

Merry Christmas

December 2019

Newsline

BOARD MEETINGS December 19 - 9:30 a.m. at Mountain Iron Service Center ■ January 28 - 9:30 a.m. at Cohasset Service Center



IN THIS ISSUE

Year-End Reflections
Election Process Underway
New Wind Farm
Energy Assessments

\$51.4 million and counting

\$4.4 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 \$4.4 million capital credit retirement during the monthly October board meeting.

Of this amount, \$3 million is from Lake Country Power's regular retirement of capital credits. Another \$1.4 million is from Great River Energy, LCP's wholesale power supplier, which will be retired to LCP members as well. This is the first capital credit retirement from GRE to its 28 member-owner cooperatives.

"Our member-owner cooperatives

decided long ago to invest in the financial strength of Great River Energy by gradually increasing equity over time, with the goal of returning patronage capital to members in 2020," said GRE Vice President and Chief Financial Officer Michelle Strobel. "With our members' support, we achieved that goal in 2018, and we will provide cash back to members two years earlier than planned."

Benefits of Membership

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.

Co-op 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.

Two Part Process

Here's how the 2019 capital credit retirement will work, based on the LCP capital credit portion and the GRE portion.

LCP Portion (represents \$3 million):

- Members from 1992 and 1993 will receive the entire (100%) of their unretired credits, representing more than \$2.1 million.
- The remaining nearly \$1 million will be retired on a percentage basis to former and current members.

GRE Portion (represents \$1.4 million):

- For co-op members from 1980 through 1987 and into 1988 will see GRE credits retired and returned.

Active members will see a credit on their December 2019 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 \$51 million in credits has been returned to members through the years. ■

Did You Know?

Electric cooperatives have retired \$17 billion to members since 1988 – \$1.2 billion in 2018 alone. Because electric co-ops operate at cost, any excess revenues (called margins) are allocated and retired to members in the form of capital credits.

Source: National Rural Utilities Cooperative Finance Corporation

\$1.2
BILLION
IN 2018

\$17
BILLION
SINCE 1988

Why do co-ops have credits?

Unlike for-profit companies, co-ops don't operate to build shareholder wealth. 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.

Year-end reflections

As we think about the spirit of the season, and a new year on the horizon, it presents an opportunity to reflect on many positive outcomes this past year. As general manager of Lake Country Power, my goals are many. However, the most significant goal is to ensure the safety and well-being of all employees.

I want every employee to return home from work safely each day to their families. In turn, I expect our employees to look out for each other's safety as well. That's why our safety program is comprehensive for all employees in all positions – whether they work in our offices, along the lines, or beside roads and highways.

Our employees truly are the instruments of Lake Country Power. I appreciate their consistent good work, their sharing of ideas for improvement, and their constant awareness of professionalism. If you see our employees out and about this holiday season, I invite you to thank them for their dedicated professional service.

Your experience with our employees speaks volumes as well. Recent survey results of the membership show the fine work our employees provide when called upon by members (see graph).

Long-lasting investments

Making the electric grid even more reliable remains a

high priority. We have built, maintained, and improved our distribution system over the last 80 years, yet we still have much to do.

We are more than halfway through our new automated meter installations. And we are making important investments in changing out aging poles, wires, and equipment, as well as strengthening our infrastructure.

Our engineering work plan calls for more than 75 miles of age-related, necessary replacement work annually. It is crucial work that needs to be continued well into the

– everyone from Cohasset community leaders, our board of directors, our local workforce, Lake Country Power employees, and local contractors.

The new building represents an investment of more than \$12 million in the region – and we want to thank Hawk Construction, ARI architects, our nearly 20 sub-contractors and the men and women of the local building trades who helped complete this long-term investment in the region.



