

HAPPY NEW YEAR

January 2021

Newsline

BOARD MEETINGS January 26 ■ February 23

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Change in leadership, continued co-op mission

Happy New Year! I hope everyone had a safe and happy holiday season and that we can all look forward to a fresh start in the coming year. For me, 2021 means diving into a new role and set of responsibilities. I am humbled and honored to serve our cooperative community – you, our valued co-op members – as the next general manager of Lake Country Power.



By Mark
BAKK
LCP general
manager

My Philosophy

Some of my values as a leader include building trust, being transparent and open in our communications, and cultivating a culture of engagement – with members, employees, our local communities, and other key stakeholders. I feel it's important you know that you can always contact Lake Country Power with questions or concerns.

As a valued member of Lake Country Power, know that I will lead the co-op with your interests in mind. Electric cooperatives were built by the community and more than 80 years later we are still here for the community. I look forward to what the future brings, the challenges we will face and resolve together, and how we can grow as one great co-op family. I'm an advocate of progress and innovation, whether that means carbon-free initiatives like renewable energy, regional economic development, or improved money-saving programs.

It has been a pleasure to meet many of you at our annual meetings, member appreciation days, district

member meetings and other co-op functions. In time, I hope to engage with many more of you at these events, by a phone conversation, or perhaps even a virtual experience.

My Roots

I'm a native of Cook, Minn., and have lived "up North" all my life. In fact, I have never lived south of Duluth, so I know the region and people well. I love this area of Minnesota for the golfing, fishing, hunting, snowmobiling, four-wheeling and other outdoor activities, so there is no place I would rather work or raise a family. Speaking of family, my wife Andi and I have two beautiful daughters who keep us on our toes – Cassidy is nine years old and Avery is seven.

Leadership roles have always been a passion ever since my youth. It was instilled in me from my parents to be a leader and not a follower. In their eyes, it was never acceptable to give anything less than 100 percent effort. At times, their expectations seemed tough and a little unfair, but they helped me grow into the leader I am today – and for that I am thankful and appreciate their style.

My background is in

accounting. After earning an accounting degree from the University of Minnesota Duluth, I worked for McGladrey & Pullen, LLP, an accounting firm in Duluth before joining Lake Country Power in 2008. In 2012, I was appointed to lead the finance and administration department and eventually promoted to Chief Financial Officer.

I currently serve on the Minnesota Rural Electric Trust board and the United Way of Northeastern Minnesota board. I'm also a member of the American Institute of Certified Public Accountants and the Minnesota Society of Certified Public Accountants.

Pandemic Challenge

The most pressing task right now is the continued safety and health of our employees. We are an essential business and cannot shut down our operations. Our front doors may be closed to the public, but we are here and working to provide reliable service for our members – it's our priority. If our employees are sick and quarantined at home, they will be unable to provide the vital services our members need.

My new role will officially begin when Greg Randa retires on January 8, 2021, after 41-years serving co-op members. I cannot thank him enough for his mentorship, leadership and friendship through the years. Greg was an outstanding general manager who helped give stability and direction to the co-op. He certainly leaves big shoes to fill.

When my career began with the co-op in 2008, Greg was one of the employees who took the time to help me better understand electric cooperatives, how the co-op business model works, and how to make fair decisions while keeping the best interests of members in mind. Thank you, Greg!

CONTINUED ON P. 2

LCP rate forecast is stable for 2021

The Lake Country Power board of directors recently met to review, discuss and approve the 2021 budget and rates. Good news: All electric rates from 2020 will carry into the new year without any increases or adjustments.

An independent power cost study was conducted in late 2019 to analyze overall costs and rates. Lake Country Power will hold general service rates flat and will maintain that position as long as costs and revenues allow. The power cost study

serves as a tool for the board as it reviews costs, revenue requirements and service and reliability goals in the near future.

To help meet the service and reliability goals, the cooperative will ramp up the age-related work on the electrical distribution system. Starting in 2021, Lake Country Power will begin replacing at least 75 miles of aged line every year. Even with this increase in annual replacement, it will take 90 years to replace

all of our poles and wires. That's an increase from the usual 45 miles of aged line replacements we have done in the past.

