

Merry Christmas!

December 2024

Newsline

BOARD MEETINGS December 19 ■ January 28 (9:30 am at Cohasset Service Center. Members welcome)

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Reforming renewable energy policy
Director election process to open
Sustainability at GRE
Operation Round Up®
gives \$45,000

\$74 million and counting - \$2 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 \$2 million capital credit retirement during the monthly October board meeting.

Of this amount, \$1.5 million is from Lake Country Power's regular retirement of capital credits. Another \$500,000 is from Great River Energy, LCP's wholesale power supplier, which will be retired to LCP members as well. This is the fifth consecutive capital credit retirement from GRE to its 27 member-owner distribution 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 2024 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 \$1.5 million):

- Members from 2000 will receive 100% of their unretired credits for that year.

- Members from 2001 will receive 50% of their unretired credits for that year.
- The remaining \$166,000 will be retired on a percentage basis to all former and current members.

GRE Portion (represents \$500,000):

- Members from 2002 will receive 100% of their unretired Great River Energy capital credits for those years.
- The remaining \$72,000 will be retired on a percentage basis to all active and inactive members.

Active members will see a credit applied to their December 2024 billing statement. Inactive 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 \$74 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.



HOW CAPITAL CREDITS WORK

Electric co-ops are not-for-profit and operate at cost. Capital credits are a financial benefit of co-op membership.



1. Members pay their electric bills, and we track their business with us each month.



2. The co-op pays operating expenses throughout the year and allocates any leftover operating revenue as capital credits.



3. When financial conditions permit, the co-op board votes to retire (pay) capital credits to the members.



4. We send members their share of capital credits as a bill credit or check.

Great River Energy® approves budget, rates

Lake Country Power's wholesale power provider is budgeting for revenue and expenses of approximately \$1.1 billion in 2025, as it allocates funds to operate the business in addition to making necessary investments in the electric system.

As a not-for-profit cooperative, Great River Energy collects enough revenue to cover its costs as well as a margin to operate the business. At the same time, it makes investments in the best interests of its member-owner cooperatives, including Lake Country Power, over the long term.



Upcoming plans for 2025 include a massive buildout of high-voltage transmission lines that will reduce congestion and be needed for the state-mandated energy transition to renewable energy sources.

Great River Energy's margin will increase in 2025 to strengthen financial metrics to secure favorable funding terms and interest rates. Like all cooperatives, all Great River Energy's collected margins are returned to the membership over time as patronage.

Additionally, Great River Energy's 2025 wholesale rate to Lake Country Power is projected to increase by 8.0% from the 2024 budgeted rate.



Lake Country Power is anticipating an increase in retail rates for members due to the rising cost of power generation and transmission. The cooperative will do its best to minimize the impact of the wholesale power cost increase as it considers 2025 member rates. ■

Operation Round Up® gives more than \$45,000 to community programs

Through the contributions of Lake Country Power's participating members, the Operation Round Up® Electric Trust Board recently approved \$45,276.08 in assistance to local community programs during its quarterly meeting.

The cooperative's Trust Board reviewed and considered 30 grant applications and distributed funds to all 30 projects and programs this past quarter.

All funds generated through Operation Round Up® are set aside in a trust fund. A voluntary Trust Board of nine co-op members administers the trust. Of the funds collected through the program, 100% is distributed to charitable organizations through an application and selection process. The Trust Board uses special guidelines and policies when choosing recipients. Since the program's inception, more than \$3.3 million in contributions have been given.

Operation Round Up® 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 less than \$6 annually.

Among Lake Country Power's 44,000 members, more than 70% of all active electric accounts participate in the program through voluntary contributions. Interested members can opt into the Operation

A graphic for the Operation Round Up program. It features a large yellow coin with 'OPERATION ROUND UP' written on it. Below the coin, two hands are shown holding a smaller copper coin. Text on the graphic includes: 'When your small change can make a BIG difference', 'The Operation Round Up Electric Trust Board approved contributions totaling \$45,276', 'to assist 30 local community projects from participating Lake Country Power members.', 'Since October 2004 members have donated more than \$3.3 million', and 'Learn more: lakecountrypower.coop/operation-round-up'. The Lake Country Power logo is in the top right corner.

