



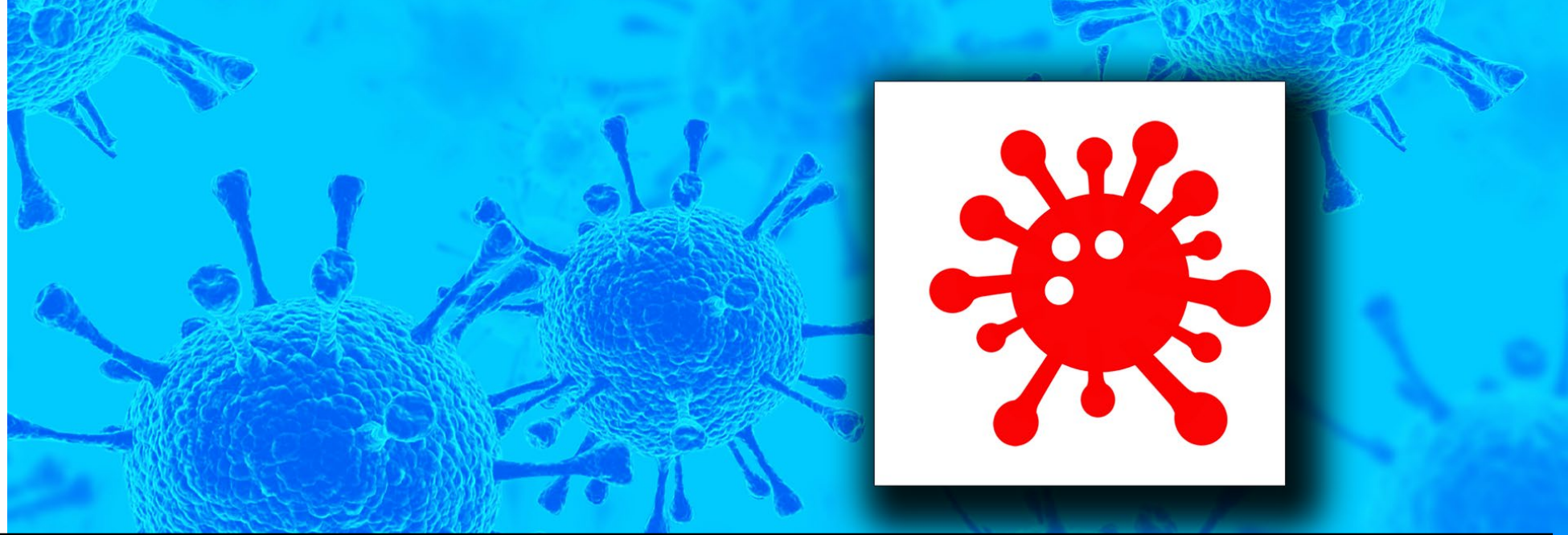
# **2022 Lake Country Power District Meetings**



Lake  
Country  
Power



A Touchstone Energy®  
Cooperative



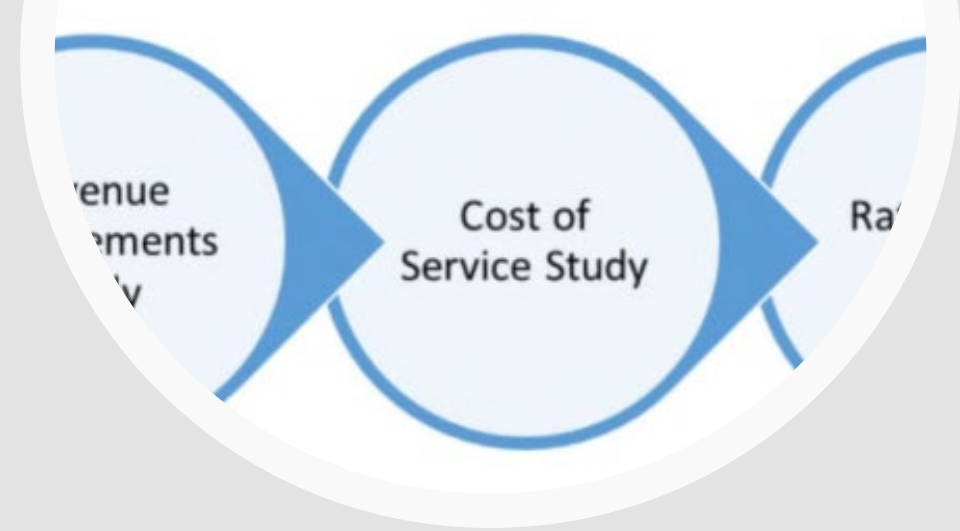
# Escaping COVID's Long-Lasting Grip

Tracy Peterson Wirtanen  
Chief Financial Officer



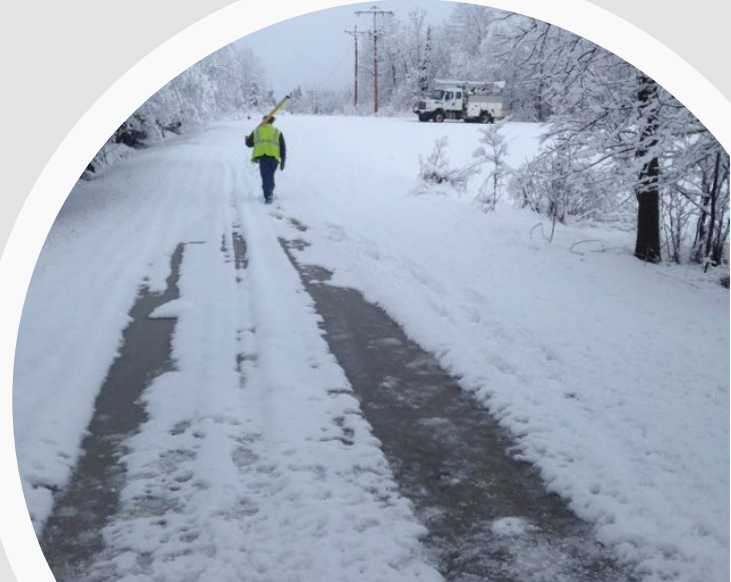
# Long-Term Rate Philosophy

- Cost-Based Rate Structure
  - Cost-of-Service Study (COSS) – completed 2019
  - Revenue recovery is aligned with costs
  - Considers fixed vs. variable costs
  - No cross-subsidization by member or class of members



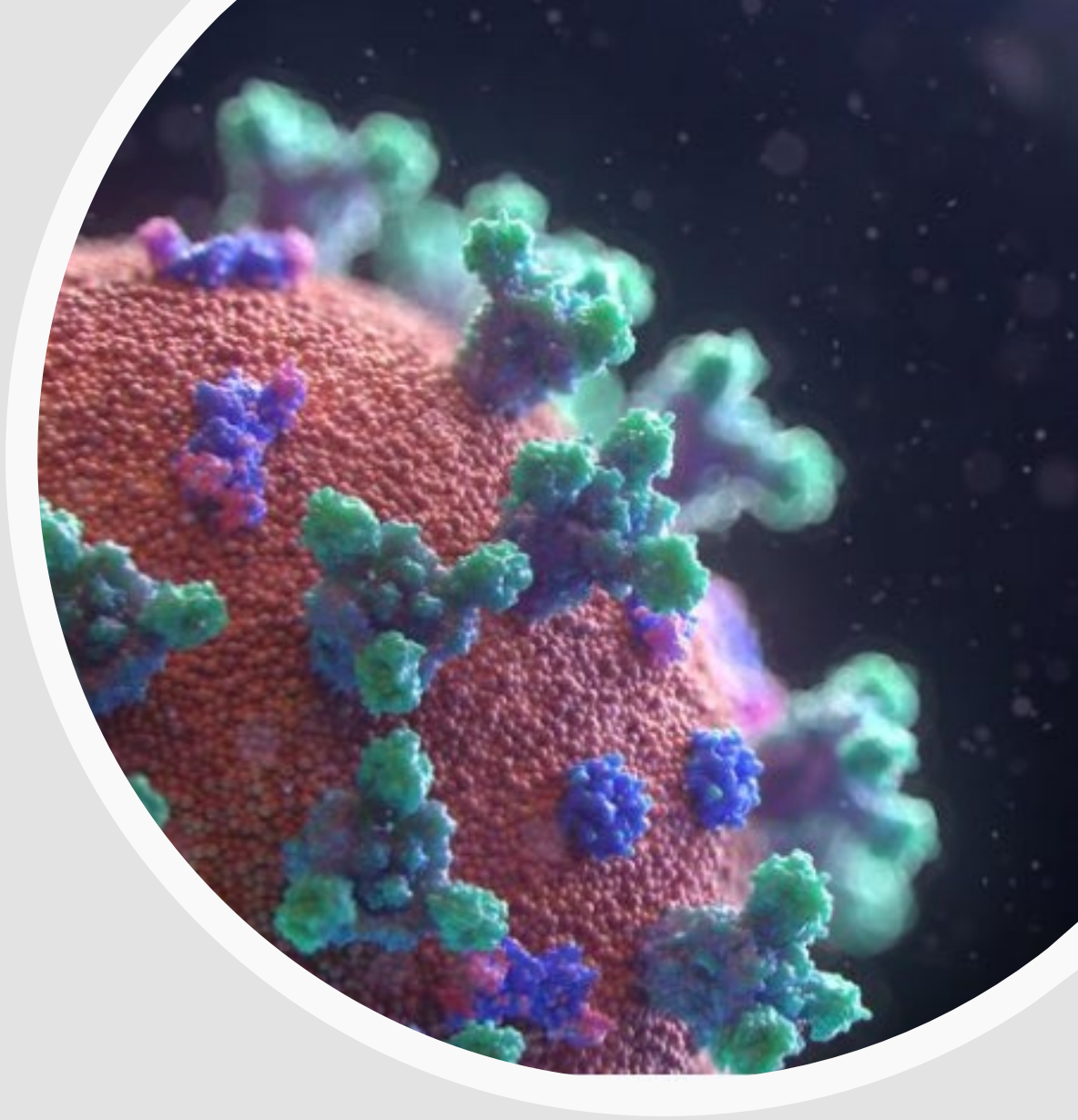
# What Have We Done...

