



## BOARD MEETINGS

February 28 – 9:00 a.m. at  
Kettle River service center

March 27 – 9:00 a.m. at  
Mountain Iron service center

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

## ATTENTION STUDENTS

High school juniors and seniors: Win a trip to Washington, D.C., on the Rural Electric Youth Tour. Dates are June 16 – 21. Application entries are due February 29. Call 800-421-9959 to obtain an application or download a copy at [www.lakecountrypower.coop](http://www.lakecountrypower.coop). For tour information, visit [www.youthtour.org](http://www.youthtour.org). Apply to win a fantastic trip of a lifetime!

## UPCOMING EVENTS

Mark your calendar to attend the annual meeting, which will be held Saturday, June 9 at the Cromwell High School in Cromwell. Also, consider attending this year's annual Coal Creek Tour which will be held September 11 - 13 in western North Dakota.

## PRIMARY NUMBER

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

## TOGETHERWE SAVE.COM

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# Operation Round Up<sup>®</sup> reaches \$1 Million milestone

Lake Country Power's Operation Round Up<sup>®</sup> program celebrated a special milestone in December. The cooperative's member-driven charitable giving program surpassed \$1 million in contributions after its Trust Board approved \$38,000 in contributions to local community programs last month. Since the program's inception in October 2004, \$1,030,240.10 has been distributed to hundreds of community-based projects and programs.

The success of Operation Round Up<sup>®</sup> is credited to the nearly 66 percent of Lake Country Power members who participate in the program by lending a helping hand to the communities and residents of northern Minnesota.

Operation Round Up<sup>®</sup> is a charitable program unique to electric co-ops, which is designed to provide financial assistance to worthwhile activities and community projects by "rounding up" members' electric bills to the nearest dollar. The average donation of each participating Lake Country Power member is \$5.52 annually.

"When you see the many faces of appreciation for support and gratitude among the recipients of Operation Round Up contributions, you know your pennies and time are being put to good use," said Jennie Hanson, Operation Round Up Trust Board President. "Just imagine if 100% of the co-op's members participated."

"It's heartwarming to hear how this charitable program is reaching out and touching the lives of so many individuals and benefiting the good causes in our communities of northern Minnesota," said Debbie Bruns, Trust Board member of



## Want to opt in to Operation Round Up?

If you had once participated in Operation Round Up, but opted out of the program for one reason or another, you can opt back into the program to help the local programs of northern Minnesota reach even more lives with assistance and care. Call Lake Country Power at 800-421-9959 or opt-in by completing a few fields online at [www.lakecountrypower.coop](http://www.lakecountrypower.coop). (see Community Service tab)

**Recipients of Operation Round Up celebrated the program's million-dollar milestone with the co-op in December.**

Operation Round Up. "I feel honored to serve on a committee for


such a worthwhile program."

Contributions are provided each quarter to local community organizations. The cooperative's Trust Board reviewed and considered 53 grant applications and distributed funds to 32 projects and programs this past quarter.

All funds generated through Operation Round Up are set aside in a trust fund. A Trust Board of nine co-op members are appointed by the co-op's board of directors to administer the trust fund. After careful review and consideration by the trust board, the funds are distributed to charitable organizations through an application and selection process. The trust board uses special guidelines and policies when choosing recipients.

Applications are available online at [www.lakecountrypower.coop](http://www.lakecountrypower.coop). The next application deadline is February 15.

## Video to warm your heart

If you have an Internet connection, log on to [www.lakecountrypower.coop](http://www.lakecountrypower.coop) to watch a special video that Lake Country Power produced to highlight the success and community impact of Operation Round Up. The brief video features several recipients of the program and how it has benefited the programs they bring to our local communities. 

# How should the rates be set?



**Jack Huhta, Board President**

In the January publication of *Newsline* we published an article explaining what the "Facilities Charge" is and how we arrived at a cost figure and what amount should be charged to the members. A

quick review: we identified the miles of line owned by the members, the number of members, cost per mile to maintain, etc, etc. The bottom line was we have 6 services/members per mile of line, and it costs approximately \$4,000 per mile of line per year to maintain and service these lines. So this cost is divided among the number of services per mile and that *should* equal our facilities charge.

