



To: **Board of Trustees and Attorney**

A Special meeting of the Board of Trustees has been scheduled for April 22, 2024, at 6:30 p.m. This meeting is open to all members of the Cooperative.

Proposed Agenda:

1. Call to Order
2. Review of Proposed Rates
3. Review the Kansas Utility Rate Making Process
4. Review Public Meeting comments
5. Consider Resolution 2024 0422
6. Adjourn

Item 2. Review of Proposed Rates

The Board of Trustees approved conducting a Cost-of-Service Study on January 11, 2021, as Strategic Goal #3 of the 2021 Lane Scott Electric Cooperative, Inc. Strategic plan. The Board recognized that while a COSS was conducted in 2021 and implemented in 2022, inflationary pressures have increased exponentially since 2021. Further, the Board acknowledges that conducting a periodic evaluation of the Cooperatives rate is a normal and customary electric utility practice.

Management and Staff worked with Guernsey over several months. Guernsey presented a 10-year Financial Forecast and the results of the Cost-of-Service Study to the Board of Trustees at the March 2024 regular meeting. The test year used was 2023 and was adjusted (normalized) to account for Winter Storm Uri recovery and several loans which will be repaid in 2024.

The Financial Forecast presented a deficit of \$1,571,437 over the next 10 years based on current rates. Mitigating this deficit would require an overall increase of 8.82%. Guernsey then analyzed each LSEC rate classification and found that some classes were being subsidized while some were being overcharged. This is a normal evolution of rates and revenue classes due to members coming and going and various price fluctuations in overhead, transportation, and wages.

Guernsey determined that the most equitable distribution to recover the \$1,571,437 deficit was:

Rate Class	average consumers	2023 kWh sold	Adjusted Revenue	Proposed		
				Total Revenue	dollar increase	percent increase
Residential	3,363	25,817,574	3,445,915	3,816,395	370,480	10.75%
Irrigation	254	8,852,968	1,113,253	1,196,556	83,303	7.48%
GS Small	1,876	50,716,514	5,501,172	6,164,335	663,163	12.05%
GS Large	175	35,978,136	4,018,409	4,279,505	261,096	6.50%
City of Dighton	3	9,335,382	676,223	698,501	22,278	3.29%
Large Industrial	3	38,204,550	2,902,051	3,061,664	159,614	5.50%
Lighting	13	677,150	106,915	118,418	11,503	10.76%
Total	5,687	169,582,274	17,763,938	19,335,374	1,571,437	8.85%

The specific changes are:

	existing	proposed	change \$	change %
Power Cost, per kWh sold	0.057874	0.057874	0	0%
PCRF / ECA Base Cost, per kWh sold	0.06975	0.06975	0	0%
PCRF / ECI Factor, per kWh	-0.011876	-0.011876	0	0%
Property Tax, per kWh sold	0.004718	0.00436	-0.000358	-8%

RESIDENTIAL

Customer Charge	28.00	30.50	2.50	8.93%
Demand Charge, per peak kW	-	0.65	0.65	
Energy Charge, per kWh	0.10297	0.10850	0.00553	5.37%
Heat Pump Charge, per ea.	2.00	2.00	-	0.00%
Heat Pump Credit, per kWh.	-0.03	-0.03	-	0.00%

