December 2018

Newsline

Lake Country Power
A Touchstone Energy® Cooperative
Energy that Powers Our Lives

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BOARD MEETINGS December 13 – 9:30 a.m. at Mountain Iron Service Center ■ January 29 – 9:30 a.m. at Grand Rapids Service Center

$47 million and counting

$3 Million credit to benefit members this month

Members will see a special credit printed on their December billing statements this month. Lake Country Power's board of directors approved a $3 million capital credit retirement during the monthly October board meeting.

What does that mean for you? If you're a current member, you'll see the benefit show up as a credit on your December electric bill.

Capital credits are a membership benefit of being served by a cooperative like Lake Country Power. When financial conditions allow, your co-op will share any extra revenue back with the members we serve. It's like getting cash back for a percentage of the electricity you purchase.

Here's how the 2018 capital credit retirement will work:

- Members from the two oldest years, 1990 and 1991, will receive the entire (100%) LCP portion of their unretired capital credits, representing more than $1.9 million.
- Members from 1992 will receive 50% of the LCP portion of their unretired capital credits that are due to them, representing more than $785,000.
- The remaining $1 million will be retired on 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 2018 billing statement. Inactive members (those who've moved off the co-op system) will be mailed a check to their last known mailing address if the amount is $10 or greater.

Between Lake Country Power and its three predecessor cooperatives, more than $47 million in credits has been returned to members through the years.

What are capital credits?

Member equity, also called 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.

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.

"Our goal is to provide members with electricity at a price that's as close to cost as possible," said General Manager Greg Randa. ■

Know anyone with unclaimed capital credits?

Nearly 19,000 members may have money waiting from Lake Country Power in the form of unclaimed credits. If you know anyone who moved off the co-op's system without leaving a forwarding address and may have unclaimed credits due, please have them check the new and updated list that's available at www.lakecountrypower.coop. Look under "my account" and then "capital credits" for the listing.

If you have any information, please call LCP at 800-421-9959, and press 5 for billing. Any monies not claimed will be used toward Lake Country Power's scholarship program for students pursuing higher education beyond high school (see page 2).

Meeting our mission to serve in the New Year

Holding down costs while making important, and necessary, investments continues to be at the core of our mission to serve co-op members with safe and reliable electricity.

By Greg **RANDA** LCP general manager

As we get ready to close out another year, we're already looking to the next. At the time of this writing, we're working on the 2019 budget proposal for board approval. In the process, we're taking a hard look at rising costs and maintaining the financial footing of the co-op.

In 2019 we will conduct a Cost of Service Study with an independent consulting firm. We've worked hard to hold rates (and costs) down since we changed to a cost of service approach to rates in 2012.

Providing electricity at the "cost of service" means we align costs and rates. It means most of our local costs (costs for maintaining poles, wires, substations, trucks, investments in technology, right-of-way maintenance and answering calls or questions, etc.) to better serve you are primarily recovered in the monthly service availability charge.

Other costs, such as power generation and transmission, are primarily recovered in the kilowatt-hour (kWh) rate.

There are several primary factors that put pressure on rates for Lake Country Power: right-of-way maintenance, construction work plans, medical/labor costs and the cost of power. In the last 10 years, medical insurance premiums have almost doubled.

If we need to make a rate change to meet and maintain service and reliability expectations, we'll prepare a recommendation for the board and keep you informed.

In the meantime, we'll continue our efforts to hold down operating costs without sacrificing reliability or service for you. One of the ways we're able to do this is by borrowing at the lowest available interest rates today, which is through the federal government's Rural Utilities Service.

Another way we control operating costs is by prioritizing where funds are best spent for building lines, replacing aged lines and other equipment, and internalizing more construction work for our own line crews to do.

As we move into a New Year, we'll remain focused on meeting our promise to members, and that's to provide safe, reliable electric service, manage member resources wisely, and serve to help our communities prosper. ■

Election process underway

The nomination process for Lake Country Power board of director positions begins January 17, 2019. The three-year board terms for District 2 (Michael Forsman, incumbent), District 4 (Craig Carlson, incumbent) and District 8 (Jim Huhta, incumbent) are expiring.

