



# Powerline Press

## NEWSLETTER

A Supplement of Oklahoma Living Published by Lake Region Electric Cooperative for its members.

December 2017

Vol. 8

No. 12



### Energy Efficiency *Tip of the Month*

Purchasing electronic gifts this holiday season? Remember to purchase ENERGY STAR-certified electronics and give the gift of energy efficiency. Visit [www.energystar.gov/productfinder](http://www.energystar.gov/productfinder) for a full list of efficient products.

Source: Energy Star

### Office Closed

LREC will close at noon on December 22nd and all day December 25th in observance of Christmas.



## LREC is Reviewing Changing its Rate Structure. Here Are The Reasons Why

Because LREC is a cooperative, it operates “at cost.” While most businesses work to make a profit for their shareholders, we either reinvest any profits (what we call ‘margins’) into improving the system or return them to our members as capital credit refunds in December. To date, LREC has returned nearly \$20 million in capital credit refunds to our members.

**Under our existing rate structure**, LREC depends heavily on the sale of power to recover fixed costs (salaries, equipment, tree trimming, depreciation, etc.). This model works well as long as members use enough kilowatt-hours to cover our fixed costs. The hotter the summers and the colder the winters, the more kilowatt-hours are sold. Under such a structure, milder weather, conservation efforts, job losses and similar economic factors that result in lower power sales make it difficult to fund the day-to-day operating costs of the cooperative. On the other hand, a very hot summer or cold winter, causes the cooperative to collect more funds from the members than what is necessary for operations.

**The new rate structure under consideration** levels out the annual cash flow for Lake Region Electric Cooperative and allows us to recover our actual fixed operating costs throughout the year — an important factor for an “at cost” provider like LREC. The three components

(as described below) better reflect the actual costs of delivering electricity to your home or business, allowing you to see more clearly than ever before the impact your electricity use has on your bill, as well as the impact of shifting prices in the cost of wholesale energy.

**How will this change impact your Lake Region Electric Cooperative?** This rate structure change itself, without a rate increase, is “revenue neutral” for your cooperative. It

Rate Continued on page 2

### What makes up an electric bill

**Service Availability:** Recovers LREC’s fixed cost, investments in poles, wire, meters, maintenance to supply power and administrative cost necessary to provide the electric co-op services.

**Energy kWh Used:** Recovers the wholesale cost of power purchased and used by our members.

**Demand kW:** Recovers cost of being prepared to supply each member electric demand at a given time. Having power plants, lines, substation, on standby ready even if it is not needed daily.

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# Rate Structure Continued From Page 1

will not substantially raise or lower the amount of money we receive each year to cover our fixed costs. By separating these fixed costs from fluctuations in wholesale power costs, it will enable LREC to manage the costs better and control (distribution expenses) without being unduly impacted by the costs it cannot control (mild weather, low energy use). The new rate structure will increase the “Service Availability” charge and will decrease the kWh charge.

**How will it impact your bill?** Because of the increase in the service availability charge portion of our rate structure, some members will see an increase in their bill while others will see a decrease because of lower kWh charge. The average household, which uses approximately 1,200 kilowatt-hours per month, will see a slight decrease in their bill. Households that use a lower number of kilowatt-hours per month will see a slight increase in their bills.

The greatest changes are that (1) every member will now have a better understanding of what costs contribute to their energy bill each month (line items on your bill), and (2) each bill total will now better reflect LREC’s fixed costs of providing electricity to that account.

**Is the cooperative considering a rate increase as well?** Yes, the cost of LREC’s purchased power is going up. Our power supplier has informed us that the cost of the energy we purchase will be increased by 5.5% starting January of 2018. We are conducting a cost of service study and, based on the results of the study; we will be increasing member rates to cover this power cost increase.

**Watch your member newsletter for more details** regarding LREC electric rates. We will publish more details 2032402 after the results of our rate study.

## Woodall School Receives \$19,691 Lighting Rebate Check from LREC

Benefits can be achieved when school leaders consider energy efficiency when performing school upgrades. Woodall Public Schools knew that becoming more energy-efficient would reduce energy costs. Lake Region Electric Cooperative helped get the school a LED (light emitting diode) rebate check for \$19,691 after they upgraded 956 LED lights throughout the school buildings.

LED lighting lasts four times longer than CFLs and 30 times longer than incandescent lights. Lighting in a school can account for a large portion of the electric bill.

When planning energy efficient upgrades to any structure, whether a commercial business, school or a home, one thing that should always be done is an energy audit. An audit helps you determine the most cost-effective plan for energy-efficiency upgrades. To schedule a Lake Region energy audit or discuss our rebate programs call **918-772-6930**.

