



NewsFlashes

DECEMBER 2022

A Year in Review—2022

LREC Celebrates 85 Years!

85 years ago in 1937, local farm families were looking for a better way. They had a vision along with the grit, determination, and ability to build consensus that was necessary to build their own electric cooperative. These pioneers of rural electrification brought themselves more than electric lights, refrigeration, and farm motors – they opened the door to tools and technologies that would forever change farming and rural living. We continue to move the cooperative forward with the same grit and determination of the folks who built LREC in 1937!

Energy Transition

Great River Energy (GRE) sold Coal Creek Station to Rainbow Energy Center, LLC (Rainbow) earlier this year. This was a historic transaction that resulted in GRE and Rainbow entering into a power purchase agreement allowing GRE to purchase power from Rainbow for approximately 10 years from the date of closing the transaction. We closely monitor the progress of our energy transition so that we have an “all of the above” strategy in place to get cleaner energy without compromising reliability.



Tim Thompson's CEO Column continued on the back →

LREC Board Approves Record \$1.86 Million Capital Credit Retirement!

A combined retirement of **\$1.86 million** in patronage capital credits was approved by your Board of Directors for 2022. The ability to retire capital credits is a sign of the cooperative's financial strength. LREC has steadily increased the amount of capital credits retired over the last decade. This will be *10 consecutive years* in which our capital credit retirement has exceeded one million dollars! Additionally, retirements received from other sources are passed through to our members. The retirements listed to the right will be dispersed to people and organizations that were members of Lake Region Electric Cooperative in the years listed for each source.

- ▶ LREC is retiring **\$1.32 million** in capital credits to members during the years of **2005 and 2006**
- ▶ We are retiring **\$527 thousand** from Great River Energy, our power supplier, for the years of **1990-1993**
- ▶ We also have a retirement of **\$11 thousand** from CFC (Cooperative Finance Corporation) for the year of **1997**

Off-Peak Rate Increase Effective January 2023

Off-Peak Rates	Current Rate	New Rate
Off-Peak Storage (ETS)	4.8¢/kWh	5.5¢/kWh
Interruptible: Dual Fuel & Peak Shave Water Heater	6.1¢/kWh <i>Summer</i> 5.4¢/kWh <i>Other</i>	6.8¢/kWh <i>Summer</i> 6.1¢/kWh <i>Other</i>

LREC's off-peak wholesale power rates from Great River Energy (GRE) are rising due to increases in the wholesale power market, which is primarily driven by the wholesale natural gas market.

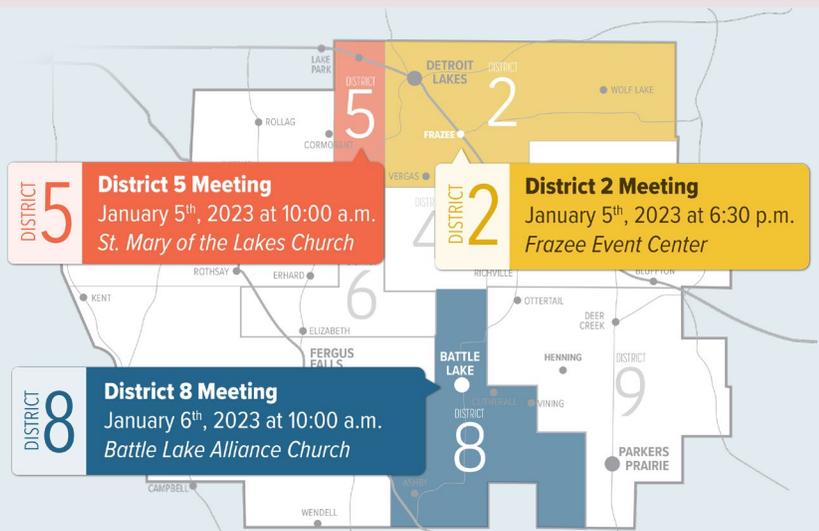
LREC has absorbed multiple wholesale off-peak rate increases over the years, to keep off-peak rates stable for our members. Our dual fuel and ETS rates have remained stable since 2008 and 2017, respectively. The latest wholesale increase has resulted in the need for additional revenue to serve these loads.