- 2018
  - Deferred \$2 million of excess margins to alleviate anticipated 2019 rate increase
- 2019
  - Power Cost Adjustment credits and margin refunds from Great River Energy (GRE)
  - Long, cold winter was good for sales
  - Allowed us to move the \$2 million deferred revenue from 2019 to 2020 and beyond



# What Have We Done...

- 2020
  - COVID Pandemic
    - GRE COVID relief and margin refunds to member coops
    - Higher than anticipated Residential General Service sales
    - Local expenses limited due to required pandemic decisions





# What Have We Done...

- 2020 (continued)
  - Applied for and received \$3,075,000 PPP loan
  - \$2 million budgeted rate increase in 2020 was avoided
  - \$2 million deferred revenue was moved forward to 2021

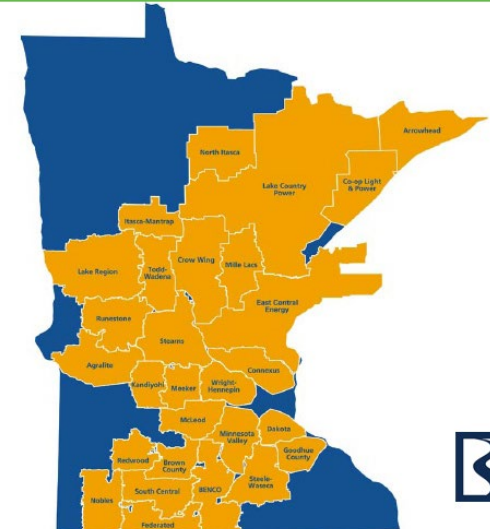


# What Have We Done...

- 2021
  - \$3.075 million PPP loan was forgiven by the SBA
  - \$2 million deferred revenue from 2018 was recognized
  - GRE refund of excess margins to member cooperatives. Offset significant 2021 power cost adjustments driven by high market energy prices.



## Great River Energy



# 2022 Rate Considerations

- Material/construction cost increases since January 2020
  - **30.65%** average increase in cost of line materials
  - **Unprecedented** lead times on necessary materials and equipment
- We found ways to avoid recommended increases for 2019 -2021 – these are not current options
  - Deferred revenue utilization
  - PPP loan forgiveness
  - GRE COVID relief and margin refunds





# 2022 Rate Considerations

- 2022 rates are scaled back from the COSS recommendations
- Necessary for LCP to continue to provide the service our members deserve
- Needed to ensure LCP continues to meet loan covenants as required by our lenders



# 2022 Energy (kWh) Rate Increases

	March 2022	2021	Change
<b>Single Phase Service</b>			
Summer Energy (June - Aug)	\$ 0.1503	\$ 0.1336	\$ 0.0167
Winter Energy (Dec, Jan, Feb)	\$ 0.1403	\$ 0.1236	\$ 0.0167
Shoulder Energy (Mar - May, Sept - Nov)	\$ 0.1303	\$ 0.1136	\$ 0.0167
<b>Dual Fuel Interruptible Heating</b>			
Energy Charge	\$ 0.0665	\$ 0.0635	\$ 0.0030
<b>AC/ASHP Dual Fuel Interruptible</b>			
Energy Charge	\$ 0.0665	\$ 0.0635	\$ 0.0030
<b>Interruptible Water Heating - 8 Hour</b>			
Energy Charge	\$ 0.0655	\$ 0.0625	\$ 0.0030

*There will be no increase to the Service Availability Charge in 2022.*



# 2022 Energy (kWh) Rate Increases (cont.)

	March 2022	2021	Change
<b>Commercial Ground Source Heat Pump</b>			
Energy Charge	\$ 0.1150	\$ 0.1100	\$ 0.0050
<b>Non-Compliant Load Management</b>			
Summer Energy (June - Aug)	\$ 0.1503	\$ 0.1336	\$ 0.0167
Winter Energy (Dec, Jan, Feb)	\$ 0.1403	\$ 0.1236	\$ 0.0167
Shoulder Energy (Mar - May, Sept - Nov)	\$ 0.1303	\$ 0.1136	\$ 0.0167
<b>Interruptible EV Charging - 8 Hour (<i>Suspended Rate</i>)</b>			
Energy Charge	\$ 0.0655	\$ 0.0625	\$ 0.0030
<b>Freedom Heating Interruptible (<i>closed to new members/accounts</i>)</b>			
Energy Charge	\$ 0.0785	\$ 0.0765	\$ 0.0020
<b>Peak Shave Water Heating (<i>closed to new members/accounts</i>)</b>			
Energy Charge	\$ 0.0785	\$ 0.0765	\$ 0.0020

***There will be no increase to the Service Availability Charge in 2022.***

# 2022 Energy (kWh) Rate Increases (cont.)

	March 2022	2021	Change
<b>Heat Pump (closed to new members/accounts)</b>			
Summer Energy (June - Aug)	\$ 0.1453	\$ 0.1286	\$ 0.0167
Winter Energy (Dec, Jan, Feb)	\$ 0.1353	\$ 0.1186	\$ 0.0167
Shoulder Energy (Mar - May, Sept - Nov)	\$ 0.1253	\$ 0.1086	\$ 0.0167
<b>Whole House Heat Pump (closed to new members/accounts)</b>			
Summer Energy (June - Aug)	\$ 0.1453	\$ 0.1286	\$ 0.0167
Winter Energy (Dec, Jan, Feb)	\$ 0.1353	\$ 0.1186	\$ 0.0167
Shoulder Energy (Mar - May, Sept - Nov)	\$ 0.1253	\$ 0.1086	\$ 0.0167
<b>Commercial Three-Phase (closed to new members/accounts)</b>			
Summer Energy (June - Aug)	\$ 0.1450	\$ 0.1440	\$ 0.0010
Winter Energy (Dec, Jan, Feb)	\$ 0.1320	\$ 0.1270	\$ 0.0050
Shoulder Energy (Mar - May, Sept - Nov)	\$ 0.1220	\$ 0.1170	\$ 0.0050

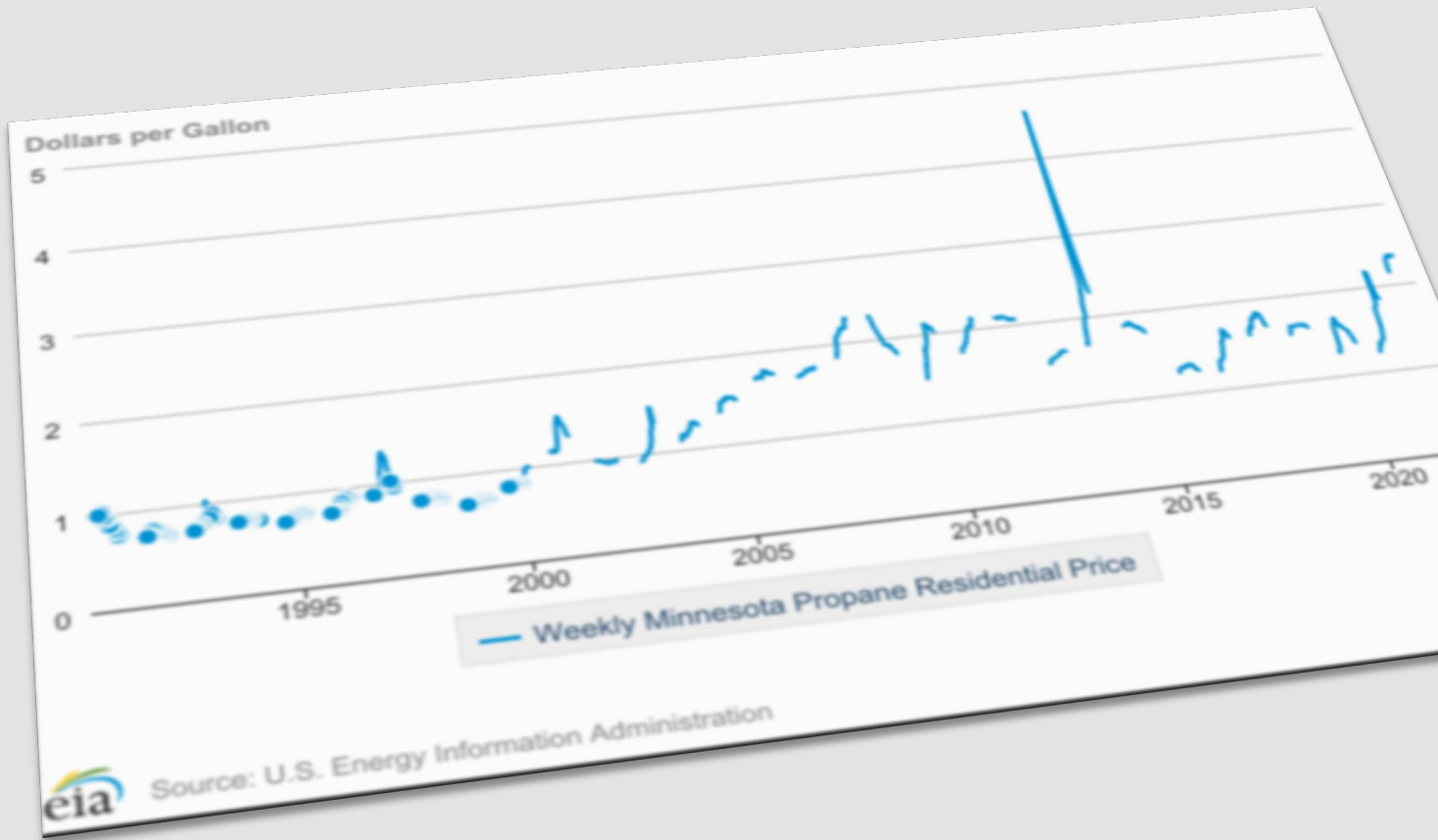
***There will be no increase to the Service Availability Charge in 2022.***



