



ANNUAL REPORT | APRIL 2026

The Continuing Affordability Challenge

This year's message is much the same as a year ago as we continue to prioritize efforts aimed at ensuring affordable electric service for our members. While electricity prices have stayed at or below inflation for decades, there are several emerging trends that indicate a coming period of upward pressure on costs.

Budgets have tightened significantly since COVID, and electric cooperatives are feeling the pain as we face the escalating costs of doing business while at the same time striving to assist members struggling to pay their electric bills. With this in mind, we will keep working to meet these challenges both locally and at the State Capitol where legislators are currently in session.

COST OF CRITICAL SYSTEM MATERIALS

Prices for utility materials have skyrocketed in recent years. Supply and demand were huge cost drivers, and although this has leveled out, materials are not expected to return to pre-pandemic prices.

Additionally, resources with 50–70-year lifespans are needing replacement as much of our generation, transmission, and distribution infrastructure was built decades ago and the cost to replace those same assets is much higher today.

2026 LEGISLATIVE SESSION PRIORITIES

With the support and leadership of the Minnesota Rural Electric Association (MREA), we are focused on two primary issues when

it comes to highlighting reliability and affordability concerns. This includes having bipartisan conversations when it comes to lifting the nuclear moratorium and reforming the net metering policy as it relates to member-owned solar installations.

Trying to meet policy goals has increased the use of intermittent resources which makes it harder to meet the capacity needs of MISO, the regional grid serving much of the Midwest from Minnesota to Louisiana. Meeting Minnesota's energy policy will require overbuilding to maintain reliable power supply. MISO estimates utilities will need to build over 3 times more capacity than the recent average.

HOW TO MEET THE CLEAN ENERGY POLICY

In 2023, Minnesota passed the 100% carbon free by 2040 legislation without a real plan on how we are going to achieve it. The reality is, there is no carbon free resource that can provide baseload power, available 24-7, other than nuclear power. Minnesota is the only state in the nation that has an outright ban on any and all new reactor construction. We are advocating for the ability to have conversations about nuclear energy.

Lifting the nuclear moratorium would allow for bipartisan discussion and provide another long-term option to help control costs while meeting the state carbon free policies and mandates.

Continued on page 7.

In Uncertain Times, Lake Country Power Remains Steady

Lake Country Power’s mission “to enhance our communities by providing safe, reliable, and affordable energy services to our members” factors into the everyday decision making for the people behind the cooperative.

As I look toward the future, there are reasons to be pessimistic and optimistic about the reliability and affordability of energy. Many things are out of the control of LCP, like the buildout of transmission lines, the integration of renewables and rising costs everywhere.

What’s most encouraging to me is what the cooperative can control.

All corners of LCP are working hard to shield members from these factors. The board cannot always avoid a rate increase, as was the case this year, but the cooperative put in the hard work to minimize it as much as possible.

Part of that is due to the forward-looking mindset of the board and staff, whether it is the strategic hiring of in-house crews to cut down on contractor costs, staying ahead of critical infrastructure purchases like transformers and poles, or looking at potential pressures in the years ahead.

The energy market in the coming years has a lot of unknowns, as LCP General Manager Mark Bakk has explained at the district meetings this year, but I’m confident in this cooperative’s ability to work hard on solutions to continue to fulfill its mission.

But the good things LCP is doing behind the scenes go beyond mitigating cost increases on members. It also means planning for the region’s future and potential growth that enhances where we live.

Last year, LCP cooperated with the state and local governments to improve the power capacity at the Cohasset Industrial Park in an effort to attract more business opportunities. It means a chance for a better local economy, job growth and increased tax base to benefit everyone.

That’s just one example of the cooperative fulfilling its mission and acting on an opportunity for the future of its membership and communities, and doing so at the local level where LCP can make a direct impact.

The future of energy right now might be uncertain, but one thing members can count on is the hard work and dedication of the people behind the scenes at Lake Country Power. And that is the cooperative difference.

Mike Forsman was elected by members in Lake Country Power District 2. He can be reached at 218-365-5789 or mforsman@lcp.coop.