2023 District Meetings

In 2023, LREC's district meetings will be a month earlier than in the past. We are moving our annual meeting date to earlier in the year, making it easier to attend for farmers and others who are typically busy in late spring/early summer. This change moves everything earlier.

Candidates for the LREC Board of Directors will be nominated in districts 2, 5, and 8 at the district meetings. Meetings will be held in each of the three nominating districts. All members are invited, although only members of each district can vote. Livestreams of the meetings will be available as well.

- 2 **District 2:** January 5th, 2023 at 6:30 p.m.
Frazee Event Center, Frazee
- 5 **District 5:** January 5th, 2023 at 10:00 a.m.
St. Mary of the Lakes, Detroit Lakes
- 8 **District 8:** January 6th, 2023 at 10:00 a.m.
Battle Lake Alliance Church, Battle Lake



Any member interested in becoming a candidate for the LREC Board of Directors should contact Greg Larson by phone (218) 863-9852 or by email glarson@lrec.coop to learn more regarding the election process and responsibilities of being a director.



LREC offices will be closed for **Christmas** on December 23rd-26th and December 30th-January 2nd for the **New Year**.

CEO Column *Continued from front page.*

LREC Introduces New Annual Meeting Opportunities

I am so pleased that LREC rolled out the new annual meeting model this year. It allowed us to have three in-person meeting opportunities throughout our service territory and allowed members to attend virtually. Approximately 1,200 people were able to attend this year using the new model. Because of the great attendance, and based upon the positive feedback we received from members, we are excited to use the same model in 2023. Please join us at the 2023 Annual Meeting and bring your friends and neighbors!

Financial Strength

LREC continues to be in a strong financial position. LREC's equity continues to be above the 45% equity target set years ago by your board of directors. Our financial stability is the result of all of us working together on a grassroots level to make decisions that are in the best interests of our membership.

10th Consecutive Year of Record Capital Credit Retirements!

A record total amount of \$1.86 million of general capital credit retirements was paid out to members this year, making it 10 consecutive years of record capital credit retirement payouts.

Operation Round Up Continues to Help Our Communities

The LREC Operation Round Up (ORU) Board reviewed applications and disbursed \$79,675 to area organizations this year. The total amount disbursed since LREC became involved in the program is \$514,870! Thank you to all of you who have volunteered to serve on the ORU Board! If you have not already enrolled in the ORU program or if you would like more information about it, please call us or visit our website at lrec.coop/oru. It is truly amazing to see the impact that the generosity of our members has on our communities!

Member Engagement

We again enjoyed many opportunities engaging with members throughout our service territory by holding member events such as "Coffee with the Co-op" and "Apps & Chats". These events provide a casual opportunity for members to engage with LREC employees to ask questions and discuss generally the things happening at LREC. Thank you to all the members who were able to attend! With our first year of our Virtual Member Advisory Committee (VMAC) coming to an end, we look forward to welcoming our second year of VMAC participants and their engagement.

Continued Focus on Reliability

LREC purchased new satellite imagery software this year, AiDash, to continue its prioritization of reliability. This satellite imagery will

allow LREC to efficiently put into action a vegetation management program that we have never seen before. Images captured from this technology will detect current vegetation growth, accurately predict the growth of the vegetation in the future, measure clearance between vegetation and our infrastructure (both horizontally and vertically), and greatly reduce the number of outages associated with trees and other vegetation. I am excited to see how this technology will continue to improve reliability for our members.

