

September 2016

Newsline

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Life returns to semi-normal after damaging summer storms

We're nearly two months removed from a damaging thunderstorm that pounded the region July 21. Straight-line winds between 70 and 100 miles-per-hour, hail, torrential rain and continuous lightning produced hurricane-like damage across Lake Country Power's 10,800 square-mile service area. Some are calling it the biggest storm of the last half-century.

The July 21 storm left 27,000 members without electric service. More than half the services on LCP's system were impacted. Many woke to personal property damage and loss as well.

The storm changed the landscape and the way we think about life without electricity. Neighborhoods banded together.

More than 140 field personnel worked 16-hour days until all members had service restored. Lake Country Power called in extra help to assist with outage restoration efforts. The 11 companies, all from Minnesota, included: Great River Energy, East Central Energy, Connexus Energy, Dakota Electric, High-line Construction, Okay Construction, Lake States Construction, Lake States Tree Service, Aevenia, Low Impact

Excavators, and the Grand Rapids Public Utilities.

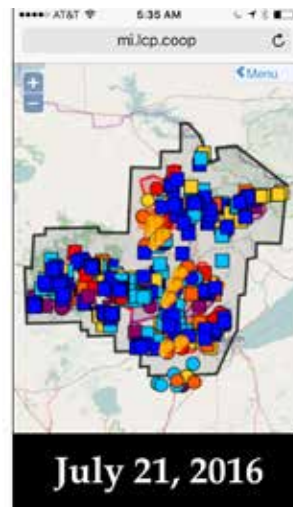
"In my nearly 40 years working for the co-op, I have never witnessed a storm this powerful and damaging," said Greg Randa, Lake Country Power general manager. "The crews worked under extreme conditions. They were away from their families for the long haul to get power restored for members.

"We appreciate the support, understanding and encouragement from our members. The cooperative spirit is alive and well, and we saw that first-hand after the storm. Members came together to help each other. We can't say thank you enough to our members for their patience as crews worked to restore electricity."

Cleaning Up

Life is returning to normal, but clean-up continues for many members, including Lake Country Power.

"The biggest concern right now is trees," said Jim Wimmer, area supervisor at LCP's Grand Rapids service center. "We have a couple months or more of work to remove danger trees that are leaning into the power lines."



Mission Zero: The outage map on July 21 versus the outage map on July 30 with zero outages.



After the storm, crews went to work immediately to restore power safely and as quickly as possible. Some broken poles had to be banded together for a temporary fix and quicker outage restoration, but were later replaced with a new pole. The same went for broken cross arms and damaged lines that were frayed during the storm.

Right-of-Way

Each year Lake Country Power invests up to \$4 million in right-of-way clearing and member tree clearing requests. Even with

a ramped up clearing program, a heavily-wooded service area cannot withstand straight-line winds like we saw in July.

"We are working hard to clear trees from the lines in this year's scheduled areas, even with the storm setbacks this summer," said Syver Kolden, manager of forestry services. "We fully anticipate completing all 1,119 miles of line this year."

Pictures and video from the storm are available at www.facebook.com/lakecountrypower.

BOARD MEETINGS

September 27 — 9:30 a.m. at Mountain Iron Service Center

October 25 — 9:30 a.m. at Grand Rapids Service Center

OUTAGES ON FACEBOOK

Facebook became the go-to news channel during this summer's storms and outages. 'Like' www.facebook.com/lakecountrypower to stay informed.

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 drive democracy

By Craig Carlson, District 4 Director

It has often been said that those who cannot remember the past are condemned to repeat it. It is easy to take our right to vote for granted, maybe because there are so many opportunities to exercise that right.

There are national, state and local elections for political offices. Then there are elections for social or other civic organizations. If you own stock, you are asked to vote in those elections. So it is understandable to see how "election fatigue" can take hold.

As we head into the final stage of what has been a divisive national election, it is a good time to remember that elections don't have to be about name calling and bitterness. Co-ops can and do play a role in cultivating a civil society where people can practice democracy at the hyper local level.

As a member of Lake Country Power, you have the right to run for the board of directors. Even if you choose not to have that level of participation, you should feel empowered to reach out to current board members and candidates.

The beauty of belonging to a co-op is every member has a voice, but you must use that voice if you want to be heard on the issues that matter to you. In their document, "A Blueprint for a Cooperative Decade," the International Cooperative Alliance, a

global organization made up of co-ops from over 100 countries, identified member participation as one of the five key ingredients for a co-op to be successful.

