



# NewsFlashes

JUNE 2022



Linemen James Sandford and Ethan Kern clear a tree that has fallen on a line.

## CEO Column: The Joy of Serving

It is a joy to serve you. Our employees and directors will continue to put LREC in a position that allows us to continue to serve all of you with joy, respect, and great appreciation.

When we remember the storm that rumbled through our service territory last month on May 12<sup>th</sup>, there is no question that many of us will reflect on the high winds that caused outages and damaged our region. In this column, I want to reflect on the actions of the people in response to the storm—specifically LREC's members and employees.

LREC employees monitored the weather closely beginning early in the day on May 12<sup>th</sup>. While leaving the office that day, many of them already knew they would likely be back to the office shortly if the storm system came through our service territory. When visiting with our employees,

it's not about how a storm system will disrupt their lives, but rather, it's about the privilege and joy they experience by serving LREC's members and doing whatever needs to be done. This column is not intended to be focused on the storm; this column is focused on people and the joy of service.

### This column is about our members who:

- ▶ Without blinking an eye, provide homemade jerky to our employees when they are out in rough conditions working long hours
- ▶ Apologize (*but, of course, shouldn't*) to our crews because they don't have more food options because of a power outage
- ▶ Exhibit patience, kindness, and consideration for our employees during stressful outages and stormy conditions

- ▶ Allow LREC employees the joy and privilege of serving them

### This column is about our LREC employees who:

- ▶ Anticipate and diligently prepare for a May 12<sup>th</sup>-type storm so that when it happens, crews are ready to go and serve
- ▶ Postpone that dinner or gathering with friends and family because they know they might be needed to serve LREC members throughout the night
- ▶ Never compromise the safety of LREC members, others, or themselves
- ▶ Have a smile on their face and a positive attitude after a stressful night in the field or in the dispatch center

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*Tim Thompson's CEO Column is continued on page 2 →*  
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 **COFFEE WITH  
THE CO-OP**

**WHAT →** Member Mini Event • **WHERE →** Fryin' Pan in Wahpeton, MN • **WHEN →** June 14<sup>th</sup> from 7 a.m. to 8:30 a.m.

This summer, we are continuing to have our *mini events* throughout the LREC service territory at local cafes and eateries. On **June 14<sup>th</sup>** we are going to the **Fryin' Pan** in **Wahpeton, MN** from 7 a.m. to 8:30 a.m. Our main goal is to hear from all of you—members of LREC. *We look forward to seeing you!*



# The Joy of Serving

(continued from page 1)

- ▶ Joyfully serve others
- ▶ When thanked for putting in long, difficult hours, respond with "that's what we do—we're here to serve the members"

**In addition to our members and employees, this column is about those who:**

- ▶ Strategically coordinate efforts to provide us their personnel and equipment necessary to timely and safely address unforeseen concerns and outages, knowing that we will be there for them when needed (such as recently when LREC sent five employees and equipment to a sister cooperative for additional outage restoration support)
- ▶ Allow our employees the joy and privilege of educating others about safety around electricity and other energy related matters (such as the school district that allowed a group of fourth graders to visit us in May to learn about electricity and safety; and the University of Minnesota associate professor and graduate students who stopped at LREC recently for a presentation on energy)
- ▶ Go out of their way to support and recognize the efforts made by LREC, like Minnesota Rural Electric Association (MREA) did recently when it nominated LREC for the NRECA Electric Cooperative Service Award
- ▶ Opened the doors to their store after hours and provided chicken at no charge for our employees who had been out in the field in response to the storm we experienced on May 12<sup>th</sup>

Thank you for allowing us to serve you. It is an absolute privilege that we do not take for granted.

*Tim Thompson*



## Natural Gas Expanding to Marion Lake in 2022

LREC's natural gas subsidiary, Lake Region Energy Services (LRES), continues to bring natural gas to new areas of our service territory. NPL contractor crews will begin installing gas mains around Marion Lake this summer. Look for construction updates on the LRES website at [www.lakeregionenergy.com](http://www.lakeregionenergy.com).



## We've Updated Our Outage Map!

When you visit our outage map at [outagemap.lrec.coop](http://outagemap.lrec.coop) you'll notice a whole new look! Our outage map software has been updated and outage communications changed. When viewing an outage, members can see the number of members without power and townships affected. When hovering over the outage dot, outage details are listed, along with any comments LREC attached.

