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A Touchstone Energy® Cooperative 

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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

Celebrating Membership

October is National Co-op Month

Fall is a busy time, and October is a particularly eventful month with school, community, and sports activities in full swing. It's also when all cooperatives celebrate National Co-op Month.

When I say Western Cooperative celebrates Co-op Month, it really means we are celebrating you! After all, our co-op wouldn't exist without you, our members.

Our core business purpose is to serve as your electricity provider, but the larger mission of the co-op is to help make our communities a better place. Concern for Community is one of the Seven Cooperative Principles that all co-ops share.

Similar to how our wires run through our service territory, our concern for community flows through all of our decisions — because being a co-op means being a responsible partner and good neighbor.

Western works to help our communities thrive through initiatives led by our employees and local board that's comprised of neighbors who live right here in our communities. Because we're local, we understand your needs and strive to help meet them.

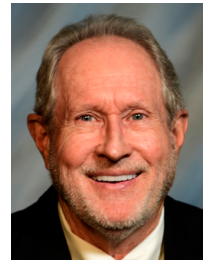
We're proud to support local youth through our Youth Tour and scholarship

programs. With your help, we offer Western Cares to provide assistance to our community's most vulnerable. We also partner with and support area non-profits and charitable organizations to give out Sharing Success grants for valuable community projects.

The word "cooperative" is close to "cooperation," meaning people working together toward a common goal — mutually benefitting one another and the larger community. Our employees and member-elected board members are invested in the communities in which they live and serve. That's the essence of the cooperative spirit.

We want to empower you to manage energy use at home. If you haven't already, I encourage you to take a moment and download our SmartHub app. Through the app, you can conveniently monitor and manage your energy use.

Western is continuously examining ways to operate more efficiently while providing the highest level of friendly, reliable service you expect and deserve. After all, we're your local co-op. We were built by the members we serve.



Tom Ruth

Western's Cost-of-Service Study Nears Completion

For the past eight months, Western has worked with a third-party engineering firm, Power Systems Engineering (PSE), to examine the cooperative's cost of providing electrical service to our members.

This cost-of-service study determines the revenue needed to cover the cooperative's operating expenses and debt obligations and examines the equitability of the rates among the various rate classes. Some of the final rate proposal details are still being completed, but we can share what we have analyzed to this point.

Required Revenue

The first step in the cost-of-service study is determining the total amount of revenue Western needs to operate. PSE's initial models showed a \$2.5 million deficit for 2023 and beyond. The

Western board of trustees lengthened the patronage retirement cycle and reduced expenses to lower the required revenue. This board decision reduced the shortfall to \$1.9 million.

To reach the amount of revenue Western requires, a 6% average rate increase is needed. However, depending on your specific rate classification and energy consumption, your bill could experience a higher or lower impact. The board takes its duty to carefully review and set rates fairly because, after all, they are Western members, pay the same rates, and face the same cost pressures as all our members.

