



A Touchstone Energy Cooperative

Newsline

July 2008

BOARD MEETINGS

July 22 – 9:30 a.m.
at Grand Rapids service center

August 26 – 9:30 a.m.
at Kettle River service center

September 30 – 9:30 a.m.
at Virginia service center

Editor's Note: Co-op events, including board meeting schedules, are posted at www.lakecountrypower.coop. Go to "Community & Kids" and click "Events."

OUR ENERGY, OUR FUTURE

Productive dialogue begins by asking tough questions and requiring straight answers. Send an e-mail to your elected officials at www.ourenergy.coop about the impacts of climate change policy on electric rates and consumers.

BUS TOUR REMINDER

Are you interested in the Wind Farm Tour (Aug. 27 – 28) and/or the Coal Creek Tour (Sept. 10 – 12). Register as soon as possible. Space is limited. Call 800-421-9959.

PRIMARY NUMBER

Lake Country Power's phones are answered 24 hours a day. Our primary phone number is 1-800-421-9959.

Inside

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Construction Process Begins

Climate change legislation: hot topic cooling due to high costs

Over the past several months a climate change bill, called the Lieberman-Warner Climate Security Act (S.2191), has been a hot topic (pardon the pun) in the U.S. Senate. The reason: The bill, as it was written, may indeed effect positive change from a climate perspective, but also a negative impact on pocketbooks for rural consumers.

The bill, which did not pass during a recent vote, called for mandating a reduction of U.S. carbon dioxide emissions to 70 percent by 2050. It also would have cost individual consumers between \$800 and \$1,300 more per year by 2015.

A recent study by the American Council for Capital Formation, a Washington, D.C.-based think tank, looked at the economic costs of S.2191. The study said the proposed legislation would raise energy prices, resulting in job loss, a fall in household income, slow economic growth and production losses in most industries.

While discussion of a green collar economy sounds good, it's estimated that Lieberman-Warner would have cost consumers an estimated \$300 billion per year. That amount is equal to the entire U.S. defense budget.

The bill would have created a new market, which would require utilities to buy credits based on the emissions they release when generating electricity. These credits would be sold to the highest bidder at auction. Some figures show a 150 percent increase in wholesale power costs—and that cost would increase each year as restrictions on emissions tighten.

By letting electric rates rise, Congress believes utilities could afford to pay for the new technology needed to meet growing electric demand while capturing and storing carbon. While true in a sense, the approach actually puts the burden for solving climate change on consumers who pay monthly electric bills.

Whatever your stand on the climate change debate, the price you pay for electricity in the future—and its availability—depends on getting involved in an important discussion through a national

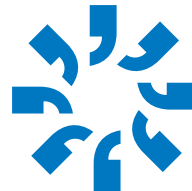
campaign called *Our Energy, Our Future*. The campaign, sponsored by

America's electric cooperatives, is designed to ensure elected officials grasp the importance of reliable, affordable power.

Co-ops want to open dialogue between the 40 million electric cooperative members and lawmakers about a topic that has not been part of the debate to date—the effect climate change laws will have on the price and availability of electricity.

"It's going to be extremely difficult to have affordable electric power or even, in some case enough power, given some of the discussion that's taking place in Washington and some state legislatures," says Glenn English, CEO of the National Rural Electric Cooperative Association. "We need for our members and their elected officials to get together and get on the same page."

NRECA has made this task easy by setting up a Web site at www.ourenergy.coop. Please do your part to protect rates



Our Energy, Our Future A Dialogue With America

CLIMATE CHANGE BILL, CONT'D ON PAGE 4

Making adjustments for power costs



Rick Lemonds,
Lake Country Power
General Manager

In January, Lake Country Power introduced a wholesale power cost rider to monthly electric bills. The concept of a wholesale power cost rider is used by electric utilities to allow for, and account for,

adjustments to the cost of wholesale power during the course of the year. The rider for the first six months of this year has been six-tenths of a cent (.0064) per kilowatt-hour for Lake Country Power members.