By Greg
RANDA
LCP general
manager

Investing in Community

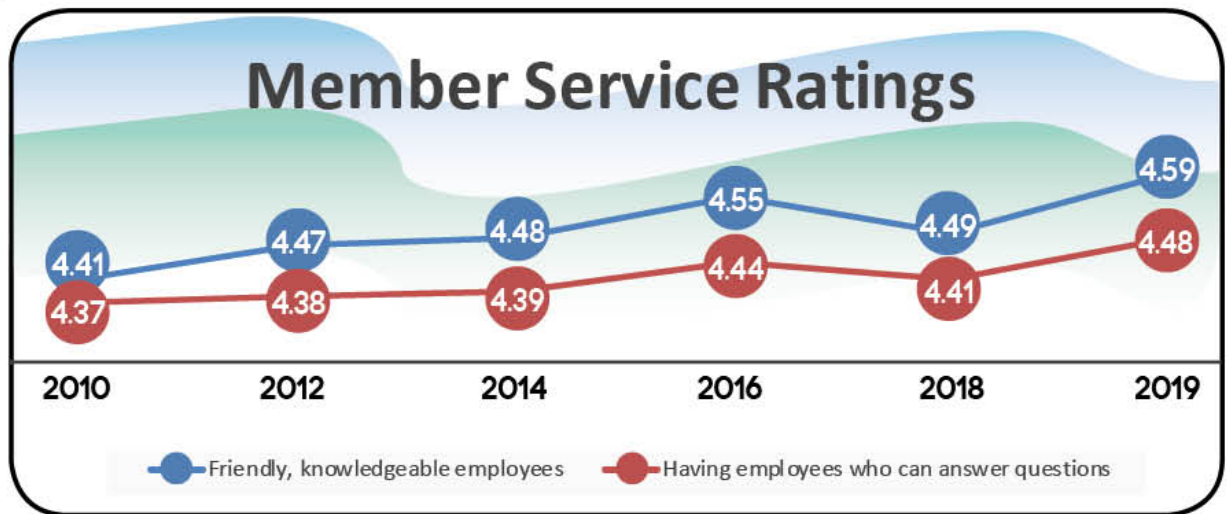
It is also scholarship season. LCP scholarships have benefitted more than 500 students in our region over the past 20 years. The

It is also our hope these students return home to become part of our region once again to help grow our businesses and communities of the future.

We also invest in our communities through Operation Round Up®. More than 75 percent of our members participate in this program – rounding up electric bills to the nearest dollar each month.

This program has generated more than \$2.4 million in grants given back to our communities since 2004. One hundred percent of every dollar that members contribute flows back to worthy projects and programs in our region.

These accomplishments and values reflect what co-ops are all about. Co-ops are communities of



future— even 90 years into the future.

In addition to investments in assets such as poles, wires and transformers, we completed another long-lasting investment this year when we opened the doors on the new Cohasset Service Center. The project was made possible by people working together

scholarship application process for 2020 opens in January and we will be awarding scholarships to more than 40 high school and community college students next year. Our scholarships, funded through unclaimed capital credits, help students further their education and reach their goals in life.

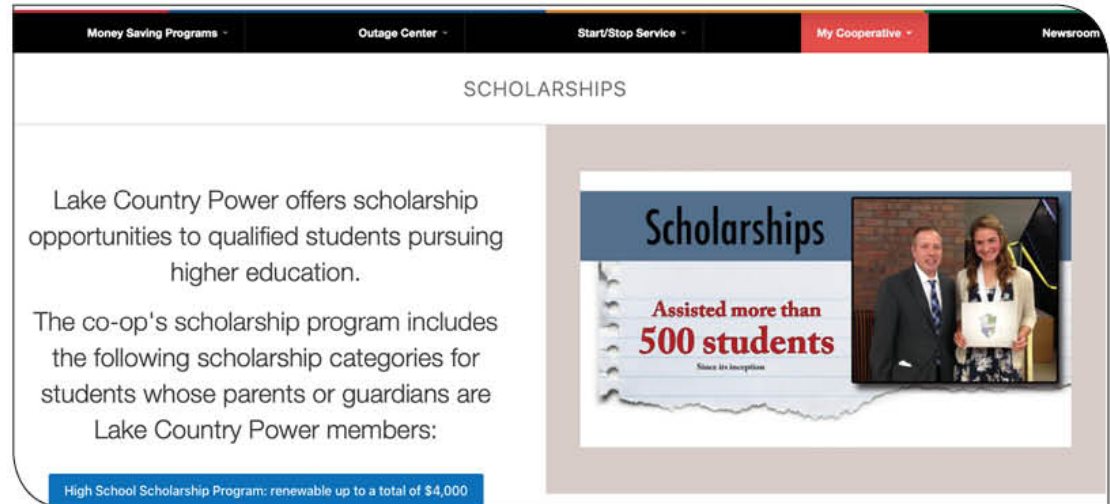
people working, growing, and sharing ideas. Together, we work to improve the way we address member needs and handle changing expectations. Together, we stay plugged in – providing the energy that powers our lives, our communities and our region. ■

Scholarship applications begin January 1, 2020 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 "My Cooperative," click the "Scholarships" tab under "Community").

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 have a full-time enrollment status at a technical school, community college or university.

