



NewsFlashes

JULY 2023



LREC's June 8th member appreciation event at Gledalough State Park was a big success with nearly 700 attendees. Members enjoyed a grilled dinner, linemen safety demos, EV ride and drive, Galloping Goose rental equipment, and the park's stunning beauty. We sincerely thank our members for their support as your trusted local energy service provider.

Energy Transition: Challenges & Opportunities During System Transformation

2023 Legislation Will Impact Everyone Who Uses Electricity

Minnesota's 2023 legislative session was one of the most consequential in history for LREC members and the rest of Minnesota's 1.7 million cooperative members. The landmark 2040 Carbon Free Standard made this legislative session one with long-term impacts on everyone using electricity in the state. A lot of investment, innovation, and ingenuity will be necessary to avoid cost increases and maintain reliability while meeting the mandate of the 2040 Carbon Free Standard.

LREC's Commitment to Investment and Innovation

Investments in our system are more crucial than ever, and historic funding from the Federal Infrastructure Investment and Jobs Act (IIJA) and Inflation Reduction Act (IRA) requires LREC and all of Minnesota to think big to attract federal dollars. Lawmakers put \$190 million into a newly created State Competitiveness Fund which will be used to attract hundreds of millions of dollars for investments in Minnesota's energy infrastructure. LREC and other cooperatives around the state will be using these funds, including an additional \$5.3 million specifically for consumer-owned utilities like LREC, for projects to improve affordability and reliability and aid in the energy transition. LREC already has applications in for funds to support a utility scale battery storage project, a residential battery program, and a project that will tie two LREC substations together for additional resiliency.

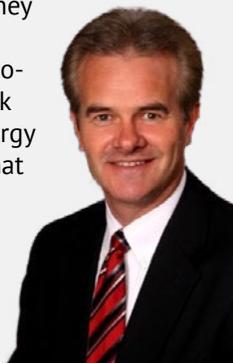
LREC Now Can Benefit From More Local Renewable Energy

The amendment to the existing power contract we have with Great River Energy that increased the opportunity for LREC to use or directly purchase renewable energy from 5% to 10% of the total monthly electricity consumed in our service territory has been finalized. We are working on ways to take advantage of this new opportunity to maximize the benefits this amendment will have for our members. We will keep you posted on our plans moving ahead.

GRE Requesting Members to Extend Power Contract

Great River Energy (GRE) recently connected with LREC and its other member co-ops to discuss extending the current power contract by 10 years. The extension would mean the power contract between LREC and GRE would expire in 2055 instead of 2045. Although extending the contract from 2045 to 2055 can present challenges, doing so would likely help GRE keep wholesale rates stable because the current GRE rate forecast already assumes the contract expiring in 2055. Long-term contracts are not unusual in the industry because they enable Generation and Transmission co-ops like GRE to lock into long-term energy source contracts that provide favorable pricing beneficial for LREC and GRE's other member-owners.

Tom Thompson



2022 Capital Credit Allocation

As a member-owner of LREC, you invest in your co-op through your energy purchases. Each year, any *margin* (revenue after expenses) earned by your co-op is reinvested. That margin is proportionally *allocated* to capital credit accounts for each member-owner based on their electric use during the year. These accounts are maintained until the credits are retired (paid).



A capital credit payment is proof that you are a member-owner of a successful, effective organization. As a member-owner of LREC, you are *automatically eligible* for capital credits. This is the value of being a member-owner, rather than just a customer.

This year, the LREC Board of Directors approved a capital credit allocation totaling **\$3,050,784**. This total includes \$2,350,230 from LREC and \$700,554 from Great River Energy (GRE). Please check your electric bill for the *2022 Capital Credit Allocation* details.

Note: this is only a notification—capital credit funds are not being disbursed at this time.

For more information and frequently asked questions, scan the QR code to the right or visit www.lrec.coop/capitalcredits



www.lrec.coop/capitalcredits

Proactive Vegetation Management Increases Service Reliability



Vegetation management, or right-of-way clearance, is necessary for public safety and to keep the lights on, and blinks to a minimum. In the last five years, 25% of our unplanned outages were caused by trees (including major events such as storms). One of the most effective ways Lake Region Electric Cooperative addresses service reliability is through a proactive, highly advanced *vegetation management* program.

We use satellite technology and AI modeling to plan tree trimming and removal. This ensures that LREC lines are cleared in the most cost-effective manner possible. LREC has cut its annual vegetation control costs in approximately half since implementing integrated vegetation management over 10 years ago.

If you see us out in the community trimming, remember the many benefits it brings:

- Keeps power lines clear of tree limbs
- Helps us restore power outages more quickly
- Keeps crews and members of our community safe
- Reduces unexpected costs for repairs

Trimming improves service reliability for you, the members we serve.



LREC's vegetation management (VM) map provides members with the capability to see where mowing/trimming will occur in 2023. As LREC continues to implement a rigorous VM program, this map gives members more details concerning their service location and the work occurring. This map has been carefully crafted by LREC's arborist utilizing satellite technology.

