



NewsFlashes

FEBRUARY 2026 • SPECIAL EDITION

Upcoming Rate Adjustment

Providing our members with safe, reliable, and affordable electricity is the mission that guides all we do at Lake Region Electric Cooperative. To make sure your cooperative is well-positioned for the future and to continue providing you with the reliable energy that powers your homes and businesses, we've determined a rate adjustment will be necessary this year.

In making this decision, our Board of Directors thoughtfully considered many factors. An outside contractor was first hired to conduct a Class Cost of Service Study. Approved by the Board in October, this study had two main goals: to fully understand how much it costs LREC to deliver power and to ensure those costs are fairly collected across all rate classes. The study examined fixed costs—such as meters, billing, and system maintenance—as well as projected energy costs related to member usage and demand.

After considering these findings, the Board decided to adjust both LREC's monthly facility charge and the energy charge for the residential rate class (general service). Effective March 1, 2026, the **facility charge will be \$45/month**. The **energy rate will be 12.4¢/kWh** for summer months (June, July, and August) and **11.0¢/kWh** during all other months. Other rate classes will also see adjustments (check out the table on the following page for details).

While a rate increase is always a difficult decision to make, your Board of Directors believes this approach is the most effective way to ensure LREC can continue to reliably serve our members, even in the face of rising costs industry-wide. Electric cooperatives across the country are facing challenges as inflation continues to drive up costs, aging infrastructure requires major updates, and new technology is increasing the demand for electricity. At the same time, the price of materials and equipment needed to deliver electric service has risen sharply. In some cases, our cooperative has seen an increase in installation costs of over 100% compared to five years ago. Together, all of these factors contribute to a higher cost to deliver power.

Installed Cost Increases 2020 vs. 2025

Underground Transformer: **↑ 107%**
Overhead Transformer: **↑ 183%**
New Underground Service: **↑ 43%**
Average Pole Changeout: **↑ 92%**

As always, please do not hesitate to contact me or our Member Services team with your comments or concerns. Additional information about the rate adjustment can be found on LREC's website and via updates on our Facebook page. We are here to serve you!

Cooperatively yours,


Joel Janorschke, CEO



OFFICIAL NOTICE

2026 ANNUAL MEETING

Thursday, April 30th
Dinner: 5/5:30 p.m.
Meeting: 6:30 p.m.

Notice is hereby given that the annual member meeting of Lake Region Electric Cooperative will be held at 6:30 p.m. on **Thursday, April 30th, 2026** at Life Church (901 County Highway 116, Fergus Falls, MN) to take the following action: approval of prior meeting minutes; election of directors; and all other business which may properly come before the meeting or any adjournment thereof. There will be two satellite locations in Detroit Lakes (Holmes Theatre Ballroom) and Parkers Prairie (Prairie Event Center). They will view a livestream of the primary location.

Cecil "Bud" Hensel
Secretary/Treasurer

A Note From Our Board of Directors

The Lake Region Board of Directors regrets to announce the resignation of our **District 4 Director, Lee Mindemann** effective Jan. 29, 2026. The Board has begun the process of filling this vacancy and has opened the application process to qualified members currently residing in District 4. Detailed information regarding this opening, including director qualifications, responsibilities, and information on how to submit an application are available on the LREC website or by scanning the QR code.