# 2022 Energy (kWh) Rate Increases (cont.)

	March 2022	2021	Change
<b>Security and Street Lighting</b>			
LED Fixture	\$ 12.00	\$ 10.50	\$ 1.50
100 W HPS Fixture	\$ 12.00	\$ 10.50	\$ 1.50
<b>Commercial Demand &amp; Residential Three-Phase</b>			
Summer Demand Charge (June - Aug)	\$ 18.50	\$ 16.50	\$ 2.00
Demand Charge (non-summer)	\$ 14.50	\$ 12.50	\$ 2.00
<b>Fully Interruptible Commercial &amp; Industrial</b>			
Demand Charge (non-coincidental)	\$ 7.50	\$ 6.50	\$ 1.00
<b>Partially Interruptible Commercial &amp; Industrial</b>			
Demand Charge (non-coincidental)	\$ 7.75	\$ 6.50	\$ 1.25

*There will be no increase to the Service Availability Charge in 2022.*



## National Average Propane Price



January 17: \$2.73 per gallon  
One month ago: \$2.70 per gallon  
One year ago: \$2.18 per gallon

## Comparison

- Off-peak = \$1.34 per gallon
- Dual Fuel = \$1.61 per gallon



# Capital Credits



\$65.5 million and counting



\$4.6 million to members in 2021



Includes \$2.5M LCP and \$2.1M GRE



Average bill credit in December was \$60



# 2021 Totals

**Rebates:**

**\$314,042**

**kWh saved:**

**2,930,530**



## Dual Fuel

Get the best heat from two sources,  
while saving some cash!





# With SmartHub, you can:

- Make a payment or schedule a future payment
- Enroll in automatic bill payment using a bank account or credit card
- ***Check your current and past energy usage***
- Receive e-mail and/or text notifications regarding your bill information
- ***Receive email and/or text notifications when Energy Wise program loads will be controlled***
- View past and current bill statements and payment history
- ***Report an outage***
- Go paperless



**The BEST way to update and keep your account current is to enroll in SmartHub. It's free and easy. Here you can view your usage, report an outage, pay your bill, get notifications and more ... all from home.**

**For maximum account control enroll in SmartHub today**



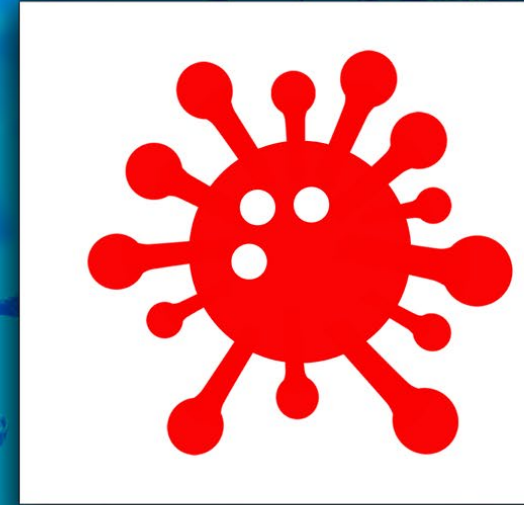
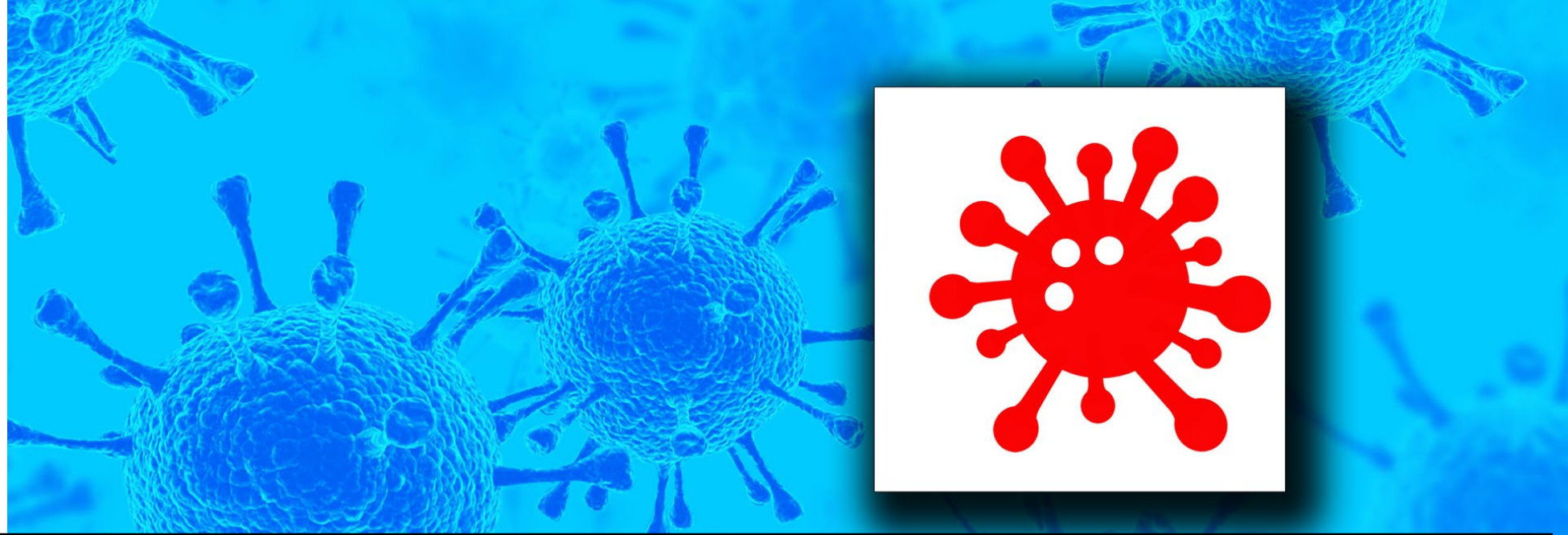
# Legislative Outlook

The logo for Lake Country Power features a stylized landscape with green hills and a blue sky. The text "Lake Country Power" is written in a red, serif font.

Lake  
Country  
Power

The logo for Touchstone Energy Cooperative features a stylized figure with arms raised, surrounded by colorful shapes. The text "A Touchstone Energy Cooperative" is written in a black, sans-serif font.

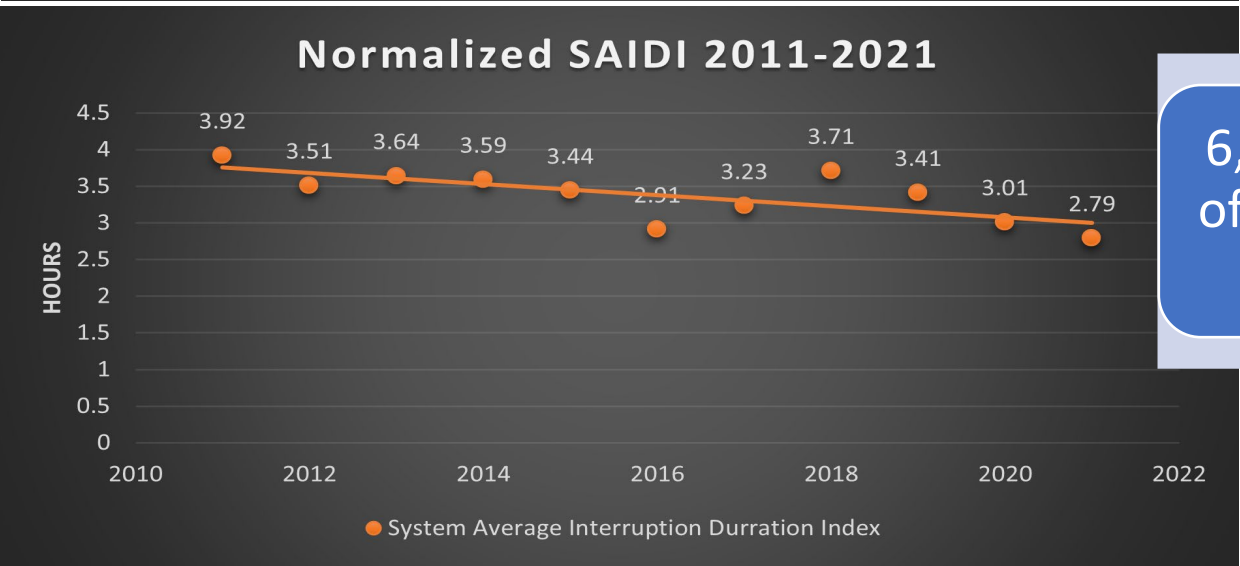
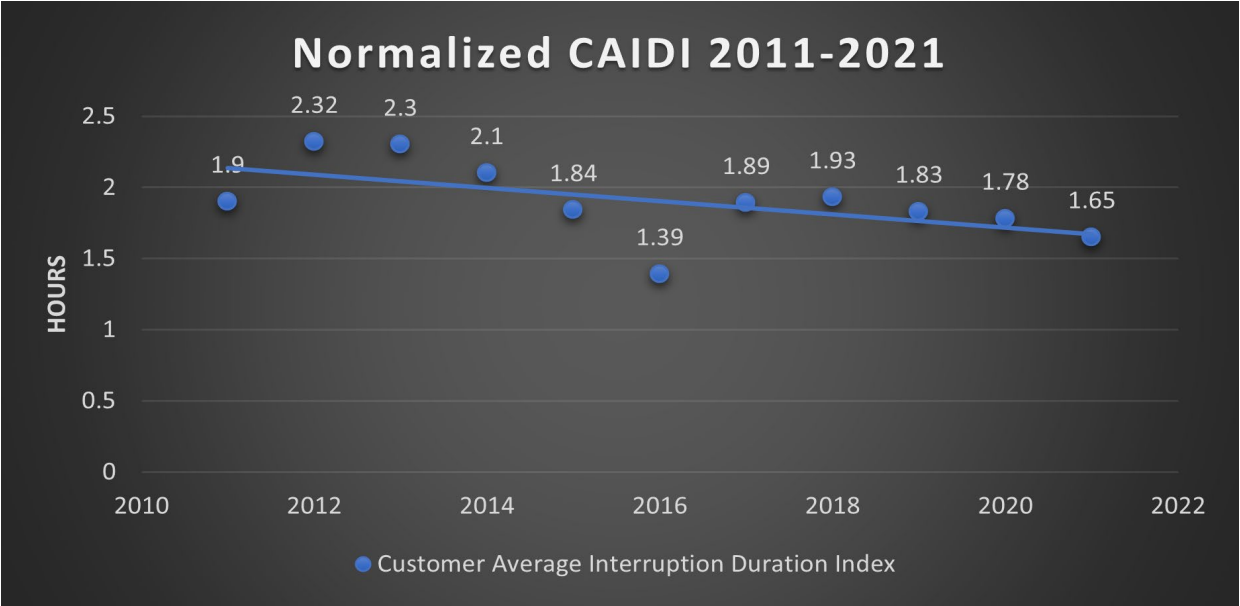
A Touchstone Energy  
Cooperative



