



An Equal Opportunity Provider & Employer

A Touchstone Energy® Cooperative 

P.O. Box 278, WaKeeney, KS 67672
800-456-6720

www.westerncoop.com

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WESTERN COOPERATIVE ELECTRIC NEWS

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co-op news, energy tips, photos from co-op events and more!



FROM THE MANAGER

Power Provides Everyday Value

Providing safe, reliable, and affordable power is at the heart of our mission at Western Cooperative Electric. By focusing on these three goals, Western is able to provide optimal service to our members.

Like you, I expect the lights to come on every time I flip a switch. What seems to be an endless supply of uninterrupted power has become so common in our everyday lives that it can be easy to take the value of power for granted.

The affordability of electricity becomes clear when comparing it to other common services and expenses over the years. For example, think back to the cost of a gallon of gasoline 20 years ago. Consider the cost of groceries or even a cup of coffee from a few years back. In comparison, the cost of electricity has remained mostly flat, unlike most other consumer goods.

Like many of you, I have a cell phone and a high-speed internet connection to

stay connected. Many of us consider these necessities for modern-day life. We can see what we're getting for our money and pay the price for those services. In contrast, when we use electricity, we don't necessarily "see" all that we're getting for our money.

Electricity powers our homes and industry. It has the ability to perform real work that improves our quality of life. Without it, industry grinds to a halt.

Since 2002, Western's average residential bill has only increased by 5.5% going from \$101 to \$107 per month. While this increase seems small, we recognize energy efficiencies and conservation education has lowered the residential average monthly kWh energy consumption. The average residential base rate in 2003 was 9.36 cents/kWh compared to an average

Continued on page 12B ▶



Tom Ruth



Cold Weather Accommodation Effective Nov. 15

The Cold Weather Accommodation policy for residential members runs from Nov. 15 to March 15. This policy allows for delinquent accounts to be subject to disconnection when temperatures exceed 35 degrees for the ensuing 24-hours following the disconnection. This policy does not pertain to PrePayPower billing accounts. For the complete policy, visit westerncoop.com/rules-and-regulations.

Power Provides Everyday Value *Continued from page 12A* ▶

residential base rate of 10.93 cents/kWh in 2021. That represents a 17% change or less than a 1% increase per year.

We recognize that the past few months have been challenging for many of our members. Inflation and supply chain issues have accelerated the cost of living at nearly an unprecedented rate. Unfortunately, Western is not immune to the economic climate. Cost pressures from the items it takes to provide electrical services have driven up the price of serving our members.

In order to maintain service levels in the coming years, the Western board of trustees has proposed a 3-year rate change plan that, if approved, will raise rates an average 6% in 2023, with revenue-neutral rate restructuring happening in 2024 and 2025.

Six percent is only an average across our entire system; depending on your rate class and average usage, members will experience higher or lower rate adjustments. The details of these

proposed changes can be found on pages 12D-E or on our website www.westerncoop.com/proposed-rate-change.

Keeping rates stable and as low as possible without sacrificing safety or reliability creates value for our members. Western is a not-for-profit cooperative; as such, we have no incentive to raise rates other than to continue providing quality service. Any excess revenue collected is returned to the members through the capital credit retirement process.

Western is your electric co-op and was built by the communities we serve. Although we might not always consider its source, electricity powers nearly everything in our everyday lives, and by keeping rates two to three times lower than the cost of living increases, power continues to be a tremendous value for those we serve.

Western Co-op Awards 'The Well' \$5,000 Sharing Success Grant

Western Cooperative Electric's Sharing Success Fund has awarded a \$5,000 grant to **THE WELL — CENTER FOR HOPE** to help with coffee brewing equipment costs.

The Well is a non-profit organization dedicated to improving individuals' and families' emotional, mental, spiritual and relational well-being in WaKeeney and Western Kansas. The Well will provide a space for community and connection by serving as a local coffee shop where individuals can talk over a cup of coffee and build meaningful relationships.

"We are finishing our construction projects and are excited to open our doors to the public soon" said Jerod Brown, president and co-founder of The Well. "I look forward to serving our community a cup of coffee and beginning to offer programs on topics such as mental health awareness, stress management, anxiety, empathy and resilience."