	existing	proposed	change \$	change %
NON-DOMESTIC				
Customer Charge	22.00	24.50	2.50	11.36%
Demand Charge, per peak kW	-	0.65	0.65	
Energy Charge, per kWh	0.10563	0.11055	0.00492	4.66%
IRRIGATION				
Customer Charge	-	-	-	0.00%
Annual HP, per Billing HP	40	42.5	2.50	6.25%
Energy Charge, per kWh	0.09983	0.10704	0.00721	7.22%
GENERAL SERVICE SMALL				
Customer Charge	28.00	33.00	5.00	17.86%
Demand Charge, per peak kW	-	0.65	0.65	
Energy Charge, per kWh	0.10767	0.11687	0.00920	8.54%
GENERAL SERVICE LARGE				
Customer Charge	65.00	65.00	-	0.00%
Annual Kw, per Billing kW	13.00	15.00	2.00	15.38%
Energy Charge, per kWh	0.07309	0.07327	0.00018	0.25%
CITY OF DIGHTON				
Customer Charge	150.00	300.00	150.00	100.00%
Demand Charge:	2.80	4.25	1.45	51.79%
plus wholesale power				
Energy Charge, per kWh	0.003264	0.00268	(0.000584)	-17.89%
plus wholesale power				
LARGE INDUSTRIAL				
Customer Charge	100.00	150.00	50.00	50.00%
Demand Charge, per Billing kW	12.80	15.50	2.70	21.09%
Energy Charge, per kWh				
1st 250 kWh per billing kW	0.0692	0.06776	(0.00144)	-2.08%
Next 250 kWh per billing kW	0.0567	0.05526	(0.00144)	-2.54%
Over 500 kWh per billing kWh	0.0442	0.04276	(0.00144)	-3.26%
Primary Meter discount	2%	2%	-	0.00%
FAIRGROUNDS AND ATHELETIC LIGHTING				
Customer Charge	17.50	20.00	2.50	14.29%
Energy Charge, per kWh	0.1245	0.13183	0.00733	5.89%
IDLE SERVICES				
Customer Charge	31.50	31.50	-	0.00%
Maximum Annual	378.00	378.00	-	0.00%

	existing	proposed	change \$	change %
VILLAGE STREET LIGHTING				
Area Lighting (per bulb, per month)	9.46	10.41	0.95	10.04%
SECURITY LIGHTING (frozen)				
Security (Decorative) Lighting Service				
75% Coop Single Globe 100W HPS	15.19	16.71	1.52	10.01%
25% Coop Single Globe 100W HPS	9.25	10.18	0.93	10.01%
75% Coop Multi Globe 100W HPS	9.07	9.98	0.91	10.03%
Controlled Private Area Lighting				
<u>MV</u> <u>HP Sodium</u>				
175 100	7.01	7.71	0.70	9.99%
400 200	12.17	13.39	1.22	10.02%
400 (flood) 150	13.88	15.27	1.39	10.01%
1000 (flood) 400	23.25	25.58	2.33	10.02%
Street Light Service Dawn to Dusk				
100 Watt Incandescent	2.91	3.20	0.29	9.97%
Vapor Street Lighting / Ornamental System				
<u>MV</u> <u>HP Sodium</u>				
175 100	7.97	8.77	0.80	10.04%
400 200	10.59	11.65	1.06	10.01%

These are the proposed changes to the current rates for electric service as presented to the Board by Guernsey in March 2024.

Item 3. Review the Kansas Utility Rate Making Process.

K. S. A. 66-104d governs the Kansas Utility Rate Making Process. It has specific requirements:

66-104d. Certain electric cooperative public utilities not subject to commission jurisdiction; conditions; exceptions.

(a) As used in this section, "cooperative" means any:

- (1) Corporation organized under the electric cooperative act, K.S.A. 17-4601 et seq., and amendments thereto, or which becomes subject to the electric cooperative act in the manner therein provided;
- (2) limited liability company or corporation providing electric service at wholesale in the state of Kansas that is owned by four or more electric cooperatives that provide retail service in the state of Kansas; or
- (3) member-owned corporation formed prior to 2004.

(b) Except as otherwise provided in subsection (f), **a cooperative may elect to be exempt from the jurisdiction, regulation, supervision and control of the state corporation commission by complying with the provisions of subsection (c).**

- **LSEC: KCC Docket No. 191,208-U dated August 17, 1994, and in KCC Docket No. 15-LNSE-023-DRC dated September 25, 2014**

(c) To be exempt under subsection (b), a cooperative shall poll its members as follows:

- (1) An election under this subsection may be called by the board of trustees or shall be called not less than 180 days after receipt of a valid petition signed by not less than 10% of the members of the cooperative.
- (2) The proposition for deregulation shall be presented to a meeting of the members, the notice of which shall set forth the proposition for deregulation and the time and place of the meeting. Notice to the members shall be written and delivered not less than 21 nor more than 45 days before the date of the meeting.
- (3) If the cooperative mails information to its members regarding the proposition for deregulation other than notice of the election and the ballot, the cooperative shall also include in such mailing any information in opposition to the proposition that is submitted by petition signed by not less than 1% of the cooperative's members. All expenses incidental to mailing the additional information, including any additional postage required to mail such additional information, shall be paid by the signatories to the petition.
- (4) If the proposition for deregulation is approved by the affirmative vote of not less than a majority of the members voting on the proposition, the cooperative shall notify the state corporation commission in writing of the results within 10 days after the date of the election.
- (5) Voting on the proposition for deregulation shall be by mail ballot.