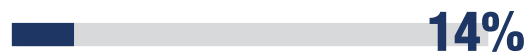
Sincerely,
Mike Forsman
District 2 Director

2025 Breakdown of Total Cooperative Expenses

COST OF POWER



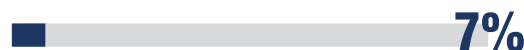
LABOR & BENEFITS



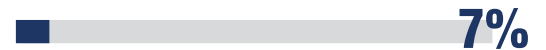
DEPRECIATION



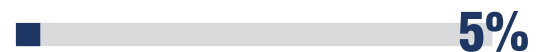
INTEREST EXPENSE



OTHER EXPENSES



RIGHT-OF-WAY



OPERATING MARGIN



TRANSPORTATION



Great River Energy and Powering What's Possible

Great River Energy continues to deliver on its commitment to provide reliable, affordable and sustainable electricity to member-owner cooperatives like Lake Country Power, even as the demands on the energy system grow.

In 2025, Great River Energy (GRE) made significant progress on the long-term investments that will strengthen the electric system and support the region's growing demand for power. These initiatives also position the cooperative to advance the transition to renewable energy and comply with Minnesota's carbon-free standard.

GRE recorded very strong financials in 2025, including the highest margin in the cooperative's history at almost \$75 million.

One of the year's most important milestones was the groundbreaking of the Northland Reliability Project, a transmission line that will reinforce grid reliability in northern and central Minnesota as the energy transition accelerates.

As a partner in PowerOn Midwest, GRE is helping develop the region's first 765-kilovolt transmission backbone. This critical infrastructure will support load growth, enable clean energy goals and drive economic development across the Upper Midwest.

The cooperative also finalized a power purchase agreement with Apex Clean Energy for the 300-megawatt Big Bend Wind project in southern Minnesota. Big Bend Wind will play a significant role in meeting Great River Energy's target of providing 90% carbon-free retail electric sales by 2035 and reducing emissions more than 90% from 2005 levels.

GRE's fleet of natural gas-fired peaking plants can ramp up quickly to maintain grid stability when needed. These plants enable GRE to integrate higher levels of renewable energy while preserving system reliability. With the addition of dual fuel capability at the Cambridge Peaking Station in 2025, all of GRE's peaking resources can operate on fuel oil, which is essential for winter reliability when demand for natural gas spikes.

Holding Company Continues to Monitor Opportunities

Lake Country Power Holdings, Inc. (Holding Company) was formed to shield Lake Country Power from any potential legal issues that could arise from owning subsidiary companies.

The Holding Company has since sold our two subsidiaries and all related equipment and property. As of 2024, the Holding Company books have been cleared of all outstanding debt.

The Holding Company continues to meet on a quarterly basis as required in the bylaws. The Board meets immediately following the Lake Country Power Board meeting. This provides convenience as well as cost-savings to LCPH and the Board members.

The quarterly meetings are now brief, consisting mainly of financial reports on investments made as a result of the subsidiary sale. Lake Country Power CFO, Tracy Peterson Wirtanen and staff prepare and present the related reports.

The Holding Company Board will be considering a dividend transfer to Lake Country Power in the near future. The funds would be earmarked to pay for the new outpost being constructed at the Saginaw location.

A dollar amount has not been determined or Board approved at this time.

The Holding Company Board will continue to meet quarterly in 2026 with the option to meet more often if necessary. The Board will continue to keep watch on the business climate and any opportunity that may be of interest to help fulfill our future needs.

Dan Kingsley was elected president of Lake Country Power Holdings by the shareholders of the holding company and was elected to the LCP Board by members in District 6. He can be reached at 218-259-7366 or dkingsley@lcp.coop.



Sincerely,
Dan Kingsley
District 6 Director

Lake Country Power Board Expenses

	2025	2024	2023
Compensation	\$127,550	\$137,950	\$122,667
Other Reimbursable Expenses	\$53,353	77,733	46,652
Other Board Expenses	\$12,570	10,156	9,794
Total Expense	\$193,473	\$225,839	\$179,113

UPCOMING BOARD MEETINGS: APRIL 24 | MAY 19

(9:30am at the Cohasset Service Center, Members Welcome)



Lake Country Power Seeking Volunteers for GreenTouch™

Lake Country Power is calling on volunteers of all ages to lend their “green touch” to Bear Head Lake State Park in Ely on Thursday, May 14, 2026, from 10 a.m. until 2 p.m.