Experts have shared that there is a movement toward utilizing coffee shops as a means and environment to address mental and emotional wellness. Revenues generated by grants, monthly support, and sales from the coffee shop will be used to support the mission of The Well by connecting those in need of a listening ear, life coach, or therapy

with trained volunteers and licensed professionals who can provide these services. As The Well gets closer to opening, the organization continues to build its network of counselors and coaches.

"We have partnered with other organizations in the state that are also committed to addressing the mental health needs in Western Kansas," said Brown. "This whole project started with seeing a need in our community and having the dedication of our board and volunteers to fill it."

Since 2013, the Sharing Success program has donated nearly \$100,000 to local non-profit organizations. Western's Sharing Success grants are made possible, in part, through CoBank, which matches funds. In 2022, Western's board of trustees approved \$20,000 to be made available through a competitive grant process.

"Western Co-op is grateful to sup-



From left: Jerod Brown, president, and Kate Flores-Bailey, board member, accept a \$5,000 Sharing Success grant from Western Co-op's Member Services Manager Nolan Numrich.

port local not-for-profits like The Well," said Member Services Manager Nolan Numrich. "Giving back to the communities we serve through the Sharing Success fund will continue to improve the lives of our members."

Applications for the 2023 Sharing Success grant cycle will be accepted starting in January. For more information, visit www.westerncoop.com/sharing-success.

For more information on how to donate to The Well, please contact Jerod Brown at 785-656-3834, email us at thewellks@gmail.com, or visit our Facebook page at <https://www.facebook.com/thewellks>.

Now Accepting Applications for *Youth Trips & Leadership Scholarships*

High school juniors are eligible for a \$1,000 scholarship and youth leadership training opportunities!

Youth Leadership Scholarships, and all-expenses-paid leadership trips to Washington, D.C., and Steamboat Springs, Colorado, are available for high school juniors whose parents or guardians are members of Western Cooperative Electric.

- ▶ The top four students will receive \$1,000 scholarships, with the fifth-place student receiving the \$250 Darrell Brown memorial scholarship.
- ▶ Contestants must complete the application by **JAN. 10, 2023**.
- ▶ Upon receipt of the application, contestants will be mailed an entry packet.
- ▶ Finalists are scored and selected based on a short essay, an open-book quiz, and a remote interview.
- ▶ Interviews will be conducted in mid-February.
- ▶ Two students will have the opportunity to attend Cooperative Youth Leadership Camp in Steamboat Spring, Colorado, and two students will win an opportunity to tour the nation's capital in Washington, D.C.



**Apply online! Scan the QR code or visit
www.westerncoop.com/youth-tour.**

Application for Youth Leadership Scholarship – Due Jan. 10, 2023

To apply for a chance to receive a Western Cooperative Youth Leadership Scholarship, please complete the form below and return it to Western Cooperative Electric Association Inc., 635 S. 13th St., P.O. Box 278, WaKeeney, KS 67672, **BY JAN. 10, 2023**.

Name of Applicant _____

Phone Number _____ Email _____

Address _____

City _____ State _____ Zip _____

School _____ Year in School _____ Date of Birth _____

Name of Parent(s) or Guardian(s) _____

Parent(s) or Guardian(s) Phone Number(s) _____

Western Cooperative Electric Account Number _____

I agree that all information supplied in this application is accurate and true.

Signature of Applicant _____

FROM THE MANAGER



Tom Ruth

Over the past two years, we have experienced a pandemic, a downturn in the economy, highly volatile natural gas cost spikes, and now inflation as our nation seeks to

recover. We can add to that political and regulatory uncertainty for future energy supply, whether personal or business, all of us are experiencing higher costs for almost everything we buy. That is also true for Western. Our most significant expense is the cost of wholesale power. Purchased Power represents about 63% of our annual costs.

