



# 87<sup>th</sup> Annual Meeting

• April 18, 2024 •



## Meeting Agenda

\* Meal

\* Live music by Tim Eggebraaten

» Welcome | 6:30pm

» Invocation

» Call to Order

» Establish Quorum

\* Pre-meeting » Business Meeting

» Appoint Recording Secretary

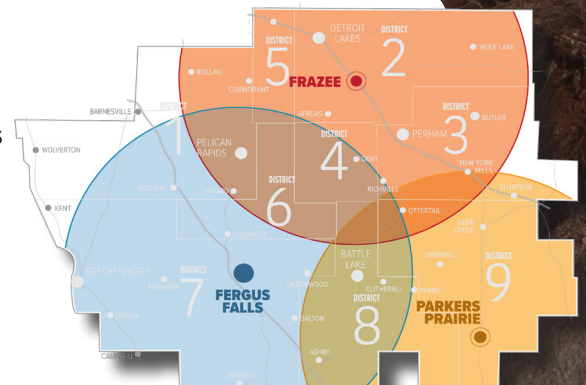
» Adopt Agenda/Approve Minutes

» Election Process/Election Results

» Board Chair Report: Tom Jennen

» CEO Message: Tim Thompson

» Adjourn



# Summary of Consolidated Financial Statements

## STATEMENT OF OPERATIONS

December 31<sup>st</sup>, 2023 and 2022

### Operating Revenues

	Dec. 31, 2023	Dec. 31, 2022
Electric Revenue	\$54,209,273	\$54,155,163
Natural Gas Revenue	1,783,870	1,979,733
<b>Total Operating Revenues</b>	<b>55,993,143</b>	<b>56,779,503</b>

### Operating Expenses

Cost of Power	35,506,676	35,378,475
Distribution Expense - Operations	3,117,011	3,068,087
Distribution Expense - Maintenance	4,146,745	4,087,067
Consumer Account Expense	1,370,560	1,334,548
Customer Service and Information Expense	897,047	962,502
Administrative and General Expense	2,822,566	3,068,120
Depreciation	4,920,016	4,691,734
Interest on Long-Term Debt	1,969,697	1,955,677
Taxes	364,901	387,076
<b>Total Operating Expenses</b>	<b>55,115,219</b>	<b>54,933,286</b>

Operating Margins After Fixed Charges	877,924	1,846,217
Generation, Transmission, and Other Capital Credits	2,175,919	925,358
<b>Net Operating Margins</b>	<b>3,053,843</b>	<b>2,771,575</b>

Interest Income	261,866	189,902
Other Non-Operating Income	419,305	364,652
Total Non-Operating Margins	681,171	554,554

<b>Net Margins</b>	<b>\$3,735,014</b>	<b>\$3,326,129</b>
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## BALANCE SHEET

December 31<sup>st</sup>, 2023 and 2022

### Assets

	Dec. 31, 2023	Dec. 31, 2022
<b>Utility Plant</b>		
Electric Plant in Service	\$160,085,860	\$152,443,990
Natural Gas Plant in Service	5,670,465	5,581,430
Construction Work in Progress	2,777,240	1,300,464
<b>Total Utility Plant</b>	<b>168,533,565</b>	<b>159,325,884</b>
Less Accumulated Provision for Depreciation	61,959,419	58,175,232
<b>Net Utility Plant</b>	<b>106,574,146</b>	<b>101,150,652</b>

### Other Assets and Investments

Investments in Associated Organizations	30,721,637	29,520,258
Other Investments	2,830,958	2,995,669
<b>Total Other Assets and Investments</b>	<b>33,552,595</b>	<b>32,515,927</b>

### Current Assets

Cash and Cash Equivalents	1,829,088	2,192,338
Accounts Receivable, Net	5,860,850	6,278,047
Materials and Supplies Inventory – Electric	2,211,818	2,392,484
Materials and Supplies Inventory – Natural Gas	209,181	199,792
Prepaid Expenses	348,305	274,528
Accrued Assets	-	112,645
<b>Total Current Assets</b>	<b>10,459,242</b>	<b>11,449,834</b>

<b>Deferred Debits</b>	<b>1,261,496</b>	<b>1,525,542</b>
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<b>Total Assets</b>	<b>\$151,847,479</b>	<b>\$146,641,955</b>
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### Equities and Liabilities

	Dec. 31, 2023	Dec. 31, 2022
<b>Equities</b>		
Patronage Capital	\$58,147,285	\$56,819,711
Other Equities	11,011,348	10,589,301
<b>Total Equities</b>	<b>69,158,633</b>	<b>67,409,012</b>

<b>Long-Term Debt</b>	<b>67,608,879</b>	<b>65,443,317</b>
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### Current Liabilities

Current Maturities of Long-Term Debt	2,920,000	2,337,000
Accounts Payable - General	642,673	696,537
Accounts Payable - Billed Power Costs	5,594,558	4,938,155
Consumer Deposits	361,407	357,555
Other Current and Accrued Liabilities	1,590,775	1,515,732
<b>Total Current Liabilities</b>	<b>11,109,413</b>	<b>9,844,979</b>

