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COUNTRYLiving

IMPORTANT

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**RETURN BY
APRIL 19**



Annual Report 2023

JOIN US FOR THE
ROLLING HILLS ELECTRIC COOPERATIVE

Annual Meeting

APRIL 19, 2024

REGISTRATION 5:30 P.M. | MEETING 6:30 P.M.
ROLLING HILLS ELECTRIC PRINCIPAL OFFICE IN BELOIT



OFFICIAL NOTICE OF

Annual Meeting

You and each of you are hereby notified that on **APRIL 19, 2024**, the annual meeting of members of Rolling Hills Electric Cooperative, Inc. will be held at 6:30 p.m. for the purpose of conducting the annual meeting business in accordance with the cooperative's bylaws and the agenda below. The meeting will be held at the principal office of the cooperative located at 3075B US Highway 24 in Beloit, Kansas.



PROGRAM AGENDA

5:30 P.M.

Registration and **FREE** Dinner

6:30 P.M.

Call to Order

MICHELLE BROKES, PRESIDENT

Ascertain Quorum Present

JUSTIN TROST, SECRETARY

Official Notice of Meeting

MICHELLE BROKES, PRESIDENT

Introduction of

Board of Trustees and Guests

6:45 P.M.

Voting Cutoff

Minutes of 2023 Meeting

President's Report

MICHELLE BROKES, PRESIDENT

Business and Manager's Report

JASON RABE, MANAGER

Treasurer's Report

ANGIE BEHYMER,

ACCOUNTING & CSR MANAGER

Adopt a Legislator Introduction

SENATOR DINAH SYKES,

SENATE MINORITY LEADER

KEPCo Update

SUZANNE LANE, EXEC. VICE PRESIDENT/CEO

OF KANSAS ELECTRIC POWER COOPERATIVE

KEC Update

LEE TAFANELLI, CEO OF

KANSAS ELECTRIC COOPERATIVES, INC.

Member Questions and Comments

Trustee Election Results

New or Unfinished Business

Adjournment

Safety Demonstration



President's Report

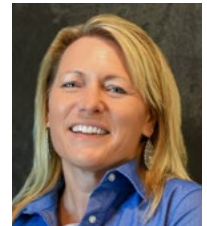
2023 has been a year of transition at Rolling Hills. The new outpost facility in Ellsworth has been completed and we are fully moved in. Further, the new facility in Belleville is moving along and no doubt the crew there is excited to also get into their new "home." While it is always a little bittersweet to say goodbye to the old, it is exciting to have these new, modern facilities that will take us into the future.

In June, we wished longtime manager **DOUG JACKSON** a happy retirement. Doug served the co-op faithfully for over 30 years and has certainly earned a more leisurely lifestyle. In this vacancy, the board spent a good deal of time seeking out a new, highly qualified replacement and are pleased to announce we found just that in **JASON RABE**. Jason has been with Rolling Hills since June and certainly hit the ground running.

Other retirees from Rolling Hills this year include: **SHIRLEY BECKER, CREGG JEFFERY, STEVE HABIGER, CRAIG CLARK** and **JERRY ROESTI**. These five have a combined 155 years of service to our co-op!

While the years of experience and knowledge of these folks will be missed, we are also excited to announce the following new hires: **EVAN KEATING, THOMAS BIERY, MICHAEL CALLAWAY, DEREK MINER, LISA COLSON, HUNTER TEEL, BRADEN BURKS, TATE KADEL** and **BLANE PAYEUR**. We welcome them all to Rolling Hills and know they will do great things!

I encourage everyone to attend the annual meeting on April 19 at the headquarters in Beloit. It will be a great opportunity to meet Jason, hear about the state of your co-op, join in fellowship with other members and get a great meal. Hope to see you there!



Michelle Brokes
Board President

I encourage everyone to attend the annual meeting on April 19 at the headquarters in Beloit.