You may be eligible for special rebates on lighting. To find out how you can take control of your energy



*Left to right: Jerrod Hood, Linda Clinkenbeard, Superintendent and Glen Clark, LREC Member Services.*

use and start saving as Woodall Public School did, contact your local electric cooperative today.

# FTTH Construction

Lake Region's Fiber-to-the-Home project is truly an example of the power of cooperative membership. Without the passion and support of our members, we could not have brought our subsidiary company to life. It has been amazing to see members from all parts of our service territory express their need for high-speed internet and their appreciation for our efforts.

**Zone 5 – Perk** | The \$50 backer deposit is no longer available, the construction phase is complete. This zone now requires a 2-year contract or \$250 installation. This zone was the first zone to reach the goal needed to expand our FTTH network. Thank you to all the early backers for launching this zone into service. Zone 5 – Perk was completed in March 2017. Once the construction is completed in a zone, the contractor crews will move to the next zone. Any new service requested after crews have left a zone could take 8 - 10 weeks to connect. We understand this can be discouraging and we appreciate your patience on your fiber connection. We encourage members to sign up before or while construction crews are working in a zone.

**Zone 1 - Ft Gibson** | Installations are still taking place, our goal has been met, and the installation cost is now \$75. Once this zone is complete, the price will increase to a 2 - year contract or \$250 installation. Crews are finishing the last remaining service request near the end of the line along Highway 80. If you live in this zone, be sure to register before we complete and the crews relocate.

**Zone 2 - Hulbert** | Installations are still taking place, our goal has been

met, and the installation cost is now \$75. Once this zone is complete, the price will increase to a 2-year contract or \$250 installation. Crews are working on finishing the remaining drop request in this area, roughly 60 more houses need to be connected. We have connected 325 homes in this zone.

**Zone 2 - Hulbert (Expansion North)** | We are currently evaluating the feasibility of extending Zone 2 - Hulbert boundary north to reach more pre-registered backers. Be sure you are signed up and registered if you live north of Lost City toward Peggs, \$50 backer deposit. These pre-registration "backers" guide our construction plans if we need to expand this zone.

**Zone 12 - Sparrow Hawk** | Our backer goal has been met in Zone 12 - Sparrow Hawk. The \$50 backer deposit is no longer available. The cost has increased to a \$75 installation fee. Mainline construction is complete; drop crews are finishing the remaining addresses pre-registered. Splicing and testing is underway. We should start seeing light readings in this zone soon and in-home installations following.

**Zone 11 - County Line** | Our backer goal has been met in Zone 11 - County Line. The \$50 backer deposit is no longer available. The cost has increased to a \$75 installation fee. Mainline construction has started in this zone! We are sorry for all the delays and

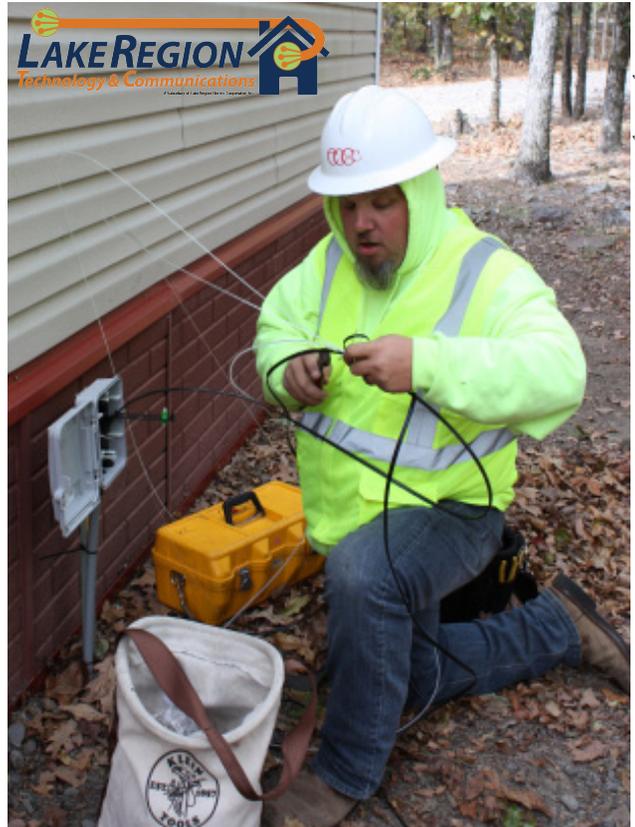


Photo By: Larry Matthes

unforeseen issues we had regarding this zone starting construction. This zone was placed on hold for several months. Zone 11 – County Line is a high priority. We understand the frustration and are working to complete this zone as fast and safely as we can.

