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\$2.5 Million Capital Credit retirement to benefit all members in December

More than \$40 Million returned, overall

Good news, and Merry Christmas! A capital "credit" will appear on Lake Country Power member electric bills this month. The co-op's nine-member board authorized a capital credit retirement of \$2.5 million. Capital credits are the core of co-op membership.

Member equity, or capital credits, is created when any earnings (revenues minus expenses) are left over at the end of each year. This creates a margin. At the end of each year, the co-op assigns each member's account a share of the margin, known as an allocation. As long as you are a member, and using energy, your allocation — your share of ownership — grows over time. When financial conditions allow, the board retires, or returns, part of your allocation through a capital credit retirement.

Before returning these margins back to members, electric cooperatives use the capital to help offset the cost of debt for equipment and materials used for the construction and maintenance of the electric distribution system. This helps lower financing needs.

"We are not-for-profit, but we are required by our lender, the federal

government, to make a margin, and maintain safe, reliable electric service for member-owners," said General Manager Greg Randa. "Our goal is to provide you with electricity at a price that is as close to cost as possible. Over time co-op margins are returned to members in the form of capital credits."

2016 Retirement Details

Here's an overview of this year's \$2.5 million capital credit retirement. A member's general retirement amount will result from one, or all of the following calculations.

The oldest years represent more than \$1.47 million of the overall total being retired:

- Members from 1986 and 1987 will receive the entire (100%) LCP portion of their unretired capital credits, and/or

- Members from 1988 will receive half (50%) LCP portion of their unretired capital credits due.

The remaining \$1 million will be retired on a percentage basis (approximately 2%) of all former and current members' total LCP portion of their unretired capital credits.

Active members will see a credit on their December billing statement. Inactive members (those who've moved off the system) will be mailed a check if the amount is more than \$10.

Between Lake Country Power and its three predecessor cooperatives, more than \$40 million in capital credits has been returned to members through the years. For more information about capital credits or a current list of capital credits that remain unclaimed by former members, visit lakecountrypower.coop.



CURRENT BILL INFORMATION									
RATE CODE	METER	DATES	METER READING PRES	MULTIPLIER	PREV PLYER	CODE	USAGE	DESCRIPTION	
10	01370727	1201-1101	118528	116765	1		1763	ENERGY CHARGE	170.66
								SERVICE AVAILABILITY CHG:	42.00
								MN STATE SALES TAX	14.62
								CAPITAL CREDIT APPLIED	-35.39
								TOTAL CHARGES THIS STATEMENT	191.89

Sample Statement Showing Credit

BOARD MEETINGS

December 16—9:30 a.m. at Mountain Iron Service Center

January 31—9:30 a.m. at Grand Rapids Service Center

HOLIDAY OBSERVED

All LCP offices will be closed December 23 and 26 for Christmas. If you experience a power outage, use SmartHub to report the outage. Register for SmartHub at lakecountrypower.coop. Or call 800-421-9959, press #1.

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 www.lakecountrypower.coop. Go to "Community" and click "Events."

Energy assessments are a good idea in winter

Schedule yours this winter

If your electric bill seems higher than normal and you haven't changed any routines in your home, it may be time to look into the situation through an energy assessment, and perhaps an audit by a certified energy auditor.

Lake Country Power is your contact for general energy assessments and is your liaison for professional home energy audits by certified energy auditors. The cost of an energy assessment is covered by Lake Country Power, while the cost for a blower door test or infrared analysis is covered by the homeowner.

During a home energy assessment, a complete analysis is done to your home within 1.5 - 2 hours by a certified energy auditor. The auditor will check your appliances, electronics, the home's envelope and structure, water heater, lighting, air handling and heating/cooling system.

Energy assessments can be performed any season, however, winter is a popular time to schedule an energy audit so any cold spots, air leaks or door drafts can be detected with an infrared camera.

Once the energy assessment is complete, the certified energy auditor will prepare a complete report for the homeowner and Lake Country Power. Recommendations are also provided within the report to help homeowners identify any improvements that can be made to help save energy and reduce electric bills. Lake Country Power provides information about its rebates and EnergyWise heating/cooling programs when the certified energy auditor requests follow-up.

If you're interested in receiving an energy assessment/audit, please contact Lake Country Power at 800-421-9959, press #6. A member service representative



will help assess your general situation and provide the certified energy auditor with your contact

information. The auditor will contact you to schedule an appointment.

