



NewsFlashes

DECEMBER 2024

LREC wishes everyone a Merry Christmas from our float in the Lighted Horse Parade in Pelican Rapids.

Thank You for Your Feedback

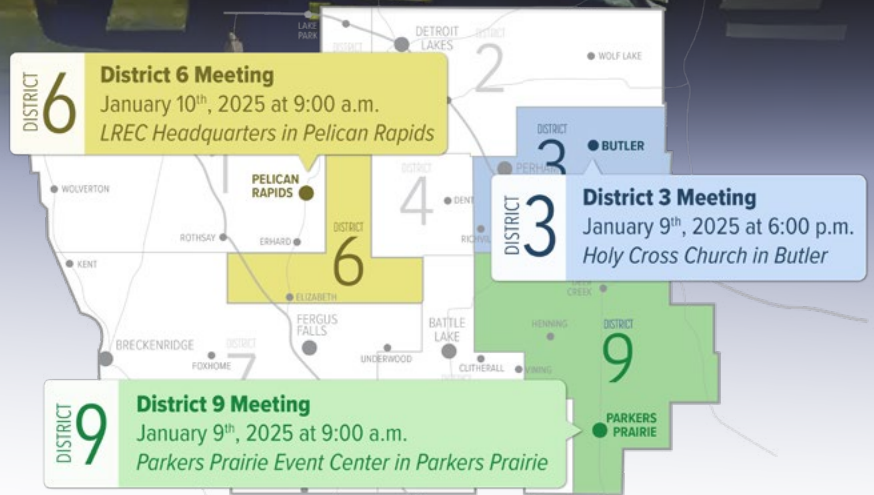
As your cooperative, service to our members is at the center of our mission. Our efforts to fulfill that commitment are driven, in large part, by what we hear from you – what we’re doing well, and where we can improve.

I want to thank all of you who took time to complete our member satisfaction survey last month. I’m happy to report that we were able to match last year’s overall member satisfaction rating of **9 out of 10** – our third consecutive year in reaching that score.

How did we do it? The feedback we received from the 3,700 members who responded to the survey provided valuable takeaways from the past year and will shape how we act on what matters most to you:

- **Rates and relationships are important:** We’re proud that, in keeping our administrative costs low, we’re able to deliver rates that continue to be the lowest in our peer group. And, whether it’s explaining your bill or solving a problem, we understand the importance of the relationship between you and our front-line employees. To hear that calling our LREC office “is a joy” is a compliment to their level of service. We look forward to building on that in the future.
- **Communication is key.** From timely notification of outages to changing energy costs, keeping you informed is critical. We will continue to use a variety of methods to tell the complete story on issues that impact you and ensure you remain as up-to-date as possible.
- **Focus on reliability.** Many of you noticed an improvement in the number and length of service interruptions, but there is still more we can do. This includes a continued investment in vegetation management to reduce blinks and outages caused by tree interference. Completion of our Distribution Grid Improvement Plan (DGIP) by year-end – projects strategically created by reviewing outage history data to identify and address recurring issues – will finish the upgrades needed in specific areas to keep future service interruptions to a minimum.

Tim Thompson’s CEO Column is continued on page 2 →



2025 District Meetings **OFFICIAL NOTICE**

Candidates for the LREC Board of Directors will be nominated in districts 3, 6, and 9 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). There will be livestreams of the meetings available as well. Make sure to save the date for our Annual Meeting on April 24th.

- ③ **District 3:** January 9th, 6 p.m. at Holy Cross Church, Butler
- ⑥ **District 6:** January 10th, 9 a.m. at LREC Headquarters, Pelican Rapids
- ⑨ **District 9:** January 9th, 9 a.m. at Parkers Prairie Event Center, Parkers Prairie

Interested in Being a Director?

Any member interested in becoming a candidate for the Lake Region Electric Cooperative Board of Directors should contact us at (218) 863-9852, or email croesch@lrec.coop to learn more about the election process and responsibilities of being a director.

\$1.24M Capital Credit Retirement

Lake Region Electric Cooperative (LREC) is pleased to announce a combined retirement of **\$1.24 million** in patronage capital credits for 2024. This will mark the *12th consecutive year* that LREC has retired over \$1 million in capital credits – a testament to the cooperative’s strong financial position.

This retirement is a result of LREC’s commitment to providing reliable, affordable electricity to its members. By prudently managing its finances, LREC has

continued to build a strong financial foundation that allows it to return capital to its members. The capital credits will be distributed to members who were members of LREC in the years listed below.

- ▶ LREC is retiring **\$1.04 million** in capital credits to members for the years of **2007 and 2008**
- ▶ We are retiring **\$130 thousand** from Great River Energy, our power supplier, for the year of **1995**
- ▶ We are retiring **\$73 thousand** from CFC (Cooperative Finance Corporation) for the year of **1999**



Have questions about capital credits? Simply scan the QR code to the left with your mobile device or visit www.lrec.coop/capital-credits

CEO Column

Continued from front page.

- **New ideas matter.** Alerting our members to reduce usage during peak demand times and providing a complete menu of services – including our GoWest solar arrays, standby generator program, and natural gas business – creates a positive rate benefit that we've been able to pass on to all of you. With the anticipated announcement of federal funding toward renewable energy coming next year, we'll partner with Great River Energy (GRE) on wind and solar projects that will act as a hedge against an increase in future power costs.

Thanks again for your engagement. Using the above as a guide moving into the new year, I'd like to share some exciting news. Last month, LREC's Board of Directors approved our new four-year Construction Work Plan (CWP), including \$35M that will go toward modernizing our grid and preparing areas for new growth. We're grateful for the support from board members, and feel this decision is an important step toward delivering on our commitment to safe and reliable energy for our members.

