A Touchstone Energy® Cooperative
P.O. Box B
1564 S. 1000 Rd., Council Grove, KS 66846
620-767-5144
www.flinthillsrec.com

FLINT HILLS RURAL ELECTRIC COOPERATIVE
NEWS

Flint Hills RECA

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- Viasat Internet Services
- Online Payment Options
- Outside Security Lighting
- Power Surge Protection
- Rebate Programs

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This institution is an equal opportunity provider and employer

FROM THE MANAGER

Flint Hills Pursues Fair Rate Design

One of the responsibilities of your electric cooperative board is to periodically examine rates to be sure they are fair and reasonable. In 2021 the board engaged a consultant to prepare a study of the cooperative's costs of providing electric service and of the rates charged for this service. The study was broken down into three steps: determining the revenue requirement, allocating the costs among the various customer classes, and designing rates.

Revenue Requirement

The rates that you pay must produce sufficient revenue for the cooperative to recover all the cost of providing electricity. This includes purchasing wholesale power, the delivery of this power and the building and maintaining of plant facilities. The cooperative must also collect enough to ensure that it will meet the margin and equity requirements of its lenders.


Chuck Goeckel

Cost Allocation

Once the revenue requirement was determined, the next step was to allocate the costs of providing electric service to each customer class (i.e., residential, small commercial, large commercial, irrigation, lake seasonal and security lighting accounts) in order to determine the investment and margin required to serve each class. The cooperative incurs different levels of cost to serve for each of the different classes. The resulting operating margin was then compared to the amount of investment made to serve each class in order to compute the rate of return on investment for each class. The rate of return demonstrates whether a class is paying its fair share and also provides a measure of equitability around the various classes.

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What is Demand?

Over the past three months your general manager has been talking about a rate study and the components that go into that study. In this month's manager's letter, he talks about rate design and how the cooperative looks to ensure that a rate is as fair as possible to all classes and to the members within each class. He also talks about the possibility of introducing a three-part rate. A three-part rate is made up of a customer service charge, kilowatt-hour (kWh) energy charge and a kilowatt (kW) demand charge. The kW demand charge is not new to large commercial accounts but would be a new charge to residential members and small commercial members.

WHAT IS DEMAND? Electric demand refers to the maximum amount of electrical power being consumed at a given time, as opposed to energy which is the amount of power used over a period of time. For example, a typical clothes iron requires, or demands, 1,000 watts of power. If that iron is used for 2 hours, it consumes 2,000 watt-hours or 2 kilowatt-hours of energy (1,000 watts times 2 hours equals 2,000 watt-hours).

Using multiple appliances at the same time increases your demand. A typical dishwasher has a demand of 1,200 watts. If you used the dishwasher at the same time as the clothes iron, the total demand for these two appliances would be 1,000 watts plus 1,200 watts or 2,200 watts. If instead you choose to operate these at separate times, the maximum demand for these two appliances would only be 1,200 watts.

HOW DOES DEMAND AFFECT FLINT HILLS REC? Demand has a significant impact on Flint Hills REC in multiple ways. Higher demand increases the size of transformers and other equipment needed for Flint Hills REC to deliver electricity to our members. Larger equipment typically costs more to own and maintain. Demand also has an impact on our wholesale electric bill. In 2021, variable demand charges accounted for nearly one third of what Flint Hills REC paid for wholesale electricity for our members.

IS DEMAND NEW? Yes and no. Historically, demand-related costs were included in the kWh energy charge to residential and small commercial members. Demand readings are now readily available for residential and small commercial members because of the investments we have made in automated metering.

