



NewsFlashes

JANUARY 2026



Happy 2026! I hope you had the chance to celebrate a happy and safe holiday with friends and family.

I'd like to start the month by providing an update on progress we've made and the remaining timeline regarding the upcoming rate adjustment.

The *Class Cost of Service Study (CCOSS)*, which was approved in October by our Board of Directors, is still underway. As communicated in a previous newsletter, the purpose of the study is to determine the amount of revenue we'll need to cover future operational costs and ensure our rates stay fair and equitable across all member classes (i.e., residential/farm and commercial).

One of the first steps was to look at **what it costs** to deliver electric service to our members. As with other co-ops, our wholesale power costs—which account for almost 65% of our current operating budget—will see an increase this year. This increase is driven by investments in upgrades to an aging infrastructure and new transmission projects to handle future demand and satisfy carbon-free standard requirements. Also considered were LREC's **controllable costs** including staffing to perform daily operations and costs to support long-term system reliability.

It's important to note that, while controllable costs can be adjusted—unlike remaining budget items that are uncontrollable such as taxes or interest—any cuts in these areas could potentially affect our quality of service. View the graphic below for a complete breakdown of where your energy dollar goes.



Cost of Energy	\$0.64
Operations & Maintenance	\$0.14
Depreciation	\$0.08
Administrative & General	\$0.05
Interest & Taxes	\$0.05
Member Account Records	\$0.02
Energy Services & Information	\$0.02
	\$1.00

Once established, the study focused on allocating the total cost to each member class **based on**

Joel Janorschke's CEO Column is continued on back →

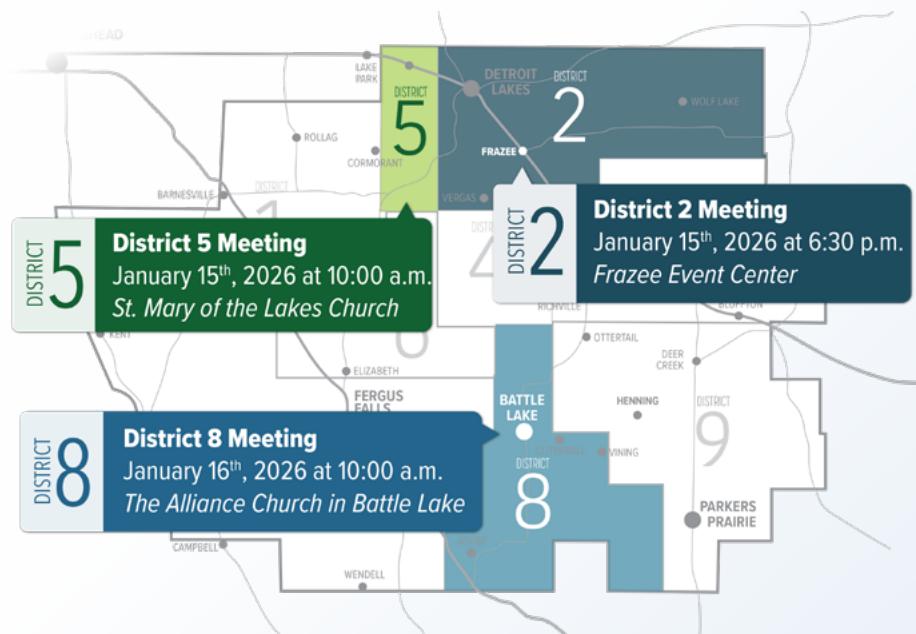
2026 District Meetings OFFICIAL NOTICE

Our district meetings are coming up soon! These meetings give members the opportunity to hear updates from the cooperative, ask questions, and take part in important business, including nominating candidates for the LREC Board of Directors. This year, nominations will be made in Districts 2, 5, and 8, with meetings held in each of those districts. All members are invited to attend, although only members of each district may vote. Livestreams of the meetings will also be available at www.lrec.coop/districtmeetings.

- ② **District 2:** January 15th, 2026 at 6:30 p.m.
Frazee Event Center, Frazee
- ⑤ **District 5:** January 15th, 2026 at 10:00 a.m.
St. Mary of the Lakes Church, Detroit Lakes
- ⑧ **District 8:** January 16th, 2026 at 10:00 a.m.
The Alliance Church in Battle Lake, Battle Lake



SCAN TO GO TO
OUR DISTRICT
MEETINGS PAGE.



Interested in Being a Director?

Any member interested in becoming a candidate for the Lake Region Electric Cooperative Board of Directors should visit www.lrec.coop/directorinfo or scan the QR code to learn more about the election process and responsibilities of being a director.



SAVE THE DATE

Annual
Meeting
April 30

CEO Column

Continued from front page.

their usage to determine the amount of revenue needed from each and develop recommendations for the upcoming rate adjustment.

LREC's consultants presented rate adjustment options during the December Board meeting, and will return for the January Board meeting later this month where a final decision by the LREC Board Directors on the official rate schedule is expected. Want more details? A step-by-step guide to the CCOSS is illustrated below this article.

Although how this adjustment will be applied has yet to be determined, please know that we are committed to providing timely information.

Transparency goes a long way toward calming uncertainty. Please do not hesitate in contacting me with any questions/concerns; I look forward to helping in any way I can.

