



# NewsFlashes

JUNE 2023

Pelican Rapids fourth graders watched in awe as Assistant Operations Superintendent **Brian Johnson** climbed a training utility pole at the LREC headquarters on May 17<sup>th</sup>.

Explaining the process of restoring an outage was **Paul Bergren**, LREC's superintendent. Students had a great time touring LREC's facility and learning about the many facets of providing electricity to LREC members.

## Your Co-op Strives to Be Your Local Trusted Energy Services Provider...and More

At LREC, we have always strived to provide our members with safe, reliable, and affordable electricity. We have taken actions to be your local trusted energy services provider by offering a community solar opportunity for our members, installing GoWest Solar units, implementing our generator program, and promoting our many demand response programs. However, we don't want to stop there, and we won't stop there. We want to be the co-op that listens to and engages with its members. We believe you also deserve your co-op to be your local trusted source for good and factual energy information. I hope you feel our actions and our engagement efforts reflect that we are here for you when you need such information. All of you inspire us to put together events like the recent Energy Forum we hosted at Thumper Pond on May 18<sup>th</sup>. The presenters and topics discussed at the Energy Forum are mentioned in the Energy Forum press release included in this newsletter. However, I want to share with you some of the things not included in the press release, such as:

- The passion and engagement of our members who attended the event that I experienced firsthand when meeting with many of them
- The eagerness and desire of our LREC staff to coordinate efforts planning the event and arrange for presenters coming into our service territory from National Rural Electric Cooperative Association (NRECA), Minnesota Rural Electric Association (MREA), Great River Energy (GRE), and Mining Minnesota.
- The positive feedback we received from LREC members who attended the event

- Knowing our members have different opinions on policies, laws, and other actions that impact the energy industry, but regardless of such opinions, having members who are open and willing to engage with each other in a positive manner at events like the Energy Forum—members had great conversations with each other, even if some of those conversations included things that aren't always agreed upon
- The energy our membership brings to the LREC employees who serve you
- The new relationships created at events like these, and the strengthening of relationships that were created many years ago
- Recognizing we, as a co-op, are part of a large co-op family that includes NRECA, MREA, and GRE, and knowing all the members of the co-op family share the same mission of serving our members—this was showcased when NRECA, MREA, and GRE were excited to come to our community on May 18<sup>th</sup> to participate in the Energy Forum

We are a co-op. You, the member-owners, are the reason LREC exists. You deserve your co-op to provide safe, reliable, and affordable electricity. You also deserve your co-op to remain active and engaged with you so we are well positioned to listen to each other, learn from each other, and move forward together to create the best quality of life we can for our community.

*Tom Thumper*





## Forum Highlights Energy Issues in Minnesota

Nearly 100 people attended Lake Region Electric Cooperative's (LREC) Energy Forum held at Thumper Pond, Ottertail, on May 18<sup>th</sup>. The forum provided the opportunity for LREC's member-owners, community leaders, and the general public to hear first-hand how electric cooperatives are ready to meet the challenges of the new energy economy brought on by recent legislation.

Lake Region CEO **Tim Thompson** welcomed everyone and spoke of how engaged Lake Region's membership is when it comes to their cooperative.

"As a member-owned cooperative, we are happy to have our members engaged in these important discussions," he said. "We want to be your trusted source for energy information."

Topics at the forum included power supply and transmission planning, reliability, renewable energy, battery storage, energy affordability, and the mining of minerals and metals needed to achieve energy goals. The forum brought together a host of energy leaders to discuss how electric cooperatives are working to continue to provide ongoing reliable, affordable electricity to more than 1.7 million Minnesotans.

Minnesota Rural Electric Association CEO **Darrick Moe** discussed the recently passed 100% carbon free legislation and how it could impact affordability and reliability of the electric system in Minnesota.

"There needs to be a massive, transformational change in electricity sources by 2040 to meet this goal," Moe said. "Innovation has to increase a lot to figure out how we are going to keep the system reliable so that the lights come on when you flip the switch."

Leadership from Great River Energy – LREC's wholesale power provider – also spoke at the event, including Vice President and Chief Transmission Officer at Great River Energy **Priti Patel** who discussed the need for significant transmission upgrades to meet the new goals.

"Building transmission is a strategic solution to some of the challenges that we face as thermal generation retires and our region transitions to increased penetration of renewable generation," Patel said.

**Zac Ruzycki**, director of resource planning at Great River Energy, discussed how the cooperative has been planning and executing the transition of its power supply portfolio away from coal-based power in favor of renewables and marketplace purchases. The company is also piloting new battery technology in partnership with Form Energy.

"This is a challenging target to reach," Ruzycki said, referencing the 100% carbon free legislation signed in February. "However, the measures we have taken over the past decade put Great River Energy and our members

in a strong position to comply with the law with minimal rate impacts."