# Escaping COVID's Long-Lasting Grip

Derek Howe, PE  
Chief Operating Officer





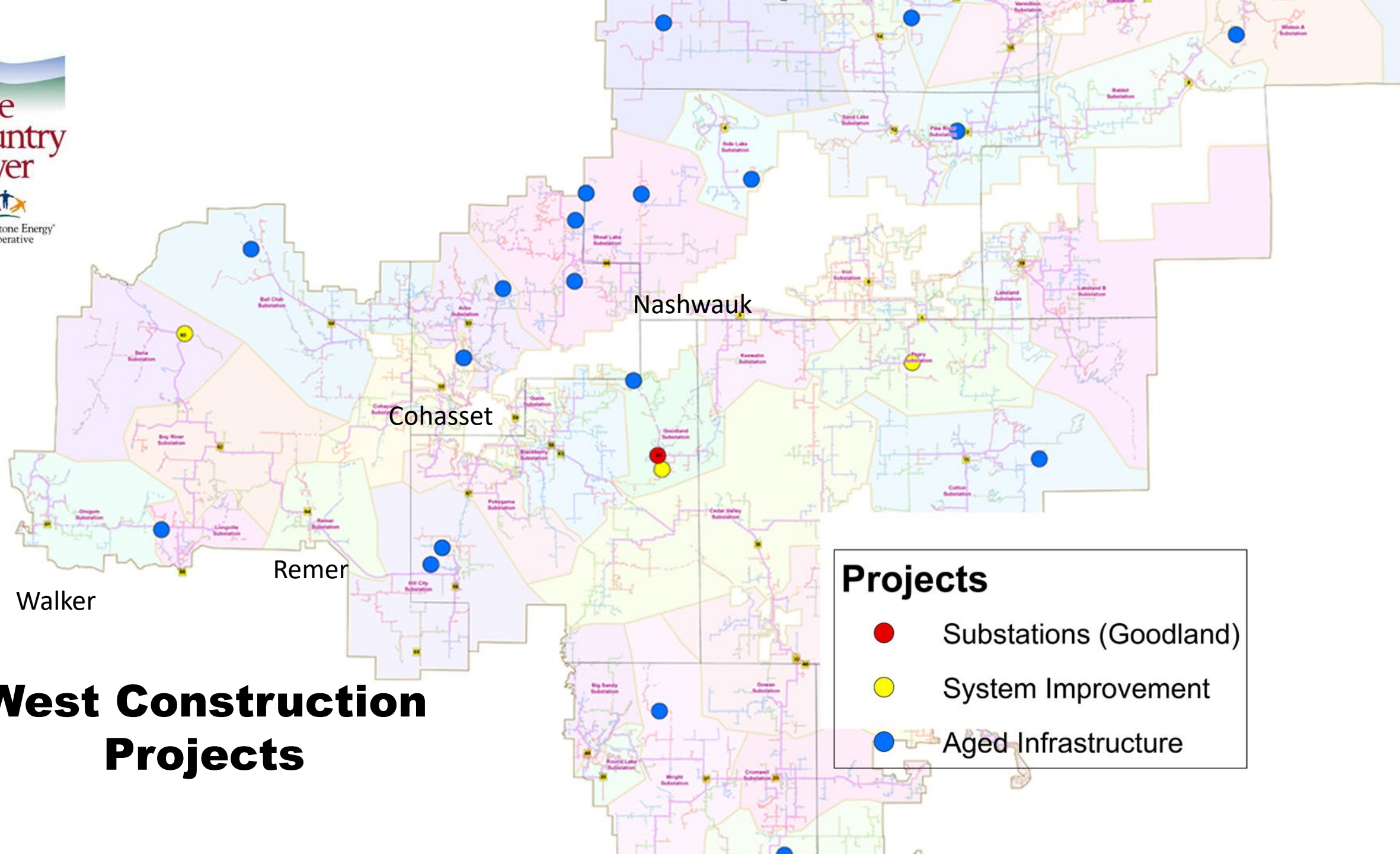
# 2022 Capital Projects

Line Construction

6,800 miles of overhead line

Replace 75 miles of line per year

90-year life



# West Construction Projects

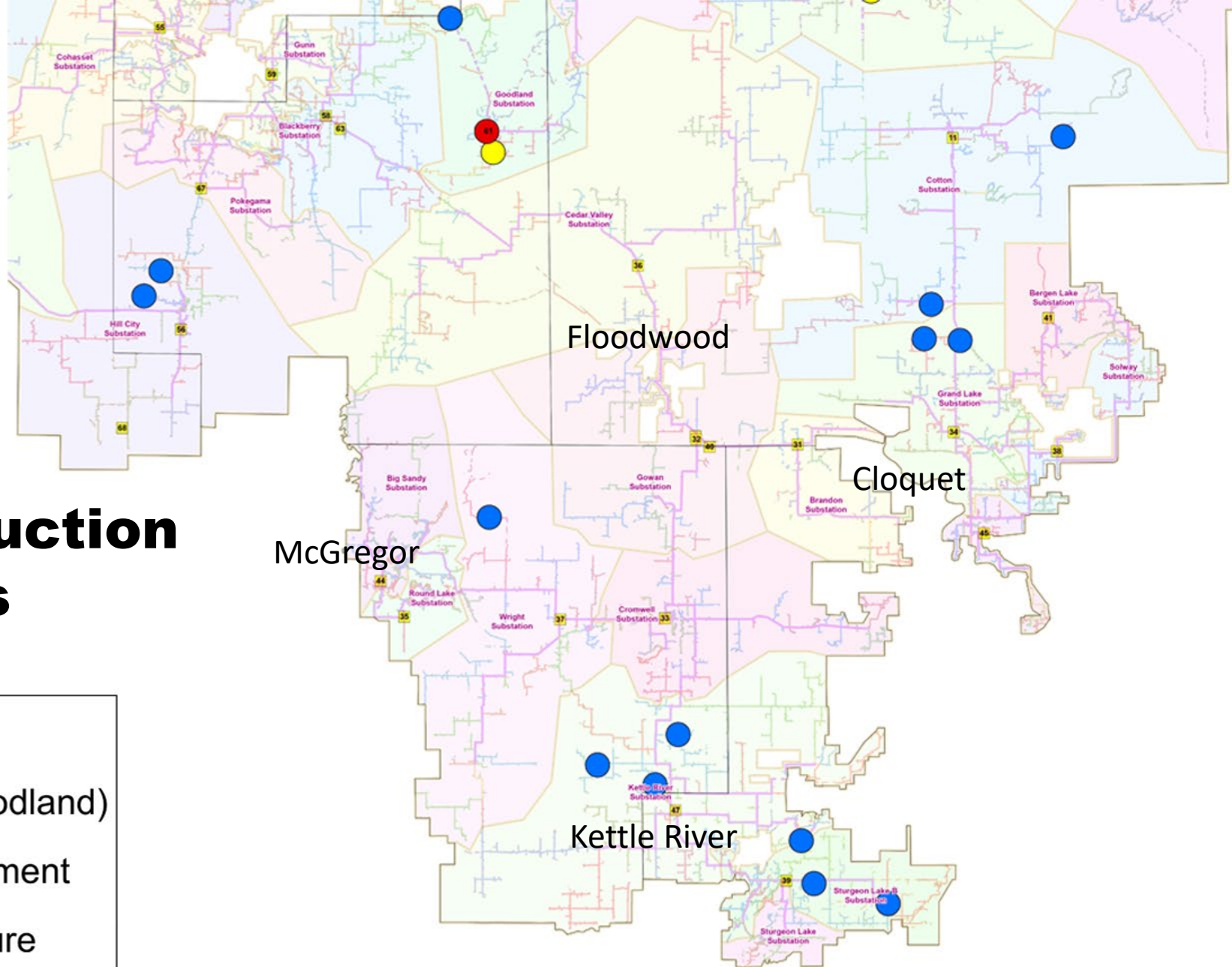
**Projects**

- Substations (Goodland)
