



# NewsFlashes

MARCH 2026



CEO COLUMN

## Understanding the Operating Summary

This month, I want to draw your attention to the cooperative's 2025 Operating Summary, which you'll find on Page 2. This summary gives a quick look at LREC's assets, liabilities, and other financial details – basically, how we're doing as a cooperative. It also shows our total margins for the year.

When we talk about "margins," part of that simply comes from any money left over after we cover the cost of delivering electric service. But that's only part of the story. Margins also include dollars the co-op earns outside of what members pay. A good example is the capital credit allocation we received in 2025 from our wholesale power provider, Great River Energy (GRE).

As reported in the Operating Summary, this line item may give the impression that a large sum of money is at our discretion. **But that's not actually the case. Allocations are *not* the same as cash.** Allocations can be used to determine total margins, but do not represent actual dollars that are readily available.

*Joel Janorschke's CEO Column is continued on page 2 →*

District Meetings brought members together in January to nominate directors and learn more about LREC's path forward in 2026. Read the recap by scanning the QR code or visiting [www.lrec.coop/2026districtrecap](http://www.lrec.coop/2026districtrecap).



## Annual Meeting is April 30<sup>th</sup>

Please make plans to join us for our Annual Meeting on **April 30<sup>th</sup>, 2026**. We will have three locations available, all of which will have a meal. The two satellite locations will view a livestream of the primary location.

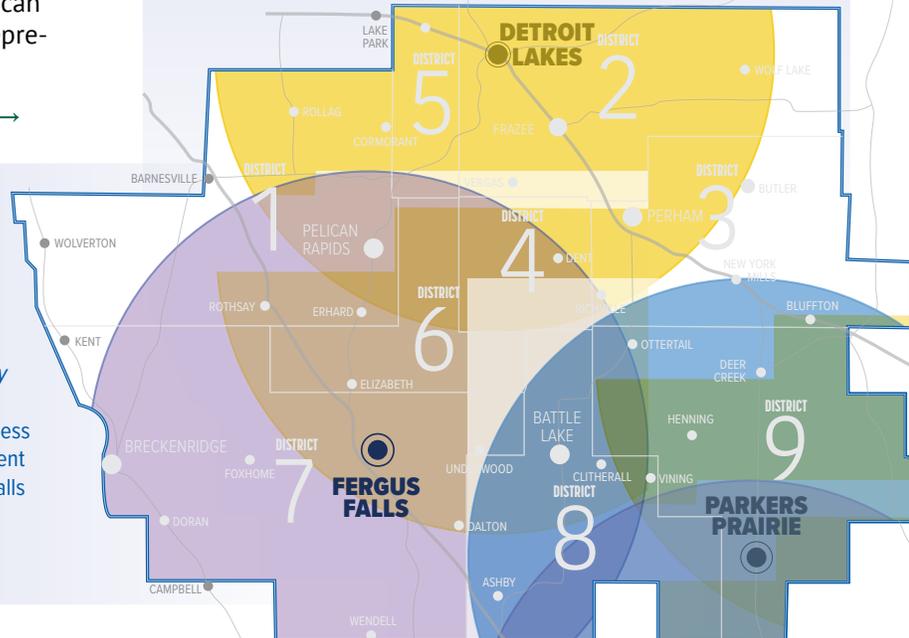
### Primary Location

**Fergus Falls at Life Church**

### Satellite Locations

**Detroit Lakes at Holmes Theatre Ballroom**

**Parkers Prairie at Prairie Event Center**



OFFICIAL NOTICE

## 2026 ANNUAL MEETING

**Thursday, April 30<sup>th</sup>**

**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 30<sup>th</sup>, 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. Registration and dinner begin at 5:00 p.m. in Fergus Falls and at 5:30 p.m. in Detroit Lakes and Parkers Prairie.

**Cecil "Bud" Hensel, Secretary/Treasurer**

# CEO Column

Continued from front page.

When LREC allocates capital credits to members, those dollars aren't paid out right away. Instead, they help support the co-op – things like day to day operations, reserves, system upgrades, and repairs. Capital credits are only paid (or "retired") when the co-op's financial condition allows, and when the Board of Directors approves it. Until that happens, the allocation doesn't have any cash value.