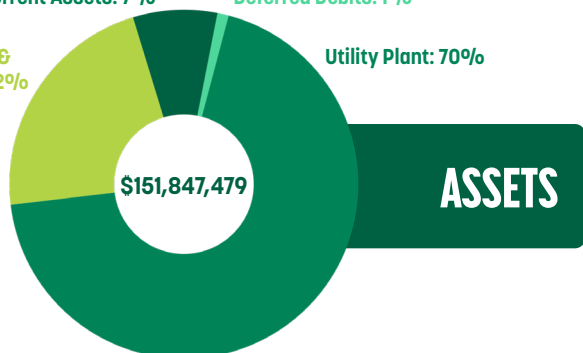
<b>Deferred Credits</b>	<b>3,970,554</b>	<b>3,944,647</b>
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<b>Total Equities and Liabilities</b>	<b>\$151,847,479</b>	<b>\$146,641,955</b>
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Current Assets: 7%      Deferred Debits: 1%

Other Assets & Investments: 22%

Utility Plant: 70%



Current Liabilities: 7%      Deferred Credits: 3%

Long-Term Debt: 44%

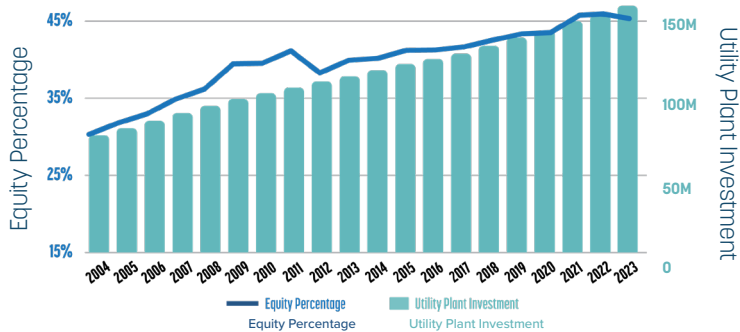
Equities: 46%

**EQUITIES & LIABILITIES**

\$151,847,479

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

## EQUITY & PLANT INVESTMENT



## WHERE DOES YOUR DOLLAR GO?



Cost of Energy	\$0.64
Operations & Maintenance	\$0.13
Depreciation	\$0.09
Administrative & General	\$0.05
Interest on Long-Term Debt	\$0.04
Consumer Accounts	\$0.02
Customer Service & Information	\$0.02
Taxes	\$0.01
<b>Total</b>	<b>\$1.00</b>

## Minutes of the Annual Meeting of Members of Lake Region Electric Cooperative | April 13, 2023

### WELCOME AND INVOCATION

The Annual Meeting of Members of Lake Region Electric Cooperative (LREC) was convened at Life Church, located in Fergus Falls, Minnesota at 6:30 p.m. on April 13, 2023. Chairman Tom Jennen thanked everyone for joining the annual meeting and requested that those in attendance stand for the Pledge of Allegiance. Director Sid Wisness provided the Invocation.

### CALL TO ORDER

Chairman Jennen called the meeting to order at 6:33 p.m.

### APPOINTMENTS, QUORUM, AND DOCUMENTS

LREC Board Secretary Kurt Krueger certified the official Notice of the Annual Meeting was published in the cooperative's newsletter. Secretary Krueger informed the members that the cooperative's bylaws state that 50 members constitute a quorum. Secretary Krueger declared that a quorum for the meeting had been established.

Chairman Jennen appointed Greg Larson, LREC's Manager of Corporate Services, to serve as the recording secretary.

Chairman Jennen asked whether there was a motion to adopt the agenda as the official order for the meeting.

**Motion made to approve the agenda as the official order for the meeting, said motion was seconded, the members voted to approve said agenda and the MOTION CARRIED.**

### MINUTES

Secretary Krueger stated the Minutes of the 2022 Annual Meeting had been made available (1) in the handout received by the members at the meeting; (2) on LREC's website; and (3) by a link provided to those livestreaming the meeting.

**Secretary Krueger made a motion to adopt the 2022 annual meeting minutes as written. Said motion was seconded. Upon said motion being seconded, the members voted to approve the said motion and the MOTION CARRIED.**

### BOARD CHAIR REPORT

Chairman Jennen expressed his gratefulness for serving on the LREC board elected by the Members. Chairman Jennen stated the purpose of the board is to make sure the cooperative is healthy and functioning well, and the co-op exists for the benefit of its members and members always come first. Chairman Jennen expressed his appreciation for LREC's employees. Chairman Jennen reported the Board of Directors approved general service rate changes that will go into effect in September, and also reported that a rate increase for load management members went into effect earlier in the year.

### ELECTION OF DIRECTORS

Attorney Chad Felstul described the procedure for the election of directors. Attorney Chad Felstul presented the candidates elected by acclamation as unopposed candidates and no voting was required:

#### DISTRICT 2

» Cecil "Bud" Hensel – District 2

#### DISTRICT 5

» Patrick Meyers – District 5

#### DISTRICT 8

» Jim Gronbeck – District 8

### CEO REPORT

Tim Thompson, LREC's CEO, welcomed the members and expressed his appreciation for everyone participating in the annual meeting. Thompson highlighted the importance of member engagement and spoke to the 2022 member satisfaction survey and the meaningful comments received from members. Thompson shared LREC's mission of prioritizing reliability and the downward trend of hours members were without power, and highlighted recent transmission upgrades and projects that have improved reliability for LREC members.