**Tolu Omotoso**, director of energy solutions at the National Rural Electric Cooperative Association, discussed the development and availability of technology to provide reliable power and financial savings to consumers. New technologies are being developed and used on the consumer's side of the meter to help provide power to the grid during high demand times. Omotoso highlighted the abundance of government grants and loans available at this time.

"This is the biggest investment in the grid ever," he said referring to grants being provided through the Inflation Reduction Act and other government programs.

**Julie Lucas**, executive director at Mining Minnesota, spoke about the need to actually talk about mining. She said we don't like to talk about it, but mining is critical to the new energy transition.

"We need to talk honestly about mining," she said. "The electric transition is metal hungry. We are going from fossil fuel dependence to mineral dependence."

After the speakers, there was a robust round of questions about property rights and permitting, renewable energy costs, retiring coal plants, off-peak rates, bio-resources, and more. Those who attended were appreciative of LREC providing the opportunity to have an open discussion about the energy transition.

*\* This news release was published by MREA.*



To view a recording of the energy forum, please visit [www.lrec.coop/energyforum2023](http://www.lrec.coop/energyforum2023)

# Summary of Consolidated Financial Statements

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

## STATEMENT OF OPERATIONS

December 31<sup>st</sup>, 2022 and 2021

Operating Revenues		
	Dec. 31, 2022	Dec. 31, 2021
Electric Revenue	\$54,799,770	\$54,155,163
Natural Gas Revenue	\$1,979,733	\$1,446,216
<b>Total Operating Revenues</b>	<b>56,779,503</b>	<b>55,601,379</b>
Operating Expenses		
Cost of Power	35,378,475	34,282,623
Distribution Expense - Operations	3,068,087	2,565,857
Distribution Expense - Maintenance	4,087,067	3,687,967
Consumer Account Expense	1,334,548	1,315,299
Customer Service and Information Expense	962,502	975,279
Administrative and General Expense	3,068,120	2,989,607
Depreciation	4,691,734	4,516,036
Interest on Long-Term Debt	1,955,677	1,993,396
Taxes	387,076	476,655
<b>Total Operating Expenses</b>	<b>54,933,286</b>	<b>52,802,719</b>
<b>Operating Margins After Fixed Charges</b>	<b>1,846,217</b>	<b>2,798,660</b>
Generation, Transmission, and Other Capital Credits	925,358	2,057,267
<b>Net Operating Margins</b>	<b>2,771,575</b>	<b>4,855,927</b>
Interest Income	189,902	231,897
Other Non-Operating Income	364,652	530,292
Total Non-Operating Margins	554,554	762,189
<b>Net Margins</b>	<b>\$3,326,129</b>	<b>\$5,618,116</b>

## BALANCE SHEET

December 31<sup>st</sup>, 2022 and 2021

Assets		
	Dec. 31, 2022	Dec. 31, 2021
<b>Utility Plant</b>		
Electric Plant in Service	\$152,443,990	\$147,874,626
Natural Gas Plant in Service	5,581,430	5,232,918
Construction Work in Progress	1,300,464	2,291,854
<b>Total Utility Plant</b>	<b>159,325,884</b>	<b>155,399,398</b>
Less Accumulated Provision for Depreciation	58,175,232	56,093,909
<b>Net Utility Plant</b>	<b>101,150,652</b>	<b>99,305,489</b>
<b>Other Assets and Investments</b>		
Investments in Associated Organizations	29,520,258	30,230,772
Other Investments	2,995,669	3,036,877
<b>Total Other Assets and Investments</b>	<b>32,515,927</b>	<b>33,267,649</b>
<b>Current Assets</b>		
Cash and Cash Equivalents	2,192,338	2,061,187
Accounts Receivable, Net	6,278,047	5,741,261
Materials and Supplies Inventory – Electric	2,392,484	1,808,186
Materials and Supplies Inventory – Natural Gas	199,792	177,251
Prepaid Expenses	274,528	265,825
Accrued Assets	112,645	-
Current Portion of Other Investments	-	20,000
<b>Total Current Assets</b>	<b>11,449,834</b>	<b>10,073,710</b>
<b>Deferred Debits</b>	<b>1,525,542</b>	<b>1,778,629</b>
<b>Total Assets</b>	<b>\$146,641,955</b>	<b>\$144,425,477</b>

YOUR SOURCE FOR ENERGY-EFFICIENT HEATING AND COOLING.

