

May is Electrical Safety Month

- Do not plug one extension cord into another.
 - Always unplug cords not in use.
 - Use only a fiberglass or wooden ladder if you must work near overhead wires, and do not let it come into contact with the wires.
 - If a ladder starts to fall into an overhead line, let it go! Stay nearby while someone else calls the power company to cut off electricity
- to the line before you touch or move the ladder that is in contact with a power line.
- Power tools should always be used with a CFCL, either permanently installed or a plug-in type.



Call Before You Dig!

If you're planning a spring project that involves digging on your property, remember to call Gopher State One Call (1-800-252-1166) at least 48 hours before digging to have a professional safely locate underground cable for you.

You can also contact Citi Lites, Inc. (1-888-243-4744), which is a private contractor Lake Country Power uses to locate underground cable for various construction projects. Citi Lites can also do locating work for homeowners needing a private locate on their property. The company is headquartered in Pequot Lakes and several representatives work within our service area.



CONDENSED BOARD MINUTES

February 27, 2009

Regular Monthly Meeting

The following reports were given:

President Bruckbauer attended several meetings relative to the subsidiary portfolio, participated in briefings with legislators and attended member meetings in Cohasset and Remer.

Holding Company President Liimatainen reported that two of the subsidiaries will each be paying a dividend to the Holding Company in 2009.

General Manager Lemonds provided an update on power supply, MotherLode, member meetings and Northland Connect, and distributed a schedule of visits with legislators. He also reported that the Cannon meter replacements are projected to begin in May.

The following actions were taken:

Approved a resolution requesting Great River

Energy initiate an action plan to reduce expenses and wholesale power rates. The resolution will be hand carried and presented at the March GRE board meeting. The LCP board resolved that GRE leadership present the LCP Board a specific action plan to reduce 2009 and 2010 rate increases to its member distribution systems to zero by the June 2009 GRE board meeting, and that GRE's board and management take further action to achieve long-term cost reductions that will allow LCP to meet its mission of serving members with safe, reliable electric service at an affordable and competitive price.

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.

CLIMATE CHANGE, CONT'D FROM COVER

regulating carbon dioxide.

Such a backdoor tax increase would force electric cooperatives to essentially become tax collectors for the federal government, and allow Wall Street investors to set allowance prices and determine how much you pay for electricity.

We need to help Congress draft an energy solution that accomplishes environmental goals while taking affordability into account. Electric cooperatives want to work with Congress to address climate change in an affordable and environmentally responsible fashion.

National energy and climate change policy must focus on reducing emissions, not on "revenue enhancement" for federal government. Money generated, through a cap-and-trade tax or otherwise, must be used wisely: devoted to developing related technology or returned to those who foot the bill. And Congress should take the lead on climate change, not regulators or Wall Street speculators.

Please urge your representatives and senators to work with electric cooperatives to keep electric bills affordable. Get involved in this effort today at www.ourenergymn.coop.

Great River Energy generates 9.7 million megawatt-hours of coal-fired generation and emits approximately 12.6 million tons of carbon dioxide per year from coal and natural gas plants.

Energy Efficiency Tip of the Month

When washing clothes, use less water by running full loads. In addition, approximately 80 percent of the energy used by washing machines heats water, so by using cold water and cold-water detergents you can cut a load's energy use in half.

Source: U.S. Department of Energy

Consolidated Operating Statement

Year-to-Date – February 2009

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

	2009	2008
Electric Operating Revenue.....	\$14,805,151	\$12,709,855
Cost of Purchased Power	\$8,442,327	\$8,618,056
Distribution Expense —		
Operations and Maintenance	1,138,958	1,258,342
Consumer Accounts Expense & Informational	513,007	441,904
Administrative and General Exp.	857,163	731,636
Depreciation, Interest Expense and Other Deductions	1,973,277	1,744,118
TOTAL ELECTRIC OPERATING EXPENSES	12,924,733	12,794,057
Net Electric Operating Margins.....	1,880,418	(84,201)
Non-Operating Margins.....	(2,476)	12,077
TOTAL MARGINS BEFORE SUBSIDIARIES	1,877,942	(72,124)
Net Income (Loss) from Subsidiaries (reported quarterly).....	-	-
TOTAL MARGINS	1,877,942	\$(72,124)

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.

Newsline

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NEW WEB SITE

The Minnesota Department of Commerce launched a new Web site at www.energy.mn.gov. Energy content is organized into six categories: Efficiency, renewables, utilities, project funding, data and reports, and low income assistance.

HOLIDAY OBSERVED

All LCP offices will be closed May 25 in observance of Memorial Day. If you experience a power outage, please use our IVR (Interactive Voice Response system). Our phones are answered 24 hours a day.

RECYCLE MORE MINNESOTA

Learn how you can reduce energy consumption by recycling more at www.recyclemoreminnesota.org.

PRIMARY NUMBER

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

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Climate change policy expected to impact your pocketbook

Policy will decide increases in electric bills

Congress and the federal government are focused on prioritizing climate change policy. Given the long list of environmental impacts and expensive solutions, any action taken to address the issue will certainly increase the cost of electricity we use everyday.