In early 2021, the co-op plans to hire 10 additional lineworkers to help meet this objective and insulate LCP from the risk of bid pricing among various contractors. The cost savings have been identified and the addition will help stabilize construction costs in a cost-conscious manner to help keep rates as stable as possible.

"These additional positions are a controllable cost for us on construction work that will always be ongoing," said Mark Bakk, general manager.

The board and staff will continue to keep a close eye on revenue, margins, and costs. Energy sales have remained flat the past several years, especially with low residential growth, weather impacts, and more people using Energy Star® appliances. ■

Wholesale rates to decline slightly in 2021

Strategic decisions to position its power supply portfolio and control costs have Great River Energy poised to begin 2021 in a strong financial position while reducing rates to member-owners.

Great River Energy's average 2021 wholesale rate is projected to decrease 0.2% from the budgeted rate for 2020. The cooperative's 2021 revenue requirement is budgeted to be \$943.1 million, down more than \$32.2 million from the 2020 budget.

"Great River Energy employees have found creative ways to reduce expenses and stabilize

wholesale rates while keeping electric service safe and reliable," said Great River Energy Vice President and Chief Financial Officer Michelle Strobel.



Great River Energy's 2021 budget includes approximately \$95 million of spending for new capital projects. Great River Energy budgeted for a margin of \$23.0 million in 2021 and expects to return more than \$20 million to member-owners through patronage capital retirements.

Great River Energy projects wholesale electric rates to decline significantly over the next 20 years, driven primarily by strategic decisions to improve the economic efficiency of its power supply portfolio.

Great River Energy plans to shut down the 1,151-megawatt Coal Creek Station power plant in the second half of 2022. Coal Creek Station has been a critical part of Great River Energy's power supply portfolio for decades, but it has lost value compared to other alternatives in recent years. ■



Q: Do you have an Energy Wise® meter for one of our load management programs like dual fuel or water heating?

A: If you answered yes, be sure to sign up for load control notifications via e-mail and/or text alerts through your SmartHub account. For more information or to sign up for SmartHub, visit www.lakecountrypower.coop > My Account > My Notifications.

Change in leadership, continued co-op mission

CONTINUED FROM P. 1

We have many employees working from home, and we are segregating our field personnel to mitigate spread of the virus until a time that is safe and appropriate to

work as we did before the pandemic hit.

When it's appropriate, I look forward to stepping-up our community and member engagement activities. Our

employees already do a lot in our communities, but we do it quietly without too many people noticing our level of involvement.

In closing, I would like to

thank the LCP board of directors for trusting me with this opportunity. Together, we are a co-op community and I look forward to leading your cooperative into the future. ■

Reminder: Election process underway

The nomination process for Lake Country Power board of director positions begins January 15, 2021. The three-year board terms for District 1 (Jason Long, incumbent), District 5 (Robert Bruckbauer, incumbent) and District 9 (Sherman Liimatainen, incumbent) are expiring. A special election will be held for District 3 to fill a two-year vacancy.

Any Lake Country Power member who has voting rights in Districts 1, 5, 9 and 3, 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 beginning January 15. Due to COVID-19, interested members are asked to call and request a packet be mailed to them. Call Tami Zaun at 800-421-9959, ext. 7152, or e-mail tzaun@lcp.coop.

The deadline for submitting nomination materials is 4:30 p.m., February 4, when all materials must be received by this date and time at the Cohasset Service Center. Questions about submissions can be directed to Tami Zaun. For more information, visit www.lakecountrypower.coop (My Cooperative/Directors & Districts). ■



RECIPE CORNER GINNY'S CHILI

From the Kitchen of:
Ray & Virginia Hatinen
Esko



INGREDIENTS

- 1 T. Extra virgin olive oil
- 1 lb. Mild ground pork sausage
- 1 lb. Lean ground beef or ground venison
- Brown meat in olive oil in large pan or Dutch oven.
- **Add:** 1 Medium chopped sweet onion and 2 stalks chopped celery. Cover and steam until soft.
- **Add:** One 15 oz. can Joan of Arc brand spicy chili beans; One 15 oz. can Joan of Arc light red kidney beans; One 14.5 oz. can Hunts diced tomatoes (with basil, garlic and oregano – no salt added); and One 10 ¾ oz. can Campbell's tomato soup.

