ROLLING HILLS
ELECTRIC COOPERATIVE, INC.

A Touchstone Energy® Cooperative

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ROLLING HILLS
ELECTRIC COOPERATIVE

NEWS

FROM THE CEO/GENERAL MANAGER

Rate Redesign and Demand — Why?

We have been sharing a series of articles on the cost impacts your cooperative has had in the last five years, the changes we have made in response (some over the course of the last 20 years), and our cost-of-service and rate design studies currently underway. Please visit www.rollinghills.coop/2025-rate-study to review those articles and all the information we have published to bring yourself up to speed. So why should we redesign our rates and why are we going to start charging for demand?

Traditionally, with consumer rates, many utilities have utilized a simple two-part rate structure. This consists of a charge for energy consumption (kWh) and a customer charge. However, energy is produced and consumed much differently than it was even 20 years ago. Today, we can better measure usage and the intensity of that usage (demand), something we couldn't do a decade ago.

Jason Rabe

Two-part rates simply aren't as fair in recovering costs as more sophisticated rate structures — think of it as a 2D rate structure in a 3D or even 4D world! So, we are now proposing a three-part rate structure — energy consumption (kWh), customer charge, and a demand charge (peak kW demand). Essentially, we have been charging for demand through the energy (consumption charge) for years — now, it is proposed we reduce the energy charge and move a portion to the demand charge. The following examples illustrate how this is more fair to all members.

First, let's define demand when we are talking about electricity. **DEMAND** measures the intensity of the electricity used at a point in time. The more appliances you operate at the same time,

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> "Ultimately, a rate structure with more variables and that more closely matches how the cooperative is billed is more equitable and gives you, the member, more control."

2025 RHEC Annual

2025 BOARD OF TRUSTEES ELECTION RESULTS

DISTRICT 1

MICHELLE BROKES
Wilson

DISTRICT 2

JOHN GEORGE
Lebanon

DISTRICT 3

MIKE BRZON
Courtland

The Rolling Hills Electric Cooperative annual meeting was held Friday, April 25, 2025, at the Beloit shop with 175 members and guests in attendance.

The meeting started with presentations from each of the previous year's Youth Tour winners, **CLAY GUTTERY** and **JOLIE GIRARD.** The business meeting was convened by Board President Michelle Brokes followed by the president's, manager's and financial reports provided by Jason Rabe, CEO/general manager.

Guest speakers Kevin Noblet, executive vice president and CEO of Kansas Electric Power Cooperative (KEPCo), Rolling Hills Electric's power supplier, and Reagan McCloud, director of government relations for Kansas Electric Cooperatives, Inc., addressed the membership.

The evening ended as President Brokes announced the voting results with members reelecting **MICHELLE BROKES, MIKE BRZON** and **JOHN GEORGE.** The door prizes were drawn, and President Brokes thanked members for attending and adjourned the meeting.

We want to thank our special guests and members who attended, and we look forward to seeing you next year!


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Meeting

1. Trustee Dave Dubbert serves members the meal.
2. We are honored to serve our members.
3. CEO/General Manager Jason Rabe (left) and Kevin Noblet (center), executive vice president and CEO of KEPCo, visit with members before the meeting.
4. Board President Michelle Brokes (left) listens as Board Secretary Justin Trost addresses members.
5. Safety Coordinator Scott Splichal discusses safety with members.
6. Tanya Peters, billing clerk, reviews SmartHub options with members.
7. Future linemen "working" next to our Rolling Hills linemen.
8. CEO/General Manager Jason Rabe shared his perspective on the co-op.
9. Members enjoy a meal and stewardship before the meeting.

TORNADO SAFETY & Electrical Hazards

BEFORE THE TORNADO:
- Prepare an emergency kit and keep your devices charged.
- Know your utility company's contact information.

DURING THE TORNADO:
- Take shelter in a basement or windowless room.
- Unplug appliances to avoid power surges and leave one light on to signal power return.
- Avoid power lines if outside or driving; seek shelter immediately.