- System Improvement
- Aged Infrastructure

# South Construction Projects

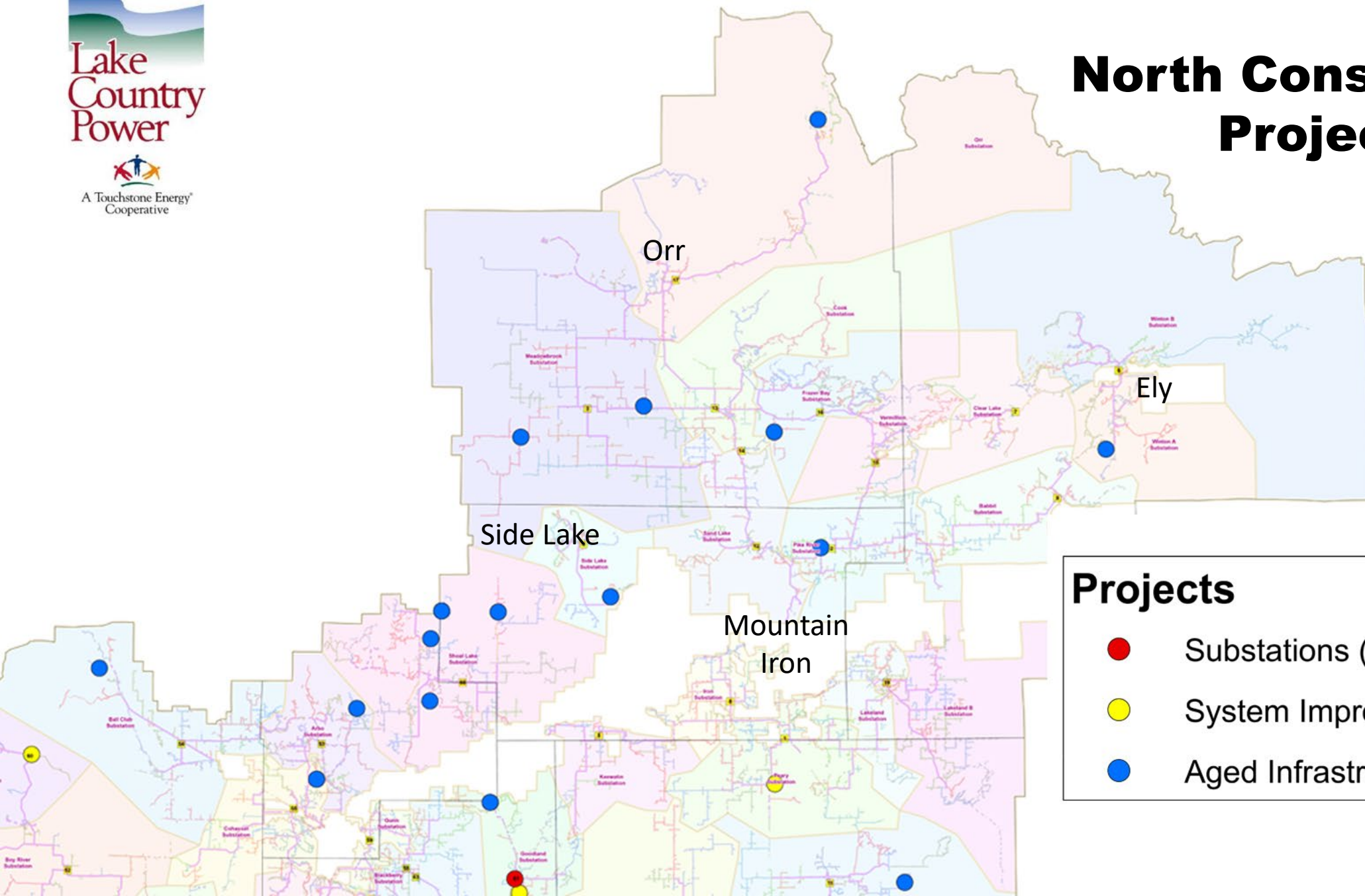
## Projects

- Substations (Goodland)
- System Improvement
- Aged Infrastructure





# North Construction Projects



## Projects

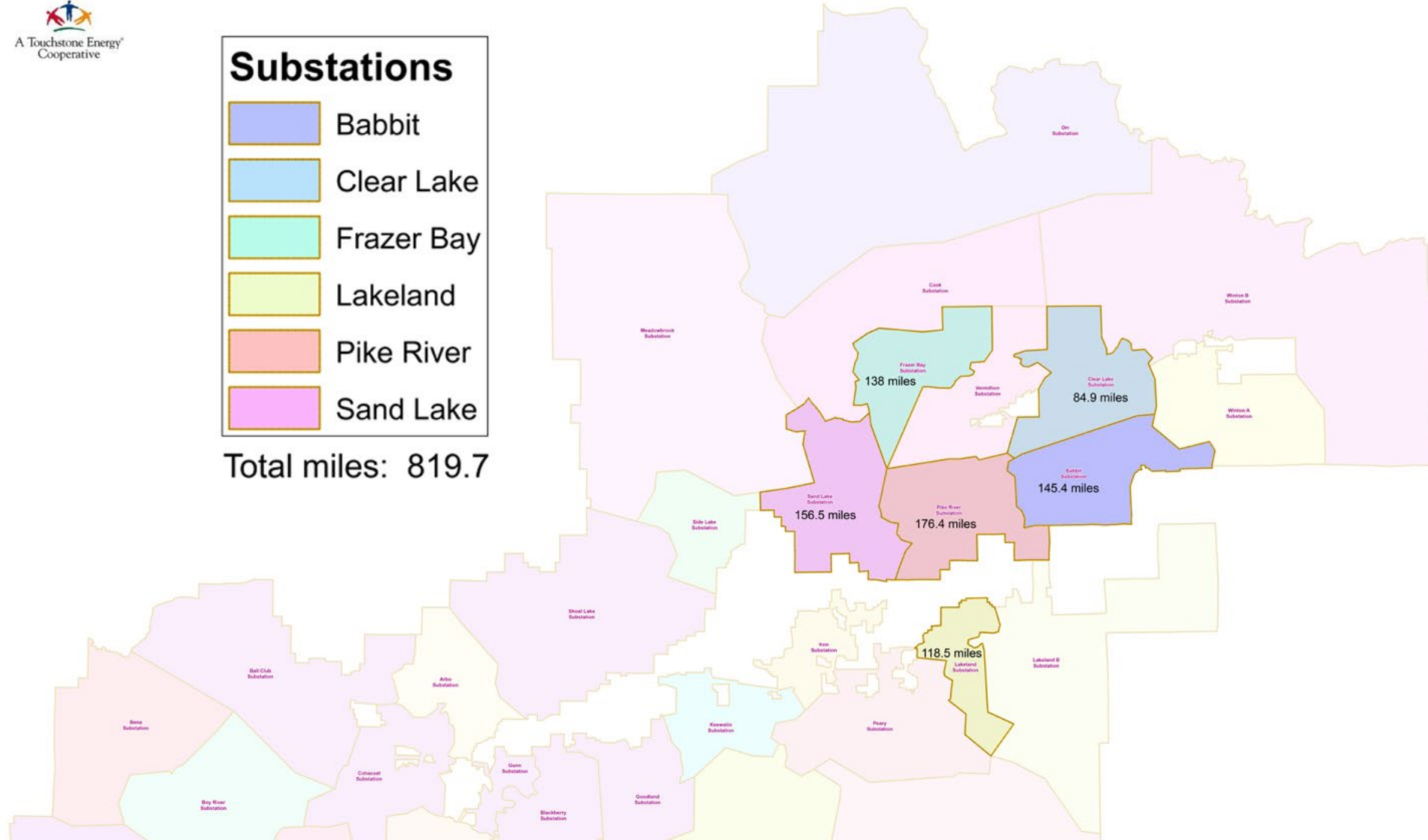
- Substations (Goodland)
- System Improvement
- Aged Infrastructure