Climate change proposals seek to reduce emissions of greenhouse gases, carbon dioxide in particular. In the United States, power plants that burn fossil fuels produce about 2.4 billion tons of carbon dioxide every year—about 40 percent of the nation's man-made output of the gas.

Co-ops involved

Electric cooperatives are involved in developing new technologies to reduce carbon dioxide emissions from power plants, but those options aren't yet ready for prime time. So far, it's limited, largely untested, and expensive. Yet potential legislation would rely on absent technologies to make significant carbon dioxide cuts nationwide.

A key committee in the U.S. House of Representatives has announced plans to consider a climate change bill by this summer, one that may for the first time classify carbon dioxide as a pollutant and impose a cap-and-trade tax to limit carbon emissions. Cap-and-trade systems work by setting a specific limit on airborne pollutants from sources like power plants, factories, and refineries, and require those sources to account for all emissions with issued allowances.

The Cap-and-Trade Tax

Cap-and-trade systems have been used successfully to control certain power plant emissions in the past; one may soon be applied to carbon dioxide. In its most basic form, the process begins when a limit is set on the amount of CO₂ a source can emit over a given time. Allowances for emissions can be given for free or auctioned off; if auction prices aren't carefully regulated, high costs will be passed to consumers.

Plants A and B emit the same amount of carbon dioxide gas before the cap

After a cap is set, Plant A invests in technology to reduce its emissions; Plant B continues with business as usual...

THE CAP

unused carbon dioxide allowance

THE TRADE

Plant A reduced emissions to below the capped level, and now has extra allowances that can be sold, or "traded"...

...to Plant B, which was unable to reduce emissions. Technology options for doing so are limited and expensive, and perhaps decades away from prime time.

Source: National Rural Electric Cooperative Association

Cap-and-trade has worked well during the past 15 years to reduce emissions of sulfur dioxide nationwide. However, some cap-and-trade tax proposals for carbon dioxide contain a new twist: pricey allowances.

The "cost" of carbon

Allowances would be auctioned off at undetermined prices, potentially leading to huge cost burdens for any source of carbon dioxide emissions. In the case of power plants, those costs would ultimately be passed

on to consumers using the power, in some cases adding \$50 or more to electric bills each month. In late February, the Obama Administration pointed to such a system as a new, substantial source of revenue for the federal government—effectively muddying the initial environmental argument for

Our Energy, Our Future A Dialogue With America



Blinks determine a healthy system

Living in lake country, where the trees are plentiful and nature's critters run wild and free, you've more than likely come home to blinking electronics. But did you know your blinking digital clock is a sign of a healthy electrical system?

While it can be annoying to reset all your electronics, the fact they were blinking indicates your cooperative's distribution system is working properly. The blinks usually mean there has been a momentary power interruption that lasted no more than a few seconds. Blinks serve a purpose in that a longer or wide-spread power outage was avoided. Lake Country Power invests in equipment that will restore power almost instantly when a line fault occurs.

Blinks can occur for various reasons such as lightning strikes or when squirrels come in contact with electrical equipment or when a strong breeze causes tree branches to tap the lines. When this happens, the electrical system's oil circuit reclosers (automatic breakers) interrupt power momentarily in an attempt to clear the lines and check the system. This equipment can automatically reset to deliver power if the problem that caused the OCR to open and

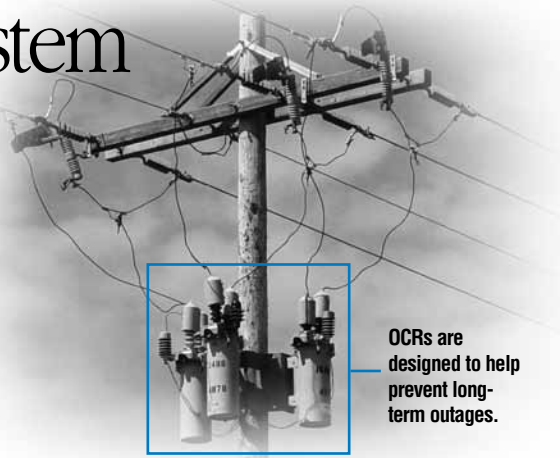
blink your lights is no longer present.

If the fault clears on the first blink, the line will normally re-energize, but if the fault is still sensed on the second blink, the OCR or fuse closest to the fault will open, causing an outage. OCRs are designed to help prevent long-term outages.

Next time you discover blinking clocks, please know that the OCRs are working to automatically reset and prevent longer outages. And that your cooperative is committed to invest in an aggressive right-of-way program to help improve reliability.

Why not go underground?

Like overhead lines, underground lines fail too. And when this happens, it can result in longer outages because underground failures are more difficult to locate and repair. Underground failures can be critically dangerous, especially in sub-zero winter temperatures when heating your home is a necessity. Underground lines are susceptible to failure caused by digging, animals, lightning strikes and insulation break-down.