Any Lake Country Power member who has voting rights in Districts 2, 4 and 8 and is interested in seeking nomination for the board of directors should follow these procedures:

1. Pick up a nomination packet, and complete a qualification questionnaire confirming you meet all qualifications for director as described in Article III, Section 2 of the Bylaws of Lake Country Power.
2. Submit a nomination petition signed by 15 Lake Country Power members. If a husband and wife have a joint membership, it will be counted as one signature.
3. Submit a board candidate biography of no more than 180 words in length.

Nomination packets will be available at all three service center locations beginning January 17. The deadline for submitting nomination materials is 4:30 p.m., February 6, at the Grand Rapids Service Center.

The notice of the annual meeting and ballots for electing directors will be mailed to all members of Lake Country Power between March 28 and April 2. ■

The annual meeting will be held Wednesday, April 17 at the Lincoln Elementary School, Hibbing, MN. Registration begins 4:45 p.m. with the meeting to follow at 6:00 p.m. An evening meal will be served during registration. If you have questions regarding director elections, contact Tami Zaun at 800-421-9959, ext. 7152.

Operation Round Up® helps protect police officers

Two police officers will be safer in their line of duty thanks to a $2,800 contribution from Operation Round Up®, Lake Country Power's charitable giving program. The funds were used by Arrowhead SHIELD616 to purchase tactical gear and bullet-proof vests.

"Being a cooperative, we are community-focused and give our utmost respect and support to those individuals who place their lives in harm's way to make our communities safe," said LCP's Mike Birkeland. "It's an honor to help police officers be safer in return through this Operation Round Up grant."

A special presentation was held at Lake Country Power's service center in Grand Rapids when SHIELD616 presented the equipment to Mr. Hollom and Mr. Hussman, and their wives. Kevin and Debbie Skifstad are lead volunteers with Arrowhead SHIELD616. ■

▶ L to R: Coleraine School Resource Officer Andrew Hussman; Jan Bignall, Operation Round Up trust board; Bovey Police Chief William Hollom; Bobbi Maish Operation Round Up trust board; Jeff Sheldon, Manager, Energy Services & Business Development; and Mike Birkeland, Director, Member Service & Community Relations.

Three local schools impacted by Rachel's Challenge

Students and community members of three local towns heard the message of Rachel's Challenge this fall, and are starting a chain reaction of kindness and compassion in their schools and communities. Rachel Joy Scott was the first victim in the Columbine High School shooting on April 20, 1999. Rachel had a theory.

"I have this theory that if one person can go out of their way to show compassion then it will start a chain reaction of the same," Scott, 17, wrote in a diary entry that is being repeated before student groups across the country.

▶ Students sign a banner at Nashwauk-Keewatin School to indicate their acceptance of Rachel's Challenge.

Students listened intently as a Rachel's Challenge spokesperson talked about Rachel's life and code of ethics during the 60-minute presentation. Rachel challenged the students to get rid of prejudice, speak kind words, dare to dream and write down goals, seek out positive influences and start a chain reaction of kindness and compassion.

"Cherry School students, staff and community are in great appreciation of Lake Country Power bringing Rachel's challenge to our school," said Michael Johnson, Cherry School principal, in a letter to the co-op. "The values and message that was presented to our students is the exact connection to our vision at Cherry School to better help students develop empathy, understanding, and kindness."

Nearly 25 percent of the Cherry School's student body is committed to carrying out Rachel's Challenge through the Friends of Rachel Club. LCP also sponsored the program for Nashwauk-Keewatin School and Greenway School. ■

If your school is interested, please contact Tami Zaun at 800-421-9959, ext. 7152, or tzaun@lcp.coop.

Sharing the beauty

2019 Calendar winners impress with stunning photographs

It seems a fair statement that members enjoy receiving the co-op calendar each year; either by stopping in at one of the service centers, calling the cooperative office, or requesting one on the Lake Country Power website.

