

Merry Christmas!

December 2022

Newsline

BOARD MEETINGS

December 22 ■ January 31 (9:30 am at Cohasset Service Center. Members welcome)

LakeCountryPower

A Touchstone Energy® Cooperative

Energy that Powers Our Lives

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Giving back means big change

Talon Metals receives federal grant

Director election process underway

\$67.2 million and counting

\$1.7 million credit to benefit members this month

Members will see a special credit printed on their December billing statements this month. Lake Country Power's board of directors approved a \$1.7 million capital credit retirement during the monthly October board meeting.

Of this amount, \$515,000 is from Lake Country Power's regular retirement of capital credits. Another \$1.2 million is from Great River Energy, LCP's wholesale power supplier, which will be retired to LCP

members as well. This is the third consecutive capital credit retirement from GRE to its 28 member-owner cooperatives.

Benefits of Membership

Co-op capital credits are a membership benefit of being served by a cooperative like Lake Country Power. The co-op allocates all appropriate margins to Lake Country Power members based on the annual amount of electricity a member purchases.

Here's how the 2022 capital credit retirement will work, based on the LCP capital credit portion and the GRE portion. An individual member's general retirement is from one, or all, of the following calculations listed below.

Two Part Process

LCP Portion (represents \$515,000):

- Members from 1997 will receive 100% of their unretired credits for that year,
- Any remaining dollars will be retired on a percentage basis to current and former members.

GRE Portion (represents \$1.2 million):

- Members from 1993 through 1997 will receive 100% of their unretired Great River Energy capital credits for those years,
- Any remaining dollars will be retired on a percentage basis to all current and former members.

Did You Know?

Electric cooperatives have retired \$19 billion to members since 1988 - \$1.5 billion in 2020 alone.

Because electric co-ops operate at cost, any excess revenues (called margins) are allocated and retired to members in the form of capital credits.

Source: National Rural Utilities Cooperative Finance Corporation



Current members will see a credit applied to their December 2022 billing statement. Former members (those who have moved off the co-op system) will be mailed a check to their last known mailing address if the payment amount is \$10 or greater.

Between Lake Country Power and its three predecessor cooperatives, more than \$67.2 million in capital credits have been returned to members through the years. ■

Why do co-ops issue credits?

Unlike for-profit companies, co-ops do not operate to build shareholder wealth. Member equity, also called capital credits, is created when any earnings (revenues minus expenses) are left over at the end of each year.

This creates a margin. At the end of each year, the co-op assigns each member's account a share of the margin, known as an allocation.

Before returning these margins back to members, electric cooperatives use the capital to help offset the cost of debt for equipment and materials used for the construction and maintenance of the electric distribution system. This helps lower financing needs.

To learn more about capital credits, or to review our list of unclaimed capital credits, visit our website at lakecountrypower.coop.

Holidays Observed

LCP will be closed December 23 and 26 for Christmas, and January 2 for New Year's Day. If you experience a power outage, use SmartHub to report an outage or call 800-421-9959, press 1. Register for SmartHub at lakecountrypower.coop.

A concerning forecast for energy costs



By Mark
BAKK
General Manager

Soaring material prices and general inflation are hot topics right now. Not popular ones either. Unfortunately, we are not immune to these issues here at Lake Country Power.

Last year at this time we were facing similar circumstances, but the generation and transmission cost forecast from Great River Energy remained favorable. If we could ride

out the storm, we would emerge in decent shape.

However, the storm rages on largely due to elevated natural gas prices driving electric generation costs and causing the GRE rate forecast to change. We will see increased wholesale power costs in 2023. In addition to that, the ongoing supply chain issues and

unprecedented material cost increases continue to impact us at the local level.

The supply chain and material cost situation has not gotten better in the last year and in many cases is expected to worsen. We will continue to work hard to minimize the impact of these challenges while remaining committed to maintaining the reliability of your electric service.

While our wholesale and retail rates are better than the national average, there is little doubt that we will be forced to increase rates next year due to these circumstances. I know this brings no comfort for our membership, but we will meet these challenges head on, and we will weather this storm together. ■



High School Seniors: Scholarship applications open January 1, 2023

Graduating high school seniors whose parents or guardians are LCP members are invited to apply for the Les Beach Scholarship. The scholarship application process opens January 1, and must be completed electronically from the co-op's website by 11:59 p.m., January 31.

To complete the electronic application and submit electronic letters of recommendation, go to www.lakecountrypower.coop > My Cooperative > Community > Scholarships.

