



ROLLING HILLS ELECTRIC COOPERATIVE

NEWS

Rolling Hills Electric Co-op, Inc.

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Formoso – District 2

Staff

Douglas Jackson General Manager

Contact Us

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Beloit, KS 67420
785-534-1601 or 800-530-5572

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FROM THE MANAGER

Results of Rate Study and Proposed Rate Changes

Last winter, the board engaged a consultant with Power System Engineering, Inc. (PSE) to prepare a study of the co-op's costs of providing electric service and the rates charged for this service. The purpose of this study was to determine the revenue needed to cover the co-op's operating expenses, debt obligations, and to examine the equitability of rates among the various customer classes.

This study showed that overall electric rate revenues should be increased by \$1,316,274 or 5%. The proposal, if approved by the board of trustees, will become effective Oct. 1, 2020.

The rate change is needed to cover increased expenses for constructing and repairing the electric distribution facilities, wages and benefits, and the overall cost of doing business. We are also implementing Advanced Metering Infrastructure (AMI) designed to accurately track and collect system data and installing diesel-fired generators to help us

shave peak usage to save on purchased power costs.

In addition to showing the overall rate adjustment needed, the study highlighted that the rate structure for some customer classes requires better alignment with the cost of providing electric service.



Doug Jackson

Rate Change Summary

The amount of the rate change will vary by customer class. The cost to provide service varies with each customer class depending on the size of the loads and the relative level of consumption.

Based on the current rates and the costs to provide service, the cost-of-service study showed that some classes needed more of an increase than others to cover the co-op's cost of providing service.

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MEETING NOTICE TO MEMBERS

Board to Consider Rate Changes

The Board of Trustees will discuss and vote upon a rate change proposal at their September board meeting. This meeting is open to the membership and will be held on Sept. 22, 2020, at 1 p.m. at the cooperative's office at 3075B U.S. Highway 24 in Beloit.

If you are unable to attend or have questions, you may call the office at 785-534-1601 or 800-530-5572 or send written comments to Rolling Hills Electric Cooperative, Inc., P.O. Box 339, Beloit, KS 67420. Members have the right under K.S.A 66-104d(g) to petition the Kansas Corporation Commission for review of a rate change.

Election Process – After May 12, 2020

With the revisions to the bylaws in 2020, the process for nomination of trustees for election has changed. Please read through the qualifications and process. One trustee from each District in Position Three will be elected at the 2021 Rolling Hills Electric Cooperative Annual Meeting as outlined below:

SECTION 5.2. Qualifications to be Nominated, Elected and Remain a Trustee.

Any natural person will be eligible to be nominated, elected and remain a Trustee of the Cooperative who:

- ▶ (1) Is a Member of the Cooperative residing in the Trustee District which the Member is to, or does represent, and is receiving a Cooperative Service at the Member's primary residential abode, for at least 10 months out of every calendar year or;
- ▶ (2) Is authorized by a Member Entity to serve as a Trustee, if the Member Entity occupies and uses a Cooperative Service at a location within the Trustee District from which the Trustee is nominated or elected for at least 10 months out of every year. If authorized by a Member Entity to serve as a Trustee on behalf of the Member Entity, the authorized Trustee Member must also receive a Cooperative Service at that individual Member's primary residential abode within the Trustee District from which the Trustee is to, or does represent for at least 10 months out of every year;
- ▶ (3) Has the capacity to enter into legally binding contracts;
- ▶ (4) Meets and retains all of the qualifications for membership in the Cooperative;
- ▶ (5) Is not an employee of the Cooperative or in any way financially interested in a competing enterprise or a business engaged in selling energy, energy services or energy supplies or maintaining energy-producing or selling facilities. However, the Board may grant exceptions for "de minimis"

competing enterprises;

- ▶ (6) It is not closely related to an incumbent Trustee or an employee of the Cooperative. The term "closely related" means the relationship of spouse, father, mother, brother, sister, son and daughter existing by reason of blood, marriage or adoption;
- ▶ (7) Has not had a conviction or judicial determination involving a felony crime or a crime of moral turpitude;
- ▶ (8) Is not employed by another Trustee, or employed by an Entity over which another Trustee exercises substantial control.

SECTION 5.5. Districts.