GreenTouch™ is a statewide cooperative, environmental and community outreach program sponsored by Minnesota’s Touchstone Energy® Cooperatives. Lake Country Power’s goal for this year’s GreenTouch™ program is to enhance the quality and appeal of a state park within the cooperative’s service area.

Bear Head Lake State Park is a popular tourist destination for camping, canoeing and fishing. It is located just south of the Boundary Waters Canoe Area Wilderness, with a variety of wildlife, trails and activities for the whole family.

The volunteer work will be directed by the state park, which may include outdoor activities such as clearing hiking trails, raking leaves and pine needles, collecting litter, cleaning camp sites, gathering downed limbs, and cleaning the shoreline.

Youth groups, service clubs and other organizations are welcome to participate in GreenTouch™. You need not be a Lake Country Power member to volunteer. Lunch will be provided for volunteers by the co-op.

If you would like to participate in GreenTouch™, please contact Tami Zaun at Lake Country Power by calling 1-800-421-9959, extension 7152, or e-mail tzaun@lcp.coop. RSVPs will help ensure an accurate count for lunch and allow the park time to organize its work plans.

Volunteers do not need a state park vehicle pass on May 14. Please RSVP by May 11 to tzaun@lcp.coop.

Commitment to Community

As an electric cooperative, Lake Country Power is community-focused and local. Your co-op is led by consumers like you, belongs to the communities it serves and is built by the communities it serves. Last year’s community focus included some of the following actions:

- \$224,886 contributed through Operation Round Up® in 2025 (more than \$3.6 million overall since October 2004 for community-based projects and programs).
- \$3.9 million capital credit retirement to LCP members.
- 30 local high school seniors received the Les Beach Memorial Scholarship from LCP, valued at \$4,000 each.
- Employees volunteered 980.75 hours in 2025.
- Employees contributed \$17,475 to United Way; LCP’s board approved a co-op contribution of \$6,000 that was evenly divided between the three United Way agencies in the co-op’s service area.
- \$421,000 was given back to residential, commercial and industrial co-op members through the co-op’s rebate program.
- Sponsored one high school student on the Electric Cooperative Youth Tour to Washington, D.C., in June 2025.

Statement of Operations and Changes in Equity

	2025	2024	2023
Revenue (In Thousands)			
Sales of electric energy to members	\$117,654	\$110,432	\$105,501
Miscellaneous other operating revenue	913	776	783
Total Revenues	\$118,567	\$111,208	\$106,284
Expenses			
Wholesale power (Great River Energy)	\$60,716	\$55,806	\$53,160
Operating expenses (maintenance, operations, administration, member support)	31,734	29,095	26,601
Depreciation of utility plant	12,567	12,168	11,427
Interest expense on long-term debt	8,296	7,812	7,448
Total Operating Expenses	\$113,313	\$104,881	\$98,636
Income from Electric Operations	\$5,254	\$6,327	\$7,648
Patronage capital from Great River Energy and Others	6,877	3,201	4,084
Non-operating and other income, net	234	397	40
Subsidiary Income or (Loss)	363	565	325
Net Margins	\$12,728	\$10,490	\$12,097
Accumulated patronage capital-beginning of year	142,397	134,782	125,115
Net other changes in equities	430	232	138
Retirement of patronage capital	(3,902)	(3,107)	(2,568)
Accumulated Capital at Year End	\$151,653	\$142,397	\$134,782

Financial Highlights

	2025	2024	2023
Kilowatt Hours Sold (In Thousands)			
Rural Residential	496,553	469,478	481,632
Commercial /Industrial	211,121	222,670	227,937
Public Street Light	439	436	448
Total kWh Sold	708,113	692,584	710,017
Revenue (In Thousands)			
Rural Residential	\$91,057	\$84,024	\$80,153
Commercial /Industrial	26,461	26,274	25,220
Public Street Light	136	134	128
Total Revenue	\$117,654	\$110,432	\$105,501
Comparative Operating Statistics			
Number of accounts at year end	51,709	51,487	51,203
Miles of line energized	8,436	8,436	8,421
Accounts per mile of line	6.1	6.1	6.1
Average residential kWhs used per month	873	829	855
Average residential monthly bill	\$160	\$148	\$142
Plant investment per Account	\$6,362	\$6,111	\$5,871