DIRECTIONS

Rinse cans out with water adding about a cup of the liquid to the chili. Add 2 tsp. chili powder.

Heat mixture to boiling and stir to mix. Reduce heat to simmer. Simmer uncovered 30 – 40 minutes. Stir to mix. To serve: Scoop into soup bowls and top with chopped raw sweet onions, shredded cheddar cheese, 1 T. sour cream, and chopped fresh chives. Serve with saltine crackers. Enjoy!

We need more recipes!

Submit your favorite recipe to Lake Country Power, Attn. Editor, 26039 Bear Ridge Drive, Cohasset MN 55721, or e-mail tzaun@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.

Cold Weather Rule effective until April 15

The Cold Weather Rule, Section 216B.097 of the Minnesota State Statutes, provides that from October 15 through April 15 an electric cooperative cannot disconnect a residential consumer for nonpayment of service, if the disconnect affects the primary heat source and all of the following conditions are met:

1. The consumer declares an inability to pay and completes the Inability to Pay form; and
2. 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 with whom the consumer has applied for

energy assistance; and

3. The consumer enters into and makes reasonably and timely payments under a mutually agreeable payment plan, that considers the financial resources of the household; and
4. A consumer receives from LCP referrals to energy assistance, weatherization, conservation, or other programs likely to reduce the consumer'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. A statement explaining the payment plan to secure continued service, a Payment Arrangement letter, will be provided.

Before disconnecting service to a residential consumer from October 15 to April 15, the cooperative must provide the following information:

- notice of proposed disconnection (disconnection notice); and
- statement explaining

consumers' rights and responsibilities (Inability to Pay form); and

- list of energy assistance providers (Inability to Pay form); and
- forms available for consumer to request cold weather disconnect protection (Inability to Pay form).

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: 800-421-9959. ■

ECO Act is a top legislative priority in 2021

Here's how you can help

In 2007, Minnesota's Conservation Improvement Program (CIP) was established, creating goals for all utilities – including electric cooperatives – to reduce their annual electricity sales by 1.5% and to spend at least 1.5% of revenues to achieve this goal. Lake Country Power is proud that we consistently work hard to meet these goals.

When CIP started, select energy efficient purchases were incentivized including Energy Star® rated appliances and LED lighting. Thanks in part to CIP, we've reached a point of saturation with many of the energy efficiency incentives introduced more than a decade ago and the electric power industry is the only segment of the economy

that has exceeded its carbon reduction goals.

While CIP has been beneficial, it has become outdated, lacks an emphasis on innovation and doesn't support many advancements that have positive environmental impacts. To modernize the program, Minnesota's electric cooperatives, along with other industry partners, drafted the Energy Conservation and Optimization (ECO) Act. This bill emphasizes total energy efficiency across many sectors – energy, transportation, agriculture and others – to encourage diverse improvements.

Lake Country Power supports this bill because we believe it provides more long-term,

sustainable benefits for our members. The benefits include:

- Allowing the Cooperative more flexibility to meet our annual energy savings goals by enabling us to count electric vehicle incentives, electric storage water heaters and air source heat pumps toward part of the goal.
- Helping the environment by reducing greenhouse gas emissions and fostering a more resilient grid.
- Encouraging innovation by supporting continuously advancing technologies.
- Reducing consumers' total energy bills



by eliminating the mandated spending requirements while providing better tools for reducing carbon.

We encourage our member-owners to join us in advocating for this legislative change by contacting your northern Minnesota legislators. If you have questions, please contact us at 218-742-5707. We are happy to discuss more details of the ECO Act with you. ■

Energy Assistance Providers

AEOA:	800-662-5711
AEOA Virginia:	218-735-6839
AEOA Duluth:.....	218-623-3011
Aitkin County Social Services:.....	800-328-3744
Bi County CAP:.....	800-332-7161
Bois Forte Tribal:	800-221-8129
Carlton County Social Services:	800-642-9082
Cass County Social Services:	218-547-1340
Fond Du Lac Tribal:	800-365-1613
Itasca County Social Services:	800-422-0312
Kootasca:	877-687-1163
Lake County Social Services:	218-834-8400
Lakes & Pines:	800-832-6082
Leech Lake Tribal:	866-864-8668
Mille Lacs Band Tribal:	320-532-7880
Pine County Social Services:.....	800-450-7263
Salvation Army Office (Heat Share Programs):	800-842-7279
St. Louis County Social Services:	800-450-9777

