

June 2016

Newsline

IN THIS ISSUE

Cooperatives are Democratic
Annual Meeting Recap
How Power is Restored
Photography Contest

The smart way to manage your electric account

Report outages with Smarthub

Road construction, mosquitoes and summer storms—three “strikes” that are certain for Minnesotans each summer.

Because it’s hard to run from summer storms and the outages that follow, Lake Country Power encourages everyone to sign up for a **SmartHub** account. For one thing, you’ll be able to report an outage in “lightning speed.”

To sign up for a free **SmartHub** account, visit www.lakecountrypower.coop. You’ll find how-to instructions under the “My Account” tab, including some helpful overview videos. Have your electric account number handy.

After you sign up for a SmartHub account, download the free app from iTunes or the Android Marketplace. Search for “SmartHub” in the app store, then click the icon and begin downloading it to your mobile device(s).

SmartHub is available to you 24 hours a day, seven days a week by computer, smart phone or tablet device. If questions, feel free to call Lake Country Power at 800-421-9959 (press #5) for assistance.

Outage reporting and payments

SmartHub allows members to report outages through instant messaging. If you see a tree on the line or have a power outage, you can report it using the app. Your message will go directly into Lake Country Power’s dispatch for follow-up.

“When members report an outage from their **SmartHub** account, the message is sent directly into our dispatch center for immediate attention,” said Todd Johnson, operations director for LCP. “A pop-up message and siren notifies us instantly through our computers. The instant alert helps us respond and assign crews more quickly.”

SmartHub is great because it’s all at your fingertips:

- Make a payment
- Schedule future payments
- Review current electric account balance(s)
- Receive e-mail and/or text notifications regarding your bill
- View past and current bill statements
- Review payment history
- Go paperless
- Report a power outage



- **SmartHub** is growing in popularity by leaps and bounds.
- 11,634 LCP members are registered users of **SmartHub**
- 3,436 LCP members paid their electric bill online using SmartHub
- 2,335 LCP members paid their electric bill using the **SmartHub** automated phone payment system
- 858 LCP members paid their electric bill using the **SmartHub** mobile app

BOARD MEETINGS

June 28—9:30 a.m. at Mountain Iron Service Center

COAL CREEK TOUR

Registration is open for the Coal Creek Tour to ND, September 20 - 22. Cost is \$170/person. E-mail tzaun@lakecountrypower.coop to register, or for more information.

PRIMARY NUMBER

Lake Country Power’s phones are answered 24-hours a day.

Our primary phone number is 1-800-421-9959.

EDITOR’S NOTE

Co-op events, including board meeting schedules, are posted at lakecountrypower.coop. Go to “Community Service” and click “Meetings/Events.”



Cooperatives are democratic by origin and design

By Sherman Liimatainen, District 9 Director

It's been fascinating to watch presidential election politics this year. We've seen — and heard — a lot about people, power and “positioning.” The Founding Fathers of this great nation come to mind as well — their vision, intelligence and selfless consideration for future generations.

Whether we like the tone of current politics or not, the collective work that was done by the Founding Fathers and so many other ordinary citizens to establish the United States of America as a democratic republic is profound.

Democracy is defined as:

- A system of government in which all the people are involved in making decisions about its affairs, typically by voting to elect representatives
- Government by the people, and rule of the majority
- A government in which the supreme power is vested in the people and exercised by them directly or indirectly through a system of representation usually involving periodically held free elections

Similarities in governance

It's important to know that electric cooperatives are democratically controlled organizations as well. This is an important concept to grasp, so let me repeat that. Lake Country Power is a democratically controlled organization. Yes, it's by the people the co-op serves and it's for the people the co-op serves — based on co-op principles, a sense of purpose and an

obligation to serve.

Co-ops were formed nearly 80 years ago by rural folks just like you and me, who wanted electricity extended to their rural homesteads. Investor-owned utilities said “no” to extending lines for countryside folks. Why? It wasn't profitable.

That's when ordinary farmers and citizens stepped in to establish the electric cooperative movement. President Roosevelt signed Executive Order No. 7037 establishing the Rural Electrification Administration (REA).

Our fathers and grandfathers were the first co-op pioneers. They established electric cooperatives to operate under a democratic process. It was by the people and for the power of the people. Co-ops are still operated democratically, even though co-op history and origin is less familiar to recent generations than generations of the past.