Scholarship recipients may qualify for up to \$4,000 over four years to help pay for college or technical education. Scholarships are renewable for up to eight semesters, and students must maintain a grade point average of 2.5 or higher. They must have a full-time enrollment status at a technical school, community college or university. Qualifying students must also have parents or legal guardians who are members of Lake Country Power.

Scholarships

Assisted more than
500 students
Since its inception

Lake Country Power offers scholarships to more than 30 high schools in the LCP service area. Scholarships are also offered for home-schooled students and to students who qualify in the "at-large" category, as defined on LCP's website.

Letters of recommendation from mentors will be accepted via the online link through February 15, but all other student-submitted materials must be complete by January 31.



Election process underway

The nomination process for Lake Country Power board of director positions begins January 20, 2023. The three-year board terms for District 3 (Steve Raukar, incumbent), District 6 (Dan Kingsley, incumbent) and District 7 (Craig Olson, incumbent) are part of the normal election cycle. A special election is also being held to fill two-year vacancies in District 4 and District 8.

Any Lake Country Power member who has voting rights in Districts 3, 4, 6, 7 and 8, and is interested in seeking nomination for the board of directors should follow these procedures:

1. Call to request a nomination packet, and complete a qualification questionnaire confirming you meet all qualifications for director as described in Article III, Section 2 of the Bylaws of Lake Country Power.
2. Submit a nomination petition signed by 15 Lake Country Power members. If a husband and wife have a joint membership, it will be counted as one signature.

3. Submit a board candidate biography of no more than 180 words in length.

Nomination packets will be available at all three service center locations beginning January 20. The deadline for submitting nomination materials is 4:30 p.m., February 9, at the Cohasset Service Center.

The notice of the annual meeting will be mailed to all members of Lake Country Power between March 31 and April 5. Members in Districts 3, 4, 6, 7 and 8 will receive a ballot for electing directors.

The annual meeting will be held Thursday, April 20 at the Cromwell-Wright School in Cromwell, MN. Registration begins at 4:00 p.m. with the meeting to follow at 5:30 p.m. An evening meal will be served during registration. If you have questions regarding director elections, contact Tami Zaun at 800-421-9959, ext. 7152. ■

Talon Metals receives \$114.8 million for EV battery minerals project

Talon Metals received a \$114.8 million grant from the federal government in October to boost U.S. production of electric vehicle batteries and the minerals used to build them.

The grant was part of a larger \$2.8 billion effort to reduce U.S. reliance on China for mineral extraction and EV supplies.

Talon is planning an underground copper-nickel-cobalt mine near Tamarack, MN. Talon has said the goal for the Tamarack Mine is to provide a domestic source of nickel that could be used in the electric vehicle industry. The \$114.8 million will go toward building a processing plant in North Dakota and could build on the company's nickel supply deal with automaker Tesla.

"Between the Bipartisan Infrastructure Law (BIL) and the Inflation Reduction Act (IRA), the United States has enacted significant measures in the last year that prioritize and accelerate the development of the domestic battery supply chain from mining through to recycling," said Talon CEO Henri van Rooyen, in a press release. "This national urgency and the target date for nickel and iron production set within our Tesla-Talon Supply Agreement required an innovative approach to bring a new domestic source of battery minerals into production during a period of global battery-grade nickel deficits. [The grant] announcement is a clear recognition that production of domestic nickel and other battery minerals is a national priority."

The company also recently announced that it found a significant increase in its mineral resources estimate for the Tamarack Mine, including a 570% increase in its high-grade nickel tonnage. The Eagles Mine in Michigan remains the only high-grade nickel mine



in the U.S., but is expected to use up its mineral resources by 2025.

Talon has yet to submit a mine plan to Minnesota regulators, which would trigger the environmental review process. It currently has 75 workers doing exploratory work at Tamarack and said it plans to hire 150 union steelworkers in Aitkin County once permits are issued.

The processing and tailings facilities are pending Talon purchasing an existing industrial brownfields site in Mercer County in North Dakota. The company said the North Dakota site "significantly reduces land disturbance and the scope of environmental review and permitting" in Minnesota. ■



People Powering You

This is a regular series of employee spotlights where you'll get to know the people behind your power.

Years served: 10 years

Brief overview of my job: I perform maintenance and construction of power lines.

Why I enjoy working at LCP: I like working at LCP because I'm working in new places all the time and I get to be outside.

Family: Wife Heather, daughters Gracelyn and Kendalyn and son Clayton.

Community Involvement: I'm a coach's helper for 8U girls hockey.