Non-Discrimination Statement

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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

“Do it yourself” home energy audit

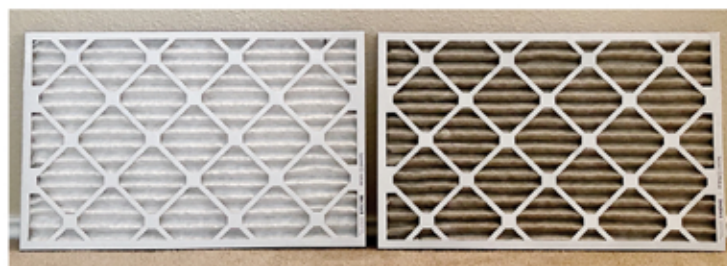
8 Low-cost tips

Each tip has the ability to increase your comfort while saving you energy and money without taking over your day or breaking the bank.

- 1. Unplug or turn off unused appliances and electronics.** Appliance and miscellaneous electrical loads are taking up more and more of our monthly electric bills. Some electronics, such as televisions, can draw power even when turned “off,” in what is known as phantom loads or vampire draw. This can also occur for smartphone chargers that are not connected. To avoid those pesky energy-sucking creatures, consider completely unplugging them or shutting off the power strips they are connected to. You can also consider a smart power strip, which has certain outlets that can cut power to electronics that are not in use.
- 2. Change out old light bulbs. Light-emitting diode (LED) bulbs are the way to go.** These bulbs can last 20-30 times longer than incandescents while saving more than 75 percent on energy. Because LEDs are more efficient, they use fewer watts to produce

light. The features to pay most attention to with LEDs are lumens (how bright the bulb is) and color temperature (how warm or cool the light is). For example, a 10-watt LED can emit the same light as a 60-watt incandescent.

- 3. Replace HVAC air filters.** The air filter(s) on your heating, ventilation and air conditioning (HVAC) system can help keep the air in your home clean by reducing particles and other pollutants. A clean filter also allows your HVAC system to run more smoothly and efficiently because it does not have to work as hard to get air out. Most air filters should be changed every one to three months. They are often found in your HVAC return grill or in a slot right at the air handler, and installation is usually as simple as removing the current filter and sticking in the new one. Just make sure you get the right size and type (your current filter should have this information on its side), and you are good to go. If you decide to change the type of filter, check with an HVAC contractor to make sure your system will still run smoothly and efficiently.



▶ A dirty air filter can drive up your energy costs. Compare the new filter (left) to the ninety-day old filter (right). *Source: Advanced Energy*

- 4. Set your thermostat to “Auto” and keep an eye on temperatures.** Setting your thermostat fan to “Auto” will ensure that it is running only when it is supposed to and only when the system is heating or cooling. When the fan is “on,” it is running constantly and can add up to \$50 per month. Also, try to keep your thermostat to the warmest comfortable temperature in the summer and the coolest comfortable temperature in the winter. In the summer, aim for 78 degrees, and in the winter, shoot for 68 degrees. Depending on your daily schedule, you may consider investing in a programmable or smart thermostat to automatically set temperatures when heating or cooling is needed.
- 5. Have your duct work checked for leaks.** Leaks at the return, air handler and supply can be a major source of high bills. Mobile homes check at the grill, cross over duct and down flow air handler, for leaks.
- 6. Wash clothes and dishes when loads are full.** Use your laundry and dishwasher only when the loads are full. Use cold water when possible for general clothes washing. Hot water can be saved for bedding or stained or soiled clothes. When dishwashing, try air drying instead of heat drying.
- 7. Invest in low-flow showerheads and faucets.** Low-flow showerheads and faucets use fewer gallons per minute (gpm) of water and can save money and energy by reducing demand on your water heater. Look for one with the WaterSense® label, which indicates that the product met criteria set by the U.S. Environmental Protection Agency (EPA) to reduce energy use without compromising performance.
- 8. Look for appliances with the Energy Star® label.** When ready to purchase a new appliance or electronic, look for the Energy Star label. Energy Star is a program through the EPA and U.S. Department of Energy that promotes and supports energy efficiency products. Appliances and electronics with the Energy Star designation have gone through testing to ensure they perform as expected and reduce energy consumption. ■

Reminder: Scholarship deadline approaching

High School Seniors: The Les Beach Memorial Scholarship is your opportunity to earn a \$4,000 scholarship from Lake Country Power!