The next issue that comes to mind is the cost or rate comparison to Minnesota Power. This is a common and legitimate question, and it should be. Our designated territories and boundaries parallel and join throughout the service area. It is not uncommon to have one neighbor served by Minnesota Power, the other by Lake Country Power, and the total bills are significantly different. I might add that usually the people being served by Minnesota Power pay less. There is a

good reason for the difference so let's look at some facts and try to arrive at an explanation.

Again, the Facilities Charge depends on and is equated to the line density. Minnesota Power presently and in the past has focused on providing service to cities, industry, and other high-density areas. For instance, in the area north of Duluth and Cloquet they serve the mines, Minntac, Evtac, Hibtac, etc., and many of the cities. These industrial customers and city contracts give them the load and density they need to operate with a lower facilities charge. They are not interested in serving residents along highway 200 between Jacobson and Hill City. These areas are why REA, now called RUS was formed.

Minnesota Power currently has a line density of 24 per mile compared to Lake Country Power's 6. Exactly four times as many. I presently have a personal account with Minnesota Power, and I pay a facilities charge of \$11.00 per month. Now, if we were to make some assumptions, and Minnesota Power's distribution system was to suddenly drop to a density of six per mile, what would the facilities charge probably do assuming their line maintenance costs are comparable to ours? It would probably jump to \$44.00 or quadruple. Referring to my service as an example, Minnesota Power collects almost

double the amount of revenue per mile from their facilities charge as compared to Lake Country Power.

Lake Country Power and the other Co-ops in the RUS system exist to provide service to rural America. Any profit or margin beyond the cost to maintain the system is returned to the member/owners in the form of capital credits. Minnesota Power and the other Investor Owned Utilities operate to provide a profit or dividend to their investors. We at Lake Country Power operate to provide reliable and affordable power to the rural area we serve. In my mind, comparing Minnesota Power to Lake Country Power is like comparing apples to oranges. I don't believe it's a fair comparison.

A thought for the new year:

"How a man treats his peers, subordinates, and people that can't do anything for him, reveals a large portion of his character."

*Jack Huhta was elected in District 2 to serve members and guide Lake Country Power's management and workforce. District 2 includes areas near Gilbert, Ely, Babbitt, Tower, Biwabik and Aurora. He can be reached at 218-865-4607 or cell 218-780-6571 or [hubtaoja@msn.com](mailto:hubtaoja@msn.com).* 📧

## Lake Country Power General Manager to pursue opportunity in Ohio



**Rick Lemonds, General Manager**

Lake Country Power General Manager Rick Lemonds announced he will be moving to a new position in February, when he joins South Central Power Company, an electric cooperative

based in Lancaster, Ohio.

"On behalf of Lake Country Power members and the Board of Directors, we wish Rick well in his new responsibilities, and thank him for leading our member-owned co-op for nearly ten years," said Board President Jack Huhta. "As we go

forward during this time of transition, the Board will be meeting with members to discuss issues of importance such as reliability, rates, service quality and costs. And we will focus on our co-op mission to provide members with safe, reliable and affordable electric service."

Huhta said that Lake Country Power managers will report to several board committees to provide regular updates on the cooperative's operations during the transition.

Lemonds was appointed general manager at Lake Country Power in April 2002 after leading Lyon-Lincoln Electric cooperative in southwestern Minnesota. South Central Power Company is a member-owned electric cooperative

serving over 110,000 residential, commercial and industrial customers in 24 Ohio counties. 📧

### Non-Discrimination Statement

Lake Country Power is the recipient of Federal financial assistance from the U.S. Department of Agriculture (USDA).

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political belief, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD).

To file a complaint of discrimination, write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider, employer, and lender.

# Moose Lake Police Dept. receives Touchstone Energy Community Award

The Moose Lake Police Department received Lake Country Power's annual Touchstone Energy Community Award. The co-op chose the department for the critical public service and safety role they fulfill every day for the City of Moose Lake and surrounding communities. The award recognizes outstanding contributions, especially to the local community.

As recipient of the award, the Moose Lake Police Department was awarded a plaque and \$500 that will go toward a public safety portable and mobile radio to assure communication for community residents with first responders, fire departments, hospitals and other emergency contacts.