Scholarship season opens January 1

Application is electronic on LCP Website

Remember: Graduating high school seniors whose parents or guardians are LCP members should apply for the Les Beach Scholarship. The scholarship season opens January 1, and must be completed electronically from the co-op's website by January 31.

To complete the electronic application and submit electronic letters of recommendation, go to www.lakecountrypower.coop (under "Community," click the

"Scholarships" tab).

Scholarship recipients can qualify for up to \$4,000 over four years to help pay for college or technical school. Scholarships are renewable for up to eight semesters, and students must maintain a grade point average of 2.5 or higher. They must also have a full-time enrollment status.

Letters of recommendation from teachers will be accepted via the online link through February 15,



but all other student-submitted materials must be complete by

Jan. 31. Visit lakecountrypower.coop (community/scholarships).

Locations and proposals for the new Grand Rapids Service Center

As announced last month, LCP's Board approved a Facility Planning Option in September to address overcrowded, outdated and needed changes for the co-op's 50-year-old headquarters and operations center near Grand Rapids.

LCP is seeking proposals to construct a new building near the existing service center

location. Co-op leadership is looking at long-term solutions that will serve co-op members for another 50 years.

With efficiency, safety, cost effectiveness and value in mind, a new facility with an assumed 50-year-plus useful life will meet the needs of members and employees for the long-term. The board will be reviewing plans and

preparations using a phased approach, with a preliminary timeline calling for construction to begin in 2017.

As details develop, plans and updates will be provided in *Newsline* and at upcoming member district meetings, beginning January 24 in Moose Lake. The full schedule of 2017 meeting dates will be announced next month.

Once you go SmartHub, you'll never go back

A smart tool for your fingertips

Have you signed-up for a free SmartHub account? If you're one of the nearly 12,000 members currently using SmartHub, you already know this account navigation tool is handy, helpful and easy to use. If you haven't signed up, take the technology plunge to find out what you've been missing — it's a lot.

SmartHub makes it easy for you to be in control of your LCP account. And the ease of reporting an outage has never been easier. That's right. You can even report a power outage using SmartHub. Your message will bypass the phones and go straight into dispatch where the crews are notified and scheduled. That means no wait time on the phones trying to report your outage.

Load control notification is another reason to have a SmartHub account. As announced last month, LCP is in the process of working with our service provider to expand the



notifications available through SmartHub. The goal is to offer "load control" notifications this winter when dual fuel and other EnergyWise loads are being controlled. The notification will deliver via text or e-mail.

How to sign up for SmartHub

1. Visit www.lakecountrypower.coop. The white box to the right of the home page offers a link. Click "New user? Register to use SmartHub."
2. Enter your account number with Lake Country Power.
3. Enter your last name or business.

4. Enter your e-mail address.
5. Click the yellow "submit" button.
6. You are now registered.

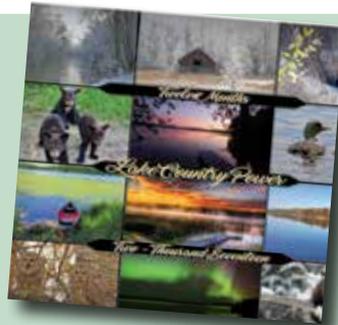
How to download the SmartHub mobile app

- First you'll need to register for an account, following the steps listed previously.
- Search "SmartHub" in the iTunes or Android Marketplace app store.
- Click download and then follow the prompts from there to get into your account.

What you get with SmartHub

- Report a power outage
- Make a payment and go paperless
- Schedule future payments
- Review current electric account balance
- Receive e-mail and/or text notifications regarding your bill
- View past and current bill statements
- Review payment history
- Soon: receive notifications when dual fuel and off-peak are being controlled

2017 Co-op Calendars Available



3 ways to get your free 2017 co-op calendar from Lake Country Power:

1. Request one online at www.lakecountrypower.coop
2. Visit one of LCP's service centers in Grand Rapids, Kettle River or Mountain Iron
3. Complete and mail this request form

Please mail me a 2017 co-op calendar! Thank you.

Name: _____

Address: _____

City/State/Zip: _____

Account Number, for membership verification: _____

Mail this request form to: Lake Country Power, attn. Tami Zaun, 2810 Elida Drive, Grand Rapids MN 55744. We will process and mail your calendar within 3 - 4 weeks after receiving the request. Calendars offered to LCP members on a first-request, first-serve basis. Limited availability. Request your copy today!

Recipe Corner

Lumberjack Cake

Pam Hartline, Eveleth

In memory of my father who spent many hours logging.