Hobbies: Hunting, fishing and snowmobiling. I enjoy being in the outdoors as much as possible.

One random fact of interest about yourself: I once bowled a 300 ... on Wii bowling.

What did you do before working at the co-op? I worked at Lake States Construction and prior to that built metro transit buses.



John DeVries
Journeyman Lineman I

Education/training/background: I attended Minnesota State lineschool in Baudette, MN. I completed my Lineworker Apprenticeship in 2013. I also attended Hibbing Technical College for commercial and residential wiring.



RECIPE CORNER CANDIED PECANS

From the
Kitchen of:
Amy Jaynes,
Hibbing



- 2 pounds pecan halves
- 1 egg white
- 1 tsp. cold water
- 1 c. sugar
- 1 tsp. cinnamon
- 1 tsp. salt

Preheat oven to 250 degrees. Beat egg white with water until fluffy. Fold pecans into egg white until well coated. Mix cinnamon, sugar and salt. Fold coated pecans into sugar mix. Spread on parchment paper-covered cookie sheets and bake for one hour.

Submit your favorite recipe to Lake Country Power, Attn. Editor, 8535 Park Ridge Drive, Mountain Iron, MN 55768, or e-mail jburnes@lcp.coop. If your entry is printed in Newsline, you'll receive a \$5 credit on your electric bill. Entries must include name, address and phone number on account.



2 GRE budget, rates set for 2023

Strategic decisions to stabilize wholesale electricity rates continue to serve Great River Energy's member-owners well, but broader economic challenges will impact energy costs in the year ahead.

Great River Energy's average 2023 wholesale rate is projected to increase by an average of 6.2% from the 2022 budgeted rate; however, many of Great River Energy's all-requirements member-owners will see smaller increases. This is Great River Energy's first budgeted increase to its average wholesale rate in five years.

"There are significant external pressures on energy costs around the world, and we worked closely with our members to temper the regional effects of those as much as possible," said Great River Energy President and Chief Executive Officer

David Saggau. "Despite those challenges, our cooperative remains in a strong financial position and expects to end 2022 with surplus margins that will be returned to members as cash refunds."

Many of the local distribution cooperatives that purchase wholesale electricity from Great River Energy are facing their own cost pressures due to supply shortages and inflation.

The U.S. Energy Information Administration (EIA), which closely monitors U.S. energy costs, reported that nationwide retail electricity costs increased 8% in 2022 and further increases are expected in 2023. According to EIA's October Short-Term Energy Outlook: "Higher retail electricity prices largely reflect an increase in wholesale power prices, which are driven by higher natural gas prices."

Giving back means big change

The holiday season is finally here. Some call it the most wonderful season of all. That's because we associate it with family traditions and gathering with friends and loved ones. It's a time of giving and spreading joy.

But giving back reminds me of the many good things we have right here in our community and why it's so important to spread the good as far as we can, especially to the most vulnerable in our local area. I'm also reminded of how wonderful our community is and what a big impact we can have when we work together.



By Greg
SCHULZETENBERG
Manager of
Community Relations
& Marketing

Operation Round Up®

When you are a member of Lake Country Power, you help us spread the good throughout the year. Through our Operation Round Up® program, your donations help local families and individuals in need and provide a needed boost to our local programs.

When you "round up" your monthly bill from LCP and donate to this fund, you're making a big difference in someone's life. You are helping to meet an immediate, critical need, but just as importantly, you are telling this person the community cares.

smart hub Tip

Q: Do you have a new appliance and curious to see how it's impacting your bill? Or would you like to know when your "peak usage" happens?

A: Check out SmartHub, specifically "My Usage." With the "Usage Planning" tool, you can create a marker for a specific point in time, such as when the new item was installed or removed, to help track any differences in energy usage. Using the 'Usage Explorer' you can look at monthly, daily, or even hourly data.

Concern for community

Over the years, our community-focused programs, food donations and other giving projects have supported local schools and young people, fed hungry families, enabled families in need to keep the lights on and so much more.

You've likely heard that the cooperative principle "concern for community" is part of LCP's DNA. It defines who we are as an organization. When we first brought electricity to our rural Minnesota communities in the 1930s, the quality of life improved in the Northland. But other needs also had to be addressed, and through the years this co-op (and the three predecessor co-ops of Carlton County Cooperative Power Association, Dairyland Electric Cooperative and Northern Electric Cooperative Association) has been at the forefront of bringing improvements to the quality of life in our communities. It's just one reason that Operation Round Up® is so important.

