January 2018

Newsline

Good news marks the start of the New Year

By Greg Randa
LCP general manager

Stable, steady and reliable. That's the good news for Lake Country Power members in 2018.

Stable rates top the list of good news. Projections for consumer growth and kilowatt-hour sales are not expected to grow in 2018, but LCP remains on steady financial ground.

We've had only one change to our local rates over the past five years and we'll continue to hold down costs while making important reliability investments throughout 2018. Members will share the benefit of that mindset with rates expected to remain flat for the year.

There is always the chance unforeseen wholesale power cost increases or significant major storms could disrupt plans, but we have a conservative budget in place that accounts for typical operational and weather disruptions.

It helps that our rate structure insulates us from weather fluctuations. Given the warm winters of the past few years, we'd be stuck – along with members – if we had to rely on recovering most of our costs through a higher kilowatt-hour charge.

Instead, the board adopted a long-term rate philosophy five years ago that is focused on providing members with stability and reliability. It's working. And the employees of Lake Country Power are working hard to make sure your service is stable, steady and reliable.

Looking Ahead

In addition to providing members with safe and reliable service, we plan to kick-off a couple of large projects in 2018. We'll be taking bids soon for construction on a new headquarters building in Cohasset.

Our current service center in Grand Rapids is nearly 50 years old, in need of major repairs, outdated, and overcrowded. Excavation is underway at the new site, a couple miles west of our current building. We expect to break ground on the new building during the 2018 construction season.

We will also begin a pilot project for a new automated metering system. Employees from all departments spent time researching and reviewing the best available technology for Lake Country Power members throughout the past year. A recommendation will be presented to the board in January for a new metering system that will bring many improvements.

From outage verification, to prepay billing options, to hourly reading capability, the new system will provide members with more information and options to better manage your electricity use in your home or business.

We're budgeting for a $2.5 million capital credit retirement that will benefit current and former members. And we're planning to invest more than $16 million capital projects to replace and update old poles, lines and equipment this year.

Focused on Fundamentals

We'll also maintain our focus on our core mission to serve. We work hard to maintain a standard of service that results in new services installed within 10 days and rebuilds within 15 days of application. Except for abnormally severe weather events, our outage statistics and system reliability continue to improve.

We'll keep working to exceed our goal to answer 80 percent of all calls within 20 seconds. And we're advancing in the field to track work electronically and schedule work using software that ties to our electronic mapping system within our customer service system.

These new systems represent investments we've made to provide you with better, more reliable and dependable service. It's money well-spent. And it means money-saved through improved work-flows, processes and systems to better serve you.

As we look ahead to 2018, the board, management and employees of Lake Country Power are focused on what's ahead so we deliver on our mission – our promise – to provide safe, reliable electric service, manage member resources wisely, and serve to help our communities prosper.

LCP is projecting operating revenues of $91.6 million for 2018, up slightly from projected revenues of $89.4 million this year. Revenue projections reflect energy usage of nearly 650 million kilowatt-hours in 2018, compared to expected sales of nearly 630 million kilowatt-hours this year.

The co-op projects a year-end operating margin of $1.45 million in 2018, down slightly from a projected $2 million margin in 2017. LCP is planning to invest more than $13 million in capital projects to add a substation and replace old poles, lines, and equipment this year.

Lake Country Power
A Touchstone Energy® Cooperative
Energy that Powers Our Lives

IN THIS ISSUE

Scholarship Applications Due
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District Meeting Notice

BOARD MEETINGS
Jan. 30 – 9:30 a.m. at Grand Rapids Service Center
Feb. 20 – 9:30 a.m. at Kettle River Service Center

PRIMARY NUMBER

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

LOAD CONTROL NOTIFICATIONS

Sign-up for a SmartHub account at lakecountrypower.coop, and then request load control notifications when dual fuel or water heating programs are controlled this winter.

EDITOR'S NOTE:
Co-op events are posted at lakecountrypower.coop. Go to "Community" and click "Events."

Apply to win a $4,000 scholarship

Deadline closes Jan. 31, 11:59 p.m., for high school students

Students: Don't wait until it's too late to apply for the Les Beach Memorial Scholarship — and your chance at a $4,000 scholarship from Lake Country Power!

This year's graduating high school seniors whose parents or legal guardians are LCP members have until 11:59 p.m., January 31 to apply. To complete the electronic application, go to www.lakecountrypower.coop (under "Community" in the black navigation bar, click the "Scholarships" tab).