JOIN US FOR THE
ROLLING HILLS ELECTRIC COOPERATIVE

Annual Meeting

APRIL 19, 2024

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ROLLING HILLS ELECTRIC PRINCIPAL OFFICE IN BELOIT

Manager's Message

A year ago, I had the privilege of attending my first Rolling Hills Electric Cooperative Annual Meeting as the incoming CEO/general manager due to the retirement of Doug Jackson. To say that the past year has flown by is an understatement. As I mentioned during that meeting, I have big shoes to fill and thanks to the efforts of Doug and the board, it has been a smooth transition.

In 2023, Rolling Hills continued to invest in the cooperative by constructing our new, modern outpost in Ellsworth. In addition, we sold our former Belleville facility and began construction on the Belleville outpost. Both of these new facilities better match the size and scale of our operation and equipment while aiding safety and efficiency as we serve our members.

Rolling Hills staff made updates to our rules and regulations, which were approved in September. Additionally, staff created and implemented a wildfire mitigation plan, as well as a crisis communications plan. These plans will help us be better prepared to respond as challenges come our way. Finally, thanks to our information technology department, Rolling Hills earned the Level One Co-op Cyber Secure badge for our cybersecurity efforts.

Our Rolling Hills linemen and operations staff worked on plant investment throughout 2023, while also responding to storms and other system challenges. Our 2020-2024 work plan continues to drive our projects with more than \$20.5 million in infrastructure upgrades and replacements through the first four years of the plan thanks to efforts of our staff.

For 2024, investment in our plant will continue through the work plan. Additionally, the board of

trustees has invested in a full system inventory, which will account for each pole and asset within our system. This will provide exact locations, construction, digital photos and key data that will allow us to be more efficient with staff, more responsive to outages, and acquire more reimbursement when a Federal Emergency Management Agency (FEMA)-declared storm impacts the system.

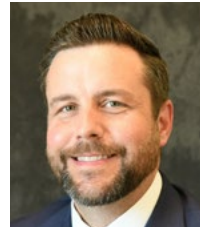
Two critical challenges face our country as we move forward. With the electric grid at the core of stability and the daily functionality of our nation as we know it, these critical challenges are directly related.

The first is cyberattacks. As a cooperative, we continue to bolster our cyber defenses and make sure we are as prepared as we can be. However, this is a real and serious threat for us and our national electric grid.

The second is the growing need for firm generation infrastructure. In our country's rush to intermittent renewable energy, the need for firm generation has only increased, thereby threatening our grid's reliability. The threat of rolling blackouts has increased each year since 2021 and is a real possibility without major strategy shifts on the national grid level.

As your local cooperative, we have been part of sounding the alarm to both of these real and present threats.

Despite these challenges, we look forward to 2024 — continuing to work to improve reliability, finding ways to be more efficient, and providing the most affordable, reliable energy for our members. We are proud to be your cooperative and look forward to the future of Rolling Hills.



Jason Rabe

“Despite these challenges, we look forward to 2024 — continuing to improve reliability, finding ways to be more efficient and providing the most affordable, reliable energy for our members.”

Treasurer's Report



Corey Dlabal

The 2023 operating statement and balance sheet on this page show Rolling Hills Electric's total margins for 2023 were \$3,144,467 and operating margins for the sale of electricity to members were \$2,049,021. With an average margin of \$14.93 per month (or \$179.16 per year) for each meter on our system. Non-operating margins, which includes other activities of the cooperative, were \$1,095,446. This figure includes \$458,701 of capital credits allocated to your cooperative by our power supplier Kansas Electric Power Cooperative (KEPCo), Cooperative Finance Corporation (CFC) and other organizations.

In 2023, \$866,122 in capital credits were paid in general retirements and to estates of deceased members. An effort is being made to maintain Rolling Hills Electric's 30-year retirement rotation with its members. Currently, Rolling Hills has retired capital credits through a portion of 1997.