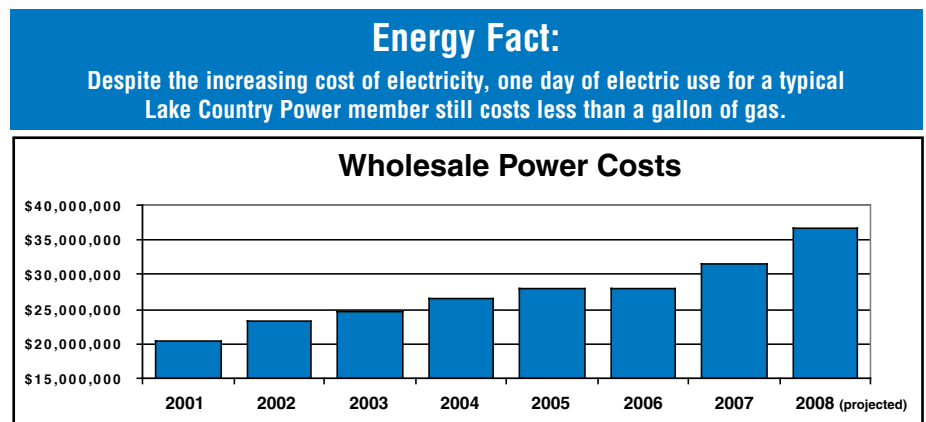
As we mentioned in the June issue of *Newsline*, that is expected to change as we look at the remainder of the year. In fact, as of this writing, we expect the wholesale power cost rider to increase beginning with your July bill.

The reasons:

- Great River Energy, our wholesale power supplier, passed through higher than expected costs to its member systems from January through April due to colder-than-anticipated temperatures and an increased use of electricity throughout the state and region.
- GRE's largest power plant was unexpectedly shut down for unplanned maintenance for two weeks, which resulted in GRE buying high-cost, expensive market power from the Midwest electric grid operator.

The result:

- GRE assessed higher-than-forecasted power cost adjustments on Lake



Country Power's wholesale power bills through April (the additional power costs assessed to LCP: \$1.7 million).

Other Pressing Numbers:

- Lake Country Power's purchased power costs through April are up \$4 million over 2007.
- Due to the reasons outlined above, Lake Country Power's wholesale power costs are nearly \$1.7 million above budget for 2008.


GRE also cites other expected reasons for rising wholesale power costs, such as:

- Fuel costs are rising and coal mining costs are going up.
- The accumulated investment of more than half a *billion* dollars in the last six years in gas-fired peaking plants and the addition of 300 megawatts of wind energy to handle additional electricity demand.
- The company's largest coal plant conducted an extended 70-plus day planned maintenance outage this

spring to upgrade aging equipment. Like the unplanned outage earlier this year, the scheduled maintenance shut down means that higher-priced replacement power was purchased from the open market.

What this all means for Lake Country Power members is that an increase in the wholesale power cost rider will add about \$8.00 a month to the electric bill for a typical member who uses 800 kilowatt-hours per month.

Co-op consumers can expect to see the addition to the wholesale power cost rider on their July billing statements, which will be mailed in late July and August. Participants in the cooperative's Energy Wise® heating and cooling programs will also see the wholesale power cost adjustment applied to the Energy Wise program rates as well.

In an effort to help members save money, Lake Country Power offers affordable heating and cooling programs, energy saving rebate opportunities, an online home energy calculator and other energy-saving tips and conservation links on our Web site at www.lakecountrypower.coop. 

Free CFL recycling at Menards

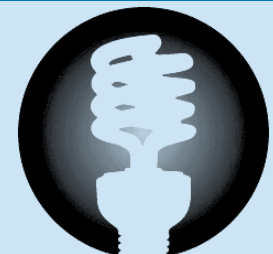
Lake Country Power and its wholesale power provider, Great River Energy, have joined with the Center for Energy and Environment to offer compact fluorescent light (CFL) recycling at no charge. Residential co-op members can drop off expired CFLs at the service desk of the Menards home improvement store, including Duluth.