(d) A cooperative exempt under this section may elect to terminate its exemption in the same manner as prescribed in subsection (c).

(e) An election under subsection (c) or (d) may be held not more than once every two years.

(f) Nothing in this section shall be construed to affect the single certified service territory of a cooperative or the authority of the state corporation commission, as otherwise provided by law, over a cooperative with regard to:

- (1) Service territory;
 - (2) charges, fees or tariffs for transmission services, except those charges or fees for transmission services that are recovered through an open access transmission tariff of a regional transmission organization which has its rates approved by the federal energy regulatory commission;
 - (3) sales of power for resale, other than sales between a cooperative, as defined in subsection (a), that does not provide retail electric service and an owner of such cooperative; and
 - (4) wire stringing and transmission line siting, pursuant to K.S.A. 66-131, 66-183, 66-1,170 et seq. or 66-1,177 et seq., and amendments thereto. Nothing in this subsection shall be construed to affect the authority of the commission pursuant to K.S.A. 66-144, and amendments thereto.
- (g) (1) Notwithstanding a cooperative's election to be exempt under this section, the commission shall investigate all rates, joint rates, tolls, charges and exactions, classifications and schedules of rates of such cooperative if there is filed with the commission, not more than one year after a change in such cooperative's rates, joint rates, tolls, charges and exactions, classifications or schedules of rates, a petition in the case of a retail distribution cooperative signed by not less than 5% of all the cooperative's customers or 3% of the cooperative's customers from any one rate class, or, in the case of a generation and transmission cooperative, not less than 20% of the generation and transmission cooperative's members or 5% of the aggregate retail customers of such members. If, after investigation, the commission finds that such rates, joint rates, tolls, charges or exactions, classifications or schedules of rates are unjust, unreasonable, unjustly discriminatory or unduly preferential, the commission shall have the power to fix and order substituted therefor such rates, joint rates, tolls, charges and exactions, classifications or schedules of rates as are just and reasonable.
- (2) The cooperative's rates, joint rates, tolls, charges and exactions, classifications or schedules of rates complained of shall remain in effect subject to change or refund pending the state corporation commission's investigation and final order.
 - (3) Any customer of a cooperative wishing to petition the commission pursuant to subsection (g)(1) may request from the cooperative the names, addresses and rate classifications of all the cooperative's customers or of the cooperative's customers from any one or more rate classes. The cooperative, within 21 days after receipt of the request, shall furnish to the customer the requested names, addresses and rate classifications and may require the customer to pay the reasonable costs thereof.
- (h) (1) If a cooperative is exempt under this section, not less than 10 days' notice of the time and place of any meeting of the board of trustees at which rate changes are to be discussed and voted on shall be given to all members of the cooperative and such meeting shall be open to all members.

LSEC:

I. Notice of proposed rate adjustment provided:

- **Community Newspaper Ads – April 15**
- **SmartHub and Website – April 1 through present**
- **Member E-mail – April 3 and April 15**
- **Social Media**
 - A. LSEC Facebook and Instagram – April 12 and April 21**
 - B. Community Facebook (Lane, Scott, Ness, Hodgman and Rush County News or Chamber pages – April 12 and April 22**

II. Notice of Open meetings provided:

- **KCL publication – April 2024**
- **Bill Stuffers – April 2024 billing**
- **E-newsletter – April 1, 2024**
- **Newspapers – March 25, and April 1**

- SmartHub and Lane-Scott website – end of March
- Social Media – End of March to present

III. Public Meetings were held:

- Dighton (three attended) – April 8
- Ness City (three attended) – April 11
- City of Dighton. Presentation of city council – April 15
- LSEC Special Board meeting – April 22

(2) Violations of this subsection shall be subject to civil penalties and enforcement in the same manner as provided by K.S.A. 75-4320 and 75-4320a, and amendments thereto, for violations of K.S.A. 75-4317 et seq., and amendments thereto.