The territory of the Cooperative shall be divided into three Member Trustee Districts, as hereafter described, for the purpose of electing and constituting the Cooperative's Board of Trustees. The boundaries of Trustee Districts shall be depicted on an official territory and Trustee District map adopted and approved by the Board of Trustees of the Cooperative. The official territory and Trustee District map shall be maintained, for Membership review and inspection, at the Registered Office of the Cooperative. For an equitable representation of the Members, the number of Members represented by a Trustee within each Trustee District must be within twenty (20%) percent of the number of Members represented by a Trustee within every other District. The Board may amend the boundaries of the Districts, from time to time, as required, or as deemed necessary or appropriate.

Current Board of Trustee Districts and Trustee positions are:

District One:

- ▶ **POSITION ONE** – At Large from the Counties of Ellsworth, Russell, Lincoln, Barton, Saline and Ottawa Counties;
- ▶ **POSITION TWO** – At Large from the Counties of Ellsworth, Russell, Lincoln, Barton, Saline and Ottawa Counties;
- ▶ **POSITION THREE** – At Large from the

Counties of Ellsworth, Russell, Lincoln, Barton, Saline and Ottawa Counties.

District Two:

- ▶ **POSITION ONE** – At Large from Mitchell, Osborne, Smith, Jewell, Rooks and Phillips Counties;
- ▶ **POSITION TWO** – At Large from Mitchell, Osborne, Smith, Jewell, Rooks and Phillips Counties;
- ▶ **POSITION THREE** – At Large from Mitchell, Osborne, Smith, Jewell, Rooks and Phillips Counties;
- ▶ **POSITION FOUR** – At Large from Mitchell, Osborne, Smith, Jewell, Rooks and Phillips Counties.

District Three:

- ▶ **POSITION ONE** – At Large for the Counties of Republic, Clay, Washington, and Cloud;
- ▶ **POSITION TWO** – At Large for the Counties of Republic, Clay, Washington, and Cloud;
- ▶ **POSITION THREE** – At Large for the Counties of Republic, Clay, Washington, and Cloud.

SECTION 5.6. Election of Trustees and Term of Office.

Trustees shall be elected from each District, only by the Members from such District, for a term of three calendar years as terms of office expire. The permanent election cycle, the number of Trustees, and the term of office, for each District, are as described below.

District One Shall Have Three Trustees To Be Elected As Follows.

- ▶ **POSITION ONE** – the District One, Position One, Trustee position will be up for election at the 2023 Annual Meeting.
- ▶ **POSITION TWO** – the District One, Position Two, Trustee position will be up for election at the 2022 Annual Meeting.
- ▶ **POSITION THREE** – the District One, Position Three, Trustee position will be up for election at the 2021 Annual Meeting.

District Two Shall Have Four Trustees.

- ▶ **POSITION ONE** – the District Two, Position One, Trustee position will be up for election at the 2023 Annual Meeting.
- ▶ **POSITION TWO** – the District Two, Position Two, Trustee position will be up for election at the 2022 Annual Meeting.
- ▶ **POSITION THREE** – the District Two, Position Three, Trustee position will be up for election at the 2021 Annual Meeting.
- ▶ **POSITION FOUR** – the District Two, Position Four, Trustee position will be up for election at the 2023 Annual Meeting.

District Three Shall Have Three Trustees.

- ▶ **POSITION ONE** – the District Three, Position One, Trustee position will be up for election at the 2023 Annual Meeting.
- ▶ **POSITION TWO** – the District Three, Position Two, Trustee position will be up for election at the 2022 Annual Meeting.
- ▶ **POSITION THREE** – the District Three, Position Three, Trustee position will be up for election at the 2021 Annual Meeting.

A Trustee's term commences with the adjournment of the Annual Meeting at which the Trustee was elected, or if appointed, then at the time of appointment. A Trustee's term, if the Trustee is not re-elected expires upon the adjournment of the applicable Annual Meeting at which the Trustee's position is elected. If no Trustee is elected at the Annual Meeting, then the Trustee's term ends upon the election and qualification of a successor Trustee. A Trustee may serve no more than four (4) successive three-year terms, provided that he or she is duly nominated, or otherwise placed on the ballot as permitted by these Bylaws of the Cooperative and re-elected by the Members at the conclusion of each successive term. Completion of an unexpired term, by an appointed Trustee, does not constitute a 3-year term for purposes of determining

whether a Trustee has served more than four (4) successive three-year terms.

SECTION 5.7. Nominations of Trustees.