GRE works the same way. As a cooperative, GRE also allocates capital credits to its 28 member co-ops, including LREC. And just like ours, GRE's capital credits aren't paid immediately – the payments are issued later on, after approval from GRE's board. In many co-ops, this can take 20 years or more.

I'm sharing this because it's easy to confuse capital credit "allocations" with capital credit "retirements." When you look at LREC's 2025 Operating Summary, keeping that difference in mind will help you better understand the financial picture of your cooperative.

If you have any additional questions, please do not hesitate to reach out.

Cooperatively yours,



Joel Janorschke, CEO



## Contact Me

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 Cell: (320) 292-4036

### 2025 OPERATING SUMMARY

As of December 31 <sup>st</sup> , 2025 • Unaudited Results		
	2024	2025
<b>Operating Revenue</b>	<b>56,524,175</b>	<b>61,180,320</b>
Deferred Revenue	800,000	1,200,000
<b>Net Operating Revenue</b>	<b>57,324,175</b>	<b>62,380,320</b>
Cost of Purchased Power	35,523,287	40,513,738
Operations Expense	3,303,833	3,260,922
Maintenance Expense	4,561,207	4,665,963
Consumer Accounts Expense	1,448,774	1,414,527
Customer Service & Information Expense	799,077	826,077
Administrative & General Expense	2,849,241	2,945,481
Depreciation Expense	4,958,918	4,892,071
Tax Expense	275,945	293,467
Interest Expense	2,155,261	2,472,836
<b>Total Cost of Electric Service</b>	<b>55,875,542</b>	<b>61,285,083</b>
Operating Margins	1,448,633	1,095,237
Non-Operating Margins	2,008,718	4,752,551
<b>Total Margins</b>	<b>3,457,352</b>	<b>5,847,787</b>

This line contains the GRE allocation in 2025

### BALANCE SHEET

Total Utility Plant	168,363,936	175,813,928
Net Utility Plant (after depreciation)	105,807,883	110,997,682
Other Assets	49,814,230	56,538,038
<b>Total Assets</b>	<b>155,622,113</b>	<b>167,535,721</b>
Total Margins & Equities	71,019,210	75,307,056
Total Long-Term Debt	71,581,774	80,222,606
Other Liabilities	13,021,129	12,006,059
<b>Total Liabilities &amp; Equities</b>	<b>155,622,113</b>	<b>167,535,721</b>

### STATS

Kilowatt Hours Sold	455,678,033	478,461,128
Total Miles of Line	5,891	5,901
New Services This Year	438	326
Services Retired This Year	152	94
Total Services in Place	30,263	30,469

## 2026 Rate Adjustment Snapshot

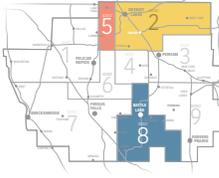
- ▶ **Effective March 1, 2026**, the energy rate for the residential rate class (general service) will be 12.4¢/kWh for summer months (June, July, and August) and 11.0¢/kWh during all other months.
- ▶ The residential rate class facility charge will increase to \$45/mo. effective March 1, 2026 as well. Determined by the number of members per mile of line in our service area and shared equally, this monthly charge helps cover costs that exist whether or not power is actually used. Outage restoration, line maintenance, and equipment such as poles and wires are just a few examples; visit [www.lrec.coop/2026rates](http://www.lrec.coop/2026rates) to learn more.
- ▶ Rates across other classes will be affected as well; scan the QR code to the right to view full rate table.
- ▶ We understand no two households have the same power needs, and that usage can vary from month to month. That said, as a guide to help prepare for the changes ahead, we estimate a monthly bill would be approximately \$158.00 based on a 1,000/kWh average monthly usage when applying the March 1 adjustment.



**Questions?** Additional information on these new rates, including answers to frequently asked questions, can be found by visiting [www.lrec.coop](http://www.lrec.coop) or by calling Member Services at (800) 552-7658.