Interest payments of \$2,420,807 were made to our lender, CFC. The cooperative has met the financial covenants with our lender in 2023.

Capital expenditure items budgeted for 2023 totaled \$844,800. Due to supply chain constraints, only a portion of the approved capital items were acquired for a budgeted total of \$378,800. These purchases include: a service truck with a DewEze bed, a skid loader with mulcher, a pole trailer, a pole setter attachment, a half-ton pickup and a snow blade attachment. Also, several new technology components including new access points, switches and scheduled computer replacements were purchased.

The accounting firm of Kelso Lynch, P.C., P.A. completed the annual audit for 2023 and confirmed that all proper accounting procedures were followed and funds accounted for. A copy of the 2023 audit report is on file at the cooperative.

A complete treasurer's report will be given at the annual meeting. Please join us in Beloit on April 19. We look forward to seeing you there.

BALANCE SHEET AS OF DEC. 31, 2023

ASSETS	2023	2022
Total Cost of Utility Plant	\$122,822,050	\$116,578,943
Less Estimated Depreciation	(\$39,740,272)	(\$37,744,926)
Net Utility Plant	\$83,081,778	\$78,834,017
Cash on Hand & Temporary Investments	\$1,164,350	\$1,569,238
Investments in Associated Organizations	\$9,395,493	\$9,085,069
Investments in Economic Development Projects	\$275,269	\$417,454
Accounts Receivable	\$2,377,640	\$2,513,650
Materials & Supplies	\$623,072	\$461,020
Interest Receivable	\$10,398	\$10,511
Misc Deferred Debits	\$161,698	\$166,376
TOTAL ASSETS	\$97,089,698	\$93,057,335

LIABILITIES

Long-Term Debt	\$56,836,224	\$55,425,275
Accounts Payable (Mainly Power Bill)	\$1,956,307	\$1,782,236
Consumer Deposits	\$198,000	\$203,333
Accrued Interest, Taxes, Insurance & Benefits	\$1,361,540	\$1,464,480
Other Deferred Credits	\$1,018,636	\$993,141
TOTAL LIABILITIES	\$61,370,707	\$59,868,465

EQUITY

Membership Fees	\$18,080	\$18,775
Patronage Capital & Current Margins	\$33,308,938	\$31,030,592
Other Equities	\$2,391,973	\$2,139,503
TOTAL EQUITY	\$35,718,991	\$33,188,870

TOTAL LIABILITIES & EQUITY	\$97,089,698	\$93,057,335
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OPERATING STATEMENT AS OF DEC. 31, 2023

REVENUE	2023	2022
Sales of Electric Energy	\$29,347,524	\$30,829,311
Misc. Electric Revenue	\$211,794	\$159,545
TOTAL REVENUE	\$29,559,318	\$30,988,856

EXPENSES

Wholesale Power Cost	\$14,804,554	\$16,266,482
Operations, Maintenance & Administrative Expense	\$5,729,679	\$5,486,817
Property & Other Tax Expense	\$1,436,089	\$1,391,141
Interest Expense	\$2,420,807	\$2,194,075
Depreciation & Amortization	\$3,119,168	\$3,081,022
TOTAL COST OF ELECTRIC SERVICE	\$27,510,297	\$28,419,537

Operating Margins	\$2,049,021	\$2,569,319
Non-Operating Margins	\$1,095,446	\$769,633
NET MARGINS	\$3,144,467	\$3,338,952

