June 2018

# Newsline

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

## IN THIS ISSUE


Capital Credit Allocations
New Meters Coming
Contractor Bid Selected
Seeking Members for Focus Groups


**BOARD MEETINGS**
*June 26 – 9:30 a.m. at Mountain Iron Service Center*
*July 31 – 9:30 a.m. at Grand Rapids Service Center*

# Comparing utilities is like equating apples to oranges

## Understanding the economic differences

As an electric co-op owned by the members it serves, employees work hard to manage resources wisely, and provide the service that charges your phones, lights your lamp, and keeps your milk cold.

There are three primary types of electric utilities that provide electricity to consumers:

1. Investor-owned utilities
2. Municipal utilities
3. Electric cooperatives

Lake Country Power is an electric cooperative that serves the rural outlying areas of northern Minnesota. Electric cooperatives are not-for-profit, and member-owned by those they serve.

Boundaries within the city limits are generally served by municipalities. Larger populated areas are typically served by investor-owned utilities – these utilities are for-profit that work for shareholders/investors from cities like New York, Chicago or Los Angeles.

The only similarity these three utilities have in common is that each provides the same product – electricity to homes, cabins and businesses. Aside from that, any other attempt to make comparisons would be like trying to compare apples to oranges.

### Serving the Land of 10 Billion Trees

There are many differences. It all speaks to the reason for-profit utilities, and municipal utilities, chose not to serve rural areas years ago. With little-to-no profit available in high cost-of-service rural areas that count more trees than people, communities of rural residents joined together to form not-for-profit electric cooperatives. It's why electric co-ops still serve rural areas today.

The accompanying graphic you see demonstrates this point further, and the vast difference in the economics of serving rural areas versus the suburbs or cities.

LCP provides an essential service consistent with the cost of service. When margins are generated, your share of that margin is returned to you in the form of capital credits over time.

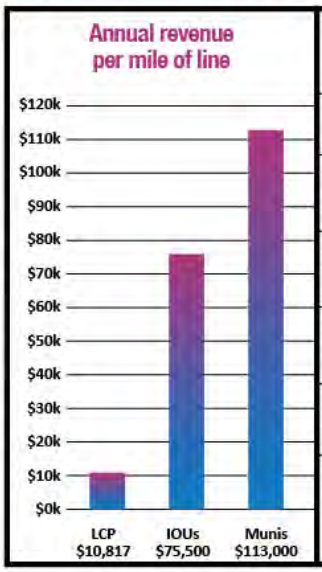
### Recharging your batteries

In the meantime, the monthly service availability charge supports ongoing maintenance of equipment and more than 8,300 miles of power line – everything from tree clearing under the lines, to pole and line replacement, outage restoration, substation monitoring, new tires for trucks, safety training, customer information software, employees to serve you, etc.

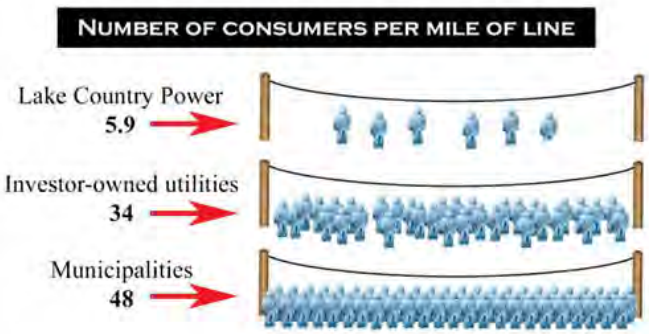
As a co-op, LCP's service availability charge is set to recover costs consistent with the cost of service, and as fairly as possible across the membership to ensure we meet member expectations for reliability, safety and service. It also eliminates one group of members subsidizing others when costs are the same for basic service.