- 1 cup chopped dates
- 1 tsp baking soda
- ½ cup butter
- 1 ¼ cup sugar
- 1 egg
- 1 tsp vanilla
- 1 ¼ cup flour
- ¾ tsp baking powder
- ¼ tsp salt
- ½ cup coconut



Preheat oven to 350 degrees. Grease 9-inch spring-form pan. Line bottom with parchment paper. Bring dates and 1 cup water to a boil in a sauce pan. Remove from heat and stir in baking soda. Set aside, let cool. In large bowl, beat butter, sugar, egg and vanilla. Then slowly beat in date mixture. Add rest of ingredients, beating until combined. Fold in coconut. Spread in pan. Bake 40 - 50 minutes. Cool on rack, then remove from pan. Dust with powdered sugar.

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.

New substation online; celebrating improved electric service

Lake Country Power and local officials from Shamrock Township and the Big Sandy Lake area cut the ribbon on the electric cooperative's new padmount substation, Nov. 2. More than 1,800 individual LCP services will see improved reliability from this unique substation investment.

After a summer of storms and substation construction-related outages, it means fewer outages in the future for the farms, resorts, cabins, homes and commercial businesses served by the co-op in the townships near Big Sandy Lake.

LCP members experienced several outages the past few months as the line was placed on "one shot" status until the project was complete. "One shot" protects crews and shuts down the line immediately when a fault occurs.

The padmount substation will greatly increase reliability. Enclosed equipment, fed by underground lines, is



Lake Country Power representatives and co-op members gathered to officially commission the Big Sandy Substation with a ribbon cutting in Nov. **To the right:** Top photo is Adam Marotz, crew chief, and bottom is Greg Randa, general manager.



protected from the weather, more aesthetically pleasing and increases safety as there are no exposed energized parts. The entire low-voltage side of the substation is shielded from ice, wind, and exposure to lightning. Also, wildlife problems are substantially reduced as compared to an overhead substation because the equipment is enclosed.

"Our business operation relies on having reliable electricity everyday so our team can meet production

goals and consumer demand," said Sandy Marsyla, corporate controller for Floe International. "We are excited Lake Country Power made this investment for the entire Big Sandy area, which will improve everyone's power quality for years to come."



We work hard to keep your coffee hot, your milk cold, your batteries charged and your home warm.

The Value of Electricity
– Energy that Powers our Lives

STAY WARM & COZY

With Off-Peak Heating



REBATES

OF **\$50** PER KW



A Touchstone Energy Cooperative

SAVE UP TO 50% ON YOUR HEATING COSTS
EFFICIENT ETS TECHNOLOGY

ELECTRIC THERMAL STORAGE

Space heaters can run up your electric bill

One word of caution this winter is to watch the space heaters you use to heat or add supplemental heat into your home. Space heaters are often the culprit for a spike in winter electric bills, according to Lake Country Power's billing department.

Before you plug in, figure out how much you'll spend each day using one 1,500-watt space heater. Use this formula:

- Multiply 1,500W by X hours of use = A
- Multiply A by your electricity rate per kilowatt-hour = B
- Divide B by 1,000 = your daily cost

According to the Department of Energy, small space heaters can be less expensive to use, but only if you're heating one room while turning down the thermostat for the rest of the house. Plus, space heaters are not as efficient as a central heating system.

"Lake Country Power members are much better off using a Steffes room storage heater on the co-op's off-peak heating program to keep chilly rooms warm," said Jeff Sheldon, manager, energy services and business development.



For more information or to purchase Steffes heating products, contact LCP's member service department at 800-421-9959, press #6, or visit www.lakecountrypower.coop.

Electric co-ops: reliable, responsible and responsive

Electric cooperatives must ensure service is dependable and safe while keeping a close eye on costs and rates. As member-owned utilities, cooperatives must also be responsive to the requests of its membership.

"It's a balancing act," said Greg Randa, general manager for LCP. "We find creative ways to accommodate requests from members without placing a financial burden on the membership as a whole."

The ability to balance priorities will be essential with the impending changes to the electric system.

Rising renewables

Minnesota utilities are mandated to generate 25 percent of their electricity from renewable sources by 2025. Lake Country Power's wholesale provider, Great River Energy, continues to add renewables and remains on track to achieve that goal.

Lake Country Power is studying solar capabilities for members from the 20 KW solar array at its Grand Rapids Service Center.

Electricity on the roadways

Electric vehicles are driving farther than ever, and their prices continue to fall. Research shows that 69 percent of U.S. drivers drive less in a typical day than the range of many electric vehicles.