Scholarship recipients can qualify for up to $4,000 over four years to help pay for college or technical school. Scholarships are renewable for up to eight semesters, and students must maintain a grade point average of 2.5 or higher. They must also have a full-time enrollment status.

To qualify, the student or the student's parent/legal guardian must be a member of Lake Country Power, meaning they receive electric service directly from the co-op at their residence or cabin.

Lake Country Power offers scholarships to one student, per year, at 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. The funds are made possible through unclaimed capital credits.

Transcripts and letters of recommendation from teachers will be accepted through February 15, but all other student-submitted materials must be complete by Jan. 31 or the student won't be considered. Visit lakecountrypower.coop (community/scholarships) for application tips and more information.

Students: Please get busy to work on the electronic application process now before the clock strikes midnight and it's too late. All the best to each applicant.

Election process underway

The nomination process for Lake Country Power board of director positions begins January 19, 2018. The three-year board terms for District 1 (Jason Long, incumbent), District 5 (Robert Bruckbauer, incumbent) and District 9 (Sherman Liimatainen, incumbent) are expiring.

Any Lake Country Power member who has voting rights in Districts 1, 5 and 9 and is interested in seeking nomination for the board of directors should follow these procedures:

1. **Pick up 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 19. The deadline for submitting nomination materials is 4:30 p.m., February 8, at the Grand Rapids Service Center.

The notice of the annual meeting and ballots for electing directors will be mailed to all members of Lake Country Power between March 30 and April 4.

The annual meeting will be held Thursday, April 19 at the Cromwell-Wright School, Cromwell, MN. Registration begins 4:45 p.m. with the meeting to follow at 6:00 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.

Making it big, meeting a need with "off-peak"

It began as a small family business in rural North Dakota in 1943. It still operates as a family business today. Initially, they re-fluffed cotton mattresses, then moved on to building church pews. They even ventured into manufacturing snowmobile skis in the late 1960s.

The Steffes family expanded into small metal fabrication in the 70s and early 80s, and it was here that the family made its mark — responding to a unique public need following the energy crisis of the 1970s.

Paul Steffes

North Dakota had, and still has, an abundant supply of coal in the ground. Responding to the need for stable, low-cost, baseload electricity supply, the Federal government, electric co-ops, and other utilities invested in coal-fired power plants at the time to meet the country's growing appetite for stable and affordable energy.

But people mostly used electricity during the day. There was, and still is, an oversupply of electricity while most of us are sleeping at night.

While some foreign companies were producing electric off-peak equipment, the power industry sought out American-made products, and turned to the small Steffes company for assistance.

Paul Steffes and his family business took that challenge and successfully pursued the opportunity to fill the "off-peak" void. And, they are still meeting that need 30 years later with innovative electric storage heating products that serve rural co-op members today.

But these days, it's a combination of excess renewable wind power, along with natural gas and coal that power the value of off-peak electric heating and water heating programs for LCP members.

Defining "EnergyWise"

But what do we mean when we say "off-peak?" You've heard the term in the media, in the mail, and from us — your electric cooperative. Still, what is off-peak heating, and how can it save you money?

"It makes good sense to better utilize existing utility infrastructure — the generation, the transmission, all of the distribution equipment — to better utilize that equipment by consuming electricity from 11:00 at night to 7:00 in the morning," said entrepreneur Paul Steffes, owner of the aforementioned family business from North Dakota.

"Our Electric Thermal Storage (ETS) systems gain efficiency by taking advantage of off-peak electricity, which is charged at a lower rate since it is consumed during times when demand on the electrical grid is low," said Steffes. "ETS systems convert this off-peak electricity to heat and store it in heating elements contained within high-density ceramic bricks."

These special bricks are electrically heated overnight, turned off in the morning, and produce a radiant heat throughout the day as they release energy. Each night they are recharged, and the process continues.

Steffes says that the ETS systems' ability to store a large amount of heat for long periods of time means a consumer can "get on-peak performance for an off-peak price."

Bringing it home

Headquartered in Dickinson, North Dakota, the Steffes Corporation carefully manufactures each unit, tests and ships to sales outlets — including many to Lake Country Power — where the co-op passes the at-cost benefits to its members.

"Offering an ETS program benefits all members of the cooperative," said Mark Olson, LCP member service supervisor. "We sell the products and associated equipment at 'cost,' and then apply a rebate per kilowatt of installed load after the system is installed."

Those members that decide on this form of heat enjoy a competitive heating rate to fossil fuels, says Olson, and all members benefit from lower wholesale power costs provided through Great River Energy — LCP's wholesale power supplier.