Underground lines can be more costly to install, depending on soil conditions. In the northern part of Lake Country Power's system, ledge rock is plentiful and is not practical for underground lines. Other types of soil may be more forgiving with underground applications. But, over the course of a winter, frost can cause problems when shifting ground can cause rocks to nick the insulation that covers the wire. Over time this constant wear and tear can cause outages.

"Underground lines would be perfect for locations like the desert where the winters are mild, the soil is sandy and there are minimal amounts of rock present," said Mike Meier, right-of-way supervisor for Lake Country Power. 📷

CONSERVATION CORNER

The story of the happy campers



Leo Wilenius,
Manager, Energy and
Environmental Services

Since it's camping season, it's only natural to come across many "happy campers" traveling through our beautiful northland. But, there's a family I'd like you to meet who also fits this pleasant

description. The reason they are so happy is that this family has done everything they can to conserve energy in all of their uses. How did our "camper family" do it?

First, the campers took advantage of a loan from the Minnesota Fix-Up Fund in order to complete a conservation renovation to their 40 year old home. The project consisted of

adding insulation and an air/moisture barrier to the walls to compliment new siding which made adding insulation easy. Insulation was also added to the attic, windows were caulked and three windows were replaced for better performance and style.

Lastly, the project replaced two old wooden doors with new, steel-insulated models. The result is a home that is now more comfortable, more secure, more marketable and more efficient. And the best news? The camper heating fuel bill is now \$1,100 per year rather than \$1,600.

Inside the home, the campers replaced all major appliances with ENERGY STAR models along with the installation of compact fluorescent light bulbs throughout the home. They didn't do it all at once, but rather as appliances wore out or showed signs of age. These upgrades reduced their

electric bill by over \$300 every year from just three years ago!

Lastly, our happy campers purchased vehicles that increased their three-car fleet mileage from 18 miles per gallon of three years ago to 28 mpg today. This not only saved them \$1,500 in gas each year for the 30,000 miles they drive, but also another \$6,000 in smaller vehicle prices, which by the way, was almost enough savings to pay for the improvements made to their home.

Certainly, becoming energy efficient like the happy camper family is not always easy to afford. On the other hand, can you afford not to? You can help yourself and help the economy by starting now on your own energy conservation plan.

Hope you're enjoying spring and remember to save energy whenever you can. 📷

More answers about power costs

Between February and April, Lake Country Power's General Manager Rick Lemonds and various representatives from Great River Energy have presented at 15 various member meetings to explain power costs. Following are a few more answers to your questions.

Why can't Lake Country Power cut its budget?

The co-op plans to cut its local costs in 2009 well below the previously announced, and approved, budget. Local costs include items like labor, benefits, trucks, fuel, buildings, outposts, tree clearing and operational improvements to the distribution system.

The cooperative's management staff and supervisors recently met to make budget cuts within each department in an effort to further reduce our local costs in 2009. The cuts will help us absorb some, but not all of the rising costs of wholesale power from Great River Energy to help minimize the

impacts to members.


The GRE Power Cost Riders on your bills solely reflect the increase in the cost of wholesale power, which is more than 56 percent of our local annual budget.

How do Lake Country Power's rates compare?

Lake Country Power's rates are very competitive with other electric cooperatives in northern Minnesota. One significant difference between Lake Country Power and investor-owned utilities (like Minnesota Power), or city-owned utilities, is that the other utilities average between 35 and 55 customers per mile of line. Lake Country Power averages less than six members per mile. The costs for line construction and system maintenance are generally the same, but we have fewer consumers per mile to pay for the line, the power, customer service support, materials and equipment.

Why are Lake Country Power's rates higher than Minnesota Power?

Lake Country Power serves primarily rural residential areas.


- Nearly 95 percent of our membership base is residential. Some electric companies serve large commercial and industrial accounts, which benefit the utility and its other customers because of the revenues generated from the commercial/industrial facilities. Because of the limited commercial/industrial load on our system, our members do not benefit from such a luxury.
- Utilities that serve cities, suburbs, towns and high density areas typically average between 35 and 55 consumers per mile. The higher density helps offset the monthly costs for equipment. 

New lease program for WildBlue

Northland Connect is now offering an equipment lease program for high-speed Internet service to new WildBlue customers. Under the lease program, customers will no longer be required to purchase the WildBlue equipment, reducing the upfront investment. This program makes high-speed Internet more affordable for residents and small business owners.

"In these tough economic times, we wanted to do our part to make high-speed access more affordable," said Ken Howe, president of Northland Connect.

In the leasing program, new customers pay a one-time cost of \$99.95 for installation and a low monthly equipment lease fee of \$5.95, similar to most cable and satellite television pricing models. Customers will receive the lowest upfront price ever offered for WildBlue and equipment replacement. Packages start at \$49 per month for standard service.

For more information, call 866-567-1919 or visit www.northlc.com. 

About Northland Connect

Northland Connect Broadband LLC is owned by four Minnesota based electric cooperatives, including Lake Country Power. It was formed to bring high speed Internet via satellite to cooperative members who do not have access to DSL.

Lowest Upfront Price Ever!

Everything You Need for \$99.95

Includes Free Standard Installation!



A service of your local electric cooperatives.
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