14 SAFETY DEMONSTRATIONS



650 ADULTS LEARNED LIFESAVING LESSONS



750 SCHOOL-AGE KIDS WERE REACHED

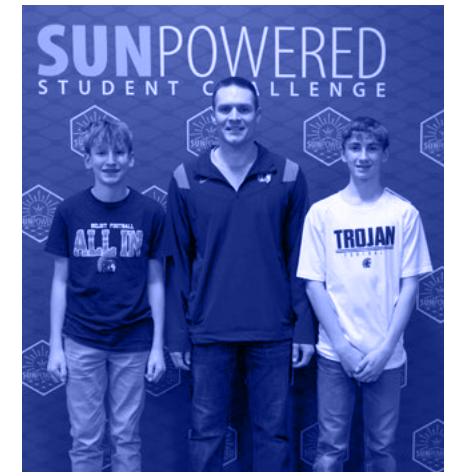


ROLLING IN THE NUMBERS

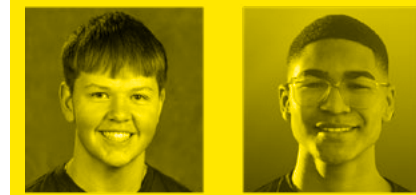
2023



2 YOUTH TOUR WINNERS



4 SCHOLARSHIPS AWARDED



1 PITSCO SOLAR TEAM

300 SERVED DURING CO-OP DAYS & ANNUAL MEETING

PROPERTY TAXES BY COUNTY

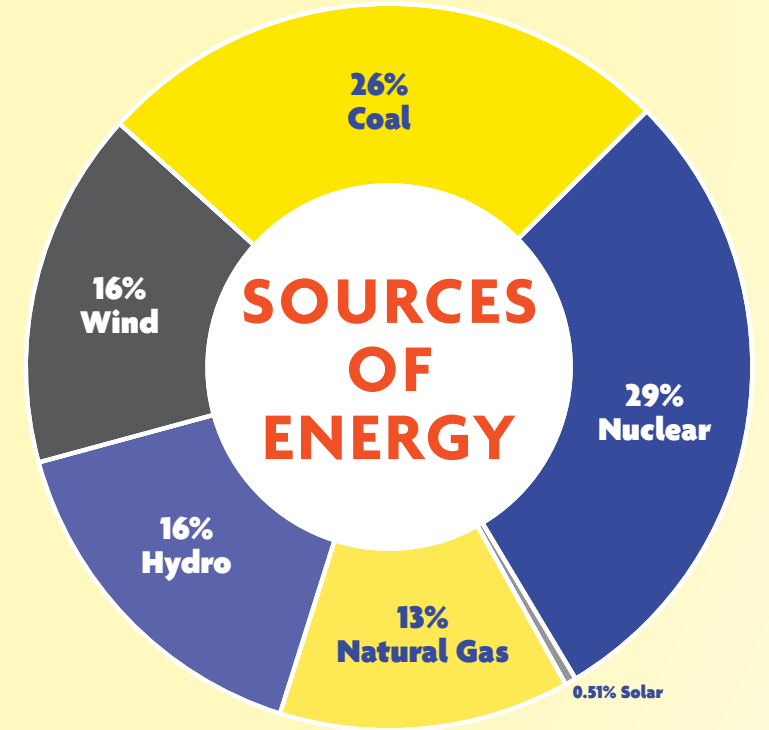