The Democratic “Process”

As we've seen with Presidential politics, the “process” of democracy sometimes overshadows the values, principles and hard work that guide policies and decisions.

When distractions happen, it takes the focus off what's most important. In a co-op the primary focus is serving members and the responsibility of the board is to ensure the co-op is financially healthy and viable so the service members receive is safe and reliable.

Fiduciary Duty

The job of a director is to act in good faith and in a manner that is in the

best interest of the co-op. We listen and address individual concerns as best we can without prejudice or harm to LCP's mission or providing reliable service for the benefit of all members. The board is democratic and majority rules.

Your cooperative is governed by the membership. The board is accountable to members through an open election process. There are nine districts. Each director serves a three-year term, and three director seats are up for election each year.

As a board, we determine strategic direction and assess the cooperative's performance. It is the board's responsibility to oversee the financial health, safety, reliability and service of your cooperative.

Not everyone agrees with our decisions. As a result, it's more important than ever to share information openly and transparently. We welcome member questions and concerns. It results in an engaged and informed membership. That's a healthy democracy.

Each director hosts a district meeting each year. We alternate locations to engage members in the governance of the co-op.

Your directors are committed to the big, overall picture and will continue to remain rooted in co-op values, principles, a sense of purpose and an obligation to serve.

Sherman Liimatainen was elected by members in Lake Country Power District 9. He can be reached at 218-879-3135 or sqliimatainen@gmail.com.



Lake Country Power annual meeting addresses principles, purpose and service

Lake Country Power remains rooted in co-op principles, its sense of purpose and an obligation to serve. That's the message Lake Country Power shared with nearly 500 members and guests at its annual meeting Thursday evening, April 28, in Mountain Iron.

"The board's primary role is to ensure the co-op is financially healthy and viable so the service members receive is safe and reliable," said Dale Long, LCP board president. "We adopt policies that guide management and focus on the best interest of the membership as a whole, not individual gain or benefit."

Long and LCP General Manager Greg Randa reinforced LCP's efforts to manage costs and hold down expenses.

Rates are increasing to keep up with rising costs for health care, taxes, technology, power lines, substations and trucks—just to name a few examples. "It's like a bridge or a highway," said Randa. "If you don't reinvest, infrastructure crumbles. Electric rates drive the reinvestment in safe and reliable electric service for the members we serve."

LCP works hard to provide members with accurate, straightforward information about their electric service, the cost of service – and rates. Co-op board meetings are open to members. It provides an opportunity to hear first-hand about issues and priorities facing the co-op.

For more information and links to video of the presentations, visit www.lakecountry-power.coop.



2016 Annual Meeting Summary

Members passed an advisory motion to the board at the 2016 Annual Meeting requesting the release of an independent report related to the 2016 District 2 election and the alleged role of the Board president in encouraging then candidate Michael Forsman to run.

The board will consider the motion after this edition of *Newsline* has gone to press. The response will be reported in an upcoming issue of the member newsletter after the board takes action on the motion.

The LCP board is made up of members and is accountable to the member/owners of the co-op. The Board believes in open, transparent communication to ensure members are engaged, informed and receiving accurate information.

The Board works hard to keep policies current and relevant, and expenses under control. Future issues of *Newsline* will address all issues and concerns shared by members at the 2016 annual meeting.

The information will also be posted to the co-op web site and social media outlets to demonstrate and reaffirm the LCP board commitment to accountability and to clear, accurate and straightforward communication of co-op issues and concerns.

The Board will also continue to focus on the mission to provide members with safe and reliable electric service, manage member resources wisely and serve to help our communities prosper.

Director election results were announced

Candidates ran unopposed in Districts 2 and 4

District 2: Michael D. Forsman
Ely
554 votes

District 8: Jim Huhta
Cromwell
371 votes

District 4: Craig Carlson
Grand Rapids
374 votes

Marvin E. Ketola
McGregor
173 votes

Danny G. Smith
Tamarack
242 votes



We are prepared for SUMMER STORMS

While summer brings much fun in the sun, it can also bring severe storms. In the event of an outage, you can trust that Lake Country Power is ready to respond.

Most outages on LCP's system are caused by falling trees and branches onto power lines. We work year-round – through right-of-way clearing – to ensure power lines in our service territory stand little risk of being damaged by trees, branches or other types of vegetation.