LCP has numerous members enrolled in EnergyWise off-peak heating programs, and the co-op offers service to the installed Steffes heating units — whether it's whole home heating, storage unit heating, or water heating.

Development and innovation continues

The Steffes family business has a storied past. When the small metal fabrication company got going more than 40 years ago, the Steffes' had two employees. Now, with the development and success of the ETS technology, Paul Steffes has led this home-built idea to include a staff of more than 300.

Furthermore, the company has a constant "five-year re-invent ourself philosophy," which keeps them on the cutting edge of technology. It's that kind of plan that makes the Steffes brand an industry leader with off-peak heating programs.

"Today, that need for energy storage is even greater because of all of the renewable energy that's being integrated, and the need for efficiency," said Steffes. "And so we have adapted our technology and we're preparing our energy storage products to be a real benefit to society as a whole as we continue into the future."

Visit the Steffes Corporation online at steffes.com.

Visit LCP online at lakecountrypower.coop > EnergyWise Programs > Heating & Cooling Options, for information about LCP's off-peak and dual fuel programs, or call 800-421-9959, press 6.

Steady, firm and reliable information

Join us for co-op conversation and hot soup

Are you looking for news that is steady, firm and reliable in a world of change and uncertainty? We have it. And you're invited to hear it first-hand from your local electric cooperative.

We invite you—as a member-owner—to join us for some good news. Find out how we're working to hold down rates and costs while improving reliability and service. Meetings start at 5:00 p.m. with a light supper, followed by staff updates and time for member questions. If you cannot make your district meeting, you are welcome to attend another member meeting.

R.S.V.P. by calling Angie Hanttula at 800-421-9959, extension

DATE	TIME	LOCATION	TOWN/DISTRICT	R.S.V.P. By
January 31	5 - 7 p.m.	Nashwauk Township Hall (Cloverdale Hall), 16470 County Road 8, Nashwauk	Nashwauk – District 4	January 24
February 6	5 - 7 p.m.	Hope Lutheran Church, 204 Elm Ave., Moose Lake	Moose Lake — District 9	January 30
February 8	5 - 7p.m.	Spang Hall, 35402 Spang Road, Hill City	Hill City — District 6	February 1
February 13	5 - 7 p.m.	South Ridge School, 8162 Swan Lake Road, Culver	Culver — District 7	February 6
February 21	5 - 7 p.m.	American Legion, Orr	Orr – District 1	February 14
February 22	5 - 7 p.m.	Grand Ely Lodge, Ely	Ely — District 2	February 15
March 5	5 - 7 p.m.	Cromwell Pavilion, Cromwell	Cromwell — District 8	February 26
March 8	5 - 7 p.m.	Remer High School – cafeteria/ commons area, Remer	Remer — District 5	March 1
March 21	5- 7 p.m.	Wuori Town Hall, 7449 Werner Road, Virginia	Virginia — District 3	March 14

Solar capacity factor makes 13.8%

Over the past six months, Lake Country Power's 20 kW solar array in Grand Rapids generated 12,100 kilowatt-hours. The capacity factor took a dip to 13.8 percent from the six months prior.

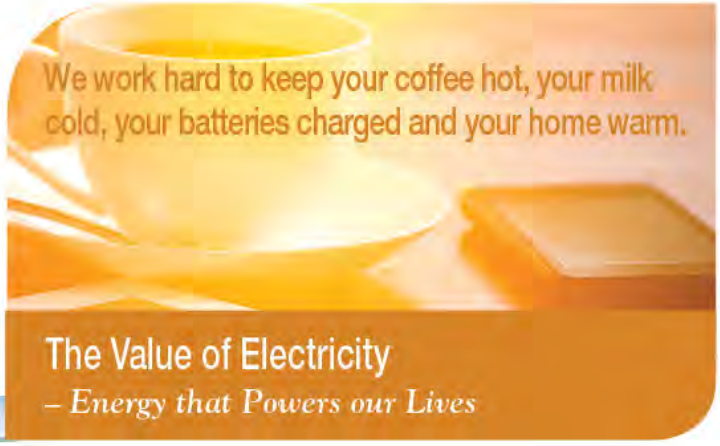
To achieve 100 percent capacity, solar panels would have to be exposed to direct (cloudless) sunlight 24 hours a day (including nighttime hours), 365 day a year, and with no other variables such as snow on the panels, etc.

"One thing we're learning is how the output from solar energy can really fluctuate," said Jeff Sheldon, manager, energy services and business development. "Realistically speaking, it's unattainable to meet 100 percent of your energy needs from solar generation, alone. That's why it's important to generate electricity from a mix of resources."