**REBATES OF UP TO \$1,300 FOR AIR SOURCE HEAT PUMPS!**

Air Source Heat Pump	Promo Rebate	Note: rebates are available through June 30 <sup>th</sup> , 2023.
≥ 8.2 HSPF	\$600	
≥ 9.0 HSPF	\$1,300	

## Equities and Liabilities

	Dec. 31, 2022	Dec. 31, 2021
<b>Equities</b>		
Patronage Capital	\$56,819,711	\$57,367,048
Other Equities	10,589,301	8,787,870
<b>Total Equities</b>	<b>67,409,012</b>	<b>66,154,918</b>
<b>Long-Term Debt</b>	<b>65,443,317</b>	<b>65,640,694</b>
<b>Current Liabilities</b>		
Current Maturities of Long-Term Debt	2,337,000	2,263,000
Accounts Payable - General	696,537	593,688
Accounts Payable - Billed Power Costs	4,938,155	4,908,732
Consumer Deposits	357,555	376,562
Other Current and Accrued Liabilities	1,515,732	2,486,581
<b>Total Current Liabilities</b>	<b>9,844,979</b>	<b>10,628,563</b>
<b>Deferred Credits</b>	<b>3,944,647</b>	<b>2,001,302</b>
<b>Total Equities and Liabilities</b>	<b>\$146,641,955</b>	<b>\$144,425,477</b>

Limited funds are available and awarded on a first-come, first-served basis. Rebate amounts and programs are subject to change without notice. Unit must be paid for and installed by June 30<sup>th</sup> in order to qualify.

ENERGY WISE  MN

# Sign Up for SmartHub Text/Email Outage Notifications

Outage notifications are available through SmartHub! Your co-op works hard to improve system reliability and keep the lights on, but we all know that power outages happen on occasion. Make sure you're signed up for our outage notifications to receive a text and/or email informing you of the status of any outage affecting your property. The messages are sent after a power outage has been reported that affects your property. You will also be notified of the estimated time to restore power. A final message will be sent when power is restored.

Learn how to sign up at [www.lrec.coop/notifications](http://www.lrec.coop/notifications)



## See How Upcoming Rate Change Affects Your Bill



We've worked hard to ensure our members are fully informed about our upcoming rate change to our general service rate in September. At our district meetings in January and our annual meeting in April, we provided a *rate booth* where members could preview what their bill might look like after the increase. We have also made an online bill calculator that is available at <https://ratecalc.lrec.coop> – scan the QR code to the left to visit.



**Why are rates increasing?** The rate change is due to rising wholesale power costs from Great River Energy (GRE). GRE's power cost increases are due to rising prices in the wholesale power markets (which are primarily driven by the wholesale natural gas market).

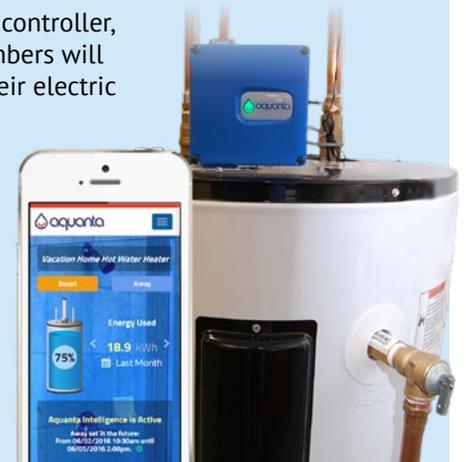
**How much are the rates increasing?** The average member will see an average annual increase of 5%.

**When are rates changing?** Our general service rate change will take effect *September 1<sup>st</sup>, 2023*. Our off-peak rate increase was implemented *January 1<sup>st</sup>, 2023*.

## Aquanta Water Heater Pilot

Join our **Aquanta Water Heater Pilot** program. Open to **new** water heater control signups with 80+ gallon (and a few 50+ gallon) water heaters, members on this program receive a *no-cost* Aquanta retrofittable water heater controller. This cellular-enabled controller is accessed via an app on mobile devices. It's a fast and easy way to beat the peak and save money.

With the Aquanta controller, participating members will save money on their electric bill by helping LREC avoid peak power pricing. The Aquanta app allows members to gain new access to their water heater—both in control and data reporting.



Apply at [www.lrec.coop/aquanta](http://www.lrec.coop/aquanta) today!

## LREC Events

Save the Date!

### East Otter Tail County Fair — July 20<sup>th</sup>-23<sup>rd</sup>

Come join us at the fair in Perham. We will have a booth there, so come learn more about what we offer. We love talking to our members and answering questions or hearing new ideas!

### Twins Youth Baseball Clinic — August 4<sup>th</sup>

Hosted by Lake Region Electric Cooperative, the baseball clinic is open to everyone! Meet at the *Pelican Rapids Varsity Baseball Field* right off Highway 59 from 4-6 p.m. Register at [playballmn.com](http://playballmn.com)

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4. Choose *Update My Printed Bill Settings*.
5. Change your printed bill status to *Off*.