For more information about Lake Country Power's rate structure, please visit this link: https://www.youtube.com/watch?v=YAsl7ZK07ds

### Comparative Characteristics




| | Electric Co-ops | Investor utilities | Municipal utilities |
|---|---|---|---|
| Number in Minnesota | 46 | 3 | 125 |
| % of landmass served: | 80% | 10% | 10% |
| % of consumers served: | 12% | 73% | 15% |
| Earnings from operations: | Returned to Members | Paid to Investors | Can be used for general fund |
| # of consumers (U. S.) | 19 million | 107 million | 22 million |




## PRIMARY NUMBER

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

## HOLIDAY OBSERVED

All LCP offices will be closed July 4 for Independence Day. If you experience a power outage, use SmartHub to report the outage. Register for SmartHub at lakecountrypower.coop. Or call 800-421-9959, press #1.

## EDITOR'S NOTE:

Co-op events are posted at lakecountrypower.coop. Go to "Community" and click "Events."

# Reflection of my first year as Director of District 6

By Dan Kingsley, District 6

I have served on several committees and boards in my career. I must say the Lake Country Power board is one of the most diverse. In my opinion to be effective there must be opposing opinions represented by individuals willing to express these in such a way to promote healthy discussion and compromise. I feel your board of directors does a very good job of this in representing you.

April's article by George Harvey touched on governance structure. As Mr. Harvey described, we as directors, wear many hats. We must be capable of determining what is best for those we represent on that day whether it be LCP, LCP Holdings, or our subsidiaries Lake States Tree Service and Lake States Construction.

I have accepted an appointment to the Policy Committee. We will be meeting in May to review LCP board policies to determine if any changes are to be recommended to the full board.

I am also part of the Building Committee. I look forward to taking part in a ground-breaking ceremony as part of the process to get a new service center built in the Cohasset Industrial Park.

In the past year, I have attended several seminars in working to become a Credentialed Cooperative Director as required by board policy. These have been very informative in getting a feeling of how other co-ops throughout the country operate and the challenges they face. I have also seen Director Bob Bruckbauer elected as Chairman of the Great River Energy board, and Director Olson appointed to the GRE Political Action Committee. Both are great representatives of LCP with influential positions within our generation and transmission cooperative.

I would like to thank Jan Bignall for accepting an appointment to the Operation Round Up® trust board. What a great program! If you are not signed up for ORU, call 800-421-9959. The most it could cost you is $11.88 per year.

In closing, thank you to all who participated in your district member meetings and the annual meeting held at the Cromwell-Wright School. Thanks to all the volunteers for the great food and refreshments!

I look forward in continuing to serve you, the members, of LCP in the future.

*Daniel Kingsley was elected by members in Lake Country Power District 6. He can be reached at 218-697-2628 or kingsdan27@gmail.com.*

# Aligning expectations, actions and outcomes

## Vision, mission and values the focus of LCP annual meeting

Every member of Lake Country Power benefits when the co-op aligns expectations and actions. Although each generation holds a different set of ideals for the co-op, Lake Country Power remains rooted in its vision, mission and values to manage member resources wisely, and serve all members with safe and reliable electric service.

Lake Country Power shared this message with more than 300 members and guests at its annual meeting Thursday, April 19, in Cromwell, Minn.

"Our vision sets the tone," said Lake Country Power General Manager Greg Randa. "We're looking for continuous improvement to be a top performing electric distribution system."

Randa added that the co-op's mission speaks to what Lake Country Power is doing every day to achieve its vision.

"Our mission can be summarized by our focus on infrastructure, service, accountability and community," said Randa. "Investing in the distribution system, replacing equipment and keeping trees clear of power lines will keep us strong and reliable."

Randa provided additional information about pole inspections/replacements, replacing at least 75 miles of line each year for the next 75 years, and deployment of a new metering system. The new system has a strong, proven history of performance with other utilities, and was carefully selected by a cross-section team of fourteen LCP employees.

Randa gave an update about the building project in the Cohasset Industrial Park, which will replace the existing Grand Rapids Service Center. Construction is expected to begin soon. The co-op will also add two tree crews – a move that's expected to save Lake Country Power more than $100,000 in contractor costs this year.

