls close.

Panel Discussion

We'll be joined this year by several guests who will provide members with expertise and perspective on issues affecting the cost of electricity and the future of climate change legislation. The meeting will include a panel discussion, and will offer members an opportunity to ask questions and hear directly from co-op leaders representing Great River Energy, the Minnesota Rural Electric Association and Lake Country Power.

To submit a question for the annual meeting panel, please click on the "Contact

ANNUAL MEETING, CONT'D ON PAGE 4

State goal demands energy savings

Minnesota legislation has made saving energy a big priority for utilities and consumers. As part of the Next Generation Energy Act, electrical utilities need to establish progress that will conserve at least 1.5 percent of their retail energy sales in 2010 and every year thereafter. This may seem small, but it will be a challenge to meet, particularly year after year.

To meet the goal, energy efficiency efforts need to be stepped up. Lake Country Power and its wholesale

energy supplier, Great River Energy, are creating new programs and modifying existing conservation and energy efficiency efforts to help homeowners and businesses save the necessary kilowatt-hours to meet the goal. In 2010, Great River Energy will file a report on behalf of its 28 member co-ops and the energy savings will be measured collectively.

Some conservation measures encourage members to change their behavior and get by with less. These include practices such as turning down the thermostat or shutting off lights.

On the other hand, energy efficiency is about applying new, more efficient technologies that allow you to do more with less energy. Energy efficiency measures might include something as simple as installing compact fluorescent lights, a programmable thermostat or an ENERGY STAR appliance. Whether you pursue conservation or energy efficiency, both approaches will help you manage your power bill.

“Energy efficiency doesn’t mean you have to go without, it just means you waste less,” said Jeff Sheldon,



manager, energy services and business development. “Every little bit will bring us closer to the mandated state goal and, of course, a lower electric bill.”

“Energy efficiency doesn’t mean you have to go without, it just means you waste less. Every little bit will bring us closer to the mandated state goal and, of course, a lower electric bill.”

**Jeff Sheldon, manager,
energy services and business development**

CONSERVATION CORNER

Positive Energy



**Leo Wilenius,
Manager, Energy and
Environmental Services**

It should come as no surprise that the computer age would eventually play an important part in the world of conservation. At least, that’s what some utilities, including

Lake Country Power, are looking to for help in conservation education through a pilot project, which is partially funded by the Minnesota Department of Commerce called *Positive Energy*.

For this effort, 10,000 Lake Country Power members, chosen randomly, will receive a monthly energy report derived from a computer analysis of the demographics in our area. A key component is a rating which shows the homeowner their energy use compared to an average of homes in their area that are similar in size and age. The report also includes how much energy the occupants used compared to last year, how much they use seasonally and things they can do to save more energy. The expectation of the year-long program is that by targeting education and comparing energy uses, homeowners

will gain a new energy awareness and adopt long-lasting conservation habits. If successful, it’s a program that could be expanded to all members in the future.

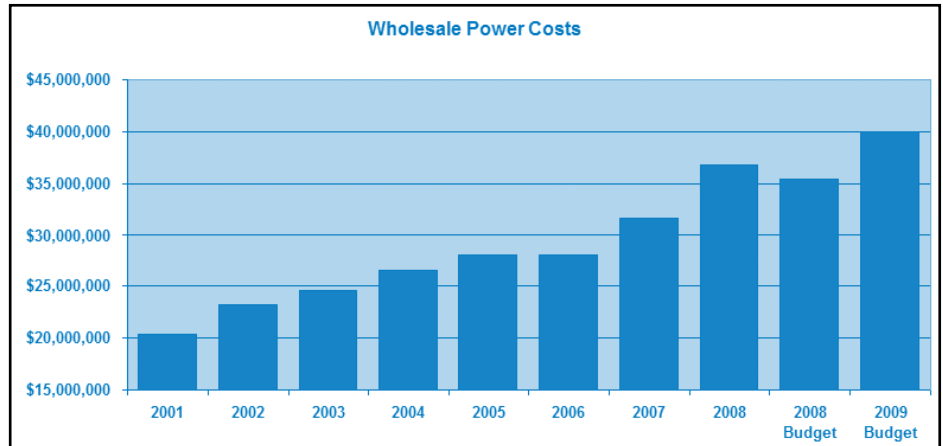
I hope you’re already analyzing and discussing your energy uses whether it’s something as simple as turning off the lights or as varied as the methods that increase the efficiency of your home against extreme weather.