If you're interested in a solar investment, be sure to spend the time upfront to do your research, and speak with the experts you can trust to give you steady, firm and reliable information. Lake Country Power can help. Visit www.lakecountrypower.coop to see the solar generation output.

LCP board approves local democracy policy

During the November monthly LCP board meeting, the board approved to adopt and implement Minnesota Statute 216B.164, as signed by Governor Dayton, to reduce duplicate regulation on your electric cooperative. Lake Country Power recognizes its obligation to provide an interconnection to qualifying facilities that are eligible for distributed generation, and will comply with all applicable laws and rules governing distributed generation. The Minnesota Statute includes language related to rates, fees and charges for distributed generation.



Cold Weather Rule

In 1991, the Minnesota Legislature passed a law that includes electric cooperatives in the Cold Weather Rule. The law provides that utilities must not disconnect and must reconnect the utility service of a residential customer during the period between October 15 and April 15 if the disconnection affects the primary heat source for the residential unit **and all of the following conditions are met:**

1. Household income of the customer is at or below 50 percent of the state median income. Income may be verified on forms provided by LCP or by the local energy assistance provider.

2. The customer enters into and makes reasonably timely payments under a payment agreement that considers the financial resources of the household; and

3. A customer receives from LCP referrals to energy assistance, weatherization, conservation, or other programs likely to reduce the customer's energy bills.

The law does allow for LCP to disconnect when it is necessary from October 15 to April 15, so please act promptly. LCP works with members during the Cold Weather Rule period, just as we do throughout the year. We don't want to interrupt service to any member, but in a cooperative, all members suffer when any bill remains unpaid. If bills remain unpaid, this amount must be absorbed by members who faithfully pay their bill each month. LCP would rather work with members to establish and maintain adequate payment schedules of their past due bill, but sometimes disconnection must be made when necessary, within the limits of the law. Before disconnecting service to residential customers from October 15 to April 15, the cooperative must provide the following information:

- notice of proposed disconnection (disconnection notice);
- statement explaining customers' rights and responsibilities;
- list of energy assistance providers;
- forms available for customer to request cold weather disconnect protection; and,
- a statement explaining the payment plan to secure continued service.

If you receive a disconnection notice this winter, you must act promptly. If you do not meet all the conditions of the Cold Weather Rule, mutually acceptable payment arrangements can be set up to prevent interruption of an electric service. Please contact Lake Country Power if you have any questions about the Cold Weather Rule.

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).

Lake Country Power is an equal opportunity provider and employer.

If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Ave., S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov.

ENERGY EFFICIENCY

Tip of the Month

Looking for an easy way to make your home cozier? Try using an area rug to increase the insulation levels of your floors. Area rugs are stylish and can keep cool air from entering through your floors. Your toes will thank you!

Energy Assistance Providers

Should you find it difficult to pay your electric bill this winter, these agencies can provide additional assistance and more information.

AEOA
800-662-5711
- Virginia 218-749-2912
- Duluth 218-623-3011

Aitkin County
800-328-3744

Bi County CAP
800-332-7161

Bois Forte Tribal
800-221-8129

Carlton County
800-642-9082

Cass County
218-547-1340

Fond Du Lac Tribal
800-365-1613

Itasca County
800-422-0312

Kootasca
877-687-1163

Lake County
218-834-8400

Lakes & Pines
800-832-6082

Leech Lake Tribal
866-864-8668

Mille Lacs Band
320-532-7880

Pine County
800-450-7263

Salvation Army Offices:
800-842-7279
- Cloquet 218-879-1693
- Grand Rapids 218-326-5620
- Duluth 218-722-7934
- Hibbing 218-263-5096
- Virginia 218-741-1889

St. Louis County
800-450-9777

Recipe Corner

Minestrone with Tortellini Soup

Louise Koglin Fideldy, Bovey

- 1.5 pounds bulk Italian sausage
- 1 cup chopped onion
- 1 tsp Italian seasoning
- 6 cups beef broth
- ½ cup dry red wine
- 1 – 16 oz. can tomatoes with liquid
- 2 cups sliced carrots
- 1 can butter beans
- 1 cup sliced celery
- 1 cup ketchup
- 2 minced garlic cloves
- 1 cup sliced zucchini
- 6 oz. cheese-filled tortellini
- 1 medium diced green pepper
- ¼ cup chopped parsley
- 1 can spinach with liquid