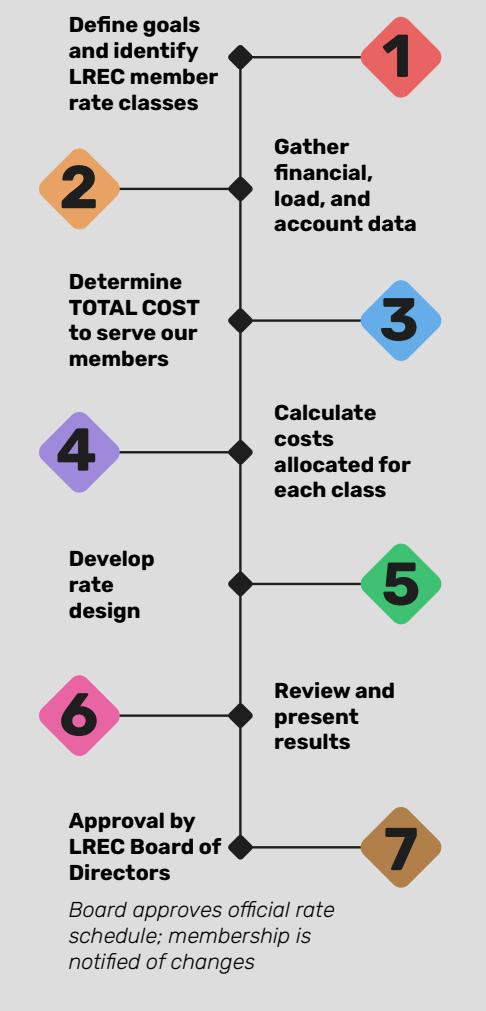
Cooperatively yours,
Joel Janorschke, CEO



Contact the CEO

✉ Email: janorschke@lrec.coop
☎ Cell: (320) 292-4036

CLASS COST OF SERVICE STUDY PROCESS



A Member-Driven Difference

We're continuing our focus on our cooperative principles and with 2026 District Meetings right around the corner, this month is a good time to share some insight into Cooperative Principle 2: Democratic Member Control.

Along with an overview of the past year and a financial update, one of the main purposes of district meetings is to elect (or re-elect) Board Directors who serve 3-year terms. LREC members who reside in districts scheduled to hold elections are eligible to participate in every aspect of this process: submitting their name for formal consideration; signing a petition in support of a qualified candidate nomination; and finally, casting their vote toward this important decision.

As opposed to investor-owned utilities whose decisions are made without direct involvement from their customers, cooperatives operate

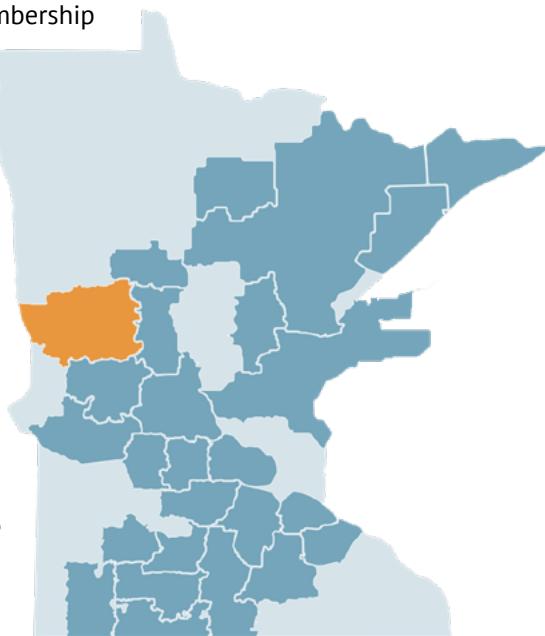
from a fundamental belief in local governance. We understand that the representative best equipped to share your concerns, ask questions on your behalf, and give voice to your priorities is one you consider a neighbor with ties to the communities he or she serves.

In addition, any members attending district meetings – whether in person or virtually – will have a chance to submit a question for discussion. It's your cooperative, and we're committed to promoting your active participation. *Interested in becoming Board Director for your district? Scan the QR code to learn more.*



A Cooperative Partnership: LREC and GRE

Lake Region Electric Cooperative's membership is a network of individuals, families, farmers, and business owners like you who own part of the company that supplies electricity to your community.



Similarly, LREC is a member of Great River Energy. LREC not only receives wholesale electricity from Great River Energy but is also an owner.

Like all cooperatives, Great River Energy strives to provide great, affordable service and meet the needs of its membership. Electricity is being produced in new ways and cooperative members are finding different ways to use that electricity in their homes and businesses.

Cooperatives are not-for-profit organizations that operate at cost, only collecting enough revenue to run the business and meet their financial obligations. When a cooperative experiences financial success, it returns those dollars to members.

Member Survey \$50 Winners

Thank you to all who participated in our recent survey. Your input is valued and very important as we strive to provide you with the best possible service.

The winners  Dale Larson  Joseph Dellwo
credit are:  Tammie Schreiber  Andrew Ulschmid  Bonnie Kuhlmann



With winter in full swing and the ground and lakes frozen, crews are targeting end-phase work needed to complete overhead to underground Construction Work Plan (CWP) projects that began this summer. Pole removal in or near water and ongoing line maintenance, including re-tying line and insulator change-outs, are now scheduled – work that can be accomplished during cold weather months to strengthen our system without interruption in power.

Would you like to bring our safety demonstration to your school? Call us at (800) 552-7658 to learn more.