Tim Thompson



**For Christmas and New Years,
the offices will be closed
on December 24th-25th and
December 31st-January 1st.
Merry Christmas and
Happy New Year!**



New 2025 Power Cost Adjustment

What does the line for PCA mean on my power bill?

A *PCA*, or *Power Cost Adjustment*, is a pass-through that reflects the increases/decreases in the co-op's cost of power purchased from its wholesale providers.

Why use a PCA?

Wholesale power cost is an electric co-op's largest expense. While a portion of the co-op's cost of power is already included in energy rates, a PCA allows for flexibility (rather than continually restructuring rates) as wholesale energy costs fluctuate.

What is the difference between *monthly* and *fixed* PCAs?

Currently, LREC's PCA is calculated on a *monthly* basis, which reflects the difference between LREC's wholesale cost of power from Great River Energy (GRE), our provider, and the cost of power built into our energy (kWh) rates. The monthly PCA can be in the form of a credit or a charge on your monthly bill due to variables like wholesale market pricing, the cost of natural gas for GRE's peaking power plants, and high demand due to extreme weather conditions.

For 2025, LREC's Board of Directors has approved the use of a *fixed* PCA charge to recover an increase of approximately 7% in GRE's wholesale power rates. This increase is primarily driven by the transition to more renewable energy and inflationary pressures facing the electric industry. To support this transition, GRE is investing in new wind generation and construction of new transmission lines that will help strengthen the electric grid and transport renewable energy throughout the state. The fixed and monthly PCAs will be combined on the PCA line of your bill. We anticipate the PCA charge will be approximately \$6.50 per month for the average residential member using 1,000 kWh per month.

We will continue to keep you informed in our newsletter, on our website, and on social media once the annual PCA is finalized for 2025.



Learn more about PCAs and understanding your bill by scanning the QR code to the left, or by visiting www.lrec.coop/mybill

Defensive Driving: Staying Safe on the Road

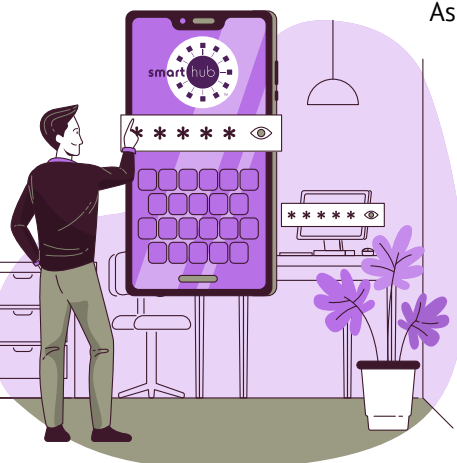
In support of our commitment to a culture of safety, LREC recently had MN State Patrol Trooper Sgt. Jesse Grabow present on defensive driving. Defensive driving is a proactive approach to ensure safety behind the wheel. It emphasizes anticipating potential hazards, staying alert, and making well-informed decisions to prevent accidents. Here are some essential tips for defensive driving:



- ✓ **Maintain a Safe Distance:** Keep a three-second gap or more between your vehicle and the one ahead. Increase this distance if road conditions are poor.
- ✓ **Stay Focused:** Avoid distractions like texting, eating, or adjusting the radio while driving. Keep your attention on the road, mirrors, and surroundings.

- ✓ **Anticipate Actions:** Watch for erratic behaviors from other drivers, such as sudden lane changes or inconsistent speeds. Be ready to react calmly.
- ✓ **Be Weather-Wise:** In rain, snow, or fog, reduce your speed and increase following distance. Keep your headlights on to make your vehicle easier to see.

Reminder: 2FA Required in SmartHub Beginning January 2025



As announced last month, all LREC members currently enrolled in, or who wish to enroll in, SmartHub will now be required to complete two-factor authentication (2FA) during the log in process to complete their transaction beginning **January 1st, 2025**.

2FA is a code or confirmation sent via text, email, or verification app that is needed **in addition to your existing password** before access to your online account is allowed. This protects your online account security and will be required in order to use all parts of SmartHub.

Follow the instructions to the right to enable 2FA now or upon your first log in after January 1st, 2025.

IN THE MOBILE APP:

- 1) Launch the *SmartHub* app
- 2) Tap *More*, then *Settings*
- 3) Tap *Security*, then *Two-Factor Authentication*
- 4) Follow the setup prompts

ON YOUR COMPUTER:

- 1) Log in to <http://smarthub.lrec.coop>
- 2) Click *Settings*
- 3) Click *Two-Factor Authentication*
- 4) Follow the setup prompts

As a member of Lake Region Electric Cooperative, **YOU** get the credit... your capital credit refund has arrived!



It's time for the members who helped build this electric cooperative to get the credit—through a *capital credit retirement*. Current members will receive their capital credit retirement through a bill credit. Former members will receive a check for the capital credit. For more information, view our FAQs at www.lrec.coop/capital-credits-faqs

Lake Region Electric Cooperative will retire **\$1.24 million** in 2024. Members who were on our service in **2007** and **2008** will receive approximately **\$1.04 million** from LREC. In addition, retirements received from other sources are passed through to our members. We are retiring **\$130 thousand** from Great River Energy, our power supplier, to members who were on our service in **1995** and **\$73 thousand** from CFC (*Cooperative Finance Corporation*) for the year of **1999**.

HOW DO CAPITAL CREDITS WORK?

Because electric coops operate at cost, any excess revenues, called margins, are returned to members in the form of capital credits.



**Lake Region
Electric Cooperative**

(800) 552-7658
www.lrec.coop