With warmer weather approaching, your energy use should be going down as well, but don’t take my word for it — compare for yourself.

Have a great spring and save energy whenever you can.

More Questions & Answers on Power Costs

The cost of wholesale electricity that Lake Country Power buys has risen significantly over the past eight years (especially the last two years). Our co-op power bill was \$20 million in 2001, and is expected to be \$40 million in 2009. Great River Energy, our power supplier, has passed on additional power costs (that were not planned, budgeted or forecast by GRE) of more than \$3 million to Lake Country Power since December 2007. GRE has increased its general service rates to Lake Country Power by nearly 30% since December 2007, and more than 23% for Energy Wise programs.



The cost of power, purchased from Great River Energy, has increased dramatically for Lake Country Power and its members.

WHAT is Lake Country doing about the cost of power rising?

Like you, we are frustrated too. And GRE is aware. Our board and managers have been very vocal in opposing GRE's additional charges. We have requested that GRE take additional action to cut costs. Lake Country Power's board passed a resolution calling on Great River Energy to reduce expenses and reverse its decision to pass on power cost adjustments to our system — and ultimately to our members — over the last year. GRE has since responded by announcing a hiring freeze, and has reduced its capital spending plan.

WHAT is responsible for the additional GRE Wholesale Power Cost Riders?

The GRE Wholesale Power Cost Riders #1 and #2 line items on LCP member bills are a result of the

additional costs that have been passed on to our co-op by Great River Energy, our power supplier. The GRE line items on electric bills have been added to help Lake Country Power recover the additional costs that have been charged by GRE.

GRE says there are several reasons for the cost increases:

1. Power Plant Outage: The output of electricity from Coal Creek Station, GRE's largest and lowest-cost power plant, was reduced due to an unscheduled outage caused by a mechanical failure last year. The power that was bought in the marketplace to replace that lost generation cost GRE more than \$8 million.
2. GRE didn't receive as much in non-member sales as they expected. Great River Energy sells excess electricity to other utilities, which offsets a significant portion of their costs. In 2008, the

market's need for excess energy was reduced dramatically, primarily due to cooler than normal weather last summer. Those factors reduced GRE's non-member revenues considerably.

3. Increased cost of fuel. GRE has been experiencing higher fuel costs, whether it's gasoline, diesel fuel, natural gas or propane. The increasing fuel costs have also had an impact on its operations. All of GRE's power plants are subject to fluctuations in the price of these fuels. While we had anticipated some increase in the cost of fuel this year, the magnitude of the increases was markedly beyond what GRE had forecast.
4. The impact of wind: GRE has added 200 megawatts of wind energy, but adding wind energy requires other types of generation to back it up, because the wind doesn't always blow. This "overlapping" investment has driven up power costs.

How to finance energy improvements

If you're planning at least one home energy improvement to help reach the state's mandated goal of saving energy, you'll want to check into a new state program called the Minnesota Energy Loan.

To participate, you'll need to obtain a home energy audit and complete at least



Neighborhood Energy Connection
tools for energy-efficient living

one of the auditor's recommendations. The improvements are meant to save energy and reduce your utility costs.

You'll be able to finance the improvement with a loan at a 6.25 percent fixed rate, with minimal closing fees.

For more information about this program, visit www.lakecountrypower.coop and look for the link that says "energy efficiency loans available," or call 651-221-4462.

Incentive for new home construction

The Energy Wise® New Home Construction Program is designed to encourage building an energy-efficient home that exceeds Minnesota state code requirements.