The Moose Lake Police Department responds to more than 1,700 calls each year for service. Officers also work to patrol, enforce and partner with local businesses and schools in the area.



**Accepting the Touchstone Energy Community Award for the Moose Lake Police Department is Chief Bryce Bogenholm (left) and Officer Mike McNulty.**

Lake Country Power is one of several Touchstone Energy Cooperatives in Minnesota providing a local community award to encourage and recognize local community contributions. The Moose Lake Police Department will compete with winners from other Minnesota-based electric cooperatives for statewide recognition and \$1,000. 📄

## Scholarships available for education

As a benefit of co-op membership, Lake Country Power offers several scholarship opportunities to qualified students pursuing higher education following high school graduation. The co-op provides \$25,500 in scholarships to students each year through the cooperative's Operation Round Up® program.

The following scholarships are available for students whose parents or guardians are Lake Country Power members:

- Les Beach Memorial Scholarship: \$1,500
- Community and Technical College Scholarships: \$1,000
- High School Scholarships: \$500

For detailed information about the co-op's scholarship program and a list of qualifying schools, visit [www.lakecountrypower.coop](http://www.lakecountrypower.coop). Go to "Community Service" and then click "Scholarships." All completed applications should be returned to the school, unless applying for the Les Beach Memorial Scholarship (deadline is April 2).

# State surveys renewable energy costs

In 2007, Minnesota passed a law that required all the state's electric utilities to fulfill a quarter of their energy needs with renewable resources by 2025. Although the final goal is more than a decade away, the Minnesota Public Utilities Commission recently requested that utilities report requirement's cost or benefit to consumers.

Great River Energy reported that in 2010 the estimated wholesale rate impact of the Renewable Energy Standard (RES) requirement to Great River Energy's members was \$22 million. That amounts to \$0.002 per kilowatt-hour (kWh), which means that a home using 1,000 kWh per month would pay an additional \$24 every year as a result of the RES.

The report included costs associated with renewable generation

from wind and biomass as well as administrative and transmission costs. Great River Energy's primary reason for higher costs is that its cost of purchasing wind energy was higher than the value of that energy, on average, during the times of production.

Until energy market prices recover from the recent lows, renewable energy is expected to continue to be a cost to Great River Energy. However, if prices rebound renewable resources could become economical.

"At this point, the environmental benefits of wind energy are coming at a cost to our members," said Great River Energy Member Services Vice President Jon Brekke. "The impacts could grow as we ramp up to the full 25 percent goal by 2025, but this depends on many complex

factors including future market conditions."

These costs are not unique to Great River Energy. Other utilities also reported on RES impacts using various calculation methods. As a result of the various methods and unique resource portfolios, there was wide variation in reported cost impacts.

Great River Energy's existing renewable energy resources (including wind and biomass) will ensure that the cooperative remains compliant with Minnesota's RES through at least 2020.

Great River Energy invested early in wind generation in an effort to claim the best sites for wind resources and transmission access. Existing projects have also benefited from federal tax incentives, which are scheduled to expire at the end of 2012. 📄

# Cash in on these savings in 2012

It's a win-win to choose energy efficiency when you're a Lake Country Power member. You'll save energy in the process along with a rebate from the co-op for your purchase. If you're planning any projects or upgrades this year, be sure to cash in on these savings to put money back into your pocket.

You'll especially want to consider the off-peak water heating program and heat pumps for your home, cabin or business. For more information on these two popular programs, visit a Lake Country Power energy expert at a home show near you, or call the member service department at 800-421-9959, or visit [lakecountrypower.coop](http://lakecountrypower.coop):

- Northern Minnesota Builder's Association Home Show, Grand Rapids: March 2 - 4.
- Duluth Arrowhead Home and Builder's Show, Duluth: April 11 - 15.