To see the latest vegetation management plans in our service territory, scan the QR code to the right or visit vmmmap.lrec.coop



LREC Events

Save the Date!

East Otter Tail County Fair July 20th-23rd

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!

What is a Facility Charge and Why is it Increasing in September?

As announced at the beginning of 2023, Lake Region Electric Cooperative (LREC) is raising the general service rate (*effective September 1st, 2023*). This is due to rising wholesale power costs from Great River Energy (GRE).

The increase will primarily be in our **facility charge**. A recent *cost of service study* indicated that LREC's facility charge wasn't recovering the fixed costs required to provide power to each service – such as poles, wires, transformers, substations, meters, and the like. These costs are the same regardless of the amount of electricity each home uses. The purpose of a facility charge is to ensure these costs are properly being recovered regardless of how much energy is consumed.

LREC, along with other electric utilities, bills a separate *fixed* facility charge (cost to provide service) in addition to a *metered* energy cost (cost of electricity). By increasing our facility charge to match our cost of service, we are able to lower our energy rate across all rate classes.

The typical member will see an average annual increase of 5%. If you are interested in seeing how the rate change affects you, we have



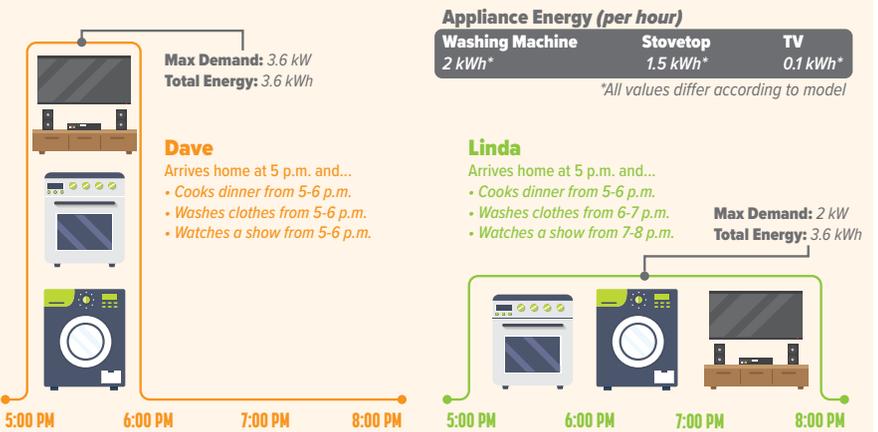
made an online bill calculator that is available at <https://ratecalc.lrec.coop> – simply scan the QR code to the left to visit. As always, if you have a question or concern that isn't addressed, you can reach out to us at (800) 552-7658 or via our online chat at www.lrec.coop.

Facility charge: For \$1.30/day

you have access to safe, reliable and affordable electricity.

Understanding Energy Demand

Demand is essentially the measurement of the maximum amount of electricity that is being used at one time. You could use the same amount of electricity as your neighbor on any given day, but if you are using most of that electricity during one hour after work, your DEMAND is higher than your neighbor's. Consider the following example of how two different hypothetical co-op members, Dave and Linda, spend their evening.



The result is that Linda's **demand** is much lower than that of Dave's, even though they both have the same total **energy** use.

Lake Region Electric Cooperative has the capacity to power all of its members' homes and businesses during high-demand times of day—usually 6-9 a.m. and 5-8 p.m. However, that high-demand electricity is provided to the co-op at a higher cost.

If members are mindful of spreading out their electricity-based tasks, it can help the cooperative save on high-demand charges. As a member, that savings is passed on to you in the form of stable electricity rates and a more reliable, balanced electric grid. Thank you for helping us lower demand and keep our community power strong!

Twins Youth Baseball Clinic August 4th

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

Lakes Area EV August 12th

From 9 a.m. to 1 p.m. at *First Lutheran Church* in Detroit Lakes, take the opportunity to learn about, and even ride and/or drive, an electric vehicle (EV)!

EnergyWise Marketplace

All the ways you can save with our rebates and services!



SUMMER 2023

2023 Energy Efficiency Rebates

In addition to most of LREC's rebates, the Inflation Reduction Act (IRA) offers additional tax credits for members. Learn more when you visit www.lrec.coop/IRA.