When your small change can make a **BIG** difference

The Operation Round Up Electric Trust Board approved contributions totaling **\$45,276** to assist 30 local community projects from participating Lake Country Power members.

Since October 2004 members have donated more than **\$3.3 million**

Learn more: lakecountrypower.coop/operation-round-up

Round Up® program by calling the cooperative at 800-421-9959.

Programs receiving grants can be found at www.lakecountrypower.coop.

Director election process underway

The nomination process for Lake Country Power board of director positions begins January 24, 2025. The three-year board terms for District 2 (Michael Forsman, incumbent), District 4 (Jeff Sheldon, incumbent) and District 8 (Brian Napstad, incumbent) are expiring.

Any Lake Country Power member who has voting rights in Districts 2, 4 and 8, and is interested in seeking nomination for the board of directors should follow these procedures:

1. Call to request a nomination packet or pick one up at LCP's service centers, and then 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 24. The deadline for submitting nomination materials is 4:30 p.m., February 13, at the Cohasset Service Center.

The notice of the annual meeting will be mailed to all members of Lake Country Power between April 5 and April 9. Members in Districts 2, 4 and 8 will receive a ballot for electing directors.

The annual meeting will be held Thursday, April 24, 2025, at the

Reif Center, Grand Rapids, MN. Registration begins at 5:00 p.m. with the meeting to follow at 6:30 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. ■



2025 LCP BOARD MEETING

 **DATES** ALL MEETINGS START AT 9:00 A.M. IN MEMBERS ARE WELCOME.

| | | |
|-------------------------------------|--------------------------------------|---------------------------------------|
| → JANUARY → TUESDAY 28 | → FEBRUARY → TUESDAY 25 | → MARCH → TUESDAY 25 |
| → APRIL → TUESDAY 29 | → MAY → TUESDAY 20 | → JUNE → TUESDAY 24 |
| → JULY → TUESDAY 29 | → AUGUST → TUESDAY 26 | → SEPTEMBER → TUESDAY 30 |
| → OCTOBER → TUESDAY 28 | → NOVEMBER → TUESDAY 25 | → DECEMBER → FRIDAY 20 |

Sustainability at Great River Energy

Great River Energy, Lake Country Power's wholesale power provider, is committed to serving its member-owner cooperatives with reliable and affordable energy in harmony with a sustainable environment.

As a member-owned cooperative, Great River Energy is uniquely positioned to champion sustainability, driven by a commitment to members, communities and the environment. Great River Energy remains dedicated to continuous improvement, fostering innovation, and collaborating with its member-owner cooperatives to build a more sustainable future, together.

This dedication is evident through Great River Energy's solid environmental and governance policies and practices and its commitment to community. The seven cooperative principles guide electric cooperatives to operate differently from other electric utilities, putting the needs of their members first. These principles have always been a foundation for the leadership and employees at Great River Energy.

Balanced power supply portfolio

By 2035, Great River Energy's retail electric sales will be 90% carbon free and carbon emissions will be more than 90% reduced from 2005 base levels. This puts the cooperative in a position to comply with the requirements of Minnesota's carbon-free standard. Great River Energy's power supply

portfolio is a balanced and cost-effective mix of three main components: wind power purchase agreements, peaking generation resources, and a capacity and energy hedge contract with Rainbow Energy Center.

Clean energy funding

Great River Energy was among the cooperatives recently announced as a finalist for the Empowering Rural America (New ERA) program. The program aims to support rural electric cooperatives in reducing greenhouse gas emissions by transitioning to clean energy sources. A consortium of Great River Energy and its member-owners have advanced past the competition stage and are currently in the underwriting and negotiation phase of the New ERA program, bringing them one step closer to receiving funding.

Community commitment

Great River Energy demonstrates its commitment to the community by contributing to nonprofit organizations, spending dollars locally, scholarship programs, and sponsoring events that bring people together. The cooperative also works with its member-owners to attract and retain business activity and jobs where its members live. The cooperative routinely donates more than 2% of its earnings to charitable causes between in-kind and monetary contributions. In 2023, these donations amounted to \$999,513. ■

EQUIPMENT QUIZ

Q

On average, how much do padmount transformers* cost?