Compact fluorescent lights (CFL) reduce energy costs and last up to 10 times longer than standard incandescent light bulbs, but due to the presence of a

small amount of mercury CFLs must be recycled. In Minnesota, it is illegal to throw CFLs in the garbage.

Only compact fluorescent bulbs will be accepted. Tubes or other mercury-containing items will not be accepted. If unacceptable materials are brought to the store, Menards service desk team members will help to provide information on proper disposal.

For more information on your recycling options, visit www.minnesota.earth911.org or www.pca.state.mn.us.



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a brighter idea

Stay cool without AC – again.



Leo Wilenius,
Manager, Energy and
Environmental Services

For years, my wife and I had an ongoing standoff on home appliances. I didn't think that a dishwasher was all that necessary and my wife, in turn, didn't feel that an air conditioner was

all that necessary — fair enough. Eventually a dishwasher was added to the kitchen and it looked like my long-considered AC unit was next on the home “wish list.” But, “a funny thing happened on the way to the coliseum,” as they say. During the course of two hot summers, we began to improve on simple methods that kept our home surprisingly cool, without having air conditioning. We shared these tips last year, but a good story is worth telling twice.

- **Deep-Breathing Exercises:** Open windows during summer nights

to take in the cool temps that are often in the 60s and lower. Then, remember to close windows as soon as temperatures begin to rise, usually by 7 am, to “capture” this cool air. A great tool to help regulate temperatures is an indoor/outdoor thermometer.

- **Help Your Home Breathe:** Tower, window and portable fans compliment various window styles to simultaneously move cool air in on one side of the home and hot air out of the other. Balancing air flow in and out will prevent a condition of negative pressure which can lead to chimney odors or carbon monoxide from atmospherically-vented gas appliances back-drafting into the home.
- **Shade Please:** Feel a sun-exposed wall and compare that to a shaded one. It's never too late to plant trees for shade which can reduce wall surface temperatures by 20 degrees. Fast growing

deciduous trees such as maple can grow over 20 feet in just a few years and add scenic beauty. Close blinds and curtains on sun-washed windows.

- **Let's eat out!** Would you turn your furnace on in the morning if you knew that it was going to be 90 degrees outside? Cooking bacon and eggs for breakfast is very much like that. We simply switch to cold cereals, sandwiches and microwavable foods during hot weather. Cooking outside on the grill or taking in a local restaurant helps beat the heat and are great ways to celebrate summer.

I hope you'll give these practices a try. If you find yourself napping on the couch under a blanket on an 85 degree summer afternoon, you'll know you did it right! Enjoy the summer and save energy whenever you can.

— Leo



Construction process begins in Mt. Iron

Lake Country Power's new service center in Mountain Iron is targeted to be ready in early 2009. The service center will be moving from its current location of 39 years on Highway 53 in Virginia to 8535 Park Ridge Drive, Mountain Iron, MN 55768.

The building's overall space will be about 43,000 square feet, which includes office, warehouse and garage space. The added space will help improve work efficiency, especially for crew operations.


The building is projected to be LEED-certified. LEED (Leadership in Energy and Environmental Design) certification is a standard developed by



the U.S. Green Buildings Council (www.USGBC.org) to provide benchmarks for energy efficient and sustainable buildings. Oscar J. Boldt Construction is the building contractor.

Some facts about the building:

- The building is being designed to embrace the existing site for minimal disruption.

- The orientation of the building is designed to take full advantage of solar day lighting and a solar wall is designed to reduce the load of mechanically heating the building.
- Potable water inside the building will be reduced by 50 percent using water-conserving flush fixtures and low-flow fixtures.
- The building is slated to reduce energy usage by 21 percent compared to a conventional energy code compliant system.
- Construction waste will be recycled and 50 to 70 percent will be diverted from landfill disposal.
- The building will provide daylight and views for 75 percent of building occupants. 