Heating and Cooling

Heat Pump Systems*	Ductless air source heat pump: HSPF ≥ 8.2 & primary heat source must be electric	\$500
	Ducted air source heat pumps: HSPF ≥ 8.2 & HSPF ≥ 9.0	Up to \$630*
	Geothermal heat pump, closed loop	Up to \$400 per ton (max 4,000)
Central Air Conditioners*	Central air conditioner, SEER 14.5 or greater	\$50/unit*
Electric Thermal Storage (ETS) Heating Systems	Steffes ETS systems on short term storage	\$25 per KW
	All ETS systems on long term storage	\$50 per KW
Electronically Commutated Motor	Motor replacement only	\$50

Water Heating

Heat Pump Water Heater	Must be ENERGY STAR	\$500
ETS Water Heater (5.5¢ rate)	Must be at least 100 gallons and grid enabled with mixing valve	\$400
Peak Shave Water Heater (6.1¢ rate)	Must be at least 80 gallons and grid enabled	\$100

Miscellaneous

Electric Vehicle Charger Installation	Level 2 chargers: \$500 (must be on EV rate)	Up to \$500
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*Rebates for high efficiency air source heat pumps and air conditioners are available only through qualified contractors registered at HVACRedu.net. Go to www.lrec.coop and click on "QI A/C & ASHP Contractors" under Quicklinks to find local qualified contractors.

All rebates are subject to change. Please contact LREC to verify availability.

Off-Peak Space Heating

Steffes electric thermal storage (ETS) heaters store heat in specially-designed ceramic bricks for extended periods of time so you can stay warm while saving money! Steffes offers two products for your home — Room Heaters and Whole House Forced Air.

Steffes Room Heaters

- ⚡ Qualifies for **low 5.5¢ ETS rate** or **6.1¢ STS rate**
- ⚡ Up to \$50 per KW rebate
- ⚡ Great for a single room or entire home
- ⚡ Replaces wood stoves, wall furnaces, or electric baseboard
- ⚡ Interest-free **EASY-PAY** – pay for heaters over 48 months on your bill with no money down!



Steffes Forced Air

- ⚡ System is eligible for 5.5¢ ETS rate
- ⚡ Get \$50 per KW rebate for Steffes Comfort Plus on ETS
- ⚡ Combine with ASHP (up to \$630 rebate available) to reduce electricity usage of ETS systems by nearly 50%
- ⚡ Interest-free **EASY-PAY** – pay for heaters over 48 months on your bill with no money down!



Off-Peak Water Heating

Water heaters on our electric thermal storage (ETS) rate use electricity during the low demand times when electricity costs less. Heat your water while you sleep and save up to 50% on your water heating rate.

- ⚡ Our 5.5¢ ETS rate is the lowest cost water heating rate available
- ⚡ Receive up to \$400 in rebates toward a new water heater
- ⚡ Use our **EASY-PAY** purchase plan and pay over time with your electric bill
- ⚡ There are peak shave rate options also available
- ⚡ We have 80 & 100 Gallon capacity water heaters available
- ⚡ Our residential water heaters have a lifetime warranty

Up to \$400 in rebates available!



HTP Everlast
Stainless steel tank



Marathon
Lightweight
tank that won't
corrode



Lake Region Electric Cooperative, Pelican Rapids, MN
www.lrec.coop • (800) 552-7658

ENERGY WISE

Standby Generators

If you've ever considered purchasing one of our generator packages, **call now to schedule a consultation!** Let our energy management specialists walk you through the best options available for your home. Give us a call today at **(800) 552-7658** to get started.

- ⚡ From Briggs & Stratton—*The Power Experts!*
- ⚡ Standby generator system intelligently powers your whole house, automatically powering what you need when you need it most
- ⚡ Generator automatically starts when the power goes out
- ⚡ Sold and installed by LREC
- ⚡ Eligible for 48-month **EASY-PAY** plan
- ⚡ Runs on natural gas or LP (*provided by others*)
- ⚡ Omnimetrix monitoring system — **NEW FOR 2023!**

Let our *energy management specialists* find the best option for you. Call **(800) 552-7658** today!



12 KW*
FORTRESS



Starts at \$8,799.96

20 KW*
FORTRESS



Starts at \$11,078.05

26 KW*
FORTRESS



Starts at \$12,090.55

GoWest Solar Installation

GOWEST
SOLAR

GoWest Solar is a pioneering effort to increase the value of solar energy. The solar array is aligned at 240° to the southwest, optimizing electricity production during summer evenings when electric demand is high and market value is greatest.

GoWest Solar offers Jinko Eagle Modules in a small (3.8kW) or large (7.7kW) array for residential customers across the Lake Region Electric Cooperative service territory. If you use a significant amount of electricity in the summer, GoWest Solar provides an attractive alternative to traditional solar by cutting electric costs.

Field photo of the 7.7kW GoWest solar array



- ⚡ GoWest Solar helps you save by utilizing solar-produced kWh to offset your electric use. Every kWh you produce is one you do not have to pay for on your electric bill.
- ⚡ Summer peak demand reduction—GoWest Solar is designed to produce power during the peak demand hours of summer which then creates additional benefits for co-op members.
- ⚡ Excess solar production that flows back into the Lake Region electric grid will be purchased at the co-op's wholesale energy cost.

Pay the easy way with **EASY-PAY**

EASY-PAY IS ON-BILL FINANCING OFFERED BY LREC. PAY FOR YOUR PURCHASE MONTHLY RATHER THAN AS A LUMP SUM.



Lake Region Electric Cooperative, Pelican Rapids, MN
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ENERGY WISE