

April 2019 Board Meeting Summary

The Lake Region Electric Cooperative (LREC) Board of Directors met at 9 a.m. on Thursday, April 25, 2019 at the cooperative headquarters in Pelican Rapids, MN. The Board of Directors approved the minutes of the March 28, 2019 board meeting. Approval was also given to the consent agenda items of expense statements, disbursements, new memberships, and capital credit retirements to estates.

CEO Report: CEO Tim Thompson reviewed the Strategic Quarterly Report, noting how LREC and LRES are both off to a good start for the first quarter of 2019.

A video crew, hired by GE, will shoot a 90-second video featuring Lake Region's hybrid project. Juhl Energy's Dan Juhl will be participating as well. Footage will be taken both at the cooperative's headquarters and at the hybrid site.

Technology: Dylan Aafedt discussed a Business Improvement Plan involving a paperless new customer process for the natural gas business. The new plan should reduce the amount of time and paper used, save money, and decrease the possibility for errors when transferring information.

Financial Report: March 2019 financials were approved as presented. Strong first quarter results were reported, with revenue for the month of March coming in ahead of the budget for the month. Power cost for March was slightly higher than budget due to increased kWh purchases for the month.

The board was presented two scenarios on allocating capital credits for 2018. A decision was made to approve Scenario 1 - 2018 Margin Allocation of \$3,708,614.47.

Energy Services: Dan Husted noted how member data analysis shows positive value in exploring the use of standby generators to shed load during the summer GRE coincidental billing peaks. The board approved a pilot program for a one-year test including 10-15 units. The 2019 generator pilot study will be used to evaluate the effectiveness of the program before considering a full launch across membership.

Annual Meeting: LREC's Annual Meeting will be held on June 6, 2019 in Fergus Falls. The meal will begin at 5 p.m., with a 6 p.m. business meeting.

Lake Region Energy Services: The income statement/balance sheet for March 2019 was approved. Operating expenses for the month were on plan, with solid financial results continuing for the year. Projected customer growth during the 2019 and 2020 construction seasons was reviewed.

Great River Energy (GRE): Board Member Ken Hendrickx reported on GRE's most recent board meeting. Board Member Denny Tollefson joined the meeting as a guest director and will become the GRE director after the June board meeting when Hendrickx retires.

CEO Tim Thompson reported on the member managers meeting. The cost and fairness of the transmission rate was discussed.

Great River Energy's Greg Padden joined the board meeting via videoconference to provide information about GRE's portfolio performance and evolution, the business case for renewables, ongoing member-focused efforts, the changing legislative and regulatory environment, and the importance of maintaining fuel diversity and resource flexibility.