Balance Sheet

	2025	2024	2023
Assets (What We Own)			
Cost of Our Utility System	\$479,396	\$456,543	\$435,033
Depreciated Plant	(150,439)	(141,929)	(134,416)
This gives our system a book value of:	\$328,957	\$314,614	\$300,617
<i>We Have Other Property and Investments</i>			
Investments in Associated Organizations	\$54,793	\$49,396	\$48,622
Other Investments	13,675	13,609	12,810
Total other property and investments	\$68,468	\$63,005	\$61,432
<i>We Have These Current Assets</i>			
Cash and cash equivalents	\$13,090	\$13,980	\$9,753
Members and others owe us for our services	14,977	13,135	13,481
Materials and supplies for line construction	7,904	7,234	8,317
Other current assets	380	370	273
Total Current Assets	\$36,351	\$34,719	\$31,824
<i>We Have Deferred Debits</i>			
	\$46	\$46	\$89
Total Assets	\$433,822	\$412,384	\$393,962
Liabilities (What We Owe)			
<i>Long Term Debt</i>			
We owe Rural Utility Service	\$207,978	\$191,829	\$176,208
We owe NRUCFC	7,002	8,084	9,174
We owe CoBank	41,712	45,539	49,218
We owe Great River Energy	926	1,059	807
	\$257,618	\$246,511	\$235,407
Less payments due in the next year	(10,622)	(9,799)	(10,201)
Total Long Term Debt	\$246,996	\$236,712	\$225,206
<i>We Owe Current Liabilities</i>			
Power, materials, etc.	\$13,520	\$12,145	\$11,718
Payments on long-term debt due in the next year	10,622	9,799	10,201
Other current liabilities	6,825	6,321	7,041
Total Current Liabilities	\$30,967	\$28,265	\$28,960
We have deferred credits	4,206	5,010	5,014
Total We Owe	\$282,169	\$269,987	\$259,180
Net Worth (Members' Equity in the Cooperative)			
Your accumulated patronage capital	\$116,296	\$108,036	\$100,979
Other capital	35,357	34,361	33,803
Members' Equity in the Cooperative	\$151,653	\$142,397	\$134,782
Total Liabilities & Equity	\$433,822	\$412,384	\$393,962

Join us for the Power Supply Tour

Lake Country Power is pleased to announce the next Power Supply Tour is scheduled for July 29-31, 2026. Your “home plate” destination will be Great River Energy in Maple Grove.

We’re planning a fun group outing at Target Field the first night to watch the Minnesota Twins take on the Kansas City Royals. The first pitch is scheduled for 6:40 p.m.

Co-op members and tour hosts will travel on a comfortable charter bus and stay two nights at Staybridge Suites in Maple Grove, which has a beautiful courtyard for summertime enjoyment. Complimentary breakfast is served from 6:30 a.m. until 9:30 a.m. with hot, fresh, healthy options on the buffet.

Tour Day: Thursday, July 30

- 10 a.m. for an informative presentation and overview of Great River Energy at the headquarters in Maple Grove.
- Small group tours of wind energy, solar energy, electric vehicles (EV) and EV charging.
- See the ACES Northern Trading Center, located at Great River Energy, where you’ll learn how electricity is produced, moved, and sold 24 hours-a-day in a live market.

- Executive presentation about Great River Energy operations and business updates.
- Ride on the bus to Elk River where you’ll see the Elk River Peaking Station. We will also see one of GRE’s substations.
- Approximately 4 p.m., enjoy an early evening on your own for great shopping, dining, and relaxing courtyard conversation.

On Friday, July 31, the group will travel north for home departures.

“Last year’s tour sold out in record time and was a great success with a lot of positive feedback from the members who went on the tour,” said Tami Zaun, public relations coordinator, and tour host. “We had a lot of fun together, so we’re excited to offer this opportunity again where members can go on a bus tour and learn about their energy provider while having a great time together.”

The tour is available for Lake Country Power members (ages 12 and older).

A sign-up form is available on the monthly bill insert inside this Newsline, or online at www.lakecountrypower.coop/newsline-newsletters.