A) \$350

B) \$850

C) \$1,150

D) \$2,972

*LCP has 13,731 padmount transformers on its system. Padmounts have the same function as overhead transformers, only this equipment is used with underground cable.

Answer: D

RECIPE CORNER

CHOCOLATE BANANA BREAD



From the Kitchen of:
**Linda Nordstrom,
Woodbury**



- ½ cup butter/margarine, softened
- 1 cup sugar
- 2 eggs
- 1 cup mashed ripe bananas (about 2 medium)
- ¼ cup milk
- 1 tsp vanilla extract
- 2 cups all-purpose flour
- ¼ baking cocoa
- 1 tsp baking soda
- 1 tsp salt
- ½ cup chopped nuts, opt.

In a mixing bowl, cream the butter and sugar together. Add eggs, bananas, milk and vanilla. Combine the flour, cocoa, baking soda and salt, and add to the banana mixture and mix until combined. Fold in nuts if desired. Transfer to a greased 9x5x3 loaf pan. Bake at 350 degrees for 60-65 minutes or until a toothpick inserted near the center comes out clean. Cool for 10 minutes before moving from a pan to a wire rack.

Submit your favorite recipe to Lake Country Power, Attn. Editor, 8535 Park Ridge Drive, Mountain Iron, MN 55768, or e-mail lburnes@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.

Reforming renewable energy policy

Ensuring a sustainable, equitable, and modern energy future for Minnesota

As new technologies and the transition to cleaner resources rapidly change our electric grid, some of Minnesota's energy policies, including our antiquated net metering laws, remain ineffective.

Minnesota's net metering policy allows residents and businesses with distributed energy systems, like solar panels, to generate their own electricity and require Lake Country Power to pay more for excess power sent to the grid than we would normally pay for that power from Great River Energy. This policy is outdated, expensive and inequitable and must be reformed to be effective in the modern world.



By Mark
BAKK
General Manager

Outdated policy

First off, the policy is outdated. Minnesota's net metering policy was established when solar technology was in its infancy and no longer addresses the modern energy landscape. Comprehensive reform is needed to reflect current realities and capabilities, including storage.

As the first state to implement net metering back in 1984, Minnesota played a pioneering role in promoting solar energy, but it is now time to update this policy to align with today's realities. Given the state law mandating carbon-

free electricity by 2040, the environmental incentive for maintaining costly net metering policies is obsolete.

Expensive policy

Second, net metering is expensive. With Minnesota's mandate for carbon-free electricity by 2040, net metering incentives have become redundant. Utilities are already charged with reducing carbon emissions; there is no reason to keep expensive incentives to achieve the same goal. Net metering is also ineffective since it forces cooperatives, like LCP, to pay retail rates for energy they could purchase at cheaper wholesale prices.

Additionally, generating electricity from small distributed solar systems is more costly than from larger utility-scale projects, resulting in less carbon reduction for the same investment. Utility-scale systems offer a faster, more cost-effective means of decarbonizing the electrical grid, making net metering an inefficient tool for achieving environmental goals.

Inequitable policy

Finally, net metering is inequitable. It leads to cost-shifting, where members without distributed systems end up paying more to cover the costs of maintaining the grid. Those who can afford these systems are generally wealthier, leaving poorer members to face the brunt of the cost increases. Studies show that in Minnesota, this disparity is growing, with

affluent households increasingly dominating solar installations.

Reform is essential to prevent financial strain on those least able to afford it.

Our recommendations

The current model is unsustainable and unnecessarily drives up the electric bills of most co-op member-owners. Reforming net metering can enhance grid stability and reliability, ensuring that both traditional and renewable energy sources are effectively integrated and managed.

By taking a balanced approach to reforming our outdated net metering policies, Minnesota has the potential to become a national leader in renewable energy policy and ensure a fair, sustainable and modern energy future for all Minnesotans. Reimbursement of any excess power generated by these systems should be at avoided cost, rather than retail rates. Additionally, these systems should be appropriately sized-to-load. Overbuilt systems result in subsidies that are paid for by the rest of the membership.