LCP joined Great River Energy to launch Revolt, a first-of-its kind program that allows cooperative members to upgrade the electricity used to fuel their vehicles to wind energy at no additional cost. Learn more at energywisemn.com/revolt.



Environmental stewards

Facilities that generate electricity are subject to state and federal rules to limit their environmental impact, and Great River Energy is proud to comply with them all. Also a member-owned cooperative, Great River Energy has reduced its emissions over time and has enacted strategies to continue the downward trend.

Helping members conserve

In Minnesota, electric cooperatives are required to help their members conserve electricity through education and incentives to replace old, inefficient equipment with modern models that use less power.

"We have been helping members control electricity costs since long before this law was in place," said Mark Olson, member service supervisor. "Helping our members use electricity wisely is the right thing to do."



ENERGY EFFICIENCY Tip of the Month

Electric bills increase during the winter for a variety of reasons—holiday gatherings, houseguests, and shorter days and longer nights. Small measures, like turning down your thermostat, replacing incandescent bulbs with LEDs and washing clothes in cold water can help control energy costs.

Source: TogetherWeSave.com

Save money with your Co-op Connections® Card

You work hard, so let The One Card That Does It All® work hard for you. If fitness is on your list of New Year's Resolutions, these clubs offer a discount to Co-op Connections Card holders:

- **Anytime Fitness:** Hibbing, Virginia and Grand Rapids
- **Curves:** Grand Rapids



- **Eman's Belly Dancing and Zumba Studio:** Duluth
- **Rapid Fitness 24/7:** Grand Rapids
- **Supreme Court Fitness:** Virginia

Visit www.lakecountrypower.coop (Community/Co-op Connections Card) for specifics on local and national deals.

It all adds up: Investing in a reliable electric system

How much does one 25 kva overhead transformer* cost?



- A. \$75
- B. \$874
- C. \$180
- D. \$432

*LCP has 34,699 overhead transformers on its system. It's a device that's used to raise or lower voltage along electric distribution lines to safely provide electric service to homes and businesses.

September 27, 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 about the subsidiary operations and financials through August, employee workforce and other topics.

General Manager Randa reported that LCP will not receive any FEMA funding for damages from the July 21 storm. He also reported on Northland Connect, Tesla battery factory, Ely Outpost, approval from the City of Cloquet Commission to build a new substation in 2018, LCP's strategic planning, LCP's fleet auction, a regional meeting and an invitation from North Star Cooperative to attend their annual meeting.

Director of Finance and Administration Mark Bakk highlighted several items in the July financials. While some of the costs and expenditures related to the July 21 storm are reflected in the financial reports, there are still some outstanding expenses.

The following actions were taken:

Approved Form 990 for the year ending 2015 and to file it with the IRS.

Approved to adopt a resolution for the Facility Planning Study related to constructing a new Grand Rapids Service Center. The board requested General Manager Randa contact five additional architects regarding proposals for the project, which would be considered at the October board meeting.

Approved a resolution authorizing a Revolving Loan Fund for economic development to MNSTAR Technologies at three-percent interest over 10 years.

Approved Natural Harvest Food Co-op in Virginia complete an application for a loan from LCP's Revolving Loan Fund for business expansion.

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 Dec. 2016. Patty Maki of Gilbert, MN said this little chickadee didn't let the snow bother him. She took the photo in her backyard.

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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:
Grand Rapids • Kettle River • Mountain Iron
800-421-9959 • www.lakecountrypower.coop
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Comparative Operating Statement

Year-To-Date — September 2016

	2016	2015
Electric Operating Revenue	\$ 64,553,776	\$ 63,112,577
Cost of Purchased Power	34,342,938	34,204,023
Distribution Expense - Operations and Maintenance	10,914,957	9,392,329
Consumer Accounts Expense & Informational	2,958,179	2,925,723
Administrative and General Expense	4,438,415	4,318,835
Depreciation, Interest Expense and Other Deductions	11,153,598	11,420,102
TOTAL ELECTRIC OPERATING EXPENSES	63,808,088	62,261,013
Net Electric Operating Margins	745,688	851,564
Non-Operating Margins	1,223,344	757,223
TOTAL MARGINS BEFORE SUBSIDIARIES	1,969,032	1,608,788
Net Income (Loss) from Subsidiaries	188,705	113,833
TOTAL MARGINS	\$ 2,157,737	\$ 1,722,621
TOTAL kWh SOLD (YEAR-TO-DATE)	444,270,756	464,011,133

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.