All nominations for the election of Trustees must be by petition. To be placed on the ballot for election as a Trustee, a Nominating Petition containing the signatures of at least twenty (20) non-suspending Members of the Cooperative, who live in the nominee's District, must be filed at the Registered Office of the Cooperative on or before the close of business on November 30. If the Registered Office is not open for business on November 30, then the Nominating Petition must be filed on or before the close of business on the last business day of November that the Registered Office is open. The Nominating Petition must state on each page thereof the name of the Member being nominated and the District and position for which the nominee is being nominated. Additionally, the Nominating Petition must contain the printed name of the signing Member, that Member's signature, and address, and be dated within 60 days prior to the November 30 deadline.

If timely filed the Secretary will forthwith determine the validity of the Nominating Petition, and if certified to be valid, and provided the nominee meets the qualifications to be nominated and elected as a Trustee, the Secretary will cause the name of the nominee to be placed on the ballot for the next Trustee election. Only the names of the properly nominated and qualified nominees for each District will be placed on the ballot. The candidates' names will be placed on the respective ballots in alphabetical order.

If the Secretary determines that the timely filed Nominating Petition(s), having at least 20 signatures for a nominee, is defective, solely because there are not 20 Member signatures, then the nominee and/or the person delivering the Nominating Petition, if not the nominee, will be forthwith notified of the deficiency. The nominee or the person delivering the Nominating Petition, if not the nominee, will then have 15 business days, from the

date of notification, to obtain the additional Nominating Petitions needed to meet the required number of Member signatures (20). If additional signatures are obtained on one or more Nominating Petitions, timely delivered to the Cooperative's Registered Office, the Secretary will again determine the validity of the Nominating Petitions submitted on behalf and a nominee. If the collective Nominating Petitions, are then certified to be valid, and if the nominee meets the qualifications, to be nominated and elected as a Trustee, the Secretary will cause the name of the nominee to be placed on the ballot for the next Trustee election.

If a question is raised as to the validity of a Nominating Petition or Petitions or the qualifications of a candidate to be nominated and elected as a Trustee, the determination will be made by a majority vote of the Board, after a review of the facts and circumstances giving rise to the question. Purely technical reasons will not be used as a basis for disqualifying a nominee. The decision of the Board, if based on competent information shall be final.

Failure of strict compliance with the provisions of this Section shall not affect the validity of any election of a Trustee.

No nominations may be made at or from the floor of a Member Meeting.

SECTION 5.8. Election of Trustees.

The election of Trustees shall be by Mail Ballot with a Member Meeting. Only the names of those candidates nominated in accordance with these Bylaws will appear on the ballot. There may be write-in votes for a qualified Member not named on the Mail Ballot. The Secretary shall cause the Mail Ballot with a Member Meeting to be delivered in accordance with Bylaw Section 4.4 to those Members qualified to vote as of the Record Date. The Board may provide general information with regard to the Trustee election process as well as general candidate information to the Members with their notice of Member Meeting with Mail Ballot. Failure of strict compliance with the provisions of this section shall not affect the validity of any election of Trustees.

Results of Rate Study and Proposed Rate Changes

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The tables below give a more detailed explanation of the current and proposed rates for each class.

Monthly Customer Charges

One part of the proposal is to increase the monthly customer charges. This charge is designed to recover those costs that do not vary with the amount of electricity used. A portion of the co-op's costs are the same for customers within a rate class whether they use 50 kWh per month or 2,000 kWh per month.

The co-op has made similar investments in poles, wires, transformers and meters for customers within the same rate class and incurs similar costs for reading meters, billing and consumer accounting. Increasing the customer charge closer