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. ■

Election process underway

The nomination process for Lake Country Power board of director positions begins January 16, 2020. The three-year board terms for District 3 (George Harvey, incumbent), District 6 (Dan Kingsley, incumbent) and District 7 (Craig Olson, incumbent) are expiring.

Any Lake Country Power member who has voting rights in Districts 3, 6 and 7 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 16. The deadline for submitting nomination materials is 4:30 p.m., February 5, at the Cohasset 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 26 – 31.

The annual meeting will be held Wednesday, April 15 at the Cohasset Service Center, Cohasset, 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. ■

Survey results show positive uptick

Periodically Lake Country Power conducts a random survey among its membership. The most recent survey was done this fall through National Rural Electric Cooperative Association (NRECA) Market Research Services. It shows positive trends for employees providing service excellence and members feeling happy with their service and cooperative.

Members were asked to evaluate 19 performance quality attributes related to member service, electric service, communication, billing and cost, among other topics such as electric vehicle interest. Most of the ratings scored close to more than 4.00 on a five-point scale, and a couple of the attributes

met or exceeded 4.5, which is considered excellent.

"That is a testament to the excellent service employees are giving members on a consistent basis," said Mike Birkeland, LCP director of member service, community relations and strategy. "We're thankful when members participate in surveys like this one because it helps us identify how to serve members better."

The following attributes showed the highest ratings in the study:

- Having friendly, knowledgeable employees (4.52)
- Being easy to reach to report a power outage (4.50)

- Having convenient payment options (4.46)
- Having employees who know how to answer members' questions (4.43)
- Providing accurate and easy to understand bills (4.34)
- Resolving any issues or problems (4.30)
- Supporting the local community (4.30)
- Communicating with members and keeping them informed (4.29)
- Keeping longer outages to a minimum (4.29) ■



The electricity serving Lake Country Power's members just got even better as another wind energy project has been added to the mix.

The Emmons-Logan wind farm will begin producing electricity Jan. 1, becoming the largest renewable resource serving LCP. The 200-megawatt project will provide carbon-free electricity to members for the next 25 years.

The wind farm is the newest addition to the portfolio of resources for LCP's wholesale power provider, Great River Energy. Over the past five years, all of Great River Energy's new energy resources have been renewable.

Great River Energy's carbon emissions have dropped 38 percent since 2005, and the cooperative continues to seek additional carbon reductions over time. Renewable energy, specifically wind, is Great

River Energy's least-cost resource, so energy has lower emissions while remaining competitive.

The Emmons-Logan wind farm features more than 80 wind turbines that are capable of generating enough clean, renewable energy to power 80,000 homes. With the new project, Great River Energy's wind capacity will include more than 600 megawatts.

Great River Energy met the requirements of Minnesota's Renewable Energy Standard in 2017, eight years ahead of the state requirement. In May 2018, Great River Energy established a voluntary goal to provide its all-requirements member-owner cooperatives with energy that is 50 percent from renewable resources by 2030. The cooperative also set interim renewable energy goals of 30 percent by 2020 and 40 percent by 2025. ■



RECIPE CORNER CRANBERRY BARS

From the
Kitchen of:
Dorothy Hitchcock,
Ely

INGREDIENTS

- 2 eggs, well beaten
- 1 1/2 cups sugar
- 1 T. brown sugar
- 1/2 cup margarine, room temperature
- 1 1/2 cups flour
- 1/2 tsp. baking powder
- 1/2 tsp. salt
- 1 tsp. vanilla
- 1/2 cup chopped nuts
- 2 cups whole cranberries (fresh)

DIRECTIONS

Mix eggs, sugars and margarine. Add remaining ingredients and mix well. Add cranberries and nuts. The batter will be stiff. Spread into a 9x13-inch greased pan. Bake 350 degrees; 35 - 40 minutes. Frost with a cream cheese frosting of your choice.



Submit your favorite recipe to Lake Country Power, Attn. Editor, 26039 Bear Ridge Drive, Cohasset, MN 55721, 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.

2020 Co-op calendars are here



Be sure to request your 2020 co-op calendar before they're gone. Supplies are limited to a first-come, first-serve basis and one per membership. Request yours online at www.lakecountrypower.coop, call 800-421-9959 or stop in at a lobby of LCP's service centers in Cohasset, Mountain Iron or Kettle River. ■

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. ■



Save money with Co-op Connections®

You work hard, so let The One Card That Does It All® work hard for you. Keep these businesses in mind, and bring your Co-op

Connections® Card to save money – or download the App. For a full listing of business participants, visit www.lakecountrypower.coop (Community/Co-op Connections Card). Find national deals online at www.connections.coop.