Despite our best efforts, damage can occur to transmission stations, substations and power lines during major storms. Safety is always the first priority.

Crews give immediate attention to dangerous situations, such as power lines down on roadways or streets. Typically local police or fire station personnel are called to secure the area until electric cooperative employees can restore power to the area. Sometimes tree crews must clear tree branches or limbs from the area before repairs can be made.

The next step is to safely restore power to as many members as possible in the shortest amount of time.

We start by mobilizing our line

crews and other critical staff. Every phone line available is utilized to take your outage report calls. The big problems are handled first – like damage to transmission lines, which serve thousands of people. These problems must be corrected before we can focus on other areas where more localized damage may have occurred.

Next, line crews inspect substations to determine if the problem starts there, or if there could be an issue down the line. If the root of the problem is at the substation, power can be restored to many members in one shot.

Next, line crews check the service lines that deliver power into neighborhoods and communities. Line crews repair the damaged lines, restoring power to hundreds of people.

If you continue to experience an outage, there may be damage to a tap line outside your home, cabin or business. Call LCP at 800-421-9959 and press 1 to report it so crews can inspect these lines.

Visit www.fema.gov, www.nws.noaa.gov, www.redcross.org and www.disastersafety.org for preparation tips.

Powering Up

When electricity goes out, most of us expect power will be restored within a few hours. But when a major storm causes widespread damage, longer outages may result. Co-op line crews work long, hard hours to restore service safely to the greatest number of consumers in the shortest time possible. Here's what's going on if you find yourself in the dark.

1 High-Voltage Transmission Lines

Transmission towers and cables that supply power to transmission substations (and thousands of members) rarely fail. But when damaged, these facilities must be repaired before other parts of the system can operate.

2 Distribution Substation

Each substation serves hundreds or thousands of consumers. When a major outage occurs, line crews inspect substations to determine if problems stem from transmission lines feeding into the substation, the substation itself, or if problems exist down the line.

3 Main Distribution Lines

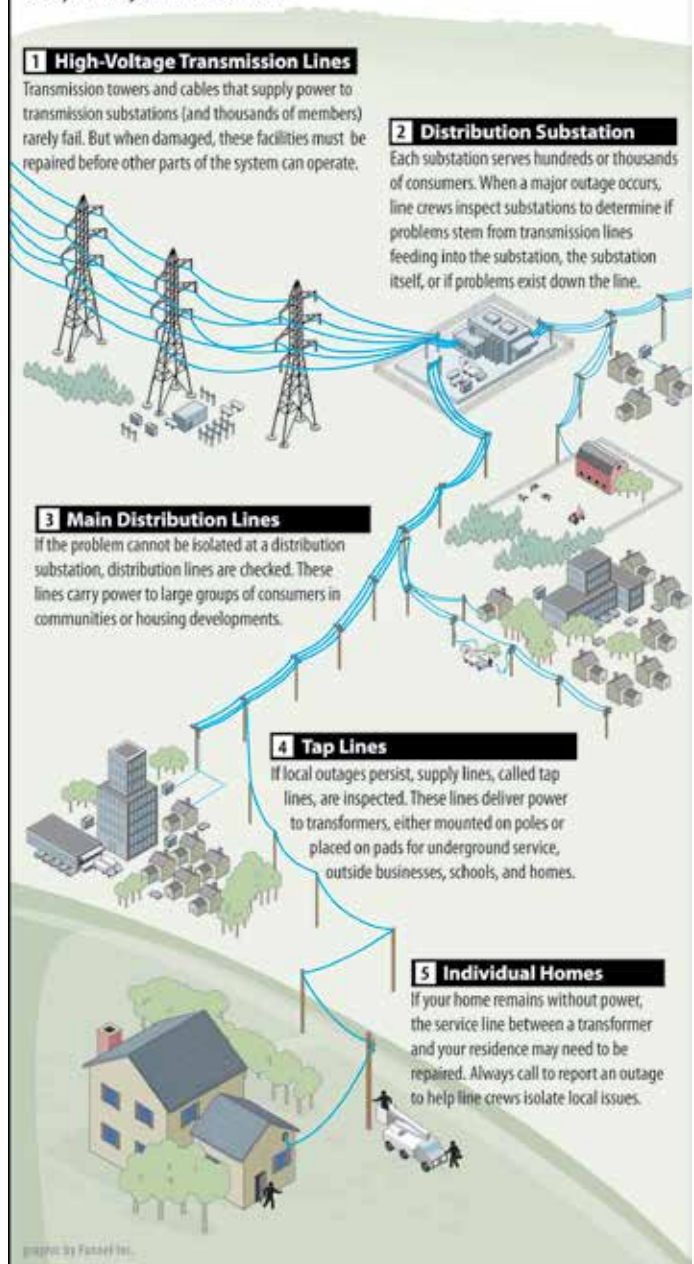
If the problem cannot be isolated at a distribution substation, distribution lines are checked. These lines carry power to large groups of consumers in communities or housing developments.