Lake Country Power members were provided an opportunity to contribute to the Tri-Community Food Shelf, serving Cromwell, Wright and Tamarack. The Cromwell School's Forestry Club served a delicious dinner of turkey, ham, mashed potatoes, gravy, stuffing, coleslaw, bread, and homemade desserts.

## Director election results

District 1:
Jason Dale Long, Cook*
620 votes

District 5:
Robert Bruckbauer, Remer*
406 votes

District 9:
Sherman Liimatainen, Cloquet
413 votes

Kevin Maki, Saginaw
274 votes

*Candidates ran unopposed in districts 1 and 5.

## Board officers are:

Craig Olson from District 7, President; Sherman Liimatainen from District 9, Vice President; George Harvey from District 3, Secretary; and Craig Carlson from District 4, Treasurer.

# Capital credit allocation made for all members

## Allocations and retirements are different

This month, the co-op's board approved to allocate more than $6.9 million of the Lake Country Power and Great River Energy 2017 margins into long-term member capital credit accounts.

Because Lake Country Power and Great River Energy are not-for-profit cooperatives, all margins (revenues minus expenses) are allocated back to member-owners in the form of capital credits. The allocation represents your share of "ownership" in the co-op and is paid back to you – over time – as financial conditions allow.

Allocation notices are being mailed in June. To keep you up-to-date on your capital credit account, the line items, listed on your *2017 Notice of Capital Credit Allocation* represent the amount of the 2017 margin allocated to your capital credit membership account.

The allocation is based on the amount of electricity you used during the 2017 year. Until capital credits are returned through a board approved general retirement, your allocation is invested to improve the reliability and service of your cooperative.

Your capital credit membership account represents your share of ownership in the co-op, and is used to reduce the amount of bank financing for equipment like electric lines, utility poles, substations, transformers and trucks. Visit www.lakecountrypower.coop for more information about allocations and capital credits.

# New AMI coming to all members

Lake Country Power will deploy a new metering system, beginning this year, known as AMI for short. AMI is an acronym for "automated metering infrastructure."

The company that LCP chose is Aclara/Hubble, and the system is called TWACS. It's a powerline communication technology that communicates from the substation directly to the meter.

Starting with a pilot project north of Cloquet, nearly 1,200 meters will be changed out sometime this year. Eventually, more than 67,200 meters will be replaced.

## Why new meters?

- LCP is being required to have an independent load management system by 2025, which requires new metering technology that TWACS will provide.
- Hardware of the current metering system is no longer supported by Cannon Technologies.
- The current system has excessively long lead times for parts
- Reduce estimated bills
- Improved member service – outage reporting being one perk

A cross-section of LCP employees reviewed technologies, and system needs and presented a unanimous recommendation to LCP's board of directors in January for approval. The 14-member AMI Selection Committee had representation from all LCP departments.

# ACT NOW and get ENHANCED rebates on a Mini Split Heat Pump

Cool and heat your home with a ductless air source heat pump AND for a limited time – get enhanced rebates!

CONTACT YOUR COOPERATIVE TO LEARN MORE

| Heating Source | Regular Rebate | Promo Rebate |
|---|---|---|
| Delivered fuels | $300 | $450 |
| Electric heat | $500 | $750 |

*Limited funds are available and awarded on a first-come, first-served basis. Rebate amounts and programs are subject to change without notice.*

Mini split heat pumps provide energy-efficient heating and cooling without ductwork – an increasingly popular, cost-effective replacement for inefficient baseboard electric heating and window air conditioners in older homes and multifamily buildings. These ductless systems are also a good choice for any application where installing ductwork is expensive or not feasible, and to improve poorly heated or cooled rooms. Call Lake Country Power's member service department at 800-421-9959, press 6, for more information.