# 2026 Director Election

In Districts 2 and 5, directors were unopposed and, per LREC bylaws, are elected by acclamation. An election will be held in District 8. There are three options for voting — *online voting*, returning *paper ballots* by mail, or voting at the *annual meeting*.



**ONLINE VOTING** Online voting opens at 8 a.m. on March 30<sup>th</sup> and will close at 10 a.m. on April 30<sup>th</sup>. Log into your SmartHub account and find the “Vote Now” button, which will lead you to your online ballot.

**PAPER BALLOTS** Paper ballots must be received by *Survey and Ballot Systems* no later than April 30<sup>th</sup> in Eden Prairie, MN, so please mail with plenty of time.

**IN PERSON** Though we encourage members to submit their ballots ahead of time, if a member has not submitted a ballot by mail or online, he or she will be provided a ballot upon registration at the annual meeting.

## District 8 Director Candidate Bios

### Jim Gronbeck



#### PERSONAL DETAILS

I am married to Julie Gronbeck and we have three grown/married children and 9 wonderful grandchildren. I have served on the board and as a volunteer at the Battle Lake Food Shelf. I am a member of the Battle Lake Lions Club and a board member at the Matthew House in Fergus Falls. We are members of First Lutheran Church, Battle Lake.

#### SCHOOL/EDUCATION

I am a graduate of Henning High School, Fergus Falls Community College, Moorhead State University, and Luther Seminary, St. Paul, MN. I served as Pastor at Bethany / Bethlehem Parish,

Cromwell, MN, and at Zion Lutheran of Amor, Battle Lake.

#### WHY I WANT TO SERVE ON LREC'S BOARD OF DIRECTORS

I've been a member of LREC since 1992, and a director on the LREC Board since April of 2023. When I was nominated at the District 8 meeting in January, Chuck Erickson said, “A director's first three-year term is filled with learning and growing into the position. The second term is when all the learning pays off.”

Coming into this position, I was familiar with cooperative models with many different businesses. I was also familiar with LREC, having been employed as a summer meter reader in the 1970s. I have been impressed with the professionalism and skills of the office staff, the line crews, and the folks working behind the scenes to make sure our power is reliable, affordable, and sustainable.

Personally, I've grown by attending the monthly board meetings, completing the Credentialed Co-op Director classes, and by attending the various meetings concerning co-ops and the quickly changing state of our energy system.

Thank you for the opportunity to serve you. I appreciate hearing from you with your questions and concerns, and I look forward to continuing to serve you in the future.

### John Schauff



#### PERSONAL DETAILS

I have lived in Tordenskjold Township south of Underwood for over 35 years. My wife and I have been married for 33 years and have two adult daughters.

#### SCHOOL/EDUCATION

I graduated from Fergus Falls High School in 1982 and then attended North Dakota State College of Science to earn a degree in sheet metal in 1983.

#### CAREER

I am a retired Sheet Metal Journeyman with over 40 years in the sheet metal and HVAC industry. During my career, I also taught Local Union #10 apprenticeship school for sheet metal workers for over 25 years.

#### COMMUNITY INVOLVEMENT

I am a former chairman of Tordenskjold Township serving over 20 years. My family and I are members of Our Lady of Victory Catholic Church in Fergus Falls. My wife and I were former 4-H leaders when our daughters were in 4-H and were very involved with the West Otter Tail County Fair.

#### WHY I WANT TO SERVE ON LREC'S BOARD OF DIRECTORS

I want to serve on LREC's Board of Directors to help ensure our rural electric cooperative remains safe, reliable, and well-positioned for the future. My background and working on construction projects ranging from residential builds to industrial power plants has given me a deep understanding of infrastructure, project planning, and the real-world safety challenges crews face every day. I believe this experience allows me to bring a practical, safety-focused perspective to decisions that impact our members, employees, and community. Thank you for your consideration.