4 Tap Lines

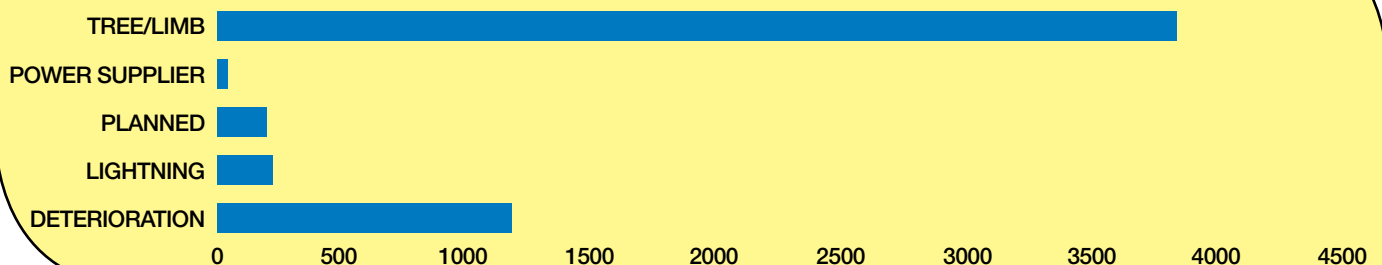
If local outages persist, supply lines, called tap lines, are inspected. These lines deliver power to transformers, either mounted on poles or placed on pads for underground service, outside businesses, schools, and homes.

5 Individual Homes

If your home remains without power, the service line between a transformer and your residence may need to be repaired. Always call to report an outage to help line crews isolate local issues.



2015 OUTAGE HOURS BY CAUSE



Enter the photography contest

Winning entries printed in 2017 co-op calendar

The 2017 co-op calendar contest is open and closes at 11:59 p.m. on September 1. Photograph beautiful northern Minnesota and enter this year's contest.

Your pictures should be scenic, capturing the beauty of northern Minnesota's four seasons. The photos are not required to include power lines, but may if you choose.

A panel of judges will select the winning photos in "round



one" of the judging process. During "round two," members will select the finalists through a contest on LCP's Facebook page.

Photo Contest Guidelines

- Only Lake Country Power members may enter the contest. (LCP employees and their immediate families and spouses are not eligible to enter the contest.)
- 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.
- 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.
- You may submit up to 10 photos (separate e-mails required), but we may limit each photographer to no more than two winning entries.
- 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).
- Only horizontal pictures will be accepted. Vertical photos do not qualify.
- Photos must be e-mailed to tzaun@lakecountrypower.com. All entries must be received by 11:59 p.m. on September 1, 2016.
- Photos must not include people.
- Winning photographers automatically give Lake Country Power permission to use winning photos in the calendar, in other publications, member presentations or electronically online.
- 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.

Co-op History



Critics pointed to the thinly populated region and scoffed, "How can they build electric lines to serve those people? Their income is low. They're farming on too small a scale to make extending the electric lines out to serve them worthwhile!" — an excerpt from *The Next Greatest Thing*, by Richard A. Pence and Patrick Dahl.

When the first pole was dug in Carlton County, September 7, 1937, the minimum charge was \$3.25 up to 30 kilowatt-hours. Today, that would be equivalent to \$58.33. So you see, "cost versus rates" has long been criticized, and probably always will be. Regardless, Lake

Country Power continues to be driven by principles, purpose and an obligation to serve its 5.9 members per mile of line. For comparison, investor-owned utilities average 38 customers per mile, and public utilities average 48 customer per mile of line.