- Apply online at www.lakecountrypower.coop
- Deadline for student materials submitted electronically is 11:59 p.m., January 31
- Parents or legal guardians of applying students must be active LCP members
- Student must have a full-time enrollment status at a technical school, community college or university
- “At Large” category is for home-schooled students
- Teachers must submit letters of recommendation via the online link no later than February 15

October 27, 2020 • Regular Monthly Meeting

THE FOLLOWING REPORTS WERE GIVEN:

President Olson referred several member inquiries to General Manager Randa during the month. Olson communicated with Attorney Felstul and LCP Human Resources Director Seeley about the general manager interviews and hiring process.

Directors Bruckbauer and Olson are LCP representatives on the Great River Energy board, LCP's wholesale power supplier. Bruckbauer reported about the October GRE board meeting. During reorganization of GRE's committee structure, LCP Craig Olson was elected chair of the Compensation Committee.

LCP Holdings Inc. President Kingsley gave an update on the operations of the subsidiaries noting their gross operating profit and net income year-to-date. The subsidiary boards met to consider and approve a dividend to Lake Country Power.

General Manager Randa stated the GRE member managers met virtually in October. GRE provided an updated timeline for closure of Coal Creek; discussion about a new proposed power contract; possible future options for the "fixed" members when Coal Creek closes; sale of the Grand Rapids Service Center – a few minor items are being addressed including finalizing

the purchase of the solar panels from GRE. Randa stated LCP staff are working on the 2021 proposed operating and capital budgets.

THE FOLLOWING ACTIONS WERE TAKEN:

Approved the board resolution to authorize the LCP general manager or the LCP board president sign documents pertaining to the sale of the Grand Rapids Service Center at 2810 Elida Drive.

Approved the 2020 capital credit retirement recommendation as prepared and presented by LCP management.

Approved the 2021 Director Election Timeline.

Approved to appoint Ron Svatos, Ely, to serve as the District 2 Director on the LCP Electric Trust Board.

Approved a resolution that supports LCP contributing \$6,000 toward United Way in the co-op's service area. ■

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 January. Lisa Diehl Foreman of Edina took this photo in the Side Lake area of Sturgeon Lake – winter peacefulness.

Co-op Contacts

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General Manager mbakk@lcp.coop

Jason Long, 218-240-9611
District 1 jlong@lcp.coop

Michael Forsman, 218-365-5789
District 2 mforsman@lcp.coop

Vacant (To be filled spring 2021),
District 3

Craig Carlson, 218-999-7175
District 4 ccarlson@lcp.coop

Robert Bruckbauer, 218-566-2436
District 5 rbruckbauer@lcp.coop

Daniel Kingsley, 218-697-2628
District 6 dkingsley@lcp.coop

Craig Olson, 218-393-2276
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Jim Huhta, 218-644-3997
District 8 jhuhta@lcp.coop

Sherman Liimatainen, 218-879-3135
District 9 sliimatainen@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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Comparative Operating Statement

Year-To-Date – October 2020

	2020	2019
Electric Operating Revenue	\$73,454,597	\$74,539,464
Cost of Purchased Power	37,440,333	37,560,653
Distribution Expense - Operations & Maintenance	12,233,073	12,158,833
Consumer Accounts Expense & Informational	3,257,044	3,789,971
Administrative and General Expense	5,359,739	5,429,087
Depreciation, Interest Expense and Other Deductions	13,889,222	13,928,601
TOTAL ELECTRIC OPERATING EXPENSES	72,179,412	72,867,144
Net Electric Operating Margins	1,275,185	1,672,320
Non-Operating Margins	823,918	952,409
Total Margins before Subsidiaries	2,099,103	2,624,729
Net Income (Loss) from Subsidiaries	987,490	416,096
TOTAL MARGINS	\$3,086,592	\$3,040,825
TOTAL KWH SOLD (YEAR-TO-DATE)	486,745,423	498,962,869

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.