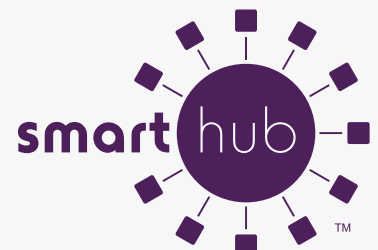
If you would like to receive outage notifications via *text/email* for your service address, please sign up via SmartHub. SmartHub now allows members to *report an outage* and *receive automated messages regarding your outage*.

- 1) Log into your **SmartHub** account: [smarthub.lrec.coop](http://smarthub.lrec.coop).
- 2) You must be a registered SmartHub user. If you need to create an account, click on **New User?** and fill out the information required to open an account.
- 3) Once you are logged in, click on **Notifications** on the top bar and then select **Manage Notifications**.
- 4) Select which notifications you want to receive, as well as how you would like to receive them, then click **Save Settings**.



## Get the SmartHub App

Download the free mobile app for your Apple or Android device by searching for "SmartHub" in your app store. Then select the *By Name* button in the lower-right section of the screen. Type in "Lake Region Electric Cooperative" and click the *Search* button, then select *Lake Region Electric Cooperative, MN*. Check that *Lake Region Electric Cooperative, MN* appears on the following screen and select *Confirm*. Enter your username and password. Finally, click the *Sign In* button.



# Summary of Consolidated Financial Statements

Below are the consolidated financial statements of **Lake Region Electric Cooperative** (*electric*) and **Lake Region Energy Services** (*natural gas*).

## STATEMENT OF OPERATIONS

December 31<sup>st</sup>, 2021 and 2020

### Operating Revenues

	Dec. 31, 2021	Dec. 31, 2020
Sale of Energy	\$55,237,021	\$52,935,968
Other Operating Revenues	364,358	1,679,371
<b>Total Operating Revenues</b>	<b>55,601,379</b>	<b>54,615,339</b>

### Operating Expenses

Cost of Energy	34,282,623	32,134,380
Distribution Expense - Operations	2,565,857	2,992,641
Distribution Expense - Maintenance	3,687,967	3,481,193
Consumer Account Expense	1,315,299	2,002,525
Customer Service and Information Expense	975,279	1,061,306
Administrative and General Expense	2,989,607	3,005,458
Depreciation	4,516,036	4,206,968
Interest on Long-Term Debt	1,993,396	2,225,660
Taxes	476,655	417,741
<b>Total Operating Expenses</b>	<b>52,802,719</b>	<b>51,527,872</b>

Operating Margins After Fixed Charges	2,798,660	3,087,467
Generation, Transmission, and Other Capital Credits	2,057,267	959,232
<b>Net Operating Margins</b>	<b>4,855,927</b>	<b>4,046,699</b>

Interest Income	231,897	483,977
Other Non-Operating Income	530,292	2,088,109
<b>Total Non-Operating Margins</b>	<b>762,189</b>	<b>2,572,086</b>

<b>Net Margins</b>	<b>\$5,618,116</b>	<b>\$6,618,785</b>
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## BALANCE SHEET

December 31<sup>st</sup>, 2021 and 2020

### Assets

	Dec. 31, 2021	Dec. 31, 2020
<b>Utility Plant</b>		
Electric Plant in Service	\$147,874,626	\$143,067,649
Natural Gas Plant in Service	5,232,918	3,994,831
Construction Work in Progress	2,291,854	867,814
<b>Total Utility Plant</b>	<b>155,399,398</b>	<b>147,930,294</b>
Less Accumulated Provision for Depreciation	56,093,909	53,003,197
<b>Net Utility Plant</b>	<b>99,305,489</b>	<b>94,927,097</b>

### Other Assets and Investments

Investments in Associated Organizations	30,230,772	28,032,106
Other Investments	3,036,877	5,942,766
Notes Receivable, Net	-	20,000
<b>Total Other Assets and Investments</b>	<b>33,267,649</b>	<b>33,994,872</b>

### Current Assets

Cash and Cash Equivalents	2,061,187	5,365,356
Accounts Receivable, Net	5,741,261	5,239,278
Materials and Supplies Inventory – Electric	1,808,186	1,478,006
Materials and Supplies Inventory – Natural Gas	177,251	180,434
Prepaid Expenses	265,825	422,376
Accrued Assets	-	222,731
Current Portion of Other Investments	20,000	40,000
<b>Total Current Assets</b>	<b>10,073,710</b>	<b>12,948,181</b>