Email: jjanorschke@lrec.coop Cell: (320) 292-4036

Summary of 2026 Rate Changes

New rates effective March 1st, 2026

RATE CLASS	PREVIOUS RATE	NEW RATE
General Service (Residential and Farm)		MARCH 2026
Facility Charge	\$39.00	\$45.00 /mo
Energy Charge		
Summer (June, July, August)	\$0.1100	\$0.1240 /kWh
Other Months	\$0.0960	\$0.1100 /kWh
Power Cost Adjustment	\$0.0065	\$0.0000 /kWh
Small Commercial		
Facility Charge	\$70.00	\$70.00 /mo
Energy Charge		
Summer (June, July, August)	\$0.1130	\$0.1261 /kWh
Other Months	\$0.1000	\$0.1131 /kWh
Power Cost Adjustment	\$0.0065	\$0.0000 /kWh
Large Commercial		
Facility Charge	\$100.00	\$100.00
Demand Charges		
Summer Demand (June, July, August)	\$20.00	\$20.00 /kW
Winter Demand (December, January, February)	\$14.00	\$14.00 /kW
Demand (all other months)	\$8.00	\$8.00 /kW
All Energy	\$0.0685	\$0.0790 /kWh
Power Cost Adjustment	\$0.0065	\$0.0000 /kWh
Interruptible (Small and Large)		
Facility Charge (Small)	\$100.00	\$100.00 /mo
Facility Charge (Large)	\$170.00	\$170.00 /mo
Energy Charge (Small)	\$0.0500	\$0.0668 /kWh
Energy Charge (Large)	\$0.0500	\$0.0618 /kWh
Demand Charges		
Summer Coin Demand	\$28.00	\$28.00 /kW
Winter Coin Demand	\$22.00	\$22.00 /kW
Coin Demand all other months	\$16.00	\$16.00 /kW
Non-coin Demand	\$6.50	\$6.50 /kW
Excess Demand	\$5.00	\$5.00 /kW
Power Cost Adjustment	\$0.0065	\$0.0000 /kWh
Irrigation (Single and Triple)		
Facility Charge (Single)	\$100.00	\$100.00 /mo
Facility Charge (Triple)	\$170.00	\$175.00 /mo
Demand Charges		
Controlled Demand Charge	\$3.50	\$3.80 /kW
Uncontrolled Demand Charge	\$10.00	\$13.00 /kW
All Energy	\$0.0665	\$0.0804 /kWh
Power Cost Adjustment	\$0.0065	\$0.0000 /kWh
Leased Lighting		
45W LED (100W Equivalent)	\$11.80	\$12.15 /mo
Load Management Rates		
Interruptible Heating (Dual Fuel)		
Summer Energy Charge	\$0.0680	\$0.0738 /kWh
Other Months (domestic)	\$0.0610	\$0.0668 /kWh
Other Months (non-domestic)	\$0.0680	\$0.0738 /kWh
Off-Peak Storage (ETS)		
Energy Charge	\$0.0550	\$0.0646 /kWh
EV Time of Use		
Off-Peak Energy	\$0.0707	\$0.0890 /kWh
Intermediate Energy	\$0.1095	\$0.1700 /kWh
On-Peak Summer (June, July, August)	\$0.4734	\$0.5000 /kWh
On-Peak Other Months	\$0.3582	\$0.4000 /kWh

Monthly Facility Charge Fast Facts

The Cost of Delivering Power

Your monthly bill is made up of two parts: the **energy charge**, which reflects actual usage, and the **facility charge**, which is applied equally to all members by rate class and is necessary to provide safe, reliable electric service.

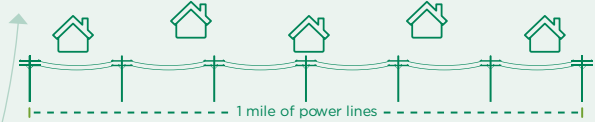
Members Per Mile

The size of LREC's service territory is a significant factor in determining the monthly facility charge. LREC currently serves approximately **five members per mile of line**, while larger investor owned and municipal utilities often serve 40+.

Because our service area is largely rural and small communities, fewer members share the cost of delivering electricity. As a result, facility charges for rural electric cooperatives tend to be higher than other electric utilities.

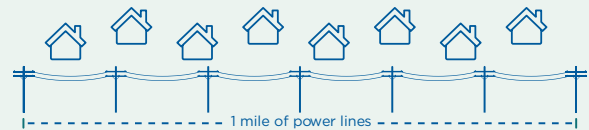
Lake Region Electric Cooperative

Serves approximately 5 members per mile of line.