AFTER THE TORNADO:
- Avoid basements and other flooded areas that are in or near electrical outlets or appliances.
- Do not use water-damaged electrical items until a qualified electrician has inspected them and ensured they are safe.
- Stay at least 50 feet away from downed power lines and any debris they touch.
- Call 911 for electrical injuries; don't touch victims of electrical contact.

GENERATOR SAFETY:
- Use outdoors, 20-plus feet from the home and away from windows and doors.
- Keep the generator dry by placing it under a canopy.
- Never plug it directly into wall outlets. This could energize power lines and injure yourself, neighbors or utility workers.

SOURCE: WWW.SAFEELECTRICITY.ORG

Rate Redesign and Demand — Why?

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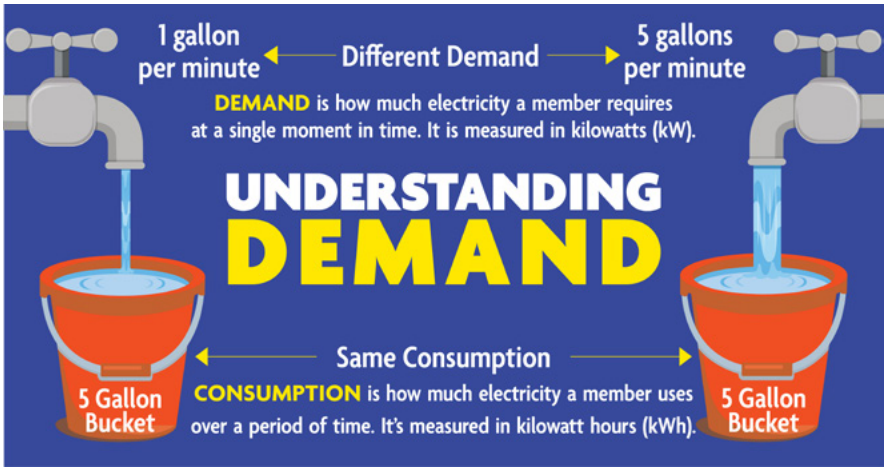

the higher your demand will be. You may consume the same amount of electricity as your neighbor over a period of time, but you may have more demand due to how you use that electricity. Higher demand usually causes higher charges on the cooperative's electricity bill and requires upsizing of infrastructure to meet those demand differences. Those costs shouldn't be socialized; rather, those that incur them should pay them — hence a three-part rate.

Let's use some analogies to better understand this. The graphic above shows two water consumers — they both consume 5 gallons of water. However, one user wants all 5 gallons in a minute — this requires the water plant to have sufficient production capacity, the pipeline to be sized appropriately, and the valve to be upsized. The second user can take the water at a slower pace of 1 gallon per minute. Their demand on the water plant is less, their pipeline is smaller, and they don't need as large of a valve. Since the two neighbors use water differently, they should also incur those cost impacts differently. The same 5 gallons of water has different costs due to the intensity of the usage.

So, you may be thinking — how much demand or kW is a typical appliance? Well, it does vary but here are some estimated examples: a dishwasher uses 1.20 kW, a refrigerator uses 0.7 kW, and a central AC system uses about 3.5 kW. We have a great calculator that allows you to input some of these usage variables to see how the rate redesign may affect your energy bill. It is located at www.rollinghills.coop/2025-rate-study.

Under the proposed new structure, the demand charge for your one-time peak kW demand during a month will be $1 per kW during the winter (Oct.-May) and $2 per kW during the summer (June-Sept.). To offset this, most kWh charges will be reduced anywhere from 5%-20% in our consumer rate classes.

Ultimately, a rate structure with more variables and that more closely matches how the cooperative is billed is more equitable and gives you, the member, more control. This is the logic as we move our consumer classes from a two-part to a three-part rate structure.

QUESTIONS ABOUT RATE REDESIGN?

Contact us at:
info@rollinghills.coop 785-534-1601 or 800-530-5572