Recipe Corner

Coconut Oat Cookies

Helen Steel, Grand Rapids

- 2 cups oatmeal
- 2/3 cups coconut
- 1/2 cup butter
- 1/2 cup shortening
- 1 cup sugar
- 2 eggs
- 1 1/2 teaspoon vanilla
- 1 1/2 cup flour
- 1/2 teaspoon salt
- 1/2 teaspoon baking soda



Cream butter, shortening and sugar. Add eggs and vanilla. Stir in oatmeal and coconut. Fold in dry ingredients. Chill if desired. Drop by spoon on greased cookie sheet. Press down with floured glass or fork. Bake 400 degrees for 8 minutes. Can also be made into a roll and chilled overnight, sliced and bake.

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 29, 2016 • Regular Monthly Meeting

The following reports were given:

President Long gave his report which included communications he has had with members, considerations for Great River Energy board room, member economic development loan inquiry, attendance at an education workshop, at the MREA annual meeting and the CoBank membership meeting. Long will take the certified cooperative director classes that MREA is hosting in November and December.

General Manager Randa reported about Great River Energy's year-to-date power cost adjustment, power contract, transmission policy change, Northland Connect, Ely outpost construction contract review and other topics of interest.

Attorney Carlisle reported about matters his firm assisted LCP with during the past month, including request for information following the February 29 board meeting.

The following actions were taken:

Approved the 2015 audit report and the "clean" opinion of the audit work that was conducted by the Brady Martz firm.

Approved to accept the report of the Board Investigation Committee, thereby concluding that the matter is dropped.

An independent attorney, Jon Huseby, was hired to review the investigative report, review co-op bylaws and policies and discuss with the committee about accusations made by former director Magie against Long. It was made by a 3-0 vote that probably cause does not exist to remove Director Long from the LCP board. Specifically, there are no facts to support the conclusion that Long committed the acts alleged by Magie.

Approved the contract from Lenci Enterprises be approved and that General Manager Randa be given authorization to execute the necessary documents.

Approved a board resolution: Support of Access Agreement on State Lands and the New Energy Economy. The resolution is related to the board's support for Twin Metals and other potential opportunities to explore strategic minerals throughout northern Minnesota.

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 June 2016. "There is No Place like Home" was taken by Vickie Tuskan of Eveleth. She photographed this Common Loon on its nest in Fayal Township.

Co-op Contacts

- Greg Randa, General Manager** 800-421-9959
granda@lakecountrypower.com
- Dale Long, District 1** 218-757-3634
jlong004@centurylink.net
- Michael Forsman, District 2** 218-365-5789
forsmanmd@hotmail.com
- George Harvey, District 3** 218-741-6633
gharvey@accessmn.com
- Craig Carlson, District 4** 218-999-7175
carlsonlcp@gmail.com
- Robert Bruckbauer, District 5** 218-566-2436
bobbbruckbauer@northlc.com
- Don Simons, District 6** 218-326-2184
dcsimons42@gmail.com
- Craig Olson, District 7** 218-393-2276
colson106@aol.com
- Jim Huhta, District 8** 218-644-3997
hatcheck@frontier.com
- Sherman Liimatainen, District 9** 218-879-3135
sgliimatainen@gmail.com

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

Published monthly by Lake Country Power
2810 Elida Dr., Grand Rapids, MN 55744
Editor: Tami Zaun
tzaun@lakecountrypower.com

Lake Country Power Service Centers:
Grand Rapids • Kettle River • Mountain Iron
800-421-9959 • www.lakecountrypower.coop
This institution is an equal opportunity provider and employer.



Comparative Operating Statement

Year-To-Date — March 2016

	2016	2015
Electric Operating Revenue	\$24,107,622	\$25,363,747
Cost of Purchased Power	13,454,727	14,164,643
Distribution Expense - Operations and Maintenance	2,173,865	1,853,785
Consumer Accounts Expense & Informational	998,063	960,658
Administrative and General Expense	1,578,342	1,535,798
Depreciation, Interest Expense and Other Deductions	3,791,689	3,804,601
TOTAL ELECTRIC OPERATING EXPENSES	21,996,686	22,319,485
Net Electric Operating Margins	2,110,936	3,044,262
Non-Operating Margins	858,718	316,227
TOTAL MARGINS BEFORE SUBSIDIARIES	2,969,654	3,360,489
Net Income (Loss) from Subsidiaries	(246,534)	(420,730)
TOTAL MARGINS	\$2,723,120	\$2,939,758
TOTAL kWh SOLD (YEAR-TO-DATE)	195,915,994	215,244,319

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.