Comparison of Present and Proposed Rates By Customer Class

		Present*	Change	Proposed*
1Ph & 3Ph Demand	Annual Revenue	1,739,785	\$0.00	1,739,785
	Customer Charge	\$/month	\$45.00	\$10.00
	Demand Charge			
	Summer	\$/kW	\$15.00	\$0.00
	Winter	\$/kW	\$13.00	\$0.00
Time of Use	Energy Charge	\$/kWh	\$0.10996	(\$0.00039)
	Annual Revenue		169,539	\$0.00
	Customer Charge	\$/month	\$50.00	\$10.00
	Demand Charge			
	Coincident	\$/kW	\$20.00	\$0.00
Off Peak	Non-Coincident	\$/kW	\$10.00	\$0.00
	Energy Charge	\$/kWh	\$0.08823	(\$0.00095)
	Annual Revenue		74,260	\$0.00
	Customer Charge	\$/month	\$35.00	\$10.00
	Demand Charge	\$/kW	\$7.50	\$0.00
Irrigation	Energy Charge	\$/kWh	\$0.08075	(\$0.00028)
	Annual Revenue		374,189	\$31,409
	Customer Charge	\$/month	\$45.00	\$10.00
	Horsepower Charge	\$/hp/yr	\$40.00	\$0.00
	Demand Charge			
Irrigation - Load Control	Energy Charge			
	Summer (June-Sept.)	/kWh	\$0.28250	\$0.02760
	Winter (Oct.-May)	/kWh	\$0.13250	\$0.02760
	Annual Revenue		618,518	\$79,397
	Customer Charge	\$/month	\$45.00	\$10.00
Irrigation - Voluntary Load Management	Horsepower Charge	\$/hp/yr	\$28.00	\$0.00
	Energy Charge	\$/kWh	\$0.13250	\$0.0276
	Annual Revenue		43,365	\$7,226
	Customer Charge	\$/month	\$45.00	\$10.00
	Horsepower Charge	\$/hp/yr	\$28.00	\$0.00
Energy Charge	\$/kWh	\$0.13250	\$0.02760	

to actual cost helps minimize or avoid altogether the amount of increase on the energy charges and more accurately tracks the costs of providing electric service.

What Can You Do to Reduce Your Electric Bill?

Reducing the co-op's wholesale power costs is the most significant action that can keep your electric bills low.

You can help by voluntarily shifting some of your electric use to the morning or late evening on days when the temperature is more than 90 degrees. This shift will reduce the amount of power we have to buy "on peak" helping lower power costs year-round.

You could also reduce your home's energy use by conducting an energy audit or by asking us for energy efficiency advice before building a new home. For more information on energy audits and energy efficiency, contact our office. If you have questions about our programs or rate change proposal, call 785-534-1601 or 800-530-5572.

		Present*	Change	Proposed*
Single Phase - Rural	Annual Revenue	\$13,212,645	\$1,077,815	\$14,290,460
	Customer Charge	\$/month	\$35.00	\$10.00
	Energy Charge			
	Summer	\$/kWh	\$0.13484	\$0.00000
	Winter			
	Non-heat	\$/kWh	\$0.12734	\$0.00000
	Electric Heat			
First 1,000	\$/kWh	\$0.12484	\$0.00000	
Excess	\$/kWh	\$0.11484	\$0.00000	
Single Phase - Town	Annual Revenue	\$1,168,696	\$96,315	\$1,265,012
	Customer Charge	\$/month	\$32.00	\$10.00
	Energy Charge			
	Summer	\$/kWh	\$0.13484	\$0.00000
	Winter			
	Non-heat	\$/kWh	\$0.12734	\$0.00000
	Electric Heat			
First 1,000	\$/kWh	\$0.12484	\$0.00000	
Excess	\$/kWh	\$0.11484	\$0.00000	
Three Phase	Annual Revenue	\$2,572,751	\$0.00	2,572,751
	Customer Charge	\$/month	\$45.00	\$10.00
	Energy Charge			
	Summer	\$/kWh	\$0.13482	(\$0.00366)
	Winter			
Non-heat	\$/kWh	\$0.12732	(\$0.00366)	
Electric Heat	\$/kWh	\$0.12232	(\$0.00366)	
Heat Pump Rider	Annual Revenue	\$514,245	\$24,042	\$538,287
	Customer Charge	\$/month	\$35.00	\$10.00
	Single Phase Town	\$/month	\$32.00	\$10.00
	Three Phase	\$/month	\$45.00	\$10.00
	Energy Charge			
Single Phase				
Summer	\$/kWh	\$0.13484	\$0.00000	
Winter				
First 250 kWh/ton	\$/kWh	\$0.08484	\$0.00000	
Excess	\$/kWh	\$0.12734	\$0.00000	
Single Phase Town				
Summer	\$/kWh	\$0.13484	\$0.00000	
Winter				
First 250 kWh/ton	\$/kWh	\$0.08484	\$0.00000	
Excess	\$/kWh	\$0.12734	\$0.00000	
Three Phase				
Summer	\$/kWh	\$0.13482	(\$0.00366)	
Winter				
First 250 kWh/ton	\$/kWh	\$0.08482	(\$0.00366)	
Excess	\$/kWh	\$0.12732	(\$0.00366)	

* Unit Energy Rates as shown do not include Energy Cost Adjustment.