In a 5-quart Dutch oven, brown sausage and drain fat. Add onions and saute until tender. Add beef broth, wine, tomatoes, carrots, celery, ketchup, Italian seasoning and garlic. Bring to a boil and simmer for 30 minutes. Skim away fat. Stir in zucchini, tortellini, green pepper, parsley, beans and spinach. Simmer covered for 30 – 40 minutes, or until tortellini are tender. Season to taste with salt and pepper. Sprinkle with parmesan cheese before serving. Yield: 8 servings

Submit your favorite recipe to Lake Country Power, Attn. Editor, 2810 Elida Drive, Grand Rapids, MN 55744, or e-mail tzaun@lakecountrypower.com. If your entry is drawn and printed in Newsline, you'll receive a $5 credit on your electric bill. Entries must include name, address and phone number on account. Recipes will be published as space allows.

October 31, 2017 • Regular Monthly Meeting

The following reports were given:

President Craig Olson presented NRECA plaques to LCP directors who reached education levels of Credentialed Cooperative Director or Board Leadership Certification – Robert Bruckbauer, Craig Carlson, Michael Forsman and Jim Huhta. Olson met with General Manager Randa several times to discuss business matters. He will distribute manager evaluation forms to the board relative to General Manager Randa's annual review. Olson commented about the Strategic Planning session in October. He also commented about conversations he's had with members about weather related outages.

Greg Randa, LCP general manager, reported about the operations of GRE's ethanol plants; Northland Connect; an approved zoning change at the Ely Outpost; call center stats; ribbon cutting to celebrate the newest electric vehicle high-speed DC fast charger; the online vehicle auction; vandalism on LCP's distribution system; land clearing for the new headquarters service center; and district meetings for 2018.

The following actions were taken:

Approved to adopt the Lake Country Power 2018 – 2021 Construction Work Plan in accordance with the Rural Utilities Service Bulletin 1724D-101B. The purpose of the plan is to determine the construction needs of the system and to recommend improvements consistent with the long range planning that will prepare the system to adequately carry future peak loads.

Approved to award specific contracts between Lake States Construction and Legacy Powerline.

Approved the 2017 capital credit retirement recommendation of $3 million as prepared and presented by LCP staff.

Approved a resolution for LCP to contribute $6,000 total, and equally split between the three local United Way agencies in the co-op's service area.

Approved the 2018 director election timeline.

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.

This picture earned a spot in the co-op calendar for January 2018. Joan Lasser of Walker took this photo in the morning after a rain and snow storm. It's one of the favorite photos she's ever taken.

Comparative Operating Statement

Year-To-Date —October 2017

	2017	2016
Electric Operating Revenue	$ 72,589,871	$ 70,980,761
Cost of Purchased Power	38,260,602	37,394,147
Distribution Expense - Operations & Maintenance	11,033,875	12,438,420
Consumer Accounts Expense & Informational	3,568,054	3,305,207
Administrative and General Expense	4,984,581	4,811,964
Depreciation, Interest Expense and Other Deductions	12,356,196	12,179,360
TOTAL ELECTRIC OPERATING EXPENSES	**70,203,308**	**70,129,098**
Net Electric Operating Margins	2,386,563	851,663
Non-Operating Margins	1,526,501	1,473,307
TOTAL MARGINS BEFORE SUBSIDIARIES	**3,913,064**	**2,324,970**
Net Income (Loss) from Subsidiaries	34,662	188,705
TOTAL MARGINS	**$ 3,947,726**	**$ 2,513,676**
TOTAL KWH SOLD (YEAR-TO-DATE)	**489,097,477**	**489,041,569**

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.*

Co-op Contacts

Greg Randa, General Manager granda@lakecountrypower.com	800-421-9959
Jason Long, District 1 jaselong@gmail.com	218-240-9611
Michael Forsman, District 2 forsmanmd@hotmail.com	218-365-5789
George Harvey, District 3 gharvey@accessmn.com	218-741-6633
Craig Carlson, District 4 carlsonlcp@gmail.com	218-999-7175
Robert Bruckbauer, District 5 bobbruckbauer@northlc.com	218-566-2436
Daniel Kingsley, District 6 kingsdan27@gmail.com	218-697-2628
Craig Olson, District 7 colson@iupat82.org	218-393-2276
Jim Huhta, District 8 hatcheck@frontier.com	218-644-3997
Sherman Liimatainen, District 9 sgliimatainen@gmail.com	218-879-3135

Directors are members of the cooperative and are elected to act in the best interests of the co-op with the same care than 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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Editor: Tami Zaun
tzaun@lakecountrypower.com

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