### Deferred Debits

	1,778,629	2,038,780
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<b>Total Assets</b>	<b>\$144,425,477</b>	<b>\$143,908,930</b>
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### Equities and Liabilities

	Dec. 31, 2021	Dec. 31, 2020
<b>Equities</b>		
Patronage Capital	\$57,367,048	\$57,146,853
Other Equities	8,787,870	5,573,957
<b>Total Equities</b>	<b>66,154,918</b>	<b>62,720,810</b>

### Long-Term Debt

	65,640,694	68,250,293
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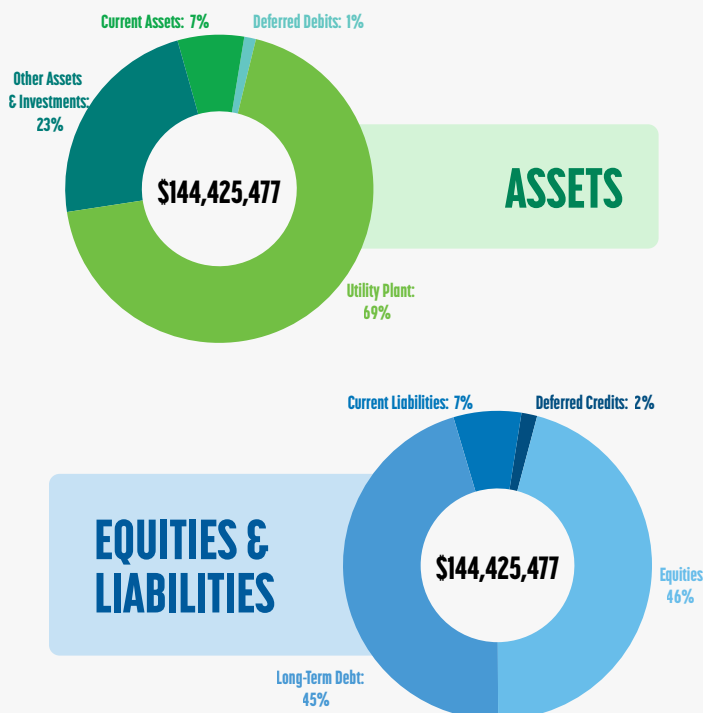
### Current Liabilities

Current Maturities of Long-Term Debt	2,263,000	2,217,727
Accounts Payable - General	593,688	773,229
Accounts Payable - Billed Power Costs	4,908,732	5,304,297
Other Current and Accrued Liabilities	2,486,581	1,605,653
<b>Total Current Liabilities</b>	<b>10,252,001</b>	<b>9,900,906</b>

### Deferred Credits

	2,377,864	3,036,921
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<b>Total Equities and Liabilities</b>	<b>\$144,425,477</b>	<b>\$143,908,930</b>
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# Joyce Valley & Robert Shaw Retiring from Board of Directors



**Joyce Valley**

For the last 15 years, Joyce Valley has enjoyed the privilege and responsibility of serving Lake Region Electric Cooperative on its Board of Directors. When her term is up this June, she says she hopes the person who replaces her on the Board cares deeply about the Cooperative and is knowledgeable about the industry.

"I would like people to understand that it's a business and all of our members are the owners," Valley explains. "I think term limits are good, but there will be a big turnover on the Board pretty soon. I hope all of the new directors listen and they all care."

During her tenure on the Board, Valley served in multiple capacities. In the past,

she was elected treasurer and currently serves as secretary on the Board.

One of the reasons that initially prompted Valley to run for the director seat was the Cooperative's low equity. Back in 2007, she says it was only at 34 percent. She remembers feeling like she could help make a difference if she was elected to the Board of Directors.

"I am proud of the fact that Lake Region's equity is now over 45 percent," Valley says. "It took us awhile to get to this point, but this is one of the greatest accomplishments during my time on the Board."

Other significant advancements Valley was a part of include hiring CEO Tim Thompson, updating the benefits package, installing more underground wire, and developing the natural gas subsidiary Lake Region Energy Services. She mentions how the Board is committed to uti-

lizing new technology with its successful standby generator program and the recent addition of Exacter technology.

Valley also brings up the hydroponic GroShed the Cooperative installed in front of the headquarters building in Pelican Rapids. The GroShed supports year-round produce production, even during sub-zero temperatures. She says something like this may seem like a small thing, but it has a lot of value. In addition to providing fresh vegetables for local consumption, the GroShed is an example of beneficial electrification using renewable energy sources.

