

October 2021 Board Meeting Summary

The Lake Region Electric Cooperative (LREC) Board of Directors convened at 8:00 a.m. on Thursday, October 28, 2021 at the cooperative headquarters in Pelican Rapids, MN. The Board of Directors approved the minutes of the September 30, 2021 board meeting. Approval was also given to the consent agenda items of expense statements, disbursements, legal bills, new memberships, and capital credit retirements to estates.

CEO Report: CEO Tim Thompson discussed LREC's 2021 Member Satisfaction Survey. Preliminary results showed an overall satisfaction score of 8.9 out of 10, a slight improvement over last year's score. The board was also provided the voluntary comments members shared.

Budget: Management staff went over the 2022 preliminary budget. LREC is projected to end calendar year 2021 in a very stable financial position having achieved 45.16 percent equity for the month of September 2021. Revenues have exceeded expectations and expenses have been below budget. Favorable weather conditions for sales and strong expense management contributed to the successful year.

The company has continued to invest in the expansion of the utility plant and the operations of Lake Region Energy Services.

Financial Report: September 2021 financials were approved as presented. LREC equity reached 45.16 percent this month – a new milestone for the cooperative. September operating revenue was ahead of budget. Power cost for the month came in over budget and controllable expenses remain under budget.

DGIP: Al Fazio and Paul Bergren provided a one-year lookback on the success of the Distributed Generation Improvement Plan (DGIP). Year-to-date progress includes: \$320,000 grid improvement identified year-to-date; approximately \$60,000 on closed out work orders; and many projects to be staked prior to construction season 2022.

Great River Energy (GRE): Board Member Mike Brasel provided an update from the GRE board meeting. CEO Tim Thompson shared topics discussed at the recent member managers group meeting.

Lake Region Energy Services: The income statement/balance sheet for September 2021 was approved. September revenue was ahead of budget and gas supply cost for the month was over budget. Controllable expenses came in under budget.

Dylan Aafedt noted how LRES has added 235 new customers so far this year, bringing the total number of LRES customers to 1,033. He also provided NPL construction updates.