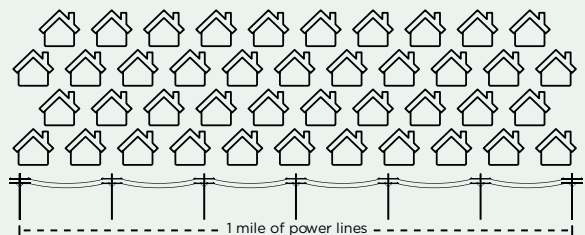
National Electric Cooperative Average

Serves an average of 8 members per mile of line.



Other Electric Utilities Average

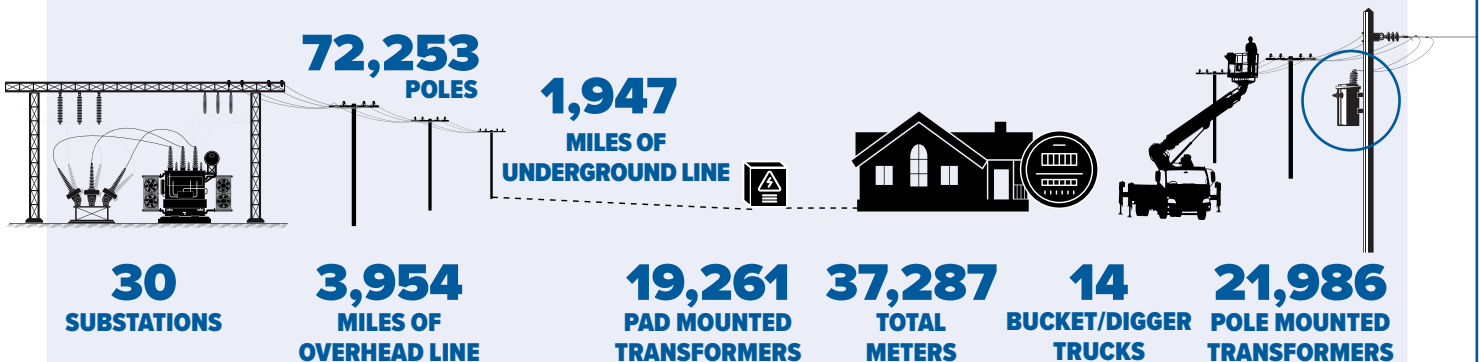
Serves an average of 40+ consumers per mile of line.



Monthly Facility Charge

The facility charge is shared equally among those members to help pay for the **fixed costs** related to delivering electric service—costs that exist whether or not power is used such as poles, wires, transformers, and meters. It is a set amount that is billed to every member each month. It supports essential work such as vegetation management near power lines, routine system maintenance, outage restoration, and a dedicated team that keeps the cooperative functioning every day.

Fixed Cost Items



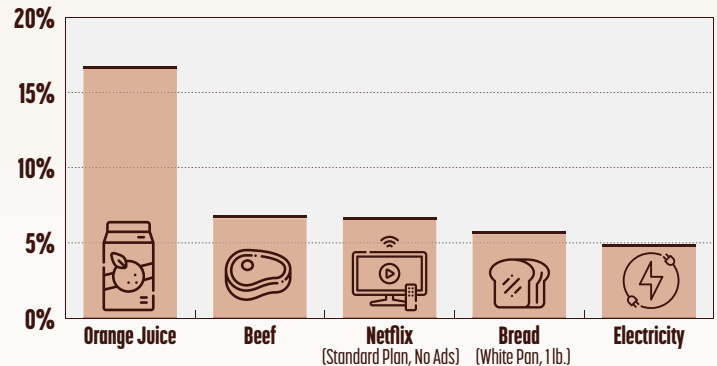
Putting Electric Rates in Perspective

As costs increase across many parts of the economy, electric utilities are not immune. Power supply and infrastructure investments affect the cost of providing reliable service to members.