Embracing reform will support renewable energy growth and facilitate the connection of solar for those who want it. Minnesota's electric cooperatives stand ready to support these necessary reforms, advocating for policies that benefit all cooperative members and advancing our collective goal of a safe, reliable and affordable energy future. ■

September 27, 2024 • Regular Monthly Meeting

THE FOLLOWING REPORTS WERE GIVEN:

President Olson reported on his attendance at a National Rural Electric Cooperative Association (NRECA) regional event in Minneapolis. He noted former LCP General Manager Greg Randa attended to receive a lifetime achievement award.

General Manager Bakk reported that Great River Energy expected a rate increase for 2025, but exact amounts were to be determined. He added LCP cannot absorb the increase and would most likely need to pass it through to members. Bakk also said the co-op would roll out Midwest Generator information on October 1.

The board heard from Amy Mason, energy director of Bois Forte Tribal Government, who expressed a desire to work more with LCP on funding projects, rebates, electrification projects and other functions of the cooperative related to the tribe.

THE FOLLOWING ACTIONS WERE TAKEN:

Approved \$6,000 in donations (\$2,000 each) to United Way of Northeastern Minnesota (Mountain Iron area), United Way of 10,000 Lakes (Grand Rapids area) and United Way of Carlton County.

Approved a \$5,000 title sponsorship for the January 16, 2025, Better In Our Backyard 5th annual winter dinner.



► Barney Chamberlin of Virginia photographed this jay in her crabapple tree in early winter. This jay has many names: gray jay, Canadian jay, lumber jack, whiskey jack and more.

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.

ENERGY EFFICIENCY TIP OF THE MONTH



If you're planning to purchase electronic gifts this holiday season, look for the ENERGY STAR® label, which indicates higher energy efficiency performance. Electronics that receive the ENERGY STAR® rating are up to 25% more efficient than standard products. This holiday season, give the gift of energy savings with ENERGY STAR®-rated electronics and equipment. Source: energystar.gov

BY THE NUMBERS | SEPTEMBER 2024

Lake Country Power is committed to responsibly managing resources to ensure financial stability of the cooperative. Below is a snapshot of the year-to-date unaudited financial report. A complete set of financial statements can be viewed at www.lakecountrypower.coop under "My Cooperative."



| | 2024 | 2023 |
|--------------------------------|--------------|--------------|
| Cost of Purchased Power | \$42,465,797 | \$40,335,426 |
| Other Operating Expenses | \$36,168,274 | \$35,325,503 |
| Total Cost of Electric Service | \$78,632,071 | \$75,660,929 |



YTD kWh SOLD
500,500,835

2023 Comparison: 520,035,623

TOTAL MARGINS
\$10,343,532

2023 Comparison: \$8,632,455

| | 2024 | 2023 |
|-----------------------|-------------|-------------|
| Operating Margins | \$8,318,750 | \$7,732,600 |
| Non-Operating Margins | \$2,024,782 | \$899,855 |

51,526
ACTIVE SERVICES

2023 Comparison: 51,243

Utility Plant (Net)



\$311,893,069

2023 Comparison: \$295,013,684

Co-op Contacts

| | |
|-----------------------------------------|---------------------------------------------|
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| Robert Bruckbauer, District 5 | 218-290-8729 rbruckbauer@lcp.coop |
| Daniel Kingsley, District 6 | 218-259-7366 dkingsley@lcp.coop |
| Craig Olson, District 7 | 218-393-2276 colson@lcp.coop |
| Brian Napstad, District 8 | 218-485-1528 bnapstad@lcp.coop |
| Larry Anderson, District 9 | 218-428-2722 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

Published monthly by Lake Country Power
8535 Park Ridge Drive, Mountain Iron, MN 55768
Editor: Jerry Burnes • jburnes@lcp.coop
Lake Country Power Service Centers:
Cohasset • Kettle River • Mountain Iron
800-421-9959 • www.lakecountrypower.coop
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