Since 2014 the member-produced photo calendar has impressed the visual senses. And, this year is no exception. The 2019 edition has 12 outstanding winning photographs, and hundreds of worthy submissions were entered in the annual contest which was conducted on Facebook.

Everyone has the tools

With the advent of the smartphone, and subsequent present-day technology, photography is right at the tip of most everyone's fingers. Great pictures come from hard work, framing, lighting, and a creative eye – which can be achieved whether you use professional equipment or master a smartphone camera.

With that said, add the natural beauty and wildlife of our geography to the equation and Lake Country Power members are sure to witness many opportunities for award-winning moments.

"Northern Minnesota has so many unique landscapes and subjects to capture, and all in one photo. I like how pictures can tell stories all on their own," says Mary Sorenson of Cloquet, whose wonderful picture of a nesting loon represents the month of June.

Two-time winner

Patty Maki of Gilbert won with two photos: A stately picture of a bald eagle perched in a pine tree for March, and a snow-surrounded chickadee featured in December.

"I truly love taking photographs of our beautiful northern Minnesota nature and landscapes," Maki says. She also says she loves the contest because, "it not only gives me a chance to share some of my photos with our community, but also to view those submitted by others. There are so many gorgeous photos submitted each year!"

Rolling in the New Year

And, it all starts next month with the January 2019 snow-scene photo near Ely from Cindy Carvelli-Yu. She says her motivation lies in preserving a Northwoods experience, and the serenity that embraces it.

"I wanted to enter my picture as nature can be so fleeting. When you see a moment, you need to capture it. That one perfect moment is worth sharing with others, so they too can hopefully not only see the picture but feel it as well."

The co-op calendar contest is open to all Lake Country Power members with guidelines. Photo entries for the 2020 calendar competition will be announced in early 2019. ■

Request your beautiful 2019 co-op calendar today as supplies are limited: lakecountrypower.coop, or call 800-421-9959.

Scholarship season opens January 1, 2019 for high school seniors

Graduating high school seniors whose parents or guardians are LCP members are invited to apply for the Les Beach Scholarship. The scholarship application process opens January 1, and must be completed electronically from the co-op's website by 11:59 p.m., 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.

Lake Country Power offers scholarships to one student, per year, at more than 30 high schools in the LCP service area. Scholarships are also offered for home-schooled students and to students who qualify in the "at-large" category, as defined on LCP's website. ■

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.

Energy assessments work best in the winter

If your electric bill seems higher than normal and you haven't changed any routines in your home, it may be time for an energy assessment, or perhaps even an energy 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 the co-op, 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 an opportune time 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 LCP. 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. Your co-op will provide information about rebates and EnergyWise programs when the certified energy auditor requests follow-up. ■

If you'd like an energy assessment or audit, contact us 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.

2017 Member Energy

All-requirements member-owner cooperatives

▶ Great River Energy, LCP's wholesale power supplier, maintains a diverse portfolio for its energy generation sources, as shown in this chart. As a member of Lake Country Power, this is the mix of energy you receive. Learn more about GRE's future plans at www.greatriverenergy.com.

RECIPE CORNER

PEANUT BUTTER CANDY BARS

From the Kitchen of:
Smila Erickson,
Cloquet, MN

INGREDIENTS

- 3/4 cup butter
- 2 cups quick cooking oatmeal
- 1 1/4 cups flour
- 1 cup packed brown sugar
- 1 tsp. salt
- 1 tsp. vanilla
- 1/2 tsp. baking soda
- 1/3 cup dark corn syrup
- 1/2 cup peanut butter
- 1 cup semi-sweet chocolate chips

DIRECTIONS

Melt butter in saucepan. Add remaining ingredients, except peanut butter and chocolate chips. Press into greased 13x9 pan. Bake 375 degrees, 18 minutes or until light golden brown. Do not over bake. Spoon peanut butter over hot bars and sprinkle with chocolate chips. When soft, spread to frost.

