



Energy Efficiency
Tip of the Month

Keep cool this summer! ENERGY STAR certified refrigerators are about 9-10 percent more energy efficient than models that meet the federal minimum energy efficiency standard.

Source: Energy.gov



Annual Meeting

Look for our Annual Meeting election results, prize winners, and photos in our June issue of the Powerline Press.

2015 YOUTH TOUR DELEGATES

LREC Awards Teens a Trip to Washington D.C. Youth Tour



#YouthTour

Lake Region Electric Cooperative is pleased to announce the selection of three delegates to participate in the 2015 Electric Cooperative Youth Tour trip to Washington, D.C. The selections were made based on essays written on a topic chosen by the cooperative. From the essays entered, the local schools chose their finalists to compete in the final question and answer session held at the LREC main office in Hulbert. A panel of three judges interviewed the students based on their subject knowledge, personality, speaking ability, and presentation. All of the participating students who qualified for the final judging received a \$50 cash prize.

The Youth Tour competition is available to all students in LREC's service territory who are completing their junior year in high school. Glen Clark, Youth Tour Coordinator, visited local schools in the service territory and presented



Photo by: Larry Matthes

Left to right: Paulina Ledezma, Tanner Ratliff, and Maggie Lee

a presentation about the electric cooperative history and the annual Youth Tour trip.

LREC is pleased to have these three students representing the cooperative for the 2015 Youth Tour: Paulina Ledezma of Porter High School, daughter of Fidel and Isidra Ledezma; Tanner Ratliff of Hulbert High School, son of John and

Diana Ryals; and Maggie Lee of Hulbert High School, daughter of Ricky Lee.

The trip will begin when they join other winners from across Oklahoma for a "Get Acquainted Banquet" in Oklahoma City. The delegates will board a plane the following morning and fly to Washington, D.C.

2014 Year End Review and Update on Co-op



Hamid Vahdatipour, C.E.O.



Gary Cooper, Board President



Our rates continue to remain steady after a downward trend from 1992 through 1998 despite the fact that other energy prices such as natural gas and propane have risen sharply. LREC's last rate increase was in 2009.



LREC now has the 3rd lowest rate among the cooperatives in Oklahoma and the average Oklahoma rate is among the lowest in the nation. The board and the management team's philosophy is to keep a financially strong cooperative so we can ride through ups and downs in the economy and keep our member rates as low and stable as possible.

Electricity prices in Oklahoma have climbed 41 percent since 2002 according to the U.S. Department of Energy. However, LREC's prices have increased only 27 percent during the same time period. In 2002 LREC members enjoyed the 6th lowest rates among the cooperatives in Oklahoma. In 2013 we are now enjoying the 3rd lowest in Oklahoma.

In 2004, 56 percent of LREC's operating expenses, or \$13,236,993, was comprised of the wholesale power cost. The environmental

mandates have increased the power cost where in 2014 it is now \$23,605,440 or 62 percent of LREC's revenue. This means that we have been absorbing a big portion of the increase cost of purchased power rather than passing it on to the members. Environmental regulation is estimated to continue to artificially increase the cost of electricity generated by coal and force increases in our members' bills.

Due to the strong financial position of LREC, we have been able to absorb the increases in power cost and other operating expenses in the past few years. However, we may not be able to do so in the future depending on the size of these cost increases.

Considerable efforts have been put in to continue improving our members' service reliability. A total of \$1.8 million was spent in 2014 to clear the right-of-ways from trees. We are happy to announce that LREC's Average Service Availability Index or ASAI is 99.97%.

In the 21st century, a new technology is emerging: Broadband Internet.

This new technology is transforming lives and bringing economic development to the areas that adopt it. Once again, we have been left behind in rural America, just as we were in 1930s with electricity. In 2013 the LREC board approved a pilot project to bring high speed internet to a portion of our service territory. The purpose of the project was to gage the feasibility of the project. High Speed internet is delivered to the members' home through a fiber optics network (Fiber-To-The-Home). This fiber optics network has made it possible to provide one of the fastest internet speeds in Oklahoma. In addition to the fast internet, we are able to provide home phone and television service to the members. LREC is the

first Cooperative in Oklahoma to provide high speed broadband to its members. In January of 2015, the Federal Communications Commission, FCC, voted to define "Broadband" as speeds of 25Mbps and higher. Using this new FCC definition of broadband, LREC could easily be the only provider of broadband service in Cherokee County with speeds up to 100 Mbps and scalable to 1 Gigabit. This project has been extremely popular with the members within the pilot area. The board will be reviewing the results of the pilot project in 2015. If proven feasible, we will plan on its expansion to the rest of the members.

Customer service is an LREC strong point. The American Customer Service Index or ACSI is a measurement tool to evaluate the level of customer service provided by an entity to its customers. Many organizations set a goal and train their employees to achieve an ACSI score of 80. The Electric utility, in general, has scored a rating of 77. We are pleased to announce that in a survey conducted in 2014, LREC received an ACSI rating of 86 from our member/customers.

Excellent customer service, strong financial condition and rate stability have been among the top drivers directing Lake Region Electric Cooperative's long-range planning and day-to-day operations. I am pleased to announce that we have met or exceeded those goals for 2014.

Chief Executive Officer

Hamid Vahdatipour

Board President

Gary Cooper

LAKE REGION
ELECTRIC COOPERATIVE

Your Touchstone Energy® Cooperative 

LREC Employees at Hulbert Clean Up Day



Concern for Community

Thirty LREC employees and family members formed Team LREC and participated in the annual Hulbert Trash Off Day. Team LREC cleaned up a half-mile stretch of the road in Hulbert.

