



NewsFlashes

MARCH 2022



CEO Column

Recap of District Meetings

Thank you to all the LREC members who attended the three 2022 district meetings held last month either in-person or by lives-tream. Over 220 members, LREC directors, and employees attended the meetings. The recordings of each district meeting are currently available on our website at www.lrec.coop. It was great seeing members in-person again in a traditional setting.

The district meetings were held in Districts 3, 6, and 9. Actions were taken to name the following members as candidates for director positions: *Mike Brasel* in **District 3**, *Charlie Blixt* and *Todd Bladow* in **District 6**, and *Gary Olson* in **District 9**.



Tim Thompson presenting at the District 6 Meeting.

It is always exciting to see leadership come from the grassroots efforts of our members, and I appreciate all those who expressed a desire to run for the board. The messages I shared at the district meetings focused on: rate stability, reliability, member engagement, and employee engagement. Our rates remain stable and our reliability continues to improve with the hard work of LREC employees and their utilization of technology such as Exacter.

One of my favorite parts of the district meetings is the question and answer session. We received many questions over the course of the three meetings—ranging from whether underground line is becoming a larger part of LREC's plan, to actions taken by LREC to protect itself against cyberattacks, to how electric vehicles will impact the cooperative's future.

I am hopeful and optimistic that many of you will be able to attend our Annual Meeting scheduled for June 2nd, 2022, at Life Church in Fergus Falls. This year, LREC celebrates its 85th year as a cooperative. Our Annual Meeting will celebrate our members and all those who have contributed to the great accomplishments of LREC throughout the years.

Strategic Planning Related to Rate Structure

LREC's rates have been stable for several years, and the LREC facility charge has also remained stable. We continue to keep our focus on the future of the cooperative. Part of that future includes a strategic approach to analyzing our rate structure and facility charge. We know LREC's facility charge is low compared to the cooperative's actual costs based upon prior studies. Part of

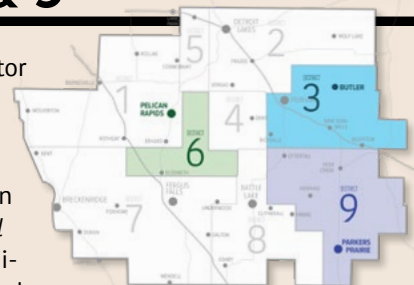
Tim Thompson's CEO Column is continued on the back page →

Candidates Nominated in Districts 3, 6, & 9

Our district meetings with director nominations were held at the beginning of February. Thank you to all who joined us—your participation is greatly valued! In **District 3**, incumbent *Mike Brasel* was nominated as the only candidate. In **District 6**, *Charlie Blixt* and *Todd Bladow* were nominated as candidates. In **District 9**, *Gary Olson* was nominated as the only candidate. Currently, the director candidates for each district are as follows:

- **District 3:** *Mike Brasel*
- **District 6:** *Charlie Blixt*, *Todd Bladow*
- **District 9:** *Gary Olson*

Pending any other candidates via the petition process, any unopposed candidates nominated at the district meetings will be deemed elected by acclamation. Members of districts with contested elections will vote using mail ballots included with materials they will receive prior to the Annual Meeting to be held **Thursday, June 2nd, 2022**.



Operating Summary 2021

As of December 31 st , 2021 • Unaudited Results	2020	2021
Operating Revenue	52,858,273	53,552,466
Deferred Revenue	400,000	600,000
Net Operating Revenue	53,258,273	54,152,466
Cost of Purchased Power	31,231,530	33,330,978
Operations Expense	2,937,352	2,507,048
Maintenance Expense	3,428,223	3,633,070
Consumer Accounts Expense	1,963,194	1,267,174
Customer Service & Information Expense	1,029,957	923,353
Administrative and General Expense	2,912,138	2,902,325
Depreciation Expense	4,123,081	4,419,147
Tax Expense	337,593	402,470
Interest Expense	2,225,660	1,993,396
Total Cost of Electric Service	50,188,729	51,378,961
Operating Margins	3,069,544	2,773,505
Non-Operating Margins	3,549,247	2,844,608
Total Margins	6,618,791	5,618,113
Kilowatt Hours Sold	454,147,121	460,011,031
Total Miles of Line	5,810	5,842
New Services This Year	384	466
Services Retired This Year	102	69
Total Services in Place	28,925	29,347

Tim Thompson's CEO Column

CONTINUED FROM FRONT

our strategic approach is to determine whether there is a revenue neutral way to increase facility charges to align more closely with LREC's actual costs of providing service, while potentially considering a decrease in rates or continued rate stability.

We have had only one rate increase in the last nine years, and our dual fuel rate has not changed since 2008. As a rural electric cooperative, we serve an average of 5 members per mile of infrastructure. Compare this number to certain investor-owned and municipal utilities that have closer to 45 customers per mile. Whether there are 5 or 45 consumers per mile, the costs and maintenance related to the one mile of infrastructure necessary to serve those consumers is the same. Characteristics, such as number of consumers per mile, distinguish co-ops versus municipal-owned utilities or investor-owned utilities that serve areas with a much higher density of people and homes.