Natural gas used for generation within the Southwest Power Pool has increased 91% above the 2021 value YTD through September, with the highest increase in May at 180%. Due to the energy shortages in Europe, the U.S. is exporting almost three times the volume of natural gas overseas. Gas producers selling into the market at higher prices to support the export of natural gas will also drive the cost of natural gas across the U.S. While we may see natural gas prices moderate by next summer, it remains uncertain.

Even though wholesale power is our largest expense, we also face price pressures on the electric distribution side of the business. Diesel fuel has increased about 49% from September 2021, materials up 18%, and equipment such as transformers, circuit breakers, switches, and reclosers up 15-20% in the same short period.

While Western desires to maintain stable rates, there are many external forces driving the need for a rate increase. We recognize that any rate increase can create hardships. While that is not our intent, we have a fiduciary responsibility to maintain a minimum level of financial metrics for our lenders and to maintain a consistent level of service to you, our members. We take pride in providing you with electric service and are mindful that we must also balance cost with risk.

Proposed Rate Redesign

The Western Cooperative Board of Trustees has proposed a three-year plan to redesign the rate structure. If approved, new rates would be effective Jan. 1, 2023, with additional rate adjustments happening in 2024 and 2025.

As a not-for-profit electric cooperative, every member served by Western has an ownership stake in the company. There are no incentives to raise rates for a group of shareholders who would profit from the increases. All excess margins are returned to the members (owners of the cooperative) through the capital credit retirement process. All rate changes are carefully considered and designed to collect enough money to maintain service levels and cover debt requirements from our lenders.

How Are Rates Determined?

Earlier this year, Western hired Power Systems Engineering (PSE) to perform a cost-of-service study. As an independent rate consultant, PSE was tasked with determining the revenue needed to operate the cooperative, fairly assigning those costs to the appropriate rate classes, and designing a rate structure.

The board of trustees examined each step in the process in detail. By reducing expenses and lengthening the patronage retirement cycle, the board lowered the annual amount of

revenue required by over \$500,000 and minimized the impact of the rate increases. The board takes its responsibility to set fair rates seriously. After all, they are cooperative members, pay the same rates, and face many of the same economic challenges as members of the communities Western serves.

Required Revenue

Using data collected in 2021, PSE determined the total revenue required to operate the cooperative in the years to come. Many factors must be considered when predicting how much revenue is needed for future operations. Interest rates, material costs, lender requirements, load growth, and weather patterns are all factors that can affect rates.

While Western cannot accurately predict the weather, we can model many other variables to be as accurate as possible. PSE's study revealed a 6% (\$1.9 mm) deficiency over the next three years. This shortfall in revenue will require a rate increase for Western to maintain service levels in the coming years.

2023 REQUIRED REVENUE	
Revenue Requirement	\$37,611,290
Total Revenue	\$35,635,808
Required Increase	\$1,975,482
	5.56%



Cost-of-Service Study

While the required revenue study determines the total amount it costs to operate the cooperative, the cost-of-service study examines how and why costs are incurred. By analyzing the cost of service, we can fairly and appropriately assign costs to each rate class using proper rate-making principles.

Several factors drive cooperative expenses. Power generation, transmission, and distribution all have associated costs. The cost-of-service study allocates these expenses to the various rate classes to determine how much revenue should be collected from each group.

Rate Design

After determining the total revenue required and the cost of service for each rate class, the final step is to design rates that fairly charge consumers based on how they use the system. The cooperative philosophy is to treat all members as equally as possible. Treating members fairly in rate design means reducing subsidization between the different rate classes and within any single rate class.

Members may question why rates for one type of service are different from another type of service. How much energy you use, when you use it, and how your usage varies all affect the cost of providing you with electric service. These varying costs are examined as part of the cost-of-service study.