## Benefits of mini split heat pumps:

- **Energy savings**. Mini splits have no ducts. Ductwork is responsible for up to 30 percent of heating and cooling losses in central air systems, according to the U.S. Department of Energy, especially if the ducts are in an unconditioned space.
- **Reliable heating and cooling**. Like other heat pumps, mini split systems can deliver energy-efficient heating and cooling. In colder climates, a backup heating system may be required.
- **Ease of installation**. Mini splits are easier to install than other types of space-conditioning systems. Typically, hookup between indoor and outdoor units only requires a small hole in the wall and connecting conduits are available in a variety of lengths.
- **Design flexibility**. Indoor air handlers can be suspended from the ceiling, mounted into a drop ceiling or hung on a wall. Floor-standing units are also available, and many models come with remote controls to make turning the system on and off more convenient.

# Missed the Annual Meeting?

Annual meeting videos can be found on online at www.lakecountrypower.coop, or www.youtube.com/user/lakecountrypower

# Lake Country Power accepts contractor bid to begin construction in Cohasset

Lake Country Power has selected Hawk Construction, a Grand Rapids area contractor, to lead construction of the electric cooperative's new service center in Cohasset, Minn. The co-op will break ground on the $11.2 million project later this spring.

Hawk Construction provided the lowest bid for the 68,000-square-foot facility. All bids came in under the co-op's projected construction costs. The service center will be in Cohasset's expanded industrial park, west of the co-op's present location along U. S. Highway 2.

"This is a long-term investment that will serve Lake Country Power members and employees for the next 50 years or more," said Greg Randa, Lake Country Power general manager. "The new building will replace our current headquarters – a timeworn, over-crowded building with poor highway access for utility vehicles and equipment.

"We are pleased the project will employ local and regional sub-contractors, who will draw from a highly qualified and skilled workforce within the region."

A building committee, comprised of several LCP directors and members of the co-op's senior staff, made the decision to award the bid to Hawk Construction after reviewing five competitive proposals.

Architectural Resources, Inc., from Hibbing, is leading the architectural, engineering and design of the project. Randa said ARI provided LCP a strong framework for a competitive bidding process and a practical, forward-thinking building design.

"ARI was excited to have the opportunity to assist LCP in developing this new facility," says Mark Wirtanen, lead architect on the project. "The design process has been a thoughtful collaboration of LCP and ARI staff, and now with the bid results on target we are enthusiastic about seeing the building begin to take shape."

Construction will begin as soon as project terms and details are complete and is estimated to take 18 months. Bids ranged from the winning proposal of nearly $11.2 million to a high bid of $11.9 million.

Architectural Resources, Inc., is a full-service professional design and engineering firm based in northeast Minnesota with nearly six decades of experience.

# Bus Tour: Join us for the Coal Creek Tour

Now is the time to go on the Coal Creek Tour. Arrange your travel plans with Lake Country Power for a fascinating opportunity to see how energy is made from baseload coal generation.

The Coal Creek Tour takes place in North Dakota, and is scheduled for September 11 – 13.

The cost is $170 per person. Your registration includes transportation, two nights lodging at the Holiday Inn Express in Bismarck, dinner and a full day tour with lunch.

Registrations are due by August 20.

## On tour day you'll see:

- **Coal Creek Station**—the largest power plant in North Dakota; learn why this power plant is vitally important to Great River Energy's generation mix.
- **Falkirk Mine**— see the gigantic equipment that is used to help supply 8 million tons of lignite coal each year to Coal Creek Station.
- **Blue Flint Ethanol**—uses a mix of primary and waste steam to produce ethanol, making it one of the lowest-cost facilities in the nation.
- **Garrison Dam**—the fifth largest earthen dam in the world; see the plant that generates electricity which is marketed by the Western Area Power Administration.
- **Headwaters Fort Mandan Visitors Center**—coal combustion products were used in construction of the visitor center; tour the fort and walk the trails along the Missouri River.

## Register Me Today!

I want to go on the Coal Creek Tour to North Dakota. I understand space is limited so I'm signing up today before my seat is taken.