# 2022 Right of Way Projects



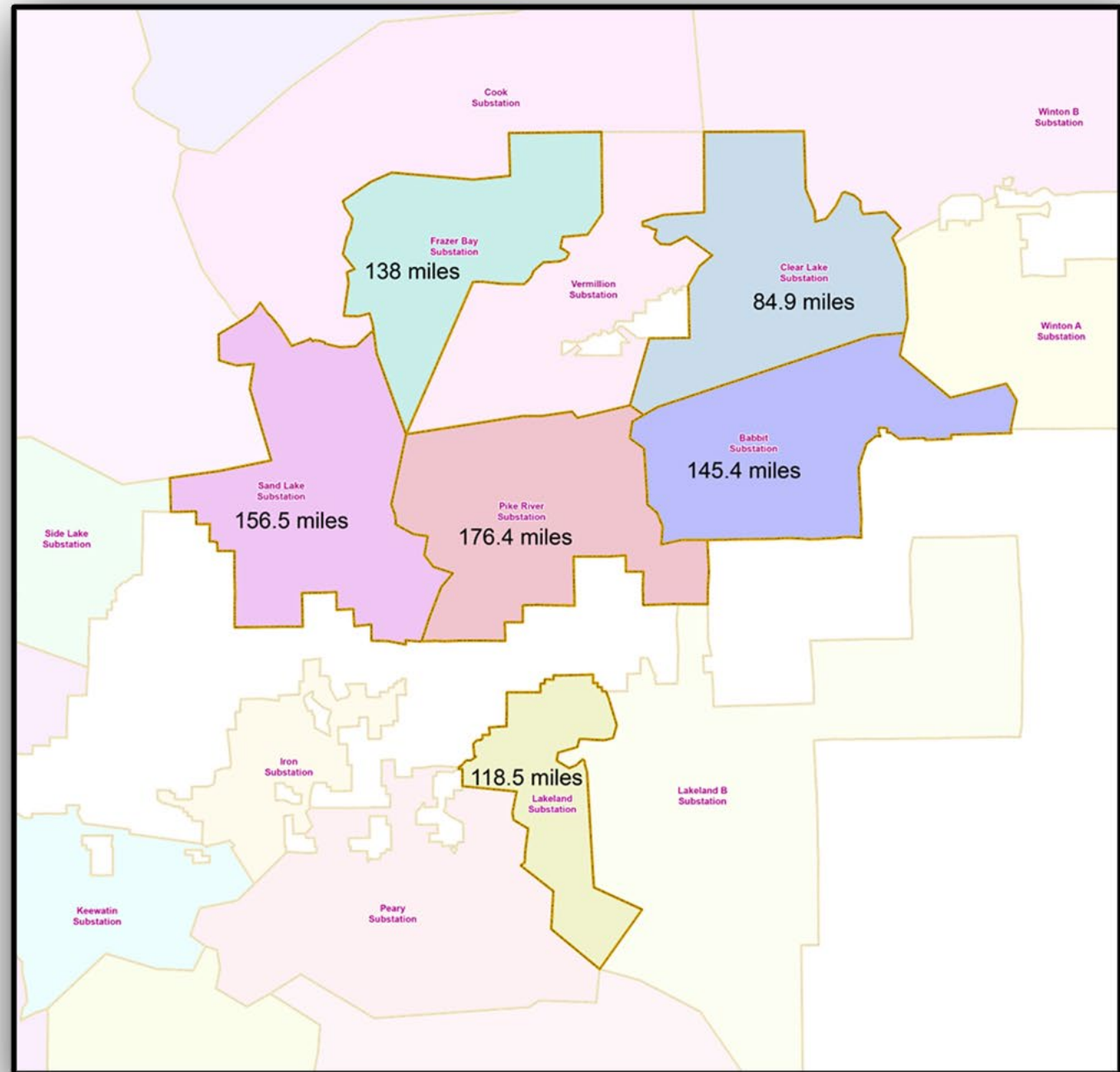
Total miles: 819.7



## Substations

	Babbit
	Clear Lake
	Frazer Bay
	Lakeland
	Pike River
	Sand Lake

Total miles: 819.7







# Lake Country Power Tree Crews

**2021**

Completed 958/58  
tree requests

Removed 89  
danger trees

Completed 36  
work orders

Saved co-op \$247,326



# Lake Country Power Construction Crews

**2021**

Two five-man crews  
(Mt. Iron & Cohasset)

\$888,858 labor savings  
+ Additional Member Benefits

Business case \$32,000/mile  
(2019) 45 miles/year

Actual \$25,288 (38 miles)  
Contractor \$48,679 (26.5 miles)

# **Aclara AMI**

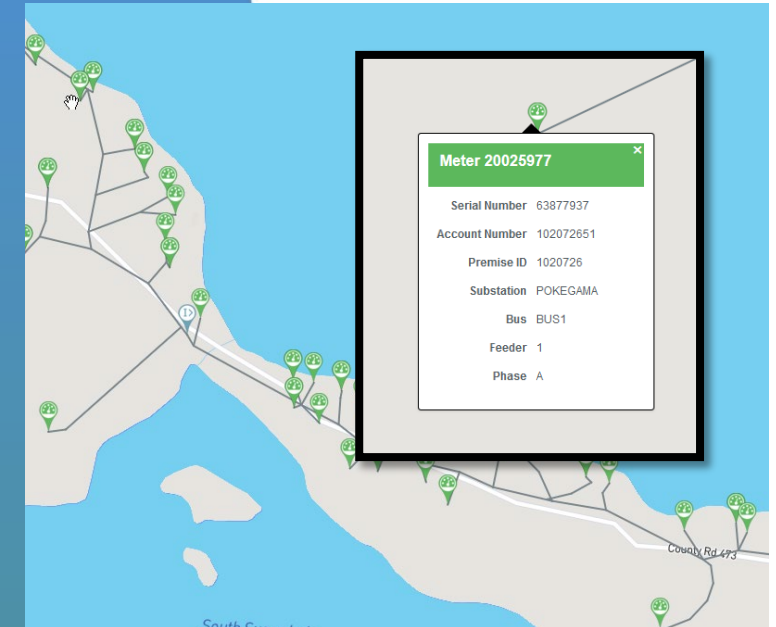
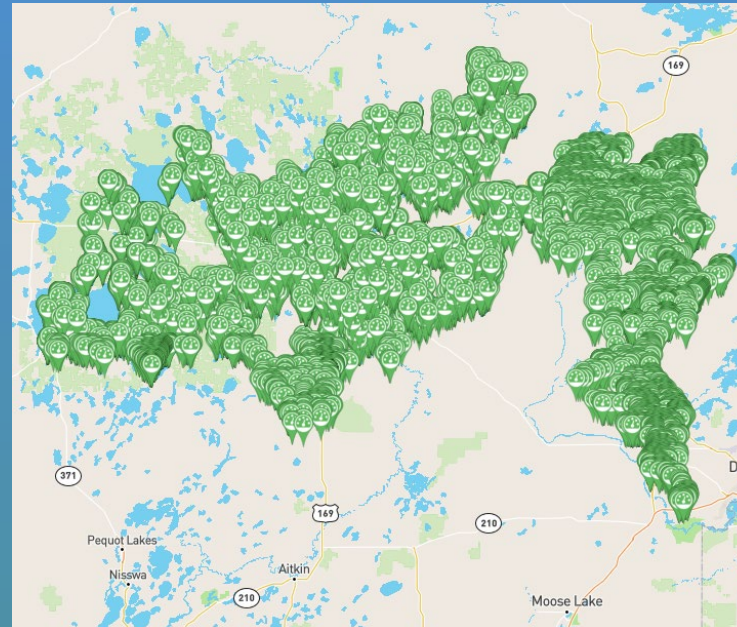
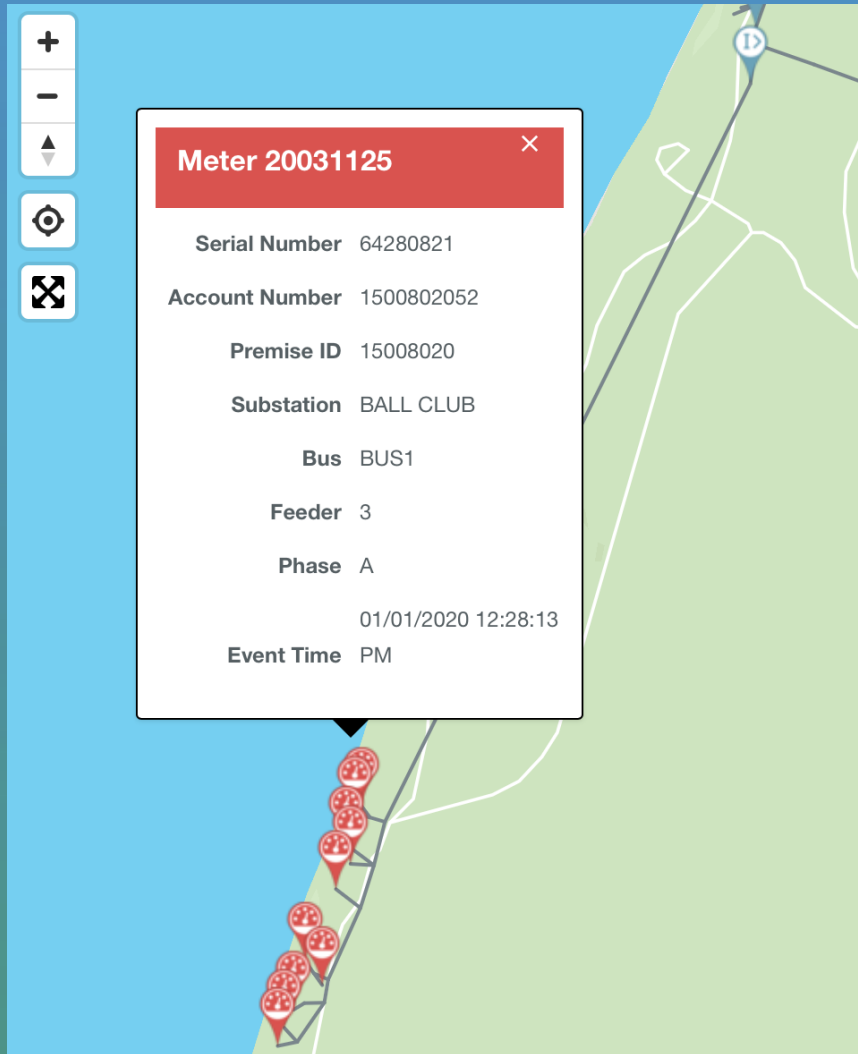
## **Advanced Metering Infrastructure**