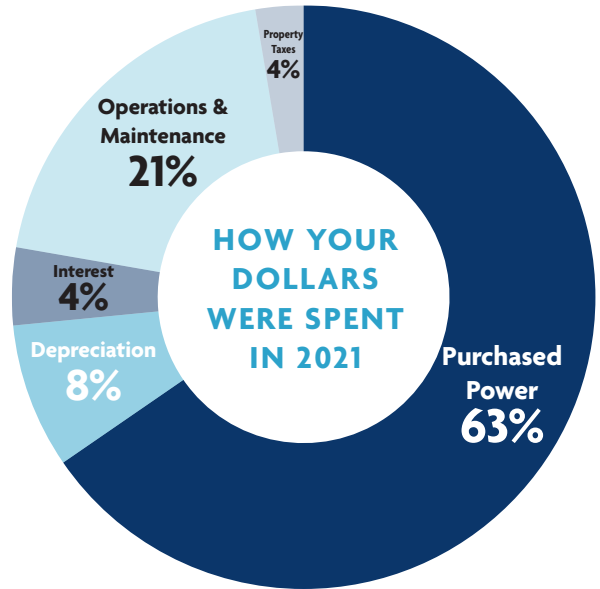
Each rate class is assigned costs based on the profile of the consumers of that class. However, consumers can use the system differently, even within a rate class. Some consumers may be high-volume, efficient users of the system, while others may be low-volume and inefficient. Variances in how our members use the system will also affect individual consumer impacts.

Base Charge

The cost-of-service study exposed a large discrepancy between the cost of providing service and the customer charge designed to recover those costs. Starting in January, the

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WESTERN'S EFFORTS TO KEEP RATES STABLE

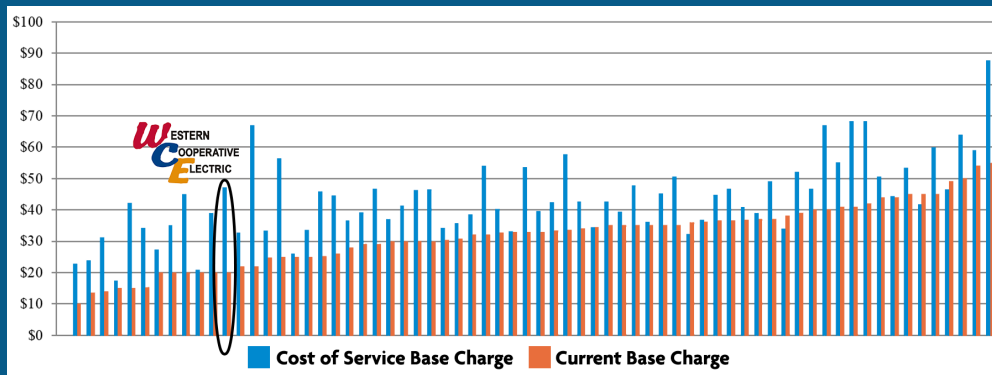


STAFFING EFFICIENCIES Leveraging technology has helped gain staffing efficiency, allowing the co-op to reduce the total number of positions required from 59 to 55.

REDUCED SPENDING Lowered expenses, including a \$2 million reduction in the next four-year construction work plan for nonessential projects.

MAXIMIZING FEMA REIMBURSEMENT Recovered more than \$27.5 million in Federal Emergency Management Agency (FEMA) claims since 2006.

EXTENDED RETIREMENT ROTATION CYCLE Extending the patronage capital rotation cycle reduces the required revenue for operating the cooperative by more than \$500,000 annually.



NATIONAL RESIDENTIAL BASE CHARGE SURVEY

The cost of service study revealed a large discrepancy between the costs to serve a residential member and what is actually being charged. According to the study Western should set the residential base rate at \$47, more than double the current \$20 charge.

Proposed Rate Redesign Continued from page 12E ▶

customer charge will be replaced with a fixed, monthly base charge. The base charge includes expenses related to fixed charges associated with providing service such as poles, wires, trucks, facilities, maintenance, accounting, and taxes.

By increasing the base charges, we are collecting fixed costs with fixed charges instead of relying on electricity sales that would unfairly burden high-energy users to subsidize the low-energy users. In many instances, a higher base charge will be offset with a lower energy cost (kWh). Adopting a rate structure that realigns charges based on the cost-of-service study creates fair and equitable rates for all members.