Voting and being actively involved in the affairs of the co-op are key ways in which members can participate. Take the time to get to know candidates running for Lake Country Power's board. Seek out ways that you can help spread the word about the good work your co-op is doing.

The cooperative business model is a great one. It fosters engagement and creates strong communities. Over 100 years ago, President Theodore Roosevelt recognized this value when he said, "The Cooperative is the best plan of organization. Under this plan, every business is [governed by a board], every person has one vote and only one vote. Everyone gets profits based on their use of the co-op. It develops individual responsibility and has a moral as well as a financial value."

Those words are truer today than ever before. Let your voice be heard, and take the time to participate in all the elections.

Craig Carlson was elected by members in Lake Country Power District 4. He can be reached at 218-999-7175 or carlsonlcp@gmail.com.

The long haul: July 21 damaging storm knocks power out for 27,000 members



Remote repairs in the deep woods to restore electric service July 21 – 30

140 personnel work 16-hour days to replace 200+ broken poles, untangle trees from downed lines and chainsaw through debris in right-of-way for 27,000 co-op members



“Been without power for a week, and this message is just to say a big THANK YOU for the way you folks have worked through this recent outage. I can’t imagine the issues and challenges facing you folks. To all the crews and saviors out there, THANK YOU!”
— Mike M., Ely

“I think you folks are doing a great job getting everyone back on line in the wake of Thursday’s storm. While we were without power for about 37 hours, which is the longest outage we’ve ever experienced (we were out for 4 hours after the July 5 storm), I think that’s pretty darn good given the scope of the damage throughout the region.”

— Chuck D.,
Lake Vermilion

“We appreciate the outpouring of support, understanding and encouragement from our members. The cooperative spirit is alive and well, and we saw that first-hand after the storm. Members came together to help each other. We can’t say thank you enough to our members for their patience as crews worked to restore electricity.”

— Greg Randa,
LCP General Manager

“I would like to compliment Lake Country Power for their efforts after the recent storm that left so many of us without power. We have a cabin and while we were without power for about 36 hours we appreciated the updates and prompt service. We know that there are many others who are worse off than us but we also know that many of your employees have put in huge workloads to restore service to the customers. Well done and thank you very much for your efforts.”

— Tony Erni, Tower



“We just want to give our sincere thanks to all the linemen who worked such long and hard hours after this last storm, especially under the extremely hot and muggy conditions. We want them to know how much we appreciate all their work and dedication to LCP members. Even though we were without power for over 60 hours, we knew they were on the job getting everyone back on line. We have been members for over 40 years and this is the longest we have ever been without power (the next one being that other big storm a couple weeks ago when we were without for 13 hours). We have always been able to say LCP provides what they promise — excellent service.”

— John and Linda G., Cloquet

Special Notice: Surveying members, fall 2016

Lake Country Power is conducting a survey this fall to assess member satisfaction. Please be aware that you may be one of several members who are randomly selected to participate in the survey.

Lake Country Power is contracting with a cooperative-affiliated research firm that has years of experience

measuring member satisfaction levels and how co-ops score on the American Customer Satisfaction Index. The survey will benchmark several areas of focus, including outage information, bills and payment options, electric service, etc. If you are selected, please take a few minutes to participate. Thank you.

Energy Assistance Providers

Should you find it difficult to pay your electric bill this winter, these agencies can provide additional assistance and more information.

AEOA
800-662-5711

- Virginia
218-749-2912
- Duluth
218-623-3011

Aitkin County
800-328-3744

Bi County CAP
800-332-7161

Bois Forte Tribal
800-221-8129

Carlton County
800-642-9082

Cass County
218-547-1340

Fond Du Lac Tribal
800-365-1613

Itasca County
800-422-0312

Kootasca
877-687-1163

Lake County
218-834-8400

Lakes & Pines
800-832-6082

Leech Lake Tribal
866-864-8668

Mille Lacs Band
320-532-7880

Pine County
800-450-7263

Salvation Army Offices:
800-842-7279

- Cloquet
218-879-1693

- Grand Rapids
218-326-5620

- Duluth
218-722-7934

- Hibbing
218-263-5096

- Virginia
218-741-1889

St. Louis County
800-450-9777

Lake Country Power supports rural economic development with recent loan



Pictured left to right is Amy and Eric Van Keuren, Serenity Living Solutions; Jeff Sheldon, Lake Country Power; Jeff Borling, economic development lead for Great River Energy; Tim and Amy Jo Matros, Serenity Living Solutions; and Enid Swaggert, staffer for Congressman Nolan.