100 %  
deployed

Better outage  
detection

Hourly usage  
information

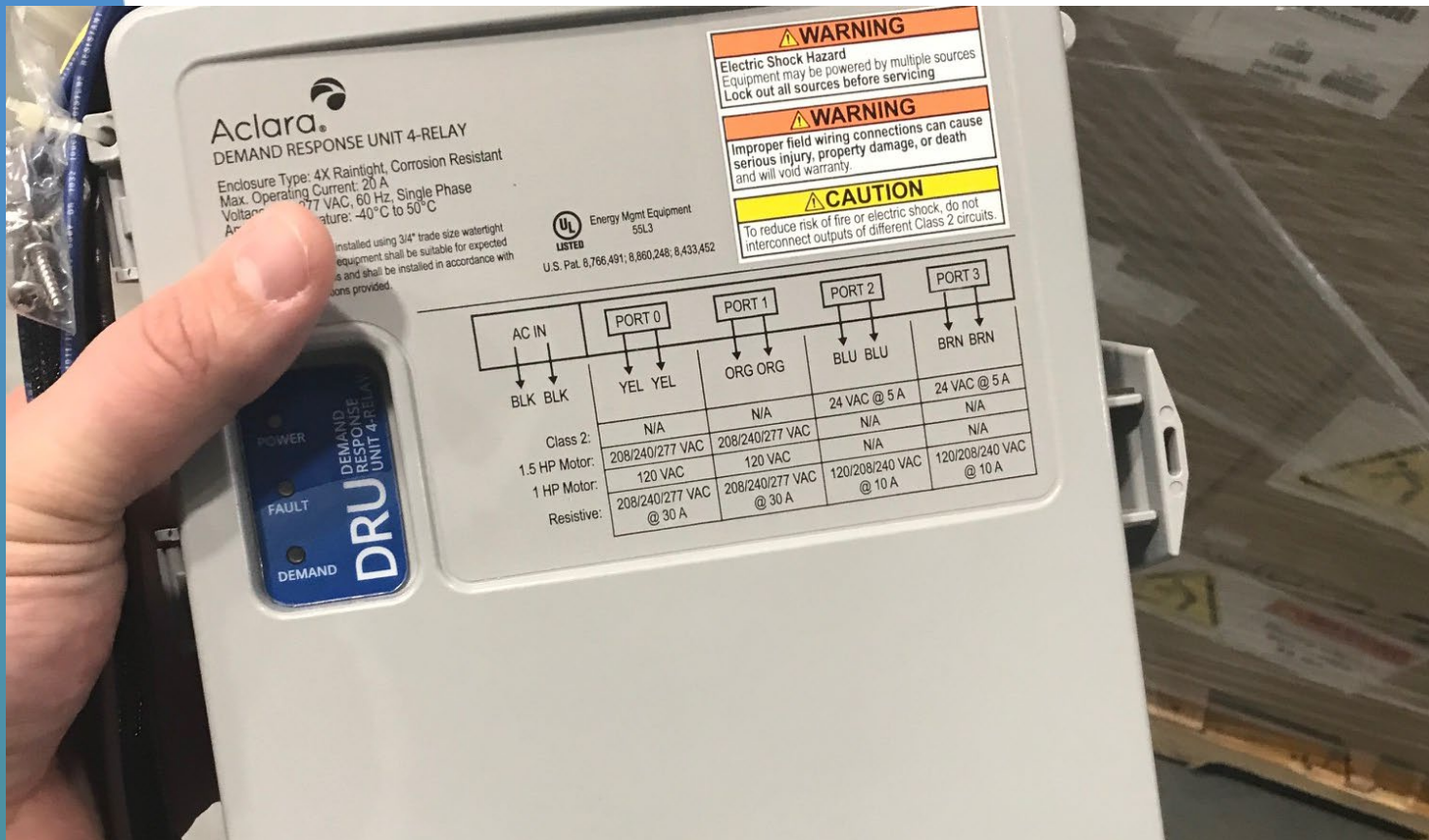




# FD&L

## Fault Detection and Localization

# Better Outage Notification



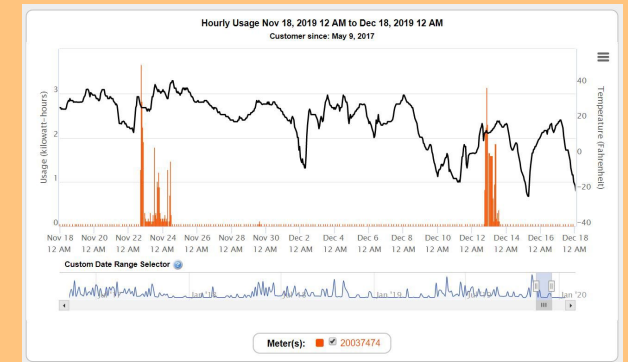
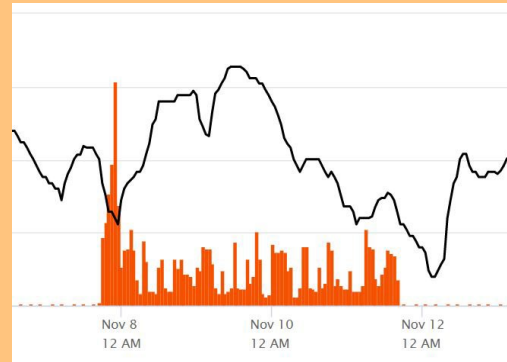
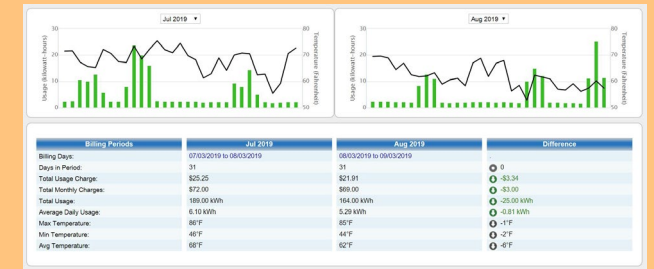
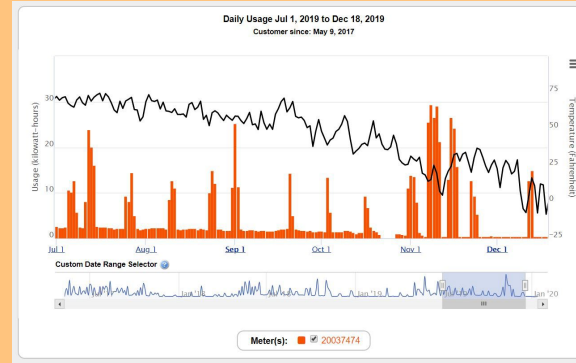
# Demand Response Unit (DRU)

Member Cost Savings

Cooperative Cost Savings

Flexibility

# Hourly Usage Statistics & Comparisons



**Access data from new meters in SmartHub**



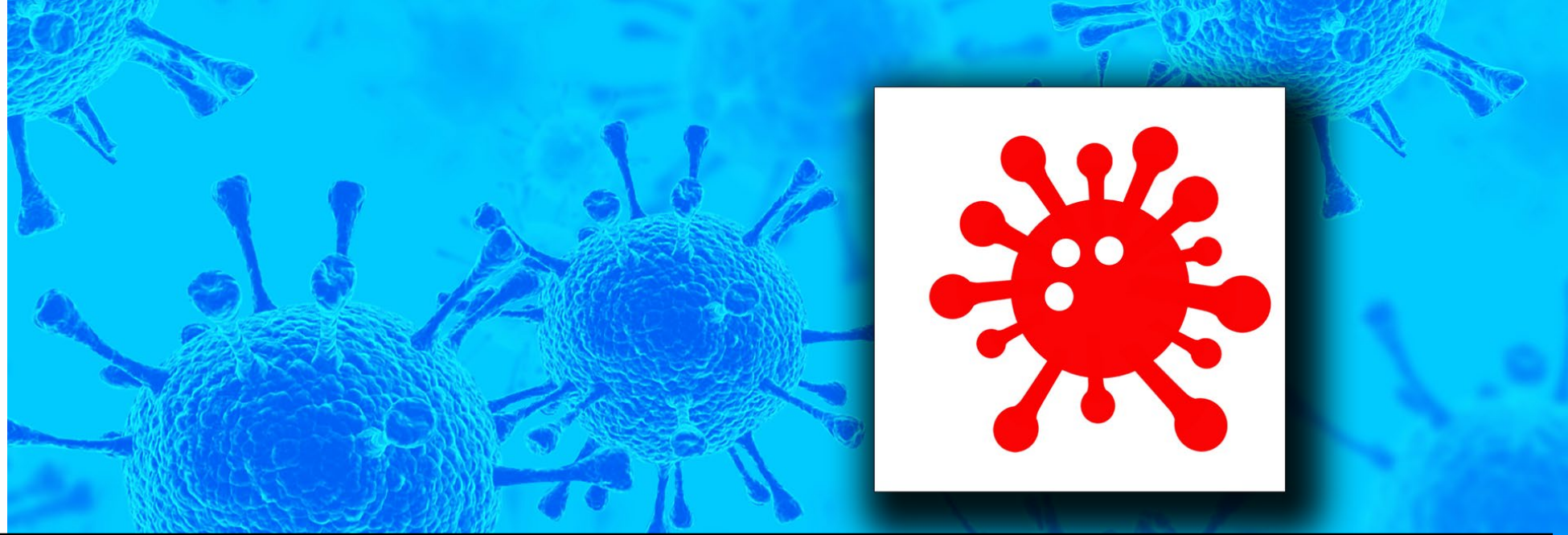




Lake  
Country  
Power



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# Escaping COVID's Long-Lasting Grip