Proposed Rate Design and Impacts

The impacts below are based on the average consumer per rate class. Impacts could be greater or less based on individual usage. To view the detailed proposed rates for each rate class, visit www.westerncoop.com/new-rate-proposal

What's Next

As a member of an electric cooperative, you have a voice. Western will hold several public meetings to discuss these proposed changes with our members and allow them to voice their comments and concerns. The board of trustees will hold an open meeting on Nov. 17 at 10 a.m. to vote on the proposed rates. If passed, the new rates will go into effect on Jan. 1, 2023.

AVERAGE IMPACT BY RATE CLASS

Rate Class	Average Monthly Bill Per Consumer (\$ per consumer per month)			
	Current	Year 1	Year 2	Year 3
Residential Service	107	122	123	125
Residential Service EH	129	144	144	145
General Service Small	158	168	168	172
General Service Medium	1,548	1,548	1,551	1,596
General Service Large	24,655	25,282	25,431	26,202
Interruptible Industrial Service	14,708	15,508	15,537	15,507
Water Pumping Service	264	291	293	299
Irrigation Service	219	249	250	255
Temporary Service	90	102	103	103
Athletic & Rec Field Lighting	75	86	86	87
Lighting	9	9	9	9

NOTES

- ▶ Irrigation is based on seasonal usage divided by 12 months for monthly average for comparison only.
- ▶ The predicted changes to average monthly bills in Year 2 and Year 3 are due to forecasted changes in energy costs not the base rates.

REVENUE BY RATE CLASS

Rate Class	Current Rates	Year 1	Change	%	Year 2 Change	%	Year 3 Change	%
Residential Service	\$7,434,792.45	\$8,473,932.45	\$1,039,140.00	14.0%	\$4,184.50	0.0%	\$4,218.71	0.0%
Residential Service EH	\$377,422.29	\$421,162.29	\$43,740.00	11.6%	\$(4,184.50)	-1.0%	\$(4,218.71)	-1.0%
General Service Small	\$10,295,456.04	\$10,893,461.72	\$598,005.68	5.8%	\$-	0.0%	\$-	0.0%
General Service Medium	\$9,957,741.37	\$9,957,741.37	\$-	0.0%	\$-	0.0%	\$-	0.0%
General Service Large	\$2,958,578.84	\$3,033,853.40	\$75,274.56	2.5%	\$-	0.0%	\$-	0.0%
Interruptible Industrial Service	\$176,493.15	\$186,100.75	\$9,607.61	5.4%	\$-	0.0%	\$-	0.0%
Water Pumping Service	\$82,469.64	\$90,906.95	\$8,437.30	10.2%	\$-	0.0%	\$-	0.0%
Irrigation Service	\$1,220,573.98	\$1,391,170.17	\$170,596.19	14.0%	\$-	0.0%	\$-	0.0%
Temporary Service	\$3,229.62	\$3,681.01	\$451.39	14.0%	\$-	0.0%	\$-	0.0%
Athletic & Rec Field Lighting	\$11,753.25	\$13,395.96	\$1,642.72	14.0%	\$-	0.0%	\$-	0.0%
Local Access Delivery (LAC)	\$578,181.04	\$578,181.04	\$-	0.0%	\$-	0.0%	\$-	0.0%
Lighting	\$306,625.57	\$326,120.53	\$19,494.96	6.4%	\$-	0.0%	\$-	0.0%
Total	\$32,825,136.19	\$34,791,526.60	\$1,966,390.41	6.0%	\$(0.00)	-0.9%	\$0.00	-0.9%

NOTES

- ▶ Change and percentages are based on the average consumer per rate class. Depending on usage impacts could be greater or less.
- ▶ Year 2 and Year 3 are focused on realigning fixed costs with fixed charges. Increases in demand and base charges will be offset with a decrease in the energy charge (kWh). The average consumer will experience a revenue neutral rate adjustment in Year 2 and Year 3 of the proposed rates.

FREQUENTLY ASKED QUESTIONS

Why Are Rate Adjustments Necessary?

The short answer is that it costs more to serve our members than what Western is collecting in revenue. The recently completed cost-of-study revealed a \$1.9 million deficit for 2023 operations and beyond. To compensate for that shortfall, Western must collect nearly 6% more revenue from our members to maintain service levels.

How Much Will My Bill Change?