CLIMATE CHANGE BILL, CONT'D FROM COVER

and send a pre-written e-mail to your elected officials. Or call Tami Zaun at 800-421-9959 and we'll send an e-mail for you if you're unable. ☑



Right: In May, nearly 3,000 co-op leaders traveled to Washington, D.C., united in a single cause — to urge Congress to protect safe, reliable and affordable electricity. Danny Smith, District 8 Director for Lake Country Power, was one of the attendees (www.dannygsmith.net). Smith encouraged Senator Norm Coleman to make sure rural consumers don't get stuck paying the bill to enact climate change legislation.

CONDENSED BOARD MINUTES

April 22, 2008 Regular Monthly Meeting

The following reports were given:

President Bruckbauer reported on his activities. He attended a hearing concerning the powerline from Cross Lake to Longville. He reported about his attendance at the CoBank 2008 Director's Energy Conference, and a statewide meeting in St. Cloud.

Holding Company President Liimatainen commented about dividends, tax refunds and bank account balances relative to the three subsidiaries.

CEO Lemonds provided information about Great River Energy's power cost adjustment that local distribution co-ops have paid from January through March. He also discussed upgrades and maintenance at Coal Creek Station, legislative matters, GRE financials, and higher energy costs attributed to the dual fuel program. He also stated that Northland Connect has 3,243 Internet

subscribers, which is within two percent of the goal. He provided a supplemental report that included updates on the Mountain Iron building project.

The following actions were taken:

Authorized Director Wallin to attend the September 2008 MREA visit to Washington, D.C.

Nominated Directors Bruckbauer and Liimatainen to the Great River Energy board for a one-year term.

Approved policy changes that allow directors to participate in up to two regularly scheduled monthly board meetings per year via electronic means. No per diem will be paid to those directors.

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.

CFL markdowns begin August

Between August 1 and October 31, co-op members will receive a \$2 instant markdown on the purchase of CFLs at Wal-Mart in Hibbing and Grand Rapids. If you're unable to shop at these locations, you can also get the promotion by using a \$2 printed coupon at any store where General Electric brand CFLs are sold, such as Menards, ACE Hardware, True Value and Target. Watch your mailbox in August—you'll receive a coupon from Lake Country Power. Or you can download and print two coupons per household from www.brighterideas.com between August and October.

You'll also want to take a quiz on the Brighter Idea Web site during the promotional period for a chance to win a home lighting makeover. Visit www.mnbrighterideas.com.



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a brighter idea

Consolidated Operating Statement

Year-to-Date – April 2008

(Preliminary and un-audited – prepared for *Newsline* prior to board acceptance)

	2008	2007
Electric Operating Revenue.....	\$22,965,625	\$21,664,903
Cost of Purchased Power	\$14,180,928	\$10,138,743
Distribution Expense —		
Operations and Maintenance	2,823,296	2,329,922
Consumer Accounts Expense & Informational	921,867	843,381
Administrative and General Exp.	1,585,598	1,573,546
Depreciation, Amortization and Interest Expense	3,505,982	4,059,080
TOTAL ELECTRIC OPERATING EXPENSES	\$23,017,671	\$18,944,672
Net Electric Operating Margins.....	(52,046)	2,720,231
Non-Operating Margins.....	81,404	(19,606)
TOTAL MARGINS BEFORE SUBSIDIARIES	\$29,358	2,700,625
Net Income (Loss) from Subsidiaries (reported quarterly).....	(163,843)	(166,967)
TOTAL MARGINS.....	\$(134,485)	\$2,533,658

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.

Energy Efficiency Tip of the Month

Install occupancy sensors in bathrooms, utility closets, and other less-used spaces so lighting comes on and off in response to movement.

Newsline

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