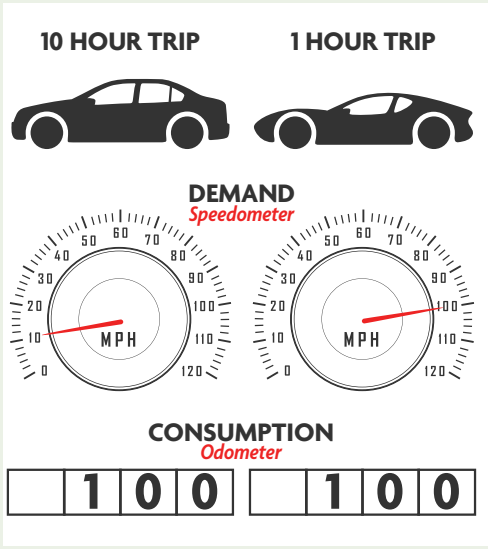
IS DEMAND ON MY BILL? Yes, starting with the Nov. 1 bill you will be able to see what your monthly demand is. This will be a zero charge on your bill but it gives you the ability to see how your demand changes as the seasons change.

HOW CAN I CONTROL MY DEMAND? Depending on your operation, there may be several ways you can reduce your demand on the electric system. Does all of your equipment need to be running at the same time? What energy efficiency improvements can be made?

Try to be aware of what appliances are running in your home. For instance, try not to run the clothes dryer and dishwasher at the same time. The more you can manage how you run your appliances will help reduce your demand.

For more information on demand please visit our website at www.flinthillsrec.com or feel free to call our office at 620-767-5144.

FOR EXAMPLE



Electricity Usage is Measured in Two Ways:

- **DEMAND (kW = KILOWATTS):** the rate at which energy is used.
- **ENERGY (kWh = KILOWATT-HOURS):** the amount of energy used.

Demand Charge (expressed as kW or kilowatts)

Demand is defined to be the rate at which a member uses electricity during a specified time period. Kilowatt demand is measured by the highest rate at which a member uses electricity during a 60-minute time period during the billing period, and billed accordingly.

Energy Charge (expressed as kWh or kilowatt-hours)

Energy charges are based on the amount of electricity a member uses during the billing period, which is expressed as kWh. Think of it in terms of your car's speedometer:

- If your car travels at a rate of speed of 100 mph for 1 hour, the miles driven is only 100 miles.
- If your car travels at a rate of speed of 10 mph for 10 hours, the miles driven is 100 miles, but it takes a much more capable and expensive engine to power the car at 100 mph than it does to power the car going only 10 mph.

In Terms of Electricity

If a member's rate of consumption is 100 kW for 1 hour, the kWh consumed is 100 kWh. Demand can be thought of as the speedometer reading in your car. It is the rate at which energy is being consumed. Energy use is like the miles driven on your odometer.

Flint Hills Pursues Fair Rate Design

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Rate Design

The final step is to determine the rate design for the individual classes, i.e., how much is to be collected by the volume charges, such as demand and energy charges and how much is to be collected by fixed charges, such as the monthly customer charge. The study of the rate of return of each of the classes reflects that adequate returns were experienced only by the large commercial class.

As for rate design, generally, the study reflected that more of the revenue should come from fixed monthly customer service charges and demand charges. Currently, a portion of the cost of facilities and equipment (fixed cost) necessary to provide member access to the cooperative's distribution system is being recovered through the kilowatt-hour (kWh) charge (variable charge). When fixed costs are recovered through the kWh charge, as is currently the case, members with low usage are not paying their fair share of the cooperative's fixed cost for the facilities that are needed to provide service to them and high usage members end up subsidizing the low usage members.

Minimizing the effect of members subsidizing the other can be achieved with a three-part rate. A three-part rate is made up of a customer service charge, kWh energy charge and a kilowatt (kW) demand charge. Large commercial accounts are currently billed using three-part rates. Residential and small commercial members are familiar with seeing the customer service charge and kWh energy charge on their bill but not the kW demand charge. Historically, demand-related costs were included in the kWh energy rate charged to residential and small commercial members.

By adding the kW demand charge this will allow the cooperative to continue to take steps to ensure that a rate is as fair as possible to all classes of members and to all members within each class.