The average increase across the entire system and all rate classes requires a 6% increase in revenue. However, depending on your rate class and usage, individuals may experience higher or lower bill impacts. For example, the average residential account will experience a 14% increase in 2023, but if you are a high-energy user, you may only experience a 3-4% increase in your overall bill. To view projected individual bill impacts, visit westerncoop.com.

Why Does Western Need More Revenue When It Is A Not-For-Profit?

As a not-for-profit electric cooperative, every member served by Western has an ownership stake in the company. There are no incentives to raise rates for a group of shareholders who would profit from the increases. All excess margins are returned to our members (owners of the cooperative) through the capital credit retirement process. All rate changes are carefully considered and designed to collect enough money to maintain service levels and cover debt requirements from our lenders.

How Do You Determine Rates?

An independent rate consultant, Power Systems Engineering (PSE), performed a cost-of-service study to assign costs across all the rate classes (Residential, General Service, Irrigation, ect.) fairly. This cost-of-service study identified the cost of providing service for each rate class based on load and service characteristics. The cost-of-service study ultimately provides a valuable guideline for

assigning cost responsibility to each class fairly and equitably.

Why Are Some Rates Increasing More Than Others?

After determining the total revenue required and the cost of service for each rate class, the final step is to design rates that fairly charge consumers based on how they use the system. The cooperative philosophy is to treat all members as equally as possible. Treating members fairly in rate design means reducing subsidization between the different rate classes and within any single rate class.

How much energy you use, when you use it, and how your usage varies all affect the cost of providing you with electric service. Rates will vary from one type of service to another. These varying costs are examined as part of the cost-of-service study.

Each rate class is assigned costs based on the profile of the consumers of that class. However, consumers can use the system differently, even within a rate class. Some consumers may be high-volume, efficient users of the system, while others may be low-volume and inefficient. Variances in how our members use the system will also affect individual consumer impacts.

Who Determines When A Rate Increase Is Necessary And By How Much?

Western's Board of Directors and managers continuously monitor the cooperative's financial stability to determine if or when a rate increase is necessary. In order to establish the new rate structure, an independent, experienced rate consultant was hired to conduct a cost-of-service study and recommend changes to our rate structure.

When Will The Proposed Rates Become Effective?

The Western Cooperative Board of Trustees has proposed a three-year plan to redesign the rate structure. If approved, new rates would be effective Jan. 1, 2023, with additional rate adjustments in 2024 and 2025.

OFFICIAL NOTICE OF RATE MEETINGS

The purpose of this notice is to inform you that the Western Cooperative Electric Board of Trustees will discuss and vote upon a rate change proposal at their upcoming board meeting. This meeting is open to the membership and will be held on Nov. 17 at 10 a.m. at the cooperative's headquarters at 635 S. 13th Street in WaKeeney, Kansas.

If you are unable to attend and have questions, you may call our office at 800-456-6720 or send written comments to P.O. Box 278, WaKeeney, KS, 67672. Members have the right under K.S.A. 66-104d(g) to request Kansas Corporation Commission review any rate change. Informational meetings will also be held on:

OCT. 27 AT 6 P.M.

WaKeeney Community Room

NOV. 3 AT 6 P.M.

Ellsworth Rec Building (Armory)

NOV. 7 AT 6 P.M.

Virtual Meeting Link
View on Website and Facebook

NOV. 9 AT 6 P.M.

Plainville Senior Center

NOV. 17 AT 10 A.M.