There are several local lodging establishments enrolled in LCP's program.

For details, visit LCP's website.

- **AmericInn**, Grand Rapids
- **Cascade Vacation Rentals**, Tofte
- **Comfort Inn-West**, Duluth
- **Country Inn & Suites**, Hermantown
- **Custom Cabin Rentals**, Ely
- **Deer Ridge Resort**, Ely
- **Holiday Inn Express**, Mountain Iron

- **Horseshoe Lake Inn**, McGregor
- **Motel Ely**, Ely
- **Northern Lights Lodge**, Ely
- **Paddle Inn**, Ely
- **Pine View Inn**, Virginia
- **Radisson Hotel Harberview**, Duluth
- **Willard Munger Inn**, Duluth
- **South Pier Inn**, Duluth
- **Coates Plaza Hotel**, Virginia

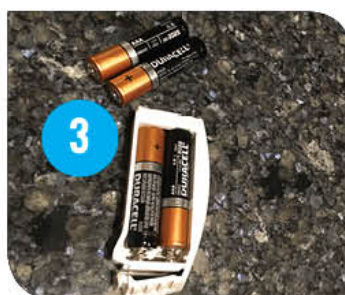
It's time to change the batteries



As we fall back one hour this month, it's a good time to change the batteries in your smoke alarms and other safety devices. It's also good to change the batteries in your programmable



thermostat as well. "Several times a year, I'll receive a service order about someone whose electric heat isn't working or it's working but intermittently," said Ron



Hardy, LCP's member service technician. "A lot of times it's because the batteries are dead in their programmable thermostat, and just need to be changed with fresh batteries."



It's a quick and simple fix to do, especially before the heating season kicks in. Follow the pictured diagrams for a quick tutorial on how to change the batteries in your programmable thermostat. ■

Condensed Board Minutes

September 24, 2019 • Regular Monthly Meeting

THE FOLLOWING REPORTS WERE GIVEN:

President Craig Olson stated he and several directors were on site at the new service center in Cohasset for a walk-through and to see the building progress. He attended the National Rural Electric Cooperative Association Region five and six meeting, and LCP's strategic planning meeting.

General Manager Randa reported about the Great River Energy rate design committee activities; Northland Connect; the grand opening for the new Cohasset Service Center on October 8; legislative visits in Washington, D.C.; staff visits with Twin Metals in Ely; work on the 2020 budget; and annexation matters.

THE FOLLOWING ACTIONS WERE TAKEN:

Approved a resolution that supports LCP making a \$6,000 contribution to United Way, of which will be divided equally among the three United Way agencies in LCP's service area. ■

Editor's Note: These board minutes have been condensed. A full copy of the board minutes can be read at www.lakecountypower.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.

HOLIDAY OBSERVED

All LCP offices will be closed December 24 – 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 lakecountypower.coop. Or call 800-421-9959, press #1.



ENERGY EFFICIENCY TIP OF THE MONTH

Laundry Tip: Dry towels and heavier cottons separately from lighter clothing. You'll spend less time drying the lighter-weight items.

Source: energy.gov



► This picture earned a spot in the co-op calendar for December. Patty Maki of Gilbert took this photo of a cheerful chickadee on a beautiful winter morning in Fayal Township.

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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

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Comparative Operating Statement

Year-To-Date – September 2019

	2019	2018
Electric Operating Revenue	\$67,683,299	\$69,187,796
Cost of Purchased Power	34,332,114	35,996,270
Distribution Expense - Operations & Maintenance	10,638,426	11,291,735
Consumer Accounts Expense & Informational	3,416,245	3,405,968
Administrative and General Expense	4,891,800	4,653,940
Depreciation, Interest Expense and Other Deductions	12,758,913	11,037,298
TOTAL ELECTRIC OPERATING EXPENSES	66,037,498	66,385,212
Net Electric Operating Margins	1,645,801	2,802,584
Non-Operating Margins	902,387	1,164,447
TOTAL MARGINS BEFORE SUBSIDIARIES	2,548,188	3,967,031
Net Income (Loss) from Subsidiaries	416,096	144,020
TOTAL MARGINS	\$2,964,284	\$4,111,051
TOTAL KWH SOLD (YEAR-TO-DATE)	448,792,514	472,222,800

Editor's Note: These financials are condensed. A complete set of financials can be viewed at www.lakecountypower.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.