Serenity Living Solutions in Remer, Minn., is officially open and ready for residents to move into its facility. The assisted living facility recently received a \$230,000 USDA Rural Development loan through Lake Country Power.

provides loans to non-profit rural electric cooperatives like Lake Country Power to spur economic development in rural America.

“Receiving this loan from the USDA really helped seal the deal for us in order to bring this assisted living facility to the Remer area,” said Tim Matros, president Serenity Living Solutions/President Five Pines Senior Solutions. “Thank you, Lake Country Power.”

Lake Country Power applied for the loan on behalf of Serenity Living Solutions. The loan will be a “pass-through” from the United States Department of Agriculture. The USDA is a federal funding agency. USDA

Cold weather rule effective October 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.

It all adds up: Investing in a reliable electric system How much does a standard pole* typically cost?



Answer: C

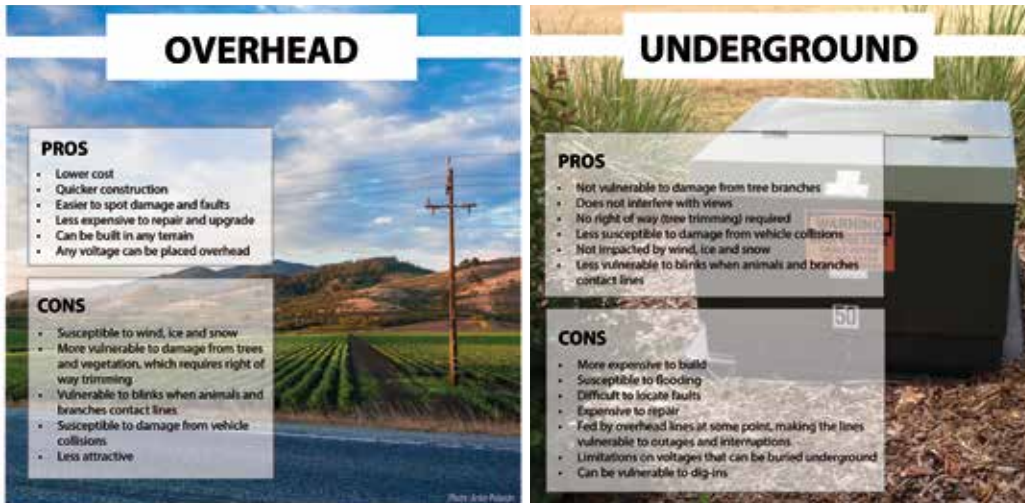
- A. \$400
- B. \$75
- C. \$335
- D. \$150

*LCP has 135,744 poles on its system. More than 200 poles broke and had to be replaced after the July 21, 2016 storm.

The differences between overhead and underground power lines

OVERHEAD & UNDERGROUND POWER LINES

THE PROS AND CONS



There are two methods of installing the power lines that carry electricity to your home, overhead and underground. Sometimes members ask why we use one versus the other, or more to the point, why all power lines are not installed using the underground construction method. Isn't one method better than the other? These are great questions, and the answer is that each method has its place.

Overhead line construction starts with the setting of utility poles. Poles can be set in nearly any type of terrain, even rocky. In the case of heavy rock, special equipment is used to augur out the hole. If placement occurs in boggy or wet terrain, many techniques are available to set poles securely. Once the poles are in place, wires can be strung and then equipment – like transformers, fuses and reclosers – are installed. Power can now flow.

Underground line construction requires digging a trench that

is deep enough to keep the lines well away from surface activities. Where the terrain is extremely rocky, underground lines may not be an option. Next, wires are laid in the trench directly or placed in conduits for protection. The trench is filled in, and the surface is restored to its original condition. Padmount transformers and additional equipment are installed as needed, now the system is ready to deliver electricity.

Determining if power lines should be overhead or underground is based on a number of financial and reliability constraints of the system

design. Soil type and terrain must also be considered. Most often, overhead lines provide a substantial cost savings for Lake Country Power. Overhead lines can be more reliable in certain circumstances, and are easier to troubleshoot and restore than underground cable failures.