Submit your favorite recipe to Lake Country Power, Attn. Editor, 2810 Elida Drive, Grand Rapids, MN 55744, or e-mail tzaun@lcp.coop. 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.

ENERGY EFFICIENCY

TIP OF THE MONTH

Heading out of town for the holidays? Remember to unplug electronics that draw a phantom energy load. Some gadgets, like TVs, gaming consoles, chargers and DVD players use energy when plugged into an outlet-even when they're not in use.

Source: energy.gov

HOLIDAY OBSERVED

All LCP offices will be closed December 24 and 25 for Christmas, and January 1 for New Year's Day. 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.

Condensed Board Minutes Sept. 25, 2018 • Regular Monthly Meeting

THE FOLLOWING REPORTS WERE GIVEN:

President Craig Olson reported that in addition to attending the Region 5 and 6 meeting, he attended the Credentialed Cooperative Director (CCD) class 2600 – Director Duties and Liabilities. Olson has now completed the required classes and has reached the CCD certification level. Olson and General Manager Randa have discussed selecting a firm/attorney to assist with cooperative matters, as LCP's Legal Counsel Dan Carlisle leaves Pemberton Law Firm to serve as general manager of Todd-Wadena Cooperative.

Directors Bruckbauer and Olson reported about items discussed at the Great River Energy board meeting: review of the board meeting structure, financials and power cost adjustment, and strategic overview of GRE rates as conducted by The Brattle Group with member managers.

General Manager Randa reported about the Great River Energy rate analysis that's being conducted by The Brattle Group along with member managers. Randa gave an update on Northland Connect, work and construction at the Grand Rapids headquarters building site, FEMA qualification for storm related damages in June and July. He also reported on strategic planning for LCP, labor negotiations, and the 2019 budget preparation.

THE FOLLOWING ACTIONS WERE TAKEN:

Approved Directors Dan Kingsley and Jason Long to attend five classes in Nov. to become a Credentialed Cooperative Director through the Minnesota Rural Electric Association.

Approved the proposed revisions to Governance Policy 107 – Director Reimbursement. (Policies are available to members at www.lakecountrypower.coop, or by calling LCP.)

Approved the 2017 Form 990, and that it be filed with the IRS.

Approved to authorize Goodland Township to complete a Revolving Loan Fund application toward the community's interest to build a new fire hall.

Approved to retain Chad Felstul from Pemberton, Sorlie, Rufer & Kershner Law Firm as LCP's legal counsel for general matters, and Sara McGrane from Felhaber Larson for service territory related issues.

Editor's Note: These board minutes have been condensed. A full copy of the board minutes can be read at www.lakecountrypower.coop under "My Cooperative." 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 December 2018. Peggy Twining-Prentice of Duluth took this photo of the Cloquet River after a snow storm.

Co-op Contacts

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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 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 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@lcp.coop
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 – September 2018

	2018	2017
Electric Operating Revenue	$ 69,187,796	$ 65,927,746
Cost of Purchased Power	35,996,270	35,127,452
Distribution Expense - Operations & Maintenance	11,291,735	9,650,423
Consumer Accounts Expense & Informational	3,405,968	3,227,217
Administrative and General Expense	4,653,940	4,487,877
Depreciation, Interest Expense and Other Deductions	11,037,298	10,636,656
TOTAL ELECTRIC OPERATING EXPENSES	**66,385,212**	**63,129,626**
Net Electric Operating Margins	2,802,584	2,798,120
Non-Operating Margins	1,164,447	1,385,583
TOTAL MARGINS BEFORE SUBSIDIARIES	**3,967,031**	**4,183,703**
Net Income (Loss) from Subsidiaries	144,020	34,662
TOTAL MARGINS	**$ 4,111,051**	**4,218,365**
TOTAL KWH SOLD (YEAR-TO-DATE)	**472,222,800**	**439,763,762**

Editor's Note: *These financials are condensed. A complete set of financials can be viewed at www.lakecountrypower.coop under "My Cooperative." You'll need to sign up for access if you haven't already. Or call 800-421-9959 for a copy.*