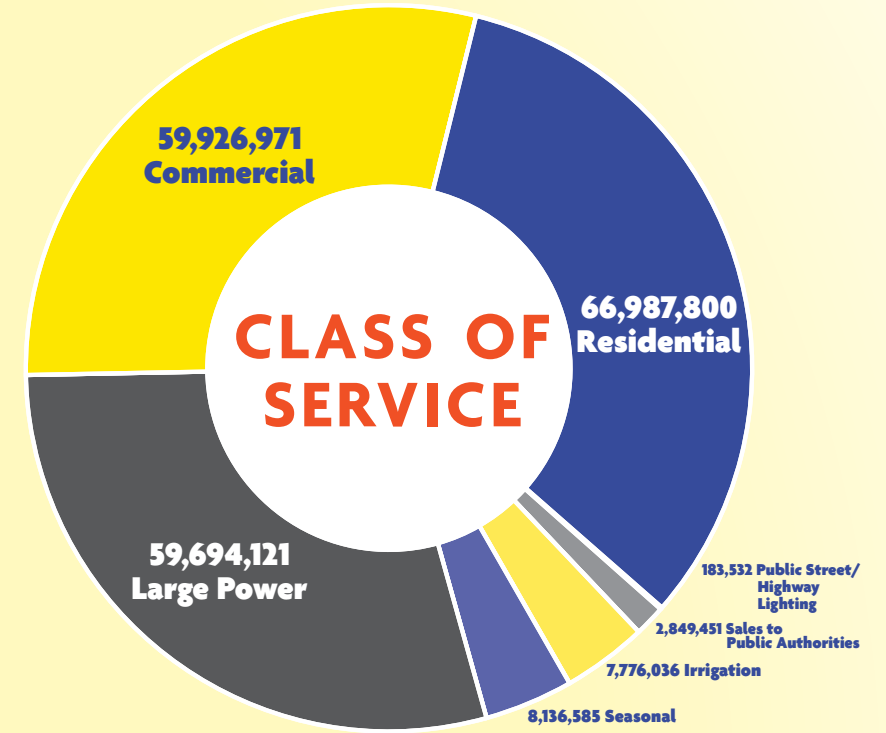
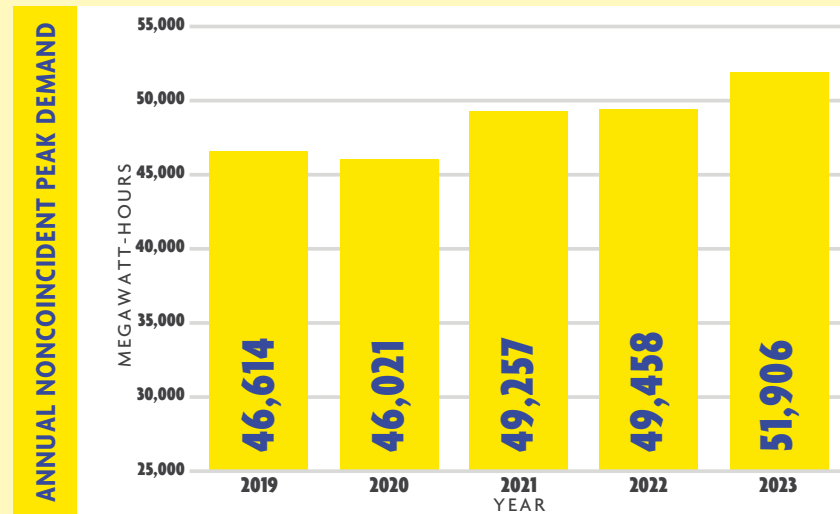
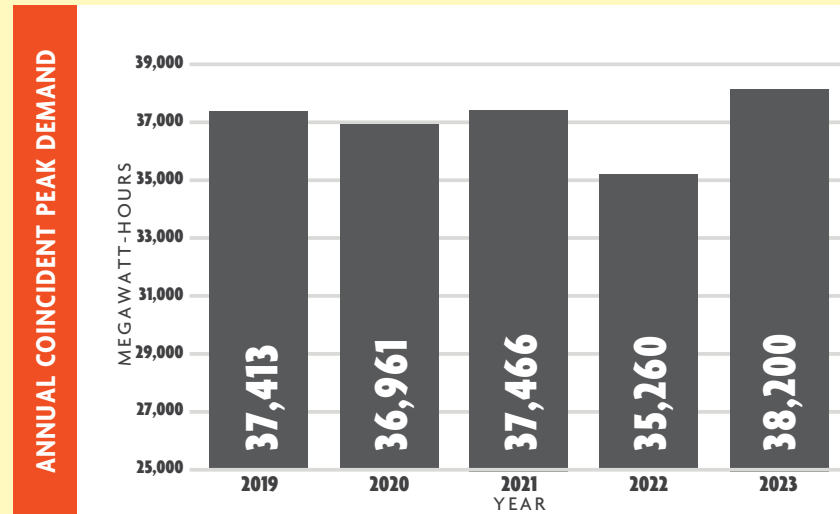
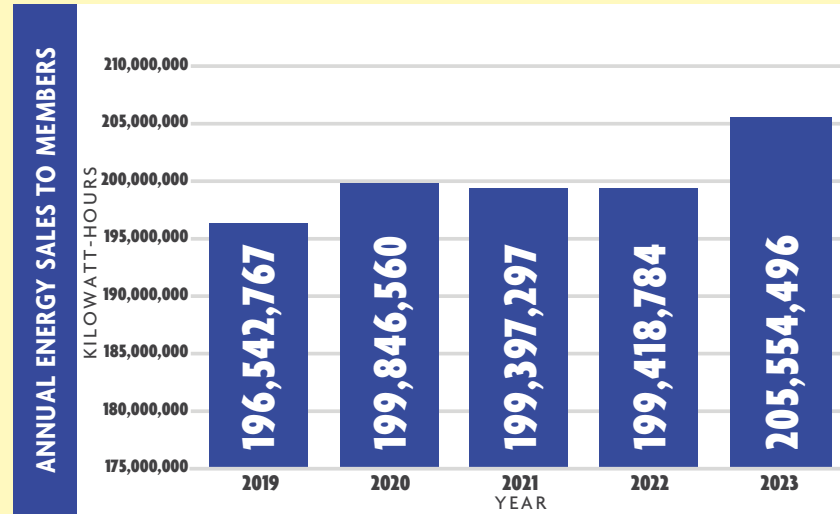
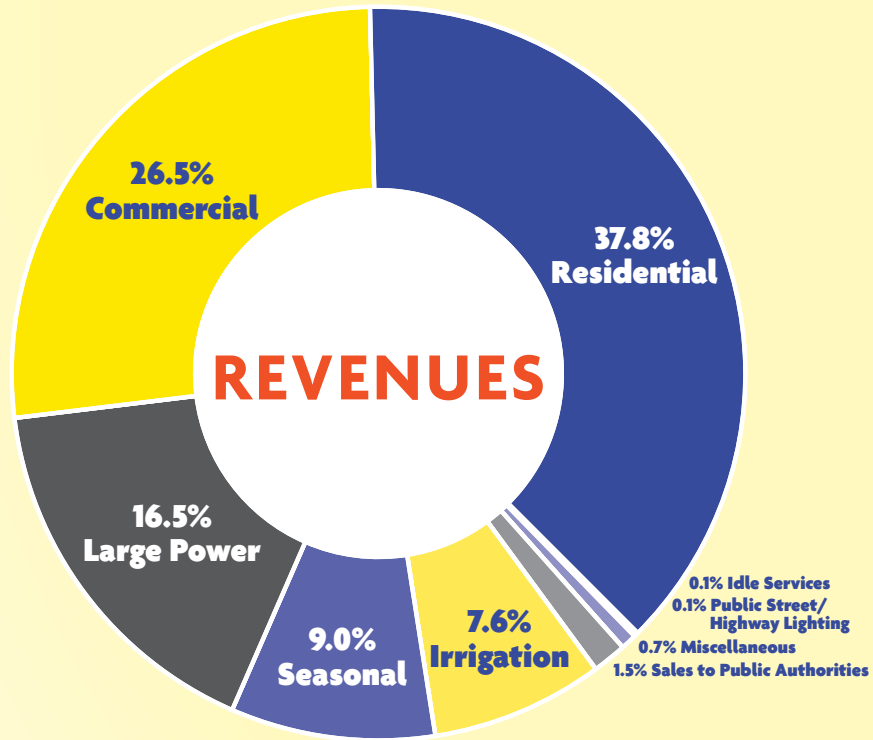