**Zone 3 - Keys** | Is well over halfway to the goal needed. Tell your neighbors to get signed up and pay the \$50 backer deposit. We do not want another zone to jump Zone 3 - Keys in the order of zone construction. We have make ready work being completed in this zone. We also have some areas of the Keys zone which have an abandoned cable system we are having to remove which is causing a little challenge. Mainline construction is proceeding in this area, Highway 82, Horseshoe Bend Rd, Indian Rd, and Stone Chapel Rd. This zone is next in line in order of zones with the most backers signed up on our Crowdfiber website. Meanwhile, if any other zone

# Capital Credits Refund on December Bill

A portion of the co-ops profits or margins, called capital credits. Are refunded each year and are paid back to past and present members in the form of a capital credit refund.

When you signed up to receive electric service from Lake Region Electric Cooperative, you became a member of an electric cooperative. While investor-owned utilities return a portion of profits back to their stockholders, LREC operates on an at-cost not for profit basis. So instead of returning profits, known as margins, to stockholders who may not live in the same region or even the same state as you do, LREC allocates and periodically retires capital credits based on how much electricity you purchased during a year.

**The Board of Trustees has authorized a total distribution of \$1,189,129 in capital credits to current and former members during the years of 1985, 1986 and 2016.**

An amount of \$360,234 will be retired for 1985 and \$779,456 for 1986, the amount of \$49,439 for the year of 2016. Residential members will receive their capital credit retirement on their December billing statement as a credit, reflecting their contribution of capital to the ownership of the cooperative. Please look for credit on

your December bill. If the amount is below \$74.99, the amount will show as a credit and if the amount is higher than \$75.00 members will receive a check. The average retirement for 1985 is around \$20.01, for 1986 is \$42.36 and for 2016 is \$3.89.

These funds help operate the co-op, reduce the amount of money we need to borrow from outside lenders to build, maintain and expand a reliable electric distribution system, and cover emergency expenses.

If you move or no longer have electric service with LREC, it is important that you inform the cooperative of your current address, so that future retirements can be properly mailed to you. If you purchased electricity during the years being retired, then you are entitled to a capital credit retirement, even if you move out of the LREC service area.

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

If you have questions about capital credits, or would like more information, visit our website, or contact us by phone at 918-772-2526 or toll-free at 800-364-LREC.



# Fiber Update

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passes Zone 3 - Keys in the number of backers, they could be built sooner.

**Zone 13 - Woodland Hills (BA)** This is one of our recent expansion zones. We are seeing a steady increase in pre-registered backers in this zone. If you live in the Zone 13 - Woodland Hills | Highland area please be sure to pre-register and pay your \$50 backer deposit and help build on the momentum!

If your community is not listed on our Crowdfiber campaign site, do not worry, with continued support and more pre-registration from you and your neighbors you may be next. The first step to bringing Lake Region fiber to your community is to join the crowd—become a champion for your community to help spread the word—just ask us how.

<p><b>Board of Trustees</b></p> <p>Bobby Mayfield .....President          Scott Manes.....Vice-President          Lynn Lamons .....Secretary -Treasurer          Randall Shankle.....Asst. Secretary-Treasurer          Gary Cooper ..... Trustee          James Walls ..... Trustee          Jack Teague .....Trustee</p> <p><b>Staff</b></p> <p>Hamid Vahdatipour .....CEO          Ben McCollum .....Director of Finance          Logan Pleasant.....Director of Operations          Stanley Young .....Director of Marketing          Larry Mattes .....Editor          Tina Glory-Jordan .....Attorney</p>	<p><b>Office Hours</b>          Monday-Friday          8:00 a.m. - 4:30 p.m.</p> <p><b>Telephone</b>          800-364-LREC or          918-772-2526</p> <p><b>Website:</b>  <a href="http://www.lrecok.coop">www.lrecok.coop</a></p> <p><b>Locations</b>          Hulbert, Wagoner &amp;          Tahlequah, OK.</p> <p><b>Main Office Address</b>          P.O. Box 127          Hulbert, OK 74441</p>	<p><b>Hidden Account Number</b></p> <p>Look for your account number hidden in this issue of the <i>Powerline Press</i>. If you find your number, Lake Region Electric will credit your next bill.</p> <p>To claim your credit, notify LREC's Hulbert office by phone or mail during the month of publication.</p> <p>The amount increases by \$10 with each issue your prize goes unclaimed to a maximum of \$50.</p> <p>For more information, call <b>800-364-LREC</b> or <b>918-772-2526</b></p> <p><b>Cooperative bylaws</b> are available upon request at Lake Region Electric Cooperative's office in Hulbert.</p>
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