The board will hold an open meeting in December to consider modifications to the cooperative's rate structure. This section of next month's magazine will continue to provide information about the December meeting and more information about demand as the process progresses.

HAPPY *Thanksgiving*

Our offices will be closed on Thursday, Nov. 24, and Friday, Nov. 25, in observance of the holiday.

ENERGY EFFICIENCY

Tip of the Month

Is your home heating system ready for the winter chill? One of the easiest ways to keep your system running efficiently is to regularly replace filters. If your central air system has a furnace filter, it should be replaced about every 90 days. If your home is heated through warm-air registers, baseboard heaters or radiators, remember to clean regularly to boost efficiency.

SOURCE: WWW.ENERGY.GOV

2023 Nominating Committee Announced

The members listed at right have been appointed by the Flint Hills REC Board of Trustees to serve on the 2023 Nominating Committee.

Each of the district nominating committees are to propose two candidates for trustee from their respective district. The nominating committee will receive a list of qualified members in their district, which will be of assistance in seeking nominations. District nominees will be voted on by the membership with a mail-in ballot that will be mailed out the first week of March 2023 in *Kansas Country Living* magazine. Those trustees whose terms will expire at the 2023 annual meeting are: **ROGER ZIMMERMAN,** District 1; **KORBY EFFLAND,** District 2; and **TREY HINKSON,** District 4.

All nominating committee meetings will be held at the Flint Hills RECA offices 1564 S 1000 Road, Council Grove on Thursday, Jan. 5 at 11:30 am.

Nominations for a qualified candidate may also be made by petition, filed at the Council Grove office on or before the close of business on the fifteenth day following the nominating committee's selection of trustee nominees.

For more information on the cooperative's voting process, visit Article V in the member bylaws located on our website www.flinthillsrec.com.

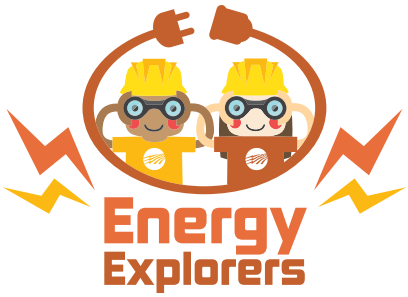
Trustee Nominating Committee

District 1
Roger Zimmerman, Trustee (3-year term)
DENNIS BOLLER
785-210-7012
JIM FURNEY
785-499-6481
BARBARA STANBROUGH
785-499-6826

District 2
Shawn Potts, Trustee (3-year term)
MIKE HORST
620-794-3386
SELMA KELLER
620-273-7006
TYLER PARKER
785-466-6290

District 3
Trey Hinkson, Trustee (3-year term)
TW BURTON
620-753-3448
COLE STARKEY
620-794-4883
JOEL SUDERMAN
620-497-5416

FALL SAFETY WORD SEARCH



Fall is finally here! The leaves are changing, the weather is cooler and the holidays are just around the corner. But fall also brings greater risks of home fires and electrical hazards.

Read the safety tips below, then find and circle the **bold, blue** *words in the puzzle.*

Adults should always stay in the **kitchen** while food is **cooking.**

Smoke alarms should be tested monthly to ensure they're working properly. **Batteries** should be replaced every year or right away if the alarm starts to chirp.

Candles should never be left burning when someone isn't in the room.

Keep flammable items away from the **stove, toaster** and other cooking **appliances.**

S M R A L A E K O M S E C A W
S M C K J P M H G X V O B P S
X E K A H O R I E O O M Z P C
R B I X T F O A T K H C U L N
P O Y R Y U G S I T G X M I K
K E G K E L L N L V F H K A C
T I W U D T G R I C D S H N H
S W T D Q Q T M E K Z E V C O
M Q Y C E R W A Z X S L K E Q
P D M L H P Z X B E W D N S Q
C H T B K E W U R I S N W W H
A K R S C G N W U L R A R X A
T O A S T E R O K F P C G D X
O R N B U W J G D K E X V C L
E I A U F Q Y L U H F H F Z D