## ENERGY STAR Appliances/Home

- \$75 rebate for Energy Star freezer with recycling of old unit (recycling receipt required)
- \$75 rebate for Energy Star refrigerator with recycling of old unit (recycling receipt required)

## Heating and Cooling

- \$400 per ton rebate for residential ground source heat pumps

- \$30 rebate for installing QI Seer 13 central air conditioning\*
- \$180 rebate for installing QI Seer 14.5 central air conditioning\*
- \$280 rebate for installing QI Seer 15 central air conditioning\*
- \$330 rebate for installing QI Seer 16 central air conditioning\*
- \$330 rebate for installing QI Seer 13 air source heat pumps\*
- \$480 rebate for installing QI Seer 14.5 air source heat pumps\*
- \$580 rebate for installing QI Seer 15 air source heat pumps\*
- \$630 rebate for installing QI Seer 16 air source heat pumps\*
- \$300 rebate for installing ductless air source heat pumps\*
- \$100 rebate for ECM furnace motor
- \$25 per KW rebate for installing new off-peak Electric Thermal Storage (ETS)
- \$100 rebate for cycled air conditioning
- \$200 rebate for converting uncontrolled electric water heating to off-peak water heating (must have .90 energy factor or greater water heater)
- \$100 rebate for water heating ETS, new conversion
- \$200 rebate for heat pump water heater, replacement standard electric
- \$100 rebate for heat pump water heater, new construction


\*Must be cycled: \$100 additional rebate for cycled (metered) air conditioning/air source heat pumps

## Residential Lighting

- \$1 per Energy Star rated CFL, limit 4 per member per year. Rebate not to exceed total cost of CFL, up to a maximum of \$1 per light. (receipt copy and Energy Star label required)\*\*
- \$3 per string of LED Holiday Lights, limit 5 per member per year. Rebate not to exceed total cost of light string, up to a maximum of \$3 per string. (receipt copy required)\*\*

\*\*Rebate not to exceed 50% of the cost of the bulb or string.

Download rebate forms for completion at [www.lakecountrypower.coop](http://www.lakecountrypower.coop), or call 800-421-9959.

*Rebates offered for a limited time and subject to change without notice.* 

## CONDENSED BOARD MINUTES

November 29, 2011

### Regular Monthly Meeting

#### The following reports were given:

President Jack Huhta reported that the Board Human Resources Committee will provide a summary to the board. There was also discussion about internal meetings and board committee interaction.

Holding Company President Liimatainen reported about year-end audits for Lake Country Power Holdings, Inc., director fiduciary liability coverage, a financial report, subsidiary operations and a loan balance.

General Manager Lemonds distributed an update relative to the CEO goals and objectives for 2011 and summarized the progress and year-to-date results of each of the ten goals. He responded to questions and comments about Northland Connect. He also responded to several other pertinent matters, including department informational updates issued to the board.

#### The following actions were taken:

Approved to reduce the 2012 board budget to \$185,000.

Approved the 2012 capital and operating budgets as amended.

Approved to replace language in an October board meeting motion to allow directors a choice in their use of telecommunication technology.

Approved that effective January 1, 2012, all board committee meetings and regular monthly board meetings begin at 9:00 a.m.

Approved to adopt a resolution pertaining to Great River Energy and ownership interests in Blue Flint Ethanol LLC and Coal Creek Drying and Storage LLC.

*Editor's Note: These board minutes have been condensed. A full copy of the board minutes can be read at [www.lakecountrypower.coop](http://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 – November 2011

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

	2011	2010
Electric Operating Revenue .....	\$66,053,393	\$57,261,178
Cost of Purchased Power .....	\$35,262,290	\$30,025,138
Distribution Expense —		
Operations and Maintenance .....	8,718,647	7,884,389
Consumer Accounts Expense & Informational .....	3,075,319	2,917,816
Administrative and General Exp. ....	4,487,116	4,222,341
Depreciation, Interest Expense and Other Deductions .....	11,977,356	10,919,115
<b>TOTAL ELECTRIC OPERATING EXPENSES .....</b>	<b>63,520,729</b>	<b>55,968,798</b>
Net Electric Operating Margins .....	2,532,664	1,292,379
Non-Operating Margins .....	889,985	1,243,830
<b>TOTAL MARGINS BEFORE SUBSIDIARIES .....</b>	<b>3,422,649</b>	<b>2,536,209</b>
Net Income (Loss) from Subsidiaries (reported quarterly) .....	150,889	416,561
<b>TOTAL MARGINS .....</b>	<b>\$3,573,538</b>	<b>\$2,952,770</b>

*Editor's Note: These financials are condensed. A complete set of financials can be viewed at [www.lakecountrypower.coop](http://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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*Energy that Powers Our Lives*