Affordability Continued...

SOLAR INSTALLATIONS & NET METERING

Net metering is a program where a utility purchases a consumer’s excess power generation, primarily from rooftop solar installations. In Minnesota, the required purchase price for excess energy is at the utility’s average retail rate. When we are required to purchase energy at a cost that is nearly 2 times higher than our wholesale cost from Great River Energy, it creates a subsidy whereby those who can afford rooftop solar installations are being subsidized by those who cannot. In a cooperative, like Lake Country Power, that subsidy is shouldered by the other members.

A balanced approach to net metering reform can support the growth of renewable energy while protecting the interests of all cooperative members, ensuring that everyone contributes fairly to the grid’s upkeep and reliability. Minnesota has the potential to be a national leader in renewable energy initiatives by updating its net metering policies.

By facilitating the connection of solar sized-to-load and priced at avoided cost for those that want it, net metering reform would address the cost inequities while allowing for individual solar generation.

There are a lot of moving parts involved in maintaining affordable energy prices as we move into the future. While we saw necessary rate adjustments earlier this year to combat increasing wholesale power prices and the rising costs of distribution materials, be assured that I am doing everything I can to serve the Lake Country Power membership in keeping rates stable as we tackle the challenges we face.



Sincerely,
Mark Bakk
General Manager

Co-op Contacts

Mark Bakk, General Manager
800-421-9959 | mbakk@lcp.coop

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218-240-9611 | jlong@lcp.coop

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Brian Napstad, District 8
218-485-1528 | bnapstad@lcp.coop

Larry Anderson, District 9
218-428-2722 | landerson@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 services, billing, outages or other service-related matters should call 1-800-421-9959.

Newsline

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Lake Country Power

An equal opportunity provider and employer.

2025 Annual Meeting - Condensed Minutes

The twenty-eighth Lake Country Power Annual Meeting was held at Reif Center in Grand Rapids, Minnesota on Thursday, April 25, 2025. President Craig Olson called the meeting to order at 6:20 p.m.

President Craig Olson opened the meeting discussing the new vision, mission and values approved by the Lake County Power board in 2025, and how the cooperative works together every day as a team to carry them out and build the cooperative spirit. Olson spoke on the seven cooperative principles, highlighting Excellence before discussing the co-op's community involvement efforts like serving burgers at a local VFW, cleaning a state park and a lineman traveling to Guatemala to energize a rural village.

General Manager Mark Bakk discussed the "Carbon Free by 2040" law and the impacts on the system, including the need for aggressive construction of transmission infrastructure that will affect electric rates. He also highlighted improved reliability through LCP's right-of-way management plan.

The meeting adjourned at 7:25 p.m.

Editor's Note: A complete copy of the 2025 annual meeting minutes will be distributed at the 2025 annual meeting and are also available online at lakecountrypower.coop.

2025 Election Results

DISTRICT 2:
Michael Forsman, Ely
624 votes*

DISTRICT 4:
Jeff Sheldon, Cohasset
353 votes*

DISTRICT 8:
Brian Napstad, McGregor
443 votes*

*Denotes current LCP Director

2026 Voting Districts

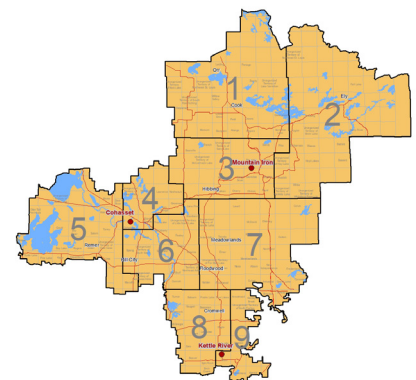
Director election results in Districts 3, 6 and 7 will be announced during the business meeting.

DISTRICT 3:
Steve Raukar, Hibbing*

DISTRICT 6:
Dan Kingsley, Hill City*

DISTRICT 7:
Craig Olson, Culver*

*Denotes current LCP Director



2026 Annual Meeting

The 2026 Annual Meeting will be Thursday April 23, 2026, in person at Cromwell-Wright School (5624 Highway 210, Cromwell, MN).

Registration is at 5:00 p.m. Business meeting at 6:30 p.m.