In response to recurring wholesale power cost increases from Great River Energy (driven by large transmission projects needed to support carbon-free energy generation), as well as the need to update our electrical grid, LREC's board has made the decision to implement a rate adjustment across all rate classes averaging 8.5%.

Even with this increase, electricity remains a good value. Electricity powers nearly every part of daily life—from lighting and appliances to heating, cooling, hot water, and internet-connected devices. When compared to other common household expenses, electricity prices have increased more slowly over time. The chart to the right shows recent price increases for several everyday items, highlighting how electricity continues to provide dependable service at a reasonable cost.

Average Annual Price Increase 2020-2025



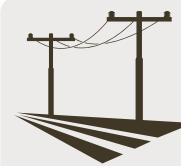
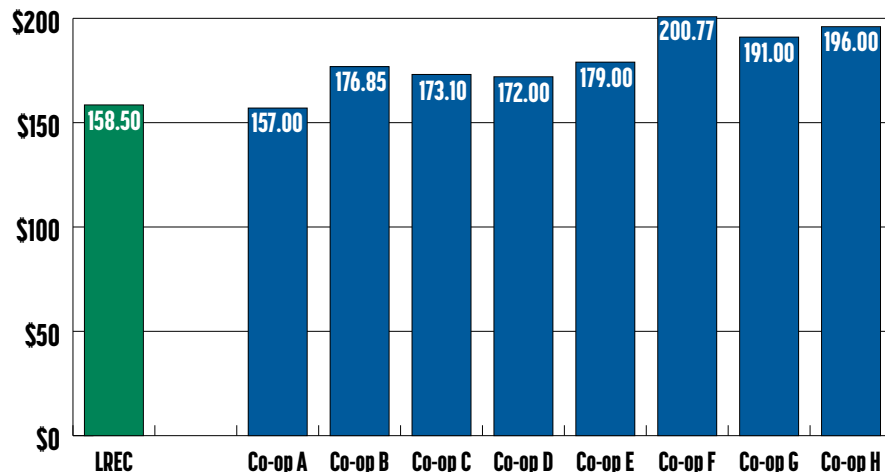
Sources:

U.S. Bureau of Labor Statistics, Consumer Price Index (grocery and electricity)

Official Company Documents (Netflix)

Monthly Bill Comparison*

The graph below compares LREC with neighboring co-ops when applying total increases for 2026. *Based on 1,000/kWh average monthly usage.



STRENGTHENING GRID

Last September, LREC's partner *Exacter* conducted an audit of overhead lines, scanning poles and equipment using a hand-held device to locate potential outages before they occur. Over the coming weeks, crews are focused on closing that loop, revisiting areas of concern identified through *Exacter* technology to complete the recommended repairs or replacements. In addition, line patrol assignments – ongoing maintenance usually scheduled during winter months on a 3-year rotation to assess the condition and reliability of overhead lines within 1/3 of our service territory – will continue until the start of the spring season. Both efforts are good examples of the proactive approach LREC takes to prevent interruptions and deliver a consistent, high level of service to our members when construction projects and underground line work requiring warmer temps are on hold.

Switch to Paperless & AutoPay!

Skip the stamp, save time paying bills, and NEVER miss a payment!

New sign-ups get a one-time bill credit of \$5. Learn more at www.lrec.coop/paperless



OUR MISSION

Provide our members with **safe, reliable, and affordable energy**, and lead by offering **innovative services** to grow the cooperative.

OUR VISION

Leading, empowering, and guiding members to use energy wisely to secure a better future for **our families, our communities, and our world.**

OUR VALUES

- ◆ Safety
- ◆ Integrity
- ◆ Innovation
- ◆ Accountability
- ◆ Open, honest communications
- ◆ Commitment to members, community, and employees