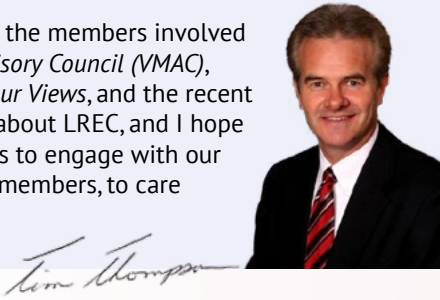
We are taking a formal and strategic approach to determine whether a new rate structure should be implemented and, if so, the proper timing of when the new rate structure should be put into effect. LREC's Board of Directors approved and budgeted for a cost-of-service study to be completed this year. We will continue to keep you informed as we move forward.

LREC Energy Forum

We are very pleased to have held an Energy Forum on February 18th at LREC's headquarters. Due to difficult travel conditions, we changed course and made the forum a virtual event. Even though we could not host the Energy Forum in-person, we still had 30 members who tuned in online. We will continue having member engagement opportunities like this so our members can be involved in various ways.

LREC, GRE, MREA, and Dan Juhl each shared their perspectives and stories related to energy transition and the cooperative principles, and members asked some great questions. I hope those who attended virtually had a good experience. These types of forums and other opportunities to engage with members are what makes it so enjoyable for me to be a part of this cooperative.

We have greatly appreciated all the members involved with LREC's *Virtual Member Advisory Council (VMAC)*, *Coffee with the Co-op*, *Brews + Your Views*, and the recent *Energy Forum*. I care very much about LREC, and I hope that offering more opportunities to engage with our cooperative will cause you, our members, to care even more as well.



Snowmobile Safely:
Be Aware of Power Lines
and Transformers

Lake Region Electric Cooperative reminds snowmobile enthusiasts of all ages to be cautious while snowmobiling. Heavy snow and drifting can bury electrical equipment, causing dangerous situations for snowmobilers. Please remember to be safe. Here are a few things to keep in mind as you enjoy the snow:

- Watch out for power poles, guy wires and electrical equipment that can be hidden in the snow. Heavy snowfalls can often bury transformer boxes and cabinets.
- Slow down, know the area where you are snowmobiling, and stay on the trails.
- If you see a downed power line, **STAY AWAY** from it and call 911 to report it. There is no way to tell if a power line is energized just by looking at it. Always assume it is live and can carry currents strong enough to kill.
- Always wait for help to arrive before you approach an accident scene where a power line may be involved.
- Share this important information with family, friends, and anyone you know who rides a snowmobile.



Payment Notice

Starting April 1st, all credit card payments will be completed using LREC's interactive voice response (IVR) system. If a member has a stored payment method on file (credit card or checking account), our customer service team can still process that payment, but they can **no longer take credit card information over the phone**. This change is the result of LREC needing to comply with the *Payment Card Industry Data Security Standard*. If you have any questions, please visit www.lrec.coop or call (800) 552-7658. Thank you!

LREC Energy Forum



LREC hosted an Energy Forum on February 18th during which representatives from various sectors of the energy industry shared their perspectives and stories related to cooperative principles and the ongoing energy transition. Members can watch the presentations, which cover the following topics, at www.lrec.coop/energyforum

- Mike Bull of Minnesota Rural Electric Association (MREA) presented on:**

 - The co-op model and the power of drawing support from a large grassroots network of member-owners
 - How co-ops are locally governed and community focused
 - Co-ops return margins to members, not investors
 - How LREC's engagement with the solar-wind project is a prime example of co-op innovation
- Tim Thompson of Lake Region Electric Cooperative (LREC) presented on:**

 - The importance of member engagement and action taken by LREC to engage members
 - LREC's rate stability and strong financial position
 - Reliability – reinvesting in our local grid
 - 28 demand response programs offered by LREC and the value of such demand response programs
- Dan Juhl of Juhl Energy presented on:**

 - Battery storage technology
 - Utilizing hybrid (wind/solar) technology
 - Load management programs
 - Energy conservation
- Jon Brekke of Great River Energy (GRE) presented on:**

 - Transition of GRE's power supply portfolio
 - Growing renewable power supply portfolio
 - Reduction of carbon emissions during GRE's energy transition through 2035
 - Importance of high percentages of renewables in our region
- After the presentations, Darrick Moe of Minnesota Rural Electric Association (MREA), facilitated a question and answer session.**

To watch presentations, visit www.lrec.coop/energyforum

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EASY-PAY is Lake Region Electric Cooperative's product-specific financing on products we sell. This is an on-bill financing option paid monthly (*terms and interest rates depend on the product being purchased*).



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Learn more! Let our energy management specialists help find the best option for you. Call **(800) 552-7658** today!