Mark Bakk  
General Manager



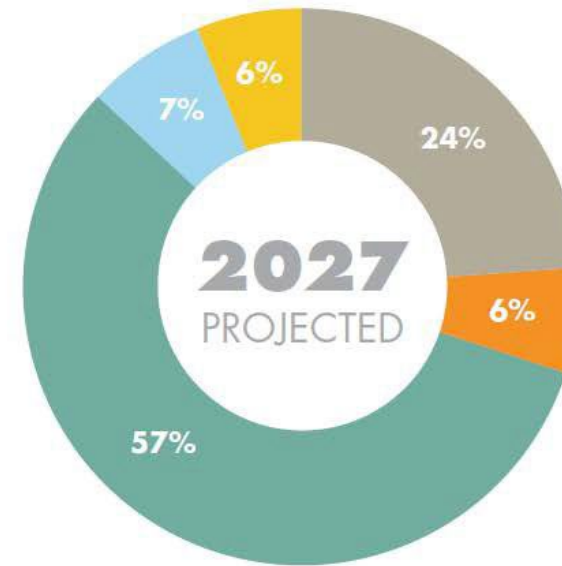
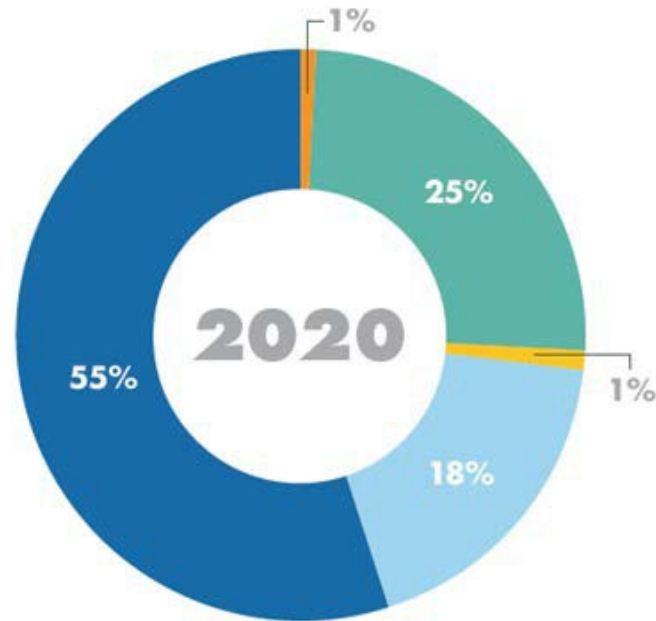
# Great River Energy Power Supply

Sale of Coal  
Creek Station

50% renewable  
energy by 2030

Long-term wind  
contracts

# Energy portfolio

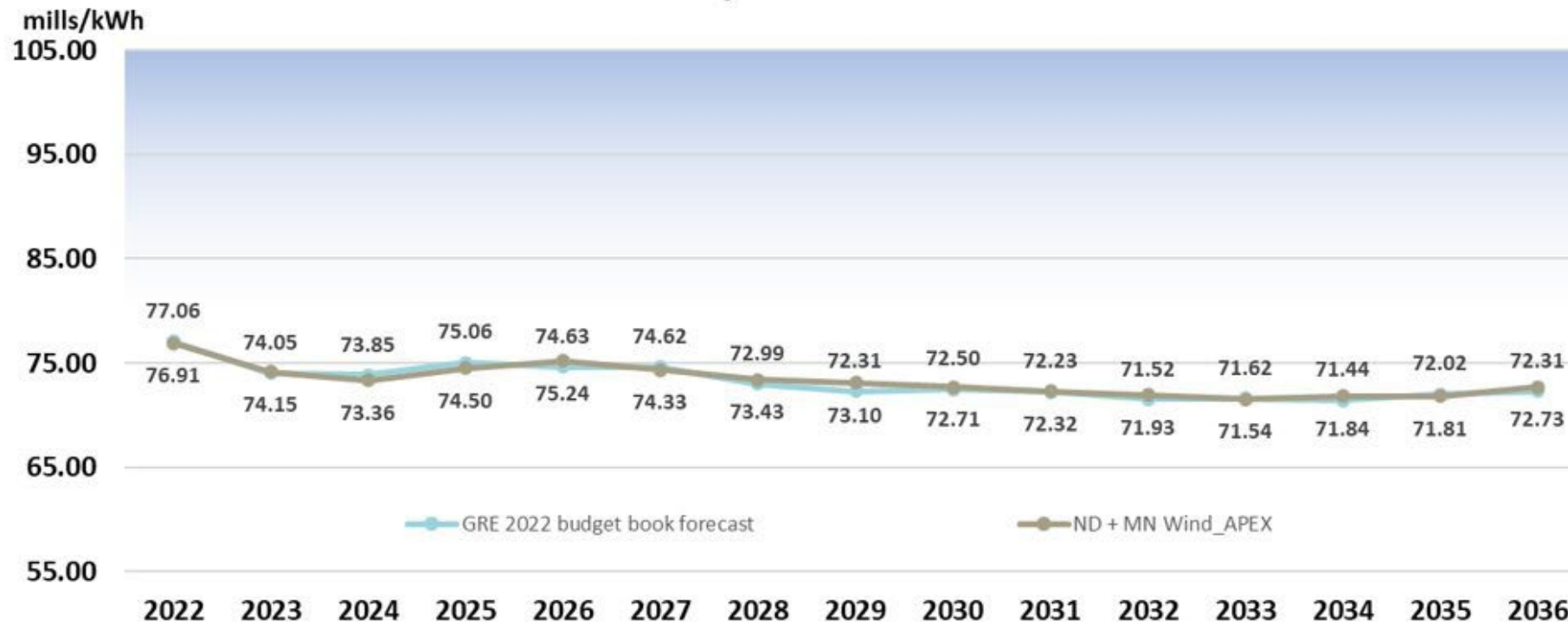




# 15-year rate forecast



GRE 15-year rate forecast



# 2021 Residential Member Satisfaction Study

## Lake Country Power

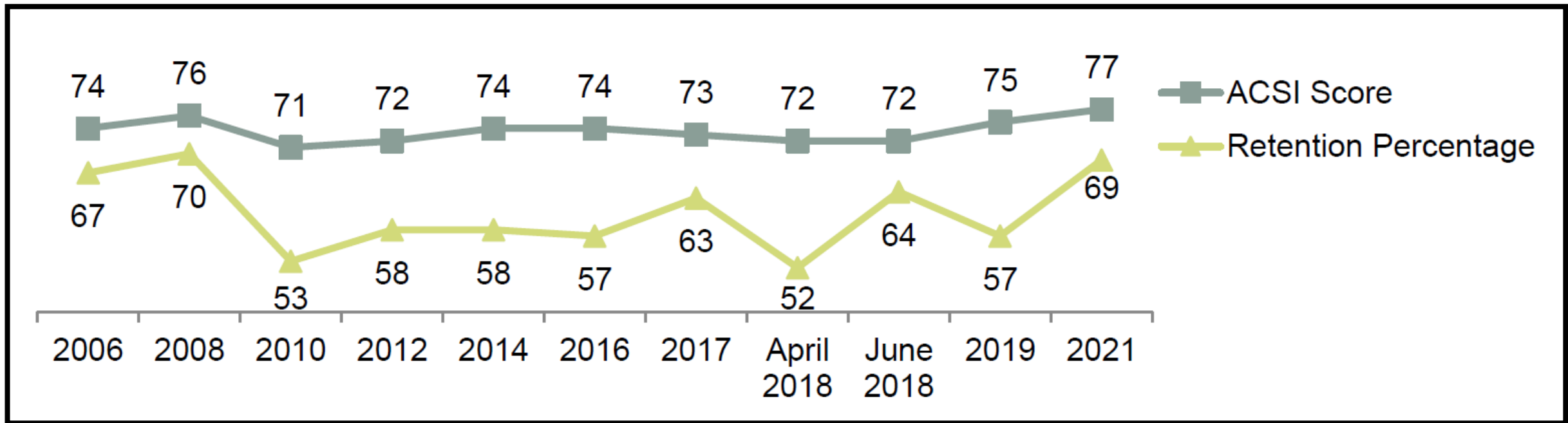
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PREPARED BY:

NRECA Market Research Services

# American Consumer Satisfaction Index (ACSI)

**Highest overall ACSI score on record**





# ACSI Score Comparison

- Lake Country Power – 77
- Amazon – 88
- Kohl's – 84
- Target – 78
- Costco – 79
- Barnes & Noble – 87
- McDonalds – 61
- Xcel Energy – 71
- Touchstone Energy – 74
- Coca Cola – 77

- Delta – 79
- Anheuser-Busch – 78
- Menards – 77
- Hershey's – 82
- Walmart – 71
- AT&T – 74
- Chick-Fil-A – 83
- Starbucks – 79
- US Postal Service – 71
- Bass Pro Shops – 79

# Performance Quality Attributes

On a scale from 1 – 5 (over 4.0 considered good; 4.5 considered excellent)

- Having friendly, knowledgeable employees (4.51)
- Having convenient payment options (4.50)
- Having employees who know how to answer members' questions (4.47)
- Being easy to reach to report a power outage (4.45)
- Providing accurate and easy to understand bills (4.44)
- Resolving any issues or problems (4.35)
- Keeping longer outages to a minimum (4.35)
- Communicating with members and keeping them informed (4.34)
- Restoring power quickly after an outage (4.33)

# **2022 Annual Membership Meeting**

April 20, 2022

Cohasset  
Service Center







# **2022 Lake Country Power District Meetings**