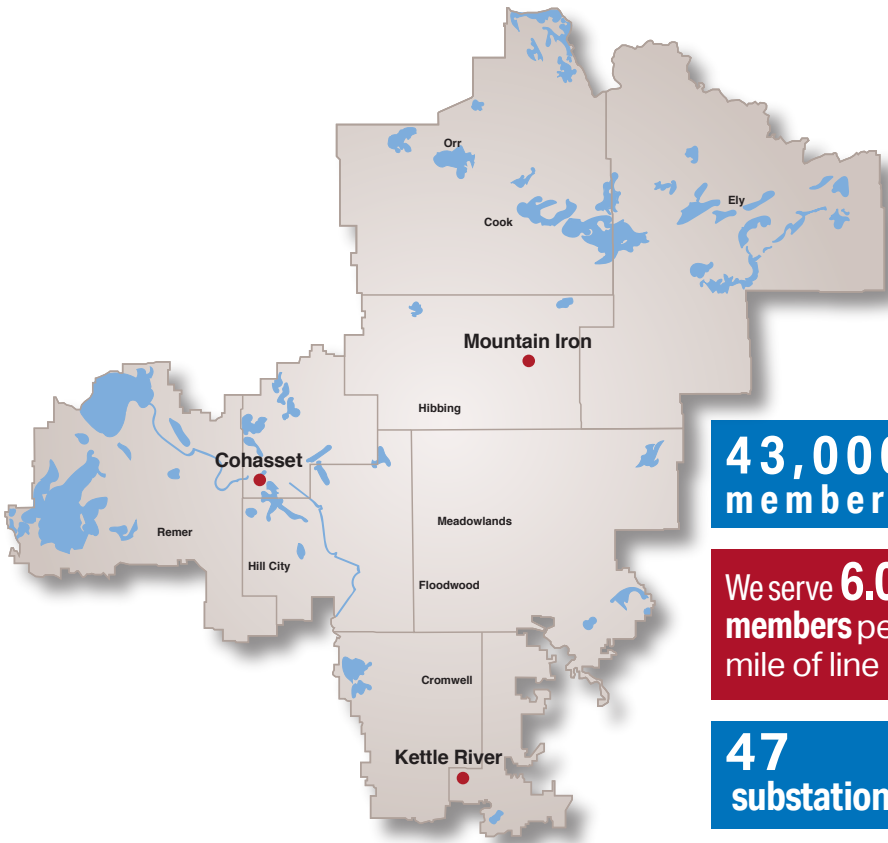


INFORMATION SUMMARY

FOR LAKE COUNTRY POWER BOARD CANDIDATES

The 2021 "Information Summary" provides a broad overview of information helpful for members running for election on the Lake Country Power Board of Directors. This is a high-level summary. Additional documents such as annual reports, audits, bylaws, and policies are also available online or upon request.



WHERE WE SERVE

43,000
members

8,359 miles of distribution line

We serve **6.0**
members per
mile of line

6,173 miles of overhead line
2,186 miles of underground line

47
substations

Including **125+** miles of water
access line (most of which is in and
around Lake Vermilion)



Energy that Powers Our Lives

OUR MISSION:

We deliver safe, reliable electric service; manage member resources wisely; and serve to help our communities prosper.

ABOUT OUR BOARD

- The Board of Directors is elected by members within their respective districts and is responsible to govern Lake Country Power.
- Nine directors serve staggered three-year terms in designated districts.
- Directors must be active members of Lake Country Power and reside in the district of which they have chosen to be the “voting designation” on their LCP account.
- Directors must meet qualifications set by members in the cooperative bylaws and by board members in co-op policies.
- The co-op’s board of directors establishes basic policies, goals and strategies.
- Basic Commitments:
 - Monthly board meetings and preparation before each meeting to review materials sent in advance by co-op staff.
 - Committee assignments, as needed or necessary.
 - Attend pertinent governance or educational seminars.
 - Attend relative industry educational conferences.
 - Primary contact board member in your respective district for members with questions or concerns.