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

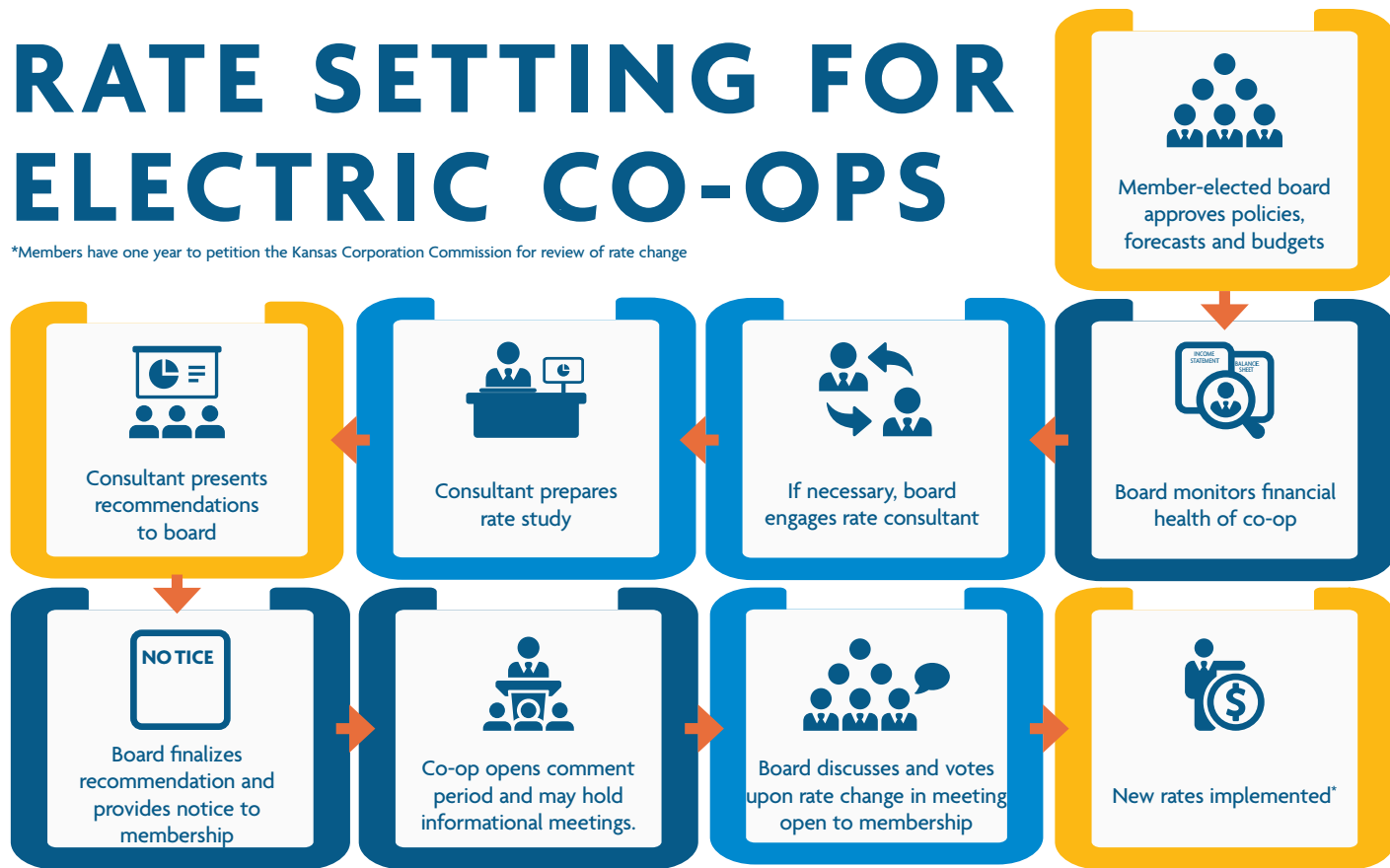
costs are incurred. By analyzing the cost of service, we can fairly and appropriately assign costs to each rate class using proper rate-making principles.

Several factors drive cooperative expenses. For example, there are costs associated with power generation and usage. There are also costs incurred with the transmission of power from the power plants to our substations. Lastly, there are costs incurred in distributing the power to members. Distribution costs comprise Western's expenses for poles, wires, transformers, trucks, facilities, substation maintenance, and line repairs. The cost-of-service study analyzes these costs and assigns them to the appropriate categories.

All of these costs are also analyzed by function. Each month your energy bill is split between fixed charges (cus-

RATE SETTING FOR ELECTRIC CO-OPS

*Members have one year to petition the Kansas Corporation Commission for review of rate change



tomers charge and/or demand charges) and variable charges (energy charge/kWh sales).

The cost-of-service study has revealed an imbalance between fixed and variable charges. The customer and demand charges include the expenses related to the facilities directly connected to your property, such as wires, meters, transformers, accounting, transportation and maintenance. As we go into the rate design phase, we know there will be an increase and realignment of charges to create a more fair balance for all ratepayers.

Rising Costs

Unfortunately, supply chain issues and inflation have caused the price of most everyday items to rise dramatically over the past year. Western's operations are not immune to these increases. Prices for transformers, poles, fuel, meters and many items needed to provide service have experienced increases of 50-200%. In short, the cost-of-service study has revealed it costs more to serve many of our rate classes before a single kilowatt-hour has been sold.

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. Those varying costs are examined as part of the cost-of-service study.

No two consumers are exactly alike, but many have similar usage profiles. By grouping consumers into similar usage profiles, Western is able to create rates for residential, general service and irrigation groups among others.

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.

