

# DSO

## ELECTRIC COOPERATIVE

SOLOMON, KANSAS 67480 ♦ 201 DAKOTA DRIVE ♦ P.O. BOX 286 ♦ TELEPHONE (785) 655-2011

This letter is to inform you of DSO's proposed rate changes.

As discussed in previous Kansas Country Living articles, DSO engages an outside firm to perform a cost of service study (COSS) every three to five years. The most recent COSS indicated a need for DSO to change its rates.

DSO's proposed rate changes will be voted on by the board of directors on April 22, 2024. It is important to note that these rate changes will not bring in more revenue to DSO but will ensure that all rates are carrying their fair share of costs. The proposed changes would begin October 1, 2024, except for Cargill-24, which would take effect on June 1, 2024. Some rates would be combined, some would see an increase, and others would see a decrease.

To explain these changes, we turn to the COSS completed in 2023. The COSS posed three main questions and DSO's answers for each are shown below.

1. Overall, does the cooperative bring in enough revenue?

*Yes. The COSS determined that DSO is bringing in enough revenue to cover its costs and meet lender requirements for margins.*

2. Are all individual rates bringing in enough revenue to cover their costs?

*No. Some rates were bringing in enough revenue to cover their costs, but others were not.*

3. Do rates need to be adjusted so individual rates are better matched to their costs?

*Yes. The DSO board of directors determined that rates needed to be adjusted so that every rate is covering its fair share of the costs. Some rates were too high, and some were too low.*

Here are some details of the proposed rate changes:

- Except as noted below, all rates would see a change.
- *Residential – Rural and Urban* would be combined into one rate.
- *Residential – Rural Interruptible and Urban Interruptible* would be combined into one rate.
- *Residential – Prepaid Interruptible* would be eliminated.
- All *Residential* rates and *General Service* would have a small demand charge added.
- *General Service – Demand* would not see a change.
- *Cargill – 24* would take effect on June 1, 2024.

As a not-for-profit electric utility, DSO strives to provide the highest quality electric service at the least cost possible. DSO's electric rates are designed not to make a profit, but simply to cover the costs of providing electrical power. The proposed rate changes ensure that each of DSO's electric rates is not excessively subsidizing, or being subsidized by, another rate.

Please contact us at 785-655-2011 or [rates@dsoelectric.com](mailto:rates@dsoelectric.com) with any questions.