Board members may choose to study through the National Rural Electric Cooperative Association's three-part Director Education Program – the Credentialed Cooperative Director (CCD) program. It consists of five courses that focus on basic governance knowledge, financial and the essential skills required of cooperative directors. The CCD prepares directors to fulfill their fiduciary duty as elected officials serving on behalf of their membership.

Upon completion of all five CCD courses, directors are awarded the Credentialed Cooperative Director Certificate by NRECA. Once the CCD is completed, participants can then pursue the Board Leadership Certificate. LCP policy requires board members achieve their CCD within six years.

COOPERATIVE BOARD RESPONSIBILITIES

James Baarda in *The Circle of Responsibilities of Co-op Boards* (CIR 61, published by USDA Cooperative Programs), describes seven major responsibilities for directors:

1. Represent members
2. Establish cooperative policies
3. Hire and supervise management
4. Oversee acquisition and preservation of cooperative assets
5. Preserve the cooperative character of the organization
6. Assess the cooperative's performance
7. Inform members

THE LAKE COUNTRY POWER TOP 5 IN 2021

- 1 No rate increase from 2016 – 2021.
- 2 All operations projects were on time and under budget, including more than 1,000 miles of tree clearing and over 100 miles of age-related line replacement, rebuilds and underground service.
- 3 Hired two new construction crews to reduce costs previously outsourced to contractors.
- 4 Continue to successfully navigate the challenges of the COVID-19 pandemic with no disruption to operations and member service. Received more than \$3 million in loan forgiveness from the Paycheck Protection Program to continue essential business function.
- 5 Achieved the highest residential member satisfaction score and retention percentage since 2008.



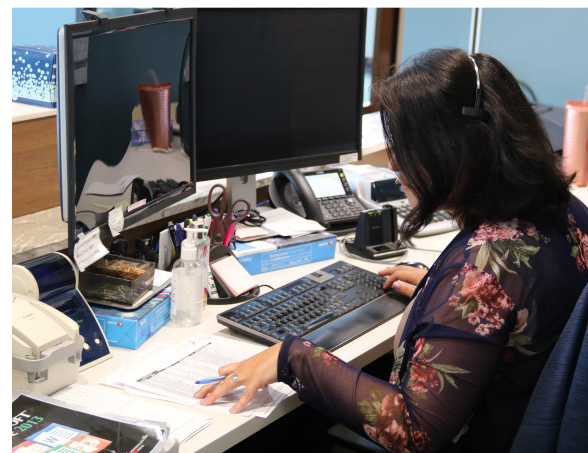
KEY BOARD ACTIVITIES IN 2021

- Evaluated and set the cooperative's rates, policies, goals and strategic direction.
- Reviewed and approved the 2022 cooperative budget.
- Returned \$4.6 million to members in capital credit retirements.
- Approved to contribute unclaimed capital credits toward the co-op's scholarship program (28 high school students were awarded the Les Beach Memorial Scholarship, each scholarship valued at \$4,000 each).
- Represented Lake Country Power on the boards of Great River Energy and the Minnesota Rural Electric Association.



2021 HIGHLIGHTS

2020 and 2021 have been two years like no other as the world battles the COVID-19 pandemic. Lake Country Power closed its doors to the public on March 17, 2020, and many office workers began servicing members from home. Employees were directed to transition back to the office on July 6, 2021, and service center lobbies opened again in August 2021.



RELIABILITY

- \$5.2 million in 2021 focused on tree and vegetation clearing to reduce outages.
- \$15 million capital investment in 2021 for engineering and operations for aged line replacements and several other important project plans throughout the co-op's distribution system.
- Line patrol each spring to identify maintenance issues on the distribution system.
- Pole testing each fall to identify necessary replacements.
- LCP is 99.92% reliable largely due to aggressive right-of-way vegetation management.