What's Next

Western is in the process of finalizing the details of the proposed rate design. The proposed rates will be published on our website and in the November *Kansas Country Living* magazine.

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. All members will receive a schedule of meetings and the date of the public board of trustees' vote.

For more information about the proposed rate changes or cooperative happenings, visit westerncoop.com or email western@westerncoop.com.

Western Returns over \$700,000 in Capital Credits

Western Cooperative is more than your local electric utility, and you are more than a consumer, you are a member. We are not concerned with earning profits to give far-off investors a return on their investment. Instead, electric cooperatives like Western were created by the communities we serve.

At the end of the year, any remaining margins are allocated to members based on their proportional electric sales. After a given period, those allocated funds are returned to the members by either a check or bill credit.

October is National Cooperative Month, where we take time to celebrate the qualities that make cooperatives different and unique from traditional businesses. One of the biggest benefits of being a co-op member is receiving your capital credit payment. In October, **WESTERN IS RETIRING \$708,147 OF GENERATION AND TRANSMISSION (G&T) CAPITAL CREDITS BACK TO OUR MEMBERS.**

"Members' Economic Participation is one of the Seven Cooperative Principles and one of the many benefits of being a Western member," General Manager Tom Ruth said. "It seems only fitting that we are able to return capital credits to our members during National Cooperative Month."

MEMBERS IN THE NATIVE SERVICE TERRITORY who received power in 2012 will receive \$495,702.90 of the G&T retirement.

MEMBERS ON THE EASTERN SIDE OF WESTERN'S SERVICE TERRITORY (FORMALLY AQUILA TERRITORY) will receive \$212,444.10 in retirements from 2018 and 2019 G&T allocations.

Members will receive a proportional share of the retirement based on the amount of electricity purchased in the year(s) being retired.

"We have seen electric bills rising the past few months due to the cost of natural gas and the cost to produce power," Member Service Manager Nolan Numrich said. "Hopefully, this retirement will provide some relief to our members who have been hit hard by inflation."

Moved recently? No longer a member of Western? You may have unclaimed capital credits if your forwarding address is not updated. For more information about capital credits, visit www.westerncoop.com/capital-credits.

To search a list of members with outstanding payments, visit www.westerncoop.com/unclaimed-capital-credits.

Western Awards Ellsworth Childcare and Learning Center \$5,000 Sharing Success Grant



From left: ECLC Board President Cory Rathbun, ECLC Board Member and Fundraising Committee Chair Keri Whorton, and Executive Director Meghan Goding accept a \$5,000 Sharing Success grant from Western Co-op's Member Services Manager, Nolan Numrich.

Western Cooperative Electric's Sharing Success Fund has awarded a \$5,000 grant to the Ellsworth Childcare and Learning Center (ECLC) to help upgrade the outdoor play space to meet Kansas Department of Health and Environment (KDHE) regulation standards.

The new play equipment will directly help achieve ECLC's mission to partner with our community to provide children a developmentally stimulating and culturally responsive experience to fulfill the social, emotional and academic needs of each individual child by focusing on our core values.

"We just started the fundraising to improve our outdoor play space," said Keri Whorton, ECLC board member and fundraising committee chair. "Commercial quality play equipment

based on KDHE standards can cost upward of \$100,000. It will take some time to reach our final goals, but Western's grant will help us address our most immediate needs."

Based on state regulations, childcare facilities should design playgrounds to develop self-esteem and positive self-image, social interaction skills, self-expression and communication skills, creative expression, large and small muscle skills, and intellectual growth. In addition, the playground should allow children of all ages to have outdoor experiences in parallel while not having to take turns to occupy the space.

"We appreciate Western Co-op's grant to improve the outdoor play space for all the ECLC children," Executive Director Meghan Goding said.

"We still have a long way to go to reach our future goals, but it's a great start."

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 excited to help kick off the fundraising efforts for the Ellsworth Childcare and Learning Center," said Member Services Manager Nolan Numrich. "Our Sharing Success fund continues to be a great way of giving back to the communities we serve."

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

Donations can be made to the Ellsworth Childcare and Learning Center via the Smoky Hill Childcare Foundation, a 501 (c) (3) public charity and non-profit organization. Mail donations directly to 404 Kunkle Dr., Ellsworth, KS 67439 or visit www.ellsworthclc.org/how-you-can-help for additional ways to help.