Homes built under the program's guidelines will have reduced heating and cooling needs, greater comfort, and lower overall energy costs. An independent, certified home energy expert will work with you and your home builder to provide the latest information on energy efficient technologies and expert advice on residential construction practices. You will benefit by achieving maximum energy savings and Energy

Wise incentives for your home.

Upon completion and verification of your participation, your new home will be eligible to be listed as an ENERGY STAR home. In addition, Lake Country Power will issue Energy Wise rebates for homes that meet specific efficiency requirements (insulated r-values and ventilation/ moisture control) after a performance test for air tightness (blower door test).

For more information, contact Conservation Technologies at 218-722-9003 or Lake Country Power's member service department. ☎

ANNUAL MEETING, CONT'D FROM COVER

Us" text on our web site at www.lakecountrypower.coop. Next, click the link "I have an annual meeting question," write your question and hit send. Your question will be addressed April 25 at the annual meeting.

You can also participate on the public policy front up by submitting a pre-written message to our legislative and congressional leaders at www.ourenergymn.coop. ☎

Director Candidates

The following members have completed the necessary qualifications to be considered a candidate for director of Lake Country Power.

- **District 1:** Jerry Culliton, Tower; Lee Prinkkila, Eden Prairie; and Donovan E. Strong, Tower
- **District 5:** Robert Bruckbauer, Remer*
- **District 9:** Sherman Liimatainen, Cloquet*

*Denotes current LCP Director

CONDENSED BOARD MINUTES

December 19, 2008 Regular Monthly Meeting

The following reports were given:

President Bruckbauer reported on the meetings he attended in December.

Holding Company President Liimatainen reported that a consultant has been retained to work on the subsidiary portfolio.

General Manager Lemonds provided an update on Northland Connect and his recent appointment as Chairman of the Itasca Economic Development Corporation. He also reported about the changes in the information that is reported on the Form 990.

The following actions were taken:

Appointed Director Wallin as Lake Country Power's voting delegate at the National Rural Electric Cooperative Association annual meeting.

Approved a reduction in the 2009 Lake Country Power board budget by 15 percent.

Editor's Note: These board minutes have been condensed. A full copy of the board minutes can be read at www.lakecountrypower.coop in the "Member's Area." You'll need to sign up for access if you haven't already. Or call 800-421-9959 for a printed copy.

Consolidated Operating Statement

Year-to-Date Un-Audited – December 2008

(Preliminary and un-audited – prepared for *Newsline* prior to board acceptance)

	2008	2007
Electric Operating Revenue.....	\$66,528,496	\$61,731,244
Cost of Purchased Power	\$36,701,671	\$31,540,778
Distribution Expense —		
Operations and Maintenance	8,757,248	8,118,429
Consumer Accounts Expense & Informational	3,201,037	2,961,997
Administrative and General Exp.	4,600,154	4,384,275
Depreciation, Interest Expense and other Deductions	11,313,716	12,174,729
TOTAL ELECTRIC OPERATING EXPENSES	64,573,825	59,180,208
Net Electric Operating Margins.....	1,954,671	2,551,036
Non-Operating Margins.....	2,636,157	5,301,995
TOTAL MARGINS BEFORE SUBSIDIARIES	4,590,828	7,853,031
Net Income (Loss) from Subsidiaries (reported quarterly).....	165,158	263,429
TOTAL MARGINS.....	\$4,755,985	\$8,116,460

Editor's Note: These financials are condensed. A complete set of financials can be viewed at www.lakecountrypower.coop in the "Member's Area." You'll need to sign up for access if you haven't already. Or call 800-421-9959 for a copy.

Energy Efficiency Tip of the Month

Use a programmable thermostat to vary your home's temperature based on your schedule. Lower your thermostat when you're not home or at night to save as much as 10 percent on heating and cooling costs.

Source: U.S. Department of Energy

Newsline

Published monthly by Lake Country Power
2810 Elida Dr., Grand Rapids, MN 55744

Editor: Tami Zaun
tzaun@lakecountrypower.com

Lake Country Power Service Centers:
Grand Rapids • Kettle River • Virginia

800-421-9959
www.lakecountrypower.coop

♻️ Printed on 10% recycled stock