The investment

To date, with your help, we've given nearly \$3 million back to local families and individuals through this program. And across the country, more than 350 electric co-ops have an Operation Round Up® program, and together, have benefitted many local communities. This shows that small donations from electric co-ops like ours, over time, can collectively make a big impact.

As a local cooperative, we have a stake in this community. It's why we support local organizations like the United Way and offer post-secondary education scholarships to more than 30 school districts across our service territory. We hope you will think of Lake Country Power as more than your energy provider, but also as a catalyst for good in our community.

I hope all our members have a joyous holiday season. May it be merry and bright!

To learn more about Operation Round Up, visit lakecountrypower.coop/operation-round-upr ■

"Where's Willie?"

Find out more about the "Where's Willie?" Contest by visiting lakecountrypower.coop/wheres-willie

September 27, 2022 • Regular Monthly Meeting

THE FOLLOWING REPORTS WERE GIVEN:

President Olson attended the September board meeting virtually. He and Director Bruckbauer were off site for Great River Energy (GRE) related business. Olson noted he attended the National Rural Electric Cooperative Association regional meeting.

General Manager Bakk reported about the GRE strategic planning meetings held September 13-15 and a Member Manager Group meeting September 20, where many items were discussed such as demand side management rates. Bakk participated in discussion about the GRE preliminary 2023 budget. Bakk also reported that he facilitated discussion at the CEO conference about electrical contact and other injuries experienced by Minnesota electric cooperatives and the need to prioritize the safety of our employees. He informed the board about a donation request for the Senator Tomassoni Bridge of Peace Memorial in Chisholm.

THE FOLLOWING ACTIONS WERE TAKEN:

Unanimously approved a \$6,000 contribution to three local United Way agencies in the LCP service area: \$2,000 to each the United Way of Northeastern Minnesota, United Way of 1,000 Lakes and United Way of Carlton County.

Approved a contribution request to the Senator David J. Tomassoni Bridge of Peace Memorial in Chisholm. The project honors the late Senator Tomassoni and will continue to honor the Iron Range veterans of all military conflicts, many of whom paid the ultimate sacrifice. Directors Long and Raukar, after discussion, proposed a \$10,000 donation for the project. The motion was carried without opposition. General Manager Bakk said he would contact GRE and ask them to match the donation.

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



► Cheryl Bunes of Bovey photographed this cute little pine grosbeak on a frosty morning.

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District 4

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Vacant (To be filled spring 2023),
District 8

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District 9 landerson@lcp.coop

Directors are members of the cooperative and are elected to act in the best interests of the co-op with the same care that an ordinarily prudent person in a like position would exercise under similar circumstances.

Directors set policy, approve strategy and are charged with fiduciary responsibility of the cooperative. Directors do not oversee day-to-day LCP operations. Administration of maintenance, electric service and operations are the responsibility of employees and staff.

Members with questions or concerns about service, billing, outages or other service-related matters should call 1-800-421-9959.

Newsline

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ENERGY EFFICIENCY TIP OF THE MONTH

Blocked air vents force your heating system to work harder than necessary and increase pressure in the ductwork, which can cause cracks and leaks to form. Make sure all air vents are unobstructed from furniture, drapes or other items to ensure sufficient circulation throughout your home. If necessary, purchase a vent extender, which can be placed over a vent to redirect air flow from underneath furniture. Source: energy.gov

Comparative Operating Statement

Year-To-Date — September 2022

	2022	2021
Electric Operating Revenue	\$ 81,043,134	\$ 69,488,905
Cost of Purchased Power	45,011,200	37,828,251
Distribution Expense - Operations & Maintenance	13,142,050	10,293,997
Consumer Accounts Expense & Informational	3,100,054	2,422,518
Administrative and General Expense	5,172,751	4,646,108
Depreciation, Interest Expense and Other Deductions	13,414,812	13,164,570
TOTAL ELECTRIC OPERATING EXPENSES	79,840,867	68,355,444
Net Electric Operating Margins	1,202,267	1,133,461
Non-Operating Margins	828,109	1,036,935
Total Margins before Subsidiaries	2,030,376	2,170,397
Net Income (Loss) from Subsidiaries	136,019	1,791,371
TOTAL MARGINS	\$ 2,166,395	\$ 3,961,768
TOTAL KWH SOLD (YEAR-TO-DATE)	548,342,689	441,347,547

Costs related to the severe May and June storms in our service territory had a significant impact on 2022 year-to-date operating expenses. We anticipate disaster aid will be received to offset some of these expenses.

2021 operations included PPP loan forgiveness, which favorably impacted operating expenses and subsidiary operations.

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