(i) (1) Any cooperative exempt under this section shall maintain a schedule of rates and charges at the cooperative headquarters and shall make copies of such schedule of rates and charges available to the general public during regular business hours.

(2) Any cooperative which fails, neglects or refuses to maintain such copies of schedule of rates and charges under this subsection shall be subject to a civil penalty of not more than \$500.

(j) A cooperative that has elected to be exempt under the provisions of subsection (b) shall include a provision in its notice to customers, either before or after a rate change, of the customer's right to request the commission to review the rate change, as allowed in subsection (g).

(k) Notwithstanding any provision of law to the contrary, a cooperative, as defined in subsection (a), shall be subject to the provisions of the renewable energy standards act.

LSEC: If approved, we will provide the new rates to members in the June Kansas Country Living along with the member's right to request the commission to review the rate change, as allowed in subsection (g).

Item 4. Review of Member Comments from Public Meetings

The Cooperative held two public information meetings in April. These meetings were broadly advertised and attended by LSEC Staff Ann Marie Jennings (Communication Director) and Richard McLeon (General Manager / CEO).

The Dighton open public meeting was held from 6:30 to 7:30pm on April 8, 2024. Three members attended and questioned the addition of demand charges. We spend about an hour explaining demand charges, the Cost-of-service process, and the proposed rates adjustments. We explained the KCC investigation process and their rights under Kansas law. Comment forms were available, but no comments were filed.

The Ness City open public meeting was held from 6:30 to 8:30pm on April 11, 2024. It was very similar to the Dighton meeting. Three members attended and also asked about demand charges. We spend about an hour explaining demand charges, the Cost-of-service process, and the proposed rates adjustments. We explained the KCC investigation process and their rights under Kansas law. Comment forms were available, but no comments were filed.

Comment forms have been available on line, but no comments have been filed as of Friday morning, April 19, 2024.

LANE-SCOTT ELECTRIC COOPERATIVE, INC.
DIGHTON, KANSAS

RESOLUTION 2024 0422

Adopting new Retail Rates and Section III of the Rules and Regulations

Whereas, The Lane-Scott Electric Cooperative, Inc. ("LSEC") is a corporation organized under the electric cooperative act, K.S.A. 17-4601 et seq., and amendments thereto, and

Whereas, LSEC has elected to be exempt from the jurisdiction, regulation, supervision, and control of the state corporation commission by compiling with the provisions of K.S.A. 66-104d subsection (c), and has not terminated that exemption, and

Whereas, the state corporation commission approved said exemption in Docket No. 191,208-U dated August 17, 1994, and in Docket No. 15-LNSE-023-DRC dated September 25, 2014, and

Whereas, this Resolution does not affect the single certified service territory of LSEC or the authority of the state corporation commission with regard to K.S.A. 66-104d subsection (f), and

Whereas, the Cooperative contracted Guernsey (Oklahoma City, OK) to consult and prepare a Cost-of-Service Study and Financial Forecast using 2023 as a test year which recommended changing certain rates, and

Whereas, management concurs with Guernsey and will present the subsequent Tariff amendments to Section III of the LSEC Rules and Regulations at the May meeting of the Board of Trustees, and

Whereas, LSEC has provided not less than 10 days' notice to all members of the time and place of this open meeting of the board of trustees at which rate changes are to be discussed and voted upon, and

Now, therefore, be it resolved, that the Lane-Scott Electric Cooperative, Inc. adopts the rate changes recommended in the 2024 Cost of Service Study as recommended by Guernsey to be effective with June usage and billed beginning July 1, 2024.

CERTIFICATION OF THE SECRETARY

I, Harold Hoss, certify that I am Secretary of The Lane-Scott Electric Cooperative, Inc. Board of Trustees. I further certify that the above is a true excerpt from the Board of Trustees meeting held on the 22nd day of April 2024, at which a quorum was present.

Harold Hoss, Secretary

(Seal)