## District 2 and District 5 Director Bios

### Cecil 'Bud' Hensel



#### PERSONAL DETAILS

I am married to Sharon (Schreiner) Hensel, born in Detroit Lakes, raised in Frazee, MN. We have four adult children and five grandchildren. We have lived in rural Frazee since 1993. I was born in Wallace, ID. As a young child I grew up in Spokane, WA and returned with my family to Wolf Lake, MN in 1972.

#### SCHOOL/EDUCATION

I attended Frazee High School. I received a BS degree in Physics from NDSU, then commissioned into the Air Force. In 1993, I joined the North Dakota Air National Guard (NDANG). In 1995, I became a commercial pilot for United Airlines. While a member of the NDANG, I served as Flight Commander, Operation Squadron Commander, Director of Air Operation for the State, Air Chief of Staff for the State,

Member of the National Guard Bureau Strategic Planning Committee, and Assistant Adjutant General for Air. I retired from the Air National Guard in 2010 and retired from United Airlines in 2024.

#### COMMITTEE INVOLVEMENT

I am a member of Sacred Heart Parish and have served on the pastoral council as chairman. I am a member of Knights of Columbus Council 12581 and currently the Grand Knight.

#### WHY I WANT TO BE AN LREC DIRECTOR

Since joining LREC, I have been interested in the management and distribution of our energy. I would like to support my community and co-op by being on the board. I have served 6 years on the LREC Board. I currently serve as Board Secretary/Treasurer.

### Patrick Meyers



#### PERSONAL DETAILS

I grew up on my family's farm in North Dakota. My wife Emily and I have three children. We live in Dunn Township, Otter Tail County, where I own and operate my farm. I also assist with my wife's family resort, Fair Hills, on Pelican Lake.

#### SCHOOL/EDUCATION

I graduated from high school in Hunter, ND and Le Cordon

Bleu in Mendota Heights, MN.

#### WHY I WANT TO CONTINUE TO BE ON LREC'S BOARD OF DIRECTORS

I am running for the District 5 board seat again, because I want to see LREC members continue to receive the level of service they deserve today. I am a team player and an independent thinker. I understand the value of all businesses, large and small, and the contributions they make to our local economy. Affordable and reliable power is a key component to their success.

**Please note:** LREC offices will be closed on **April 3<sup>rd</sup>** for **Good Friday**.

## A Note of Gratitude



LREC would like to thank former Director Lee Mindemann for his service in representing the members of **District 4** and his work on our Board of Directors since 2024. Over the past two years, Mindemann helped address challenges of demand and reliability by collaborating in decisions that ensure the long-term health of the cooperative.

*Best wishes for the future, Lee!*

## 2026 Energy Efficiency Rebates



LREC is now accepting rebate applications on the purchase and/or installation of qualified HVAC equipment, water heaters, and more! Visit [www.lrec.coop/rebates](http://www.lrec.coop/rebates) or scan the QR code above for details.

## STRENGTHENING THE GRID

Hot line change outs is work that allows linemen to replace or repair damaged equipment – such as insulators, poles, and transformers – on an energized power line and avoid interruption. Scheduled throughout February, crews were able to complete these necessary improvements without shutting power off, ensuring LREC can provide members with continued reliability without the inconvenience of a break in service.



## Board of Directors

### DISTRICT 1

**Kurt Krueger**, *Vice Chair*  
kkrueger@lrec.coop

### DISTRICT 2

**Cecil “Bud” Hensel**, *Secretary/Treasurer*  
chensel@lrec.coop

### DISTRICT 3

**Mike Brasel**, *GRE Board of Directors Rep.*  
mbrasel@lrec.coop

### DISTRICT 4

VACANT

### DISTRICT 5

**Patrick Meyers**  
pmeyers@lrec.coop

### DISTRICT 6

**Charlie Blixt**  
cblixt@lrec.coop

### DISTRICT 7

**Tom Jennen**, *Chair*  
tjennen@lrec.coop

### DISTRICT 8

**Jim Gronbeck**  
jgronbeck@lrec.coop

### DISTRICT 9

**Gary Olson**  
garyolson@lrec.coop

[www.lrec.coop](http://www.lrec.coop)

(800) 552-7658

LREC is an equal opportunity provider and employer.



### 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