Thompson highlighted LREC's Distribution Grid Improvement Program utilizing new technology, innovation, and enhanced employee engagement to prevent outages. Thompson reflected upon rate history, when rates were increasing regularly, and what actions were taken to bring rate stability to LREC members, having one rate increase in

the last decade. Thompson spoke to new revenue streams that benefit LREC members.

Thompson spoke to the LREC rate forecast and LREC's rate stabilization plan that included LRES, Carr's Tree Service, standby generator business and the wind/solar hybrid facility, all of which result in positive rate benefits to LREC members. The cost of electricity is rising because of increased wholesale power costs and increased costs of materials. Wholesale costs from GRE increased 6.1% in January and LREC needs to pass that on to its members. Thompson described and explained the rate changes taking effect in September.

Thompson reported that equity has increased \$44,000,000 since 2005. Thompson reported on the financial strength of LREC and the payout of over \$1.8M of capital credits in 2022, and since 1958, LREC has paid over \$34,000,000 to members. Thompson expressed his appreciation of the Operation Round Up program and the \$500,000 that has been awarded by the program to area organizations since 2007.

### GUEST SPEAKER

The annual meeting also included a presentation from special guest Zac Ruzycski, Great River Energy's (GRE) Director of Resource Planning. Ruzycski discussed GRE's generation resources and where LREC's electricity comes from, GRE reliability assets, GRE wholesale rate increase, Midcontinent Independent System Operator (MISO), Minnesota Carbon Free by 2040 Standard, Wind additions to GRE's portfolio, GRE decisions since 2010 to plan for a carbon constrained policy landscape, GRE's 5-year action plan, GRE's resources and focus on reliability.

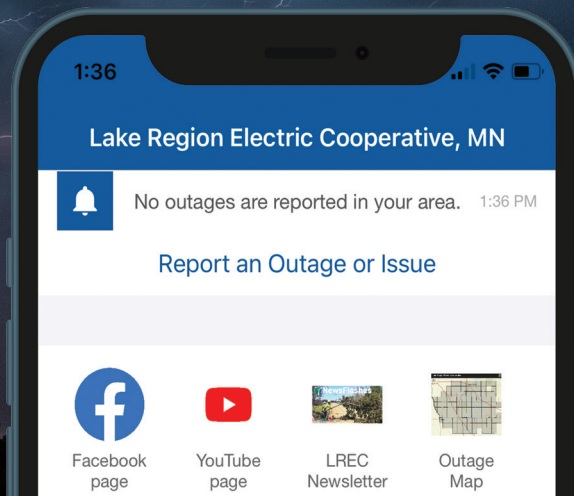
### QUESTIONS

Tim Thompson and Zac Ruzycski answered questions received during the meeting.

### MEETING ADJOURNED

The meeting was adjourned at 8:10 p.m.

What are you waiting for?  
**ENROLL TODAY!**



## OUTAGE TEXTING



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### Signing up for SmartHub text/email notifications

#### MOBILE APP:

##### Step 1: Updating your contact methods

1. Open the SmartHub mobile app
2. Go to **Settings > Contact Methods > Add New Contact Method**
3. Input a mobile number, then turn **Receive Text Messages** on
4. Select **Accept** if you agree with the terms & conditions
5. Lastly, enter the verification code that you receive to verify and activate your mobile number

##### Step 2: Manage your notifications

1. Open the SmartHub mobile app
2. Go to **Settings > Manage Notifications > Billing, Miscellaneous, Service & Usage**
3. Select the notification methods (text or email) you would like to be enrolled in for each notification type

#### WEB BROWSER:

##### Step 1: Updating your contact methods

1. Visit <https://lrec.smarthub.coop> on a web browser
2. Enter your SmartHub login information
3. Select **Settings > Contact Methods > Add Email/Phone**
4. Insert your contact information and preferred settings
5. Select **Accept** if you agree with the terms & conditions
6. Lastly, enter the verification code that you receive to verify and activate your mobile number or email

##### Step 2: Manage your notifications

1. Visit <https://lrec.smarthub.coop> on a web browser
2. Go to **Settings > Manage Notifications > Billing, Miscellaneous, Service & Usage**
3. Select the notification methods (text or email) you would like to be enrolled in for each notification type

### Still need to sign up for SmartHub? Follow these easy directions!

1. Download the SmartHub app or visit LREC's website at <https://lrec.smarthub.coop>
2. Click **Sign up to access our Self Service site**
3. Enter your LREC account number (found on your bill), your last name or business name on your LREC account, and your email address; then click **Submit**
4. Answer the security question
5. You will be emailed a temporary password
6. Log in with your temporary password, then change your password



Apple



Android

\*For directions on downloading and signing up for the SmartHub app, please visit: [www.lrec.coop/smarthub](http://www.lrec.coop/smarthub).

Scan to download the  
SmartHub app in your app store!