

Lakeland Rural Electrification Association Ltd.

Notice of Proposed By-Law Change.

Supplemental By-Law No. 2

The Board of Directors of Lakeland Rural Electrification Association Ltd., having taken direction from the membership, is proposing the following by-law change, to be voted on at our next Annual General Meeting, Oct., 2005. The proposed change to Supplemental By-Law No. 2 decreases the size of the Association's Board of Directors from 11 Board members to 7 Board members. It is intended that the Association's Board of Directors be comprised of 1 Board member from each Zone and 2 Board members elected from the Association's membership at large.

Reduction of the size of the Board will be staged over a 2-year time period starting in October of 2006.

In order to assure orderly reduction and continuity of Board operations, and to ensure representation from each zone, the following schedule will apply.

2006 – Elect 1 Board member: 1 Board member in Zone 5 (Martins).

2007 - Elect 3 Board members: 1 Board member for Zone 1 (Barich), 1 Board member for Zone 2 (Derwent), and 1 Board member at large.

2008 – Elect 3 Board members: 1 in Zone 3 (Hilliard), 1 in Zone 4 (Lavoy), and 1 *Board member at large, for a total of 7 Board members.

In 2008, a full complement of the Association's Board of Directors will comprise of 1 Board member from each Zone and 2 Board members elected from the membership at large.

*Board Member at large elected in 2008 will serve a 1 year term in order to balance future board elections. After 2009, each Board member will serve 3 year terms.

This by-law change is being proposed, because the Association's business has matured and the initial business needs required by the amalgamation of the former REAs have diminished. This is intended as a cost reduction move, and to further streamline Lakeland REA's business operations.

Presented by the Board of Directors of Lakeland Rural Electrification Association Ltd.

All interested persons are encouraged to put their names forward to serve on the Lakeland Board of Directors. There are some real challenges facing the rural community in the future with respect to delivering affordable and reliable electricity. Future opportunities for Lakeland REA can include participating with partners and owning electrical generating facilities, in order to bring greater value and affordable electricity to all Lakeland REA members. To date Lakeland REA has been very successful in delivering electricity to their membership at the most affordable prices in Alberta. We can continue, but will require new endeavors to keep prices affordable. Interesting times are ahead.

Lakeland REA LTD. Annual General Meeting October
26, 2005 at Willingdon Recreation Center, Willingdon,

AB - 7 PM



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1:00 -3:00

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Manager's quote:

"It's too bad the price of crude oil doesn't drive up the price of canola.

After all, Canola does produce oil."

September 1, 2005

By the time that you receive this letter, the harvest will be getting underway. Hopefully there will be a large, good quality crop to bring a bright spot to your farm.

When it comes to energy; electricity, natural gas, diesel and gasoline, it seems lately that only the sky's the limit for prices. As I write this newsletter, natural gas is \$11.53 per gigajoule, crude oil is \$68.40 per barrel, gasoline at the pumps is 99.9 cents a liter and the power pool price for electricity is 11.6 cents per kilowatt. It is difficult to find a bright spot anywhere. And there always seems to a good reason for the high prices. Natural gas is high because demand is outstripping supply. Oil is high because of political unrest and a storm in the Gulf of Mexico. Electricity is high priced because the CN train derailment at Wabamum Lake contaminated the water near the intakes of several coal fired generating plants and shut them down.

Today there are 5 Alberta coal generating stations shutdown, some on summer turnarounds and others because of the disaster at Lake Wabamum. Coal fired plants provide the cheapest continuous source of electricity in the power grid and when they aren't running, the price of electricity skyrockets. Natural gas plants have to make up the shortfall in production and at \$11.53/gj., power isn't cheap. Visit (Alberta Electric System Operator), www.aeso.ca on the web for a glimpse of electricity prices and the volatility, as the price changes every hour.

At Lakeland, we will be OK through this period. Hopefully energy markets return to some sort of normalcy soon.

Changes on this Bill

EUB approved changes to transmission rates on this bill.

Transmission charges have been reduced to **.38¢/kWh**, formerly .40¢/kWh.

System Access charges have been reduced to **\$.66/kVa**, formerly \$.87/kVa.

EUB ATCO load settlement has increased to **\$5.82/month**, formerly \$4.41/month.

EUB ATCO rate rider "G" of **.129¢/kWh** is included in this bill.

The above changes, without rate rider "Q" will have minimal impact on LREA customers. The rate riders are in effect from Aug. 1/05 - Dec .31/05.

EUB ATCO rate rider "Q" of .798¢/kWh does not apply to Lakeland REA LTD. and is not applied to your bill.

There are benefits to owning and operating your own system. **Other REA's** farm members will be paying rate rider "Q". The aggregate value of Rate Rider "Q" for Lakeland's members is approximately **\$41,395**.

This remains your money.

Visit Lakeland REA's display at the Smoky Lake Pumpkin Festival on Oct. 1, 2005. Win a beautiful 10'X10' "Lakeland" canopy for your lawn.