___ Coal Creek Tour. Enclosed is my check for $170 per person.

Name(s): _____

Address: _____

Telephone Number: _____

E-mail address: _____

Pick-up locations available (please choose one):

__ Grand Rapids service center

__ Kettle River service center

__ Mountain Iron service center

Please mail this registration form and payment to Tami Zaun, Lake Country Power, 2810 Elida Drive, Grand Rapids MN 55744. Registrations must be received by August 20.

# Seeking participants for focus groups

Lake Country Power will be gauging member interest in community solar gardens. A series of focus group meetings will be scheduled in 2018.

If you are interested in participating in a focus group to provide feedback and comments, please e-mail your name, phone number, and address to Tami Zaun at tzaun@lcp.coop.

Depending on the response, individuals may be randomly selected to participate and will be provided more information closer to the meeting date.

# Reminder: Co-op calendar contest deadline is August 1

The 2019 co-op calendar contest is officially open for members to begin submitting their beautiful scenic entries. The deadline to submit is one month earlier this year – August 1. Winners will receive a $15 credit on their electric bill. If you are lucky to win with two entries, you'll receive a $30 credit on your bill. Winners will be notified in October.

## Photo Contest Guidelines

1. Only Lake Country Power members may enter the contest. (LCP employees and their immediate families and spouses are not eligible to enter the contest.)
2. Photos must be electronic. Photos must capture the beauty of northern Minnesota. You may submit photos taken in spring, summer, fall and/or winter. The photos must be taken by you, not someone else.
3. Photos will not be accepted if the following information is not provided in the e-mail with the electronic photograph: Name, address, city, state, zip, phone/cell, e-mail, location taken and a photo description.
4. One membership (household) may submit up to 10 photos (separate e-mails required), but we may limit each photographer to no more than two winning entries.
5. Enter color photos that were taken in northern Minnesota, and are appropriately sized for printing at 12 inches wide by 9 inches high (300 resolution: minimum resolution of 2,700 pixels by 3,600 pixels).
6. Only horizontal pictures will be accepted. Vertical photos will be eliminated.
7. Photos must be e-mailed to tzaun@lcp.coop. **All entries must be received by August 1, 2018**.
8. Photos must not include people.
9. Winning photographers automatically give Lake Country Power permission to use winning photos in the calendar, in other publications, member presentations or electronically online.

# Save money with your Co-op Connections® Card

You work hard, so let . . .
**The One Card That Does It All®**
work hard for you.

Get connected to hundreds of local deals and thousands of national discounts from the businesses that participate in the Co-op Connections Card.

Keep these businesses in mind, and bring your card to save money. For a full listing of business participants, visit www.lakecountrypower.coop (Community/Co-op Connections Card). Find national deals online at www.connections.coop.

- **Grand Rapids GM,** Grand Rapids
- **Minnesota Discovery Center,** Chisholm
- **Supreme Court Fitness,** Virginia
- **Deer River Floral & Gifts,** Deer River
- **Pine Hill Golf Course,** Carlton
- **North Star Painting,** Duluth

**Recipe Corner**

## Chocolate Cake

**Shirley Nixon, Deer River**

- 1 ⅓ cups sugar
- 2 cups flour
- 1 ½ tsp. baking soda
- 1 ⅓ tsp. salt
- 6 ½ T. cocoa powder

Mix the ingredients above in a mixer or with beaters. Then add and mix by hand (do not beat): 2/3 cup oil, 1 T. vanilla, and 2 cups buttermilk. Bake at 350 degrees for about 25 minutes or longer until done. 9x13 pan.

Chocolate Frosting:

- 1 ½ cups sugar
- 7 T. butter
- 6 T. half & half

Boil 1 min. 15 seconds. Pour over ½ cup chocolate chips. Stir together and then spread on cooled cake.

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.