"As we replace our aging infrastructure we are looking to replace overhead with underground where it makes

sense," said Derek Howe, director of engineering at LCP.

Cost, reliability, maintenance and future upgrades will drive which is the better approach at Lake Country Power – overhead or underground.

Cost of Underground vs. Overhead

Overhead wire costs **21¢** per foot, on average.

Underground cable costs **\$2.82** per foot on average for a small single-phase line.

Lake Country Power has more than 72.5 million feet of primary overhead wire on its system. The co-op has more than 12.3 million feet of primary underground cable on its system.

Each method — overhead lines and underground cable — has its place.

Recipe Corner

Tasty Cauliflower

Mary Sue Fedie, Stillwater, MN

- 1 large head cauliflower

Take leaves off, rinse and leave head whole. Place in 2-quart baking dish, stalk side down. Add just enough water to cover bottom of baking dish. Leave uncovered. Microwave 6-8 minutes on power level 10.



Meanwhile, mix together:

- 3 Tbls. Butter
- ½ cup Miracle Whip
- ½ cup finely shredded jack cheese
- 1 Tbls. Lemon juice
- 1 Tbls. Prepared horseradish

Drain off any remaining water. Spread above mixture over head of cauliflower. Lightly sprinkle grated parmesan cheese over all. Microwave 4-5 minutes at power level 6.

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.

June 28, 2016 • Regular Monthly Meeting

The following reports were given:

Vice President Craig Olson presided over the meeting, filling in for President Dale Long who was unable to attend the meeting.

Holding Company President Harvey reported that the LCPH annual meeting was held June 16. Officer elections were held for the Holding Company and subsidiaries. Harvey gave an update on the subsidiary year-to-date financials and operations.

Director of Finance and Administration Bakk reported about the Great River Energy member management group meeting, the GRE power purchase contract working group and a GRE rate design committee. Bakk also reviewed LCP's April financials.

Approved Director Bruckbauer attend the National Rural Electric Cooperative Association annual meeting in February.

Approved Director Huhta attend the Certified Cooperative Director fast track training in November and December.

Approved Mary Bianco's re-appointment, district 2, to serve another three-year term on the Operation Round Up board.

Approved a United States Department of Agriculture rural development loan for the Serenity Living Solutions complex in Remer, MN.

Approved the Natural Harvest Food Co-op complete a revolving loan application for business expansion in Virginia, MN.

The following actions were taken:

Approved Director Forsman to attend the Great River Energy board meeting in November as a guest director.

Approved Director Harvey attend LCP's Coal Creek Tour in September.

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 Sept. 2016. Jeff Brooks of Forest Lake, MN, photographed this lovely hay field near the Sax-Zim Bog.



ENERGY EFFICIENCY Tip of the Month

Consider insulating your water heater tank, which could reduce standby heat losses by 25 to 45 percent and save you about 4 to 9 percent in water heating costs. You can find pre-cut jackets or blankets available from around \$20. *Source: energy.gov*

Co-op Contacts

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forsmanmd@hotmail.com
- George Harvey, District 3** 218-741-6633
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- Craig Carlson, District 4** 218-999-7175
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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

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Lake Country Power Service Centers:
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Comparative Operating Statement

Year-To-Date — June 2016

	2016	2015
Electric Operating Revenue	\$43,638,352	\$43,586,656
Cost of Purchased Power	23,139,029	23,158,681
Distribution Expense - Operations and Maintenance	5,286,442	5,280,936
Consumer Accounts Expense & Informational	1,996,818	1,974,070
Administrative and General Expense	3,097,206	3,031,741
Depreciation, Interest Expense and Other Deductions	7,459,450	7,600,154
TOTAL ELECTRIC OPERATING EXPENSES	40,978,945	41,045,582
Net Electric Operating Margins	2,659,407	2,541,074
Non-Operating Margins	1,006,852	534,998
TOTAL MARGINS BEFORE SUBSIDIARIES	3,666,258	3,076,073
Net Income (Loss) from Subsidiaries*	(246,534)	(420,730)
TOTAL MARGINS	\$3,419,724	\$2,655,342
TOTAL kWh SOLD (YEAR-TO-DATE)	321,105,618	340,053,637

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.

*Holding Company financials through second quarter 2016 unavailable at press time.