The purpose of the clean up day was to clean the route of the Hulbert Hustle 5K and Fun Run.

LREC would like to thank all our employees and family members who helped clean-up Hulbert.

Local Teachers Help Co-op Youth Tour Program Succeed



Drew Jordan, Tahlequah Ag Teacher

If it was not for all the great local teachers helping LREC's Youth Tour program, the program would not be the success it is today. Local school teachers are contacted by Glen Clark, Member Services, at LREC about the Youth Tour trip. The teachers who participate help by selecting and sending top students from their

school in LREC's service territory to the Youth Tour competition, held every year in March.

The top three students who win the competition receive a free trip to Washington D.C. to learn more about rural electric cooperatives and the history of our capital.

Each teacher that sends LREC students is entered in a prize drawing, and this year's winner was Drew Jordan of Tahlequah High School. Drew won an iPad from LREC.

If you would like more information about LREC's Youth Tour program or how your student can apply, please call Glen Clark at 918-772-2526.



**Protect Your Home
and Your Family.**



**Know What's Below
Dial 811 Before You Dig.
www.callokie.com**

The Value of Electric Cooperatives

Why being a member of a co-op saves you money

There are three main types of electricity providers in the U.S. Investor-owned utilities (IOUs) serve primarily densely populated areas. Municipal-owned utilities also serve densely populated cities from the very large, such as Los Angeles, to the very small like Robersonville, NC. And of course, there are rural electric cooperatives like Lake Region Electric Cooperative that serve less populated parts of the country.

In the utility business, population matters a lot. Since the costs to serve any given area are similar, the more customers that you have allows you to spread the costs among more people to keep rates lower. At least that is the theory.

Municipal-owned utilities, which operate in cities and towns, have the greatest density – 48.3 customers per mile of line, generating an average of \$113,301 of revenue. IOUs follow with 34 customers per mile of line, while generating average revenues of \$75,498. Finally, electric co-ops average 7.4 members (not customers, but members) per mile of line, bringing in an average of \$14,938 of revenue per mile.

LREC serves 7.9 members per mile generating \$1,540 of revenue.

If I were to give this data to any business school in the country and ask (based on this information) what the rates should be for each of the utilities, the answer would likely be that electric co-ops would have a rate 7.5 times greater

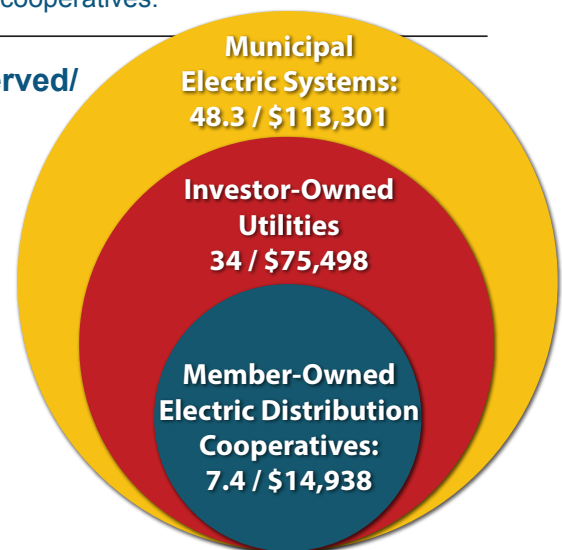
than municipal-owned utilities and 5 times higher than IOUs – but that is not the case. Why not?

It has to do with the business model. IOUs are owned by outside investors that may or may not be users of the electric utility they own. These companies' stocks are traded on Wall Street, and those investors demand a return on their investment. This drives up the price that their customers pay. Many municipal systems charge rates that generate a "profit" for their cities to help pay for other services. LREC operates on a not-for-profit basis. Of course, we are a business and must generate enough revenue to cover costs (the largest being the purchase of wholesale power). But we don't have to charge rates to pay outside stockholders.

Since our members are our owners, we can 4662301 provide safe, reliable and affordable power to you. That is just another way your co-op brings you value.

Because of higher population densities (more consumers served per mile of line), municipal electric systems and investor-owned utilities receive more revenue per mile of line than electric cooperatives.

**Consumer served/
revenue per
mile of line
for different
utilities:**



Source: National Rural Electric Cooperative Association, Sept. 2013

Board of Trustees

Gary CooperPres.
Bobby MayfieldVice Pres.
Jim LoftinSecr.-Treas.
Jack TeagueAsst Secr.-Treas.
Randall Shankle Member
Lynn Lamons Member
Scott Manes Member

Staff

Hamid VahdatipourCEO
Ben McCollumDir. of Finance
Martin WallsDir. of Operations
Stanley YoungDir. of Marketing
Larry MattesEditor
Tina Glory-JordanAttorney

Office Hours

Monday-Friday
8:00 a.m. - 4:30 p.m.

Telephone

800-364-LREC or
918-772-2526

Website:

www.lrecok.coop

Locations

Hulbert, Wagoner &
Tahlequah, OK.

Main Office Address

P.O. Box 127
Hulbert, OK 74441

Hidden Account Number

Look for your account number hidden in this issue of the *Powerline Press*. If you find your number, Lake Region Electric will credit your next bill.

To claim your credit, notify LREC's Hulbert office by phone or mail during the month of publication.

The amount increases by \$10 with each issue your prize goes unclaimed to a maximum of \$50.

For more information, call 800-364-LREC or 918-772-2526

Cooperative bylaws are available upon request at Lake Region Electric Cooperative's office in Hulbert.