2022 Storm Systems

Massive and multiple storms this summer caused thousands of members to be out of power. With a lot of grit and determination, all services were safely back on within 48 to 72 hours. The storms caused widespread damage—some of the worst experienced by LREC in recent history. I am so thankful for our LREC employees and their families for their dedication and determination to get the power back on safely after the storms. I am very grateful for your patience and consideration during these stressful situations. I know some of you are still recovering from the storms in different ways, and my thoughts continue to be with you and your safety.

LRES Continues to Grow

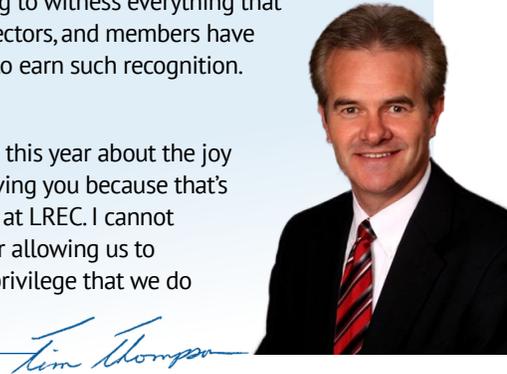
LREC's natural gas subsidiary, Lake Region Energy Services (LRES) continues to grow, which adds value to our cooperative. LRES has added over 120 new customers this year, making the total customer count to date around 1,150!

LREC Receives National Award from National Rural Electric Cooperative Association (NRECA)

This year, NRECA announced that LREC was the recipient of the 2022 Electric Cooperative Purpose Award. This award recognizes one cooperative per year that works with its membership to make outstanding contributions resulting in visible, lasting improvements to the quality of life and purpose of the cooperative in the community. It was very rewarding to witness everything that our employees, board of directors, and members have done throughout the years to earn such recognition.

Serving You

I dedicated a column earlier this year about the joy of service and the joy of serving you because that's what I think about each day at LREC. I cannot say it enough—thank you for allowing us to serve you. It is an absolute privilege that we do not take for granted.



General Service Rate Increase Effective September 2023

	CURRENT RATE	NEW RATE (Effective September 2023)
Residential and Farm		
Facility Charge	\$24.00/mo	\$39.00/mo
Summer (June, July, August)	12.2¢/kWh	11¢/kWh
Other Months	10.9¢/kWh	9.6¢/kWh
Small Commercial		
Facility Charge	\$45.00/mo	\$70.00/mo
Summer (June, July, August)	12.1¢/kWh	11.3¢/kWh
Other Months	10.76¢/kWh	10¢/kWh
Large Commercial		
Facility Charge	\$55.00/mo	\$100.00/mo
All Energy	7.05¢/kWh	6.85¢/kWh
Summer Demand (June, July, August)	\$18.69/kW	\$20.00/kW
Winter Demand (December, January, February)	\$12.59/kW	\$14.00/kW
Demand (all other months)	\$6.48/kW	\$8.00/kW

LREC's wholesale power costs from Great River Energy (GRE) are rising due to increases in the wholesale power markets, which are primarily driven by the wholesale natural gas market. Earlier this year, LREC completed a cost of service study. The results indicated that our *facility charge* wasn't recovering the fixed costs required to provide power to each service (poles, wires, transformers, substations, meters, etc.). By increasing our facility charge to match our cost of service, we were able to lower our energy rate across all rate classes. The result is a 5% annual increase for the average member.

	CURRENT RATE	NEW RATE (Effective September 2023)
Irrigation—Single Phase		
Facility Charge	\$79.00/mo	\$100.00/mo
All Energy	6.84¢/kWh	6.65¢/kWh
Demand (Controlled)	\$2.25/kW	\$3.50/kW
Demand (Uncontrolled)	\$7.50/kW	\$10.00/kW
Irrigation—Three Phase		
Facility Charge	\$79.00/mo	\$170.00/mo
All Energy	6.84¢/kWh	6.65¢/kWh
Demand (Controlled)	\$2.25/kW	\$3.50/kW
Demand (Uncontrolled)	\$7.50/kW	\$10.00/kW