Looking forward, Valley hopes Lake Region continues to grow. "The Cooperative is always trying new things – sometimes they work and sometimes they don't. But there are a lot of good ideas and it's wonderful when they work," she says.



**Robert Shaw**

The encouragement of a neighbor, coupled with support from the community, were what helped Robert Shaw decide to run for a seat on Lake Region Electric Cooperative's Board of Directors. Shaw was elected to the Board in June of 2007.

"I owned a business for 40 years and I had a lot of customers in this area," Shaw says. He mentions how he was glad to bring this business experience to the Board, along with having served in the military.

Shaw is proud of being a Lake Region Electric Cooperative member for more than 50 years now. He currently serves as treasurer on the Board of Directors.

One of the greatest challenges Shaw says the Board faced during his tenure related to capital credits. He explains, "Our capital credits retirement rotation was way too far out when I started, close to 30 years. Thankfully, we have that rotation down to about 17 years now."

Highlights that stand out to him are hiring the CEO, approving a workable budget, and buying into Carr's Tree Service. Decisions like the Carr's Tree Service buy in have proved to be very profitable over time. Seeing Lake Region's equity rise

above 45 percent was another significant accomplishment for the Board.

Shaw says he feels the Cooperative is now in a very strong position. "I would like everything to keep on track," he adds.

"I also want to thank the members, not only those in my district, but members outside the district as well. They have shown such great support," Shaw concludes. "From the CEO and everybody in the office, to the lineworkers out in the field, everybody at the Cooperative works hard and does their part. The directors can't do it by ourselves; we need everybody on the same page and I feel like this is the case at Lake Region."

## May 12<sup>th</sup> Storm Response



Lake Region Electric Cooperative's service territory was severely impacted by the large storm system on May 12<sup>th</sup>, 2022. The widespread damage was caused mainly by high wind speeds, resulting in numerous snapped poles and downed trees.

Additional contract line crews were called in to help restore power to Lake Region members as quickly as possible. In the days of clean up following the storm, and throughout the challenging

power restoration process, members were very patient and appreciative of our hardworking line crews.

Lake Region Electric Cooperative would like to thank everyone who showed such generosity and kindness, especially *Big Foot Gas & Grocery* for providing crews with free food and drinks. After restoring power to all of our members, the Cooperative was able to send crews to Rune-stone Electric Association to help restore power in their community as well.

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Air Source Heat Pump	Promo Rebate	Note: rebates are available through June 30 <sup>th</sup> , 2022.
≥ 8.2 HSPF	\$700	
≥ 9.0 HSPF	\$1,400	

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*Limited funds are available and awarded on a first-come, first-served basis. Rebate amounts and programs are subject to change without notice. **Unit must be paid for and installed by June 30<sup>th</sup> in order to qualify.***

ENERGY WISE  MN



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to learn more!



## Heating and Cooling

Heat Pump Systems*	Ductless air source heat pump—ENERGY STAR or 16 SEER minimum	\$300
	Air source heat pump, SEER 14.5 -16+	Up to \$630*
	Geothermal heat pump, closed loop	Up to \$400 per ton
Central Air Conditioners*	Central air conditioner, SEER 14.5 or greater	\$50/unit*
Electric Thermal Storage (ETS) Heating Systems	Steffes ETS systems on short term storage	\$25 per KW
	All ETS systems on long term storage	\$50 per KW
Electronically Commutated Motor	Motor replacement only	\$50

\$1,400  
(based on hsfp)

## Water Heating

Heat Pump Water Heater	Must be ENERGY STAR	\$500
ETS Water Heater (4.8¢ rate)	Must be at least 100 gallons and grid enabled	\$400
Peak Shave Water Heater (5.4¢ rate)	Must be at least 80 gallons and grid enabled	\$100

## Miscellaneous

Electric Vehicle Charger Installation (must be on EV rate)	Level 2 chargers: \$500 Note: Level 2 chargers can receive up to \$800 instant rebate when purchased at <a href="http://energywisemnstore.com">energywisemnstore.com</a>	Up to \$500 (\$800 instant rebate at EnergyWise MN store)
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All rebates are subject to change. Please contact LREC to verify availability.

\*Rebates for high efficiency air source heat pumps and air conditioners are available only through qualified contractors registered at [HVACRedu.net](http://HVACRedu.net).  
Go to [www.lrec.coop](http://www.lrec.coop) and click on "QI A/C & ASHP Contractors" under Quicklinks to find qualified contractors in your area.