COMMUNITY RELATIONS

- Economic development loans: More than \$6 million since 1992.
- Operation Round Up®: More than \$2.5 million since 2004.
- More than 900 children reached with safety demonstrations and lessons from LCP lineworkers.
- Rachel's Challenge: Anti-bullying program sponsored at more than 23 local schools and communities since 2010.
- Touchstone Energy Community Award recognizes a deserving local non-profit/grassroots organization each fall.
- Les Beach Memorial Scholarship offered at more than 30 local high schools.
- Scholarships offered at five local community colleges and three technical colleges in Minnesota.
- Employees volunteer hundreds of hours through LCP's community service program.



MEMBER SERVICE

- More than \$340,000 in rebates given back to LCP members annually. \$343,203 in rebates given back to LCP members in 2020.
- Energy Wise® programs like off-peak, dual fuel and water heating strategies are offered to members at reduced electric rates in exchange for controlling loads during times of high demand.
- More than 13,700 electric accounts participate in an Energy Wise® program, as of June 2021.
- More than 18,900 load management meters are controlled through LCP's Energy Wise® programs, as of June 2021.
- Member Appreciation Days draws nearly 1,000 members each summer.
- District member meetings engage and inform members with a light evening dinner, followed by senior staff presentations.



NEW ADVANCED METERING INFRASTRUCTURE

- Aclara-Hubble and the TWACS System – LCP board of directors approved the AMI Selection Committee’s recommendation in January 2018 for this AMI system.
- Pilot project started October 2018 north of Cloquet where 2,500 meters were changed out.
- 67,200 meters were replaced by year-end 2020.
- Benefits:
 - Detect outages and improve response time.
 - Estimated bills will be greatly reduced by utilizing a highly reliable communication technology.
 - Members can view their energy usage on an hourly basis by using SmartHub.
 - Members can monitor their electric account.
 - Automated meter readings.
 - Allows Lake Country Power to control heating and cooling loads as Great River Energy phases out of managing load control for its 28-member cooperatives.
- \$14 million investment (includes Aclara meters and demand response units/load management receivers).



WHOLESALE POWER SUPPLY

Great River Energy (GRE)

- Lake Country Power purchases 100% of its energy from Great River Energy under a legacy contract that expires in 2045.
- GRE focuses on keeping electricity reliable and affordable while being responsible stewards of the environment.
- Over the past several years, Great River Energy has begun to transition from an energy mix heavily reliant on coal to one that will be over half renewable energy sources by 2025.
- The portfolio changes will significantly reduce Great River Energy’s costs, which will save money for Lake Country Power’s membership over the long term.
- GRE’s generation portfolio by 2025 is projected to be more than 50% renewable.
- GRE is on track to meet the state’s goal to reduce carbon dioxide emissions 80% by 2023 (from 2005 levels), which is 27 years ahead of the 2050 goal.
- Two Lake Country Power board members serve on the GRE board to represent the LCP membership and maintain accountability.



FINANCIAL HIGHLIGHTS

2021 Budget Recap

Operating Revenue	\$ 91,683,426
Wholesale Power Cost	45,465,783
Operating Expenses (operations, maintenance, administration, member support)	28,382,195
Fixed Expenses (depreciation, interest, other)	17,676,000
Non-Operating Revenue/(Expenses)	2,394,000
Patronage Capital/Margins	2,553,448

2020 Financial Recap

Total Assets (what we own)	\$ 343,138,602
Total Liabilities (what we owe)	230,401,285
Net Worth (members' equity in the co-op)	112,737,317

Employees

- 140 full-time among LCP's eight locations (3 service centers & 5 outposts).
- Engaged culture – low employee turnover at an average of 7.02% since the inception of LCP.
 - 40% retirement
 - 28% temporary employment ended
 - 22% voluntary separation
 - 7% involuntary termination
 - 3% deceased
- 10.3% of LCP's workforce have served in the U.S. military.
- LCP is a member of Vets Power Us, a national hiring initiative led by the National Rural Electric Cooperative Association (NRECA) that helps electric co-ops recruit, hire and honor veterans.
- Employees pledged nearly \$13,000 to northern Minnesota United Way organizations in 2020.



LCP Cohasset Service Center