## March 22, 2018 • Regular Monthly Meeting

**The following reports were given:**

President Craig Olson commented about his attendance at some of LCP's member meetings, the National Rural Electric Cooperative Association annual meeting, the Great River Energy regional meeting, and the Minnesota Rural Electric Association annual meeting.

Greg Randa, LCP general manager, reported about the member manager's meeting, the Great River Energy contract, Northland Connect, LCP strategic planning, bids for the new service center building sent in April, and surveys via phone and online to gauge member satisfaction.

Tracy Peterson, finance manager, reported about the January 2018 unaudited financials. She commented about the energy sales being positive, and an increase in sales for January 2018 over January 2017 due to colder temperatures.

Dave Holt, auditor with Brady Martz, reported to the board about the financial audit the firm conducted of LCP's 2017 operations. Holt stated the audit went very well, staff was very cooperative, and no significant deficiencies or material weaknesses related to internal controls over financial reporting were identified.

**The following actions were taken:**

Approved to accept the 2017 audit report by Brady Martz with one correction as questioned by LCP General Manager Randa.

Approved the form of the director election ballots for the 2018 director elections in Districts 1, 5 and 9.

*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.*

This picture earned a spot in the co-op calendar for June 2018. Shelley Taylor of Grand Rapids makes a yearly visit to the Vince Shute Wildlife Sanctuary near Orr.

ENERGY EFFICIENCY

## Tip of the Month

Laundry Tip: Use rubber or wool dryer balls, which help separate clothing in the cycle, providing better airflow and a shorter drying time. Wool dryer balls can help absorb moisture, which also reduces drying time.

Source: *energy.gov*

## Comparative Operating Statement

Year-To-Date —March 2018

| | 2018 | 2017 |
|---|---|---|
| Electric Operating Revenue | $26,875,203 | $25,180,598 |
| Cost of Purchased Power | 14,386,431 | 14,158,057 |
| Distribution Expense - Operations & Maintenance | 2,624,837 | 2,526,086 |
| Consumer Accounts Expense & Informational | 1,107,766 | 1,044,275 |
| Administrative and General Expense | 1,741,943 | 1,582,872 |
| Depreciation, Interest Expense and Other Deductions | 3,178,264 | 3,730,498 |
| **TOTAL ELECTRIC OPERATING EXPENSES** | **23,039,240** | **23,041,788** |
| Net Electric Operating Margins | 3,835,964 | 2,138,810 |
| Non-Operating Margins | 779,679 | 1,008,052 |
| **TOTAL MARGINS BEFORE SUBSIDIARIES** | **4,615,643** | **3,146,862** |
| Net Income (Loss) from Subsidiaries | (265,729) | (192,928) |
| **TOTAL MARGINS** | **$4,349,914** | **$2,953,935** |
| **TOTAL KWH SOLD (YEAR-TO-DATE)** | **211,993,973** | **191,370,478** |

**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.*

## Co-op Contacts

| | |
|---|---|
| **Greg Randa, General Manager**<br>granda@lcp.coop | 800-421-9959 |
| **Jason Long, District 1**<br>jaselong@gmail.com | 218-240-9611 |
| **Michael Forsman, District 2**<br>forsmanmd@hotmail.com | 218-365-5789 |
| **George Harvey, District 3**<br>gharvey@accessmn.com | 218-741-6633 |
| **Craig Carlson, District 4**<br>carlsonlcp@gmail.com | 218-999-7175 |
| **Robert Bruckbauer, District 5**<br>bobbruckbauer@northlc.com | 218-566-2436 |
| **Daniel Kingsley, District 6**<br>kingsdan27@gmail.com | 218-697-2628 |
| **Craig Olson, District 7**<br>colson@iupat82.org | 218-393-2276 |
| **Jim Huhta, District 8**<br>hatcheck@frontier.com | 218-644-3997 |
| **Sherman Liimatainen, District 9**<br>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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**Lake Country Power Service Centers:**
Grand Rapids • Kettle River • Mountain Iron
800-421-9959 • www.lakecountrypower.coop

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