Board Meeting and Vote
WaKeeney Community Room

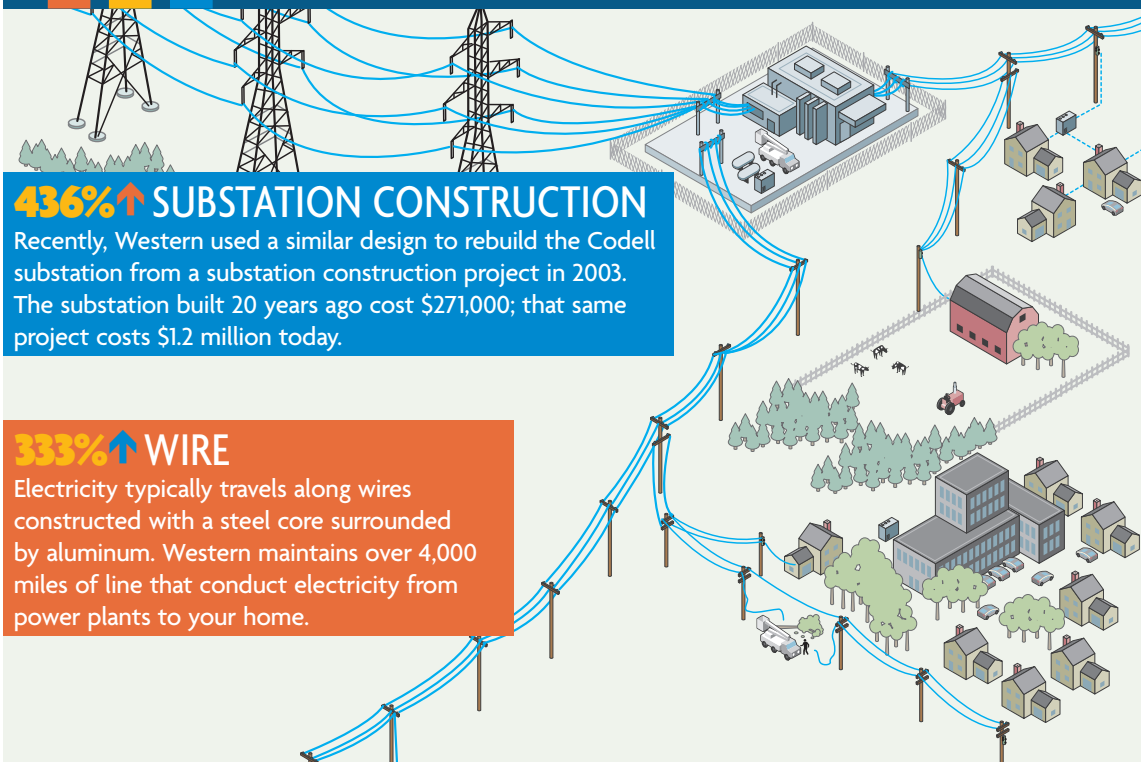
FIND OUT MORE

For more details regarding the proposed rate changes, visit WesternCoop.com or scan QR code.



THE RISING COST OF POWER

The cost of providing service continues to climb. Inflation, material costs, and supply chain issues have increased the cost of providing our members with electric service. Although there have been significant cost increases over the past 20 years, electric rates have remained stable due in part to increases in energy efficiency. Since 2002, residential rates have increased by 17%, but the average bill has only increased by 5.5% going from \$101 to \$107 per month. Over the same 20-year period, material costs have had astronomical increases. Simply put, the price increase of materials and record-high inflation have made serving our members more costly and rate increases necessary.



436%↑ SUBSTATION CONSTRUCTION

Recently, Western used a similar design to rebuild the Codell substation from a substation construction project in 2003. The substation built 20 years ago cost \$271,000; that same project costs \$1.2 million today.

333%↑ WIRE

Electricity typically travels along wires constructed with a steel core surrounded by aluminum. Western maintains over 4,000 miles of line that conduct electricity from power plants to your home.

200%↑ NATURAL GAS

Natural gas used for power generation has been an economical way to lower carbon emissions over the past two decades. Recently, external pressures have driven up the price of gas and, ultimately, the wholesale power costs.

256%↑ POLES

Over 80,000 wooden power poles support the 4,000 miles of wire used to conduct power across Western's service territory. Each year, nearly 8,000 poles are examined and replaced if necessary. Replacing poles before they break improves reliability for our members.

312%↑ BUCKET TRUCKS

Equipment costs have also dramatically risen over the past 20 years as well. A small bucket truck that cost \$66,500 in 2002 now costs three times as much in 2022.

246%↑ TRANSFORMERS

Transformers lower voltage levels from power plants to safely and efficiently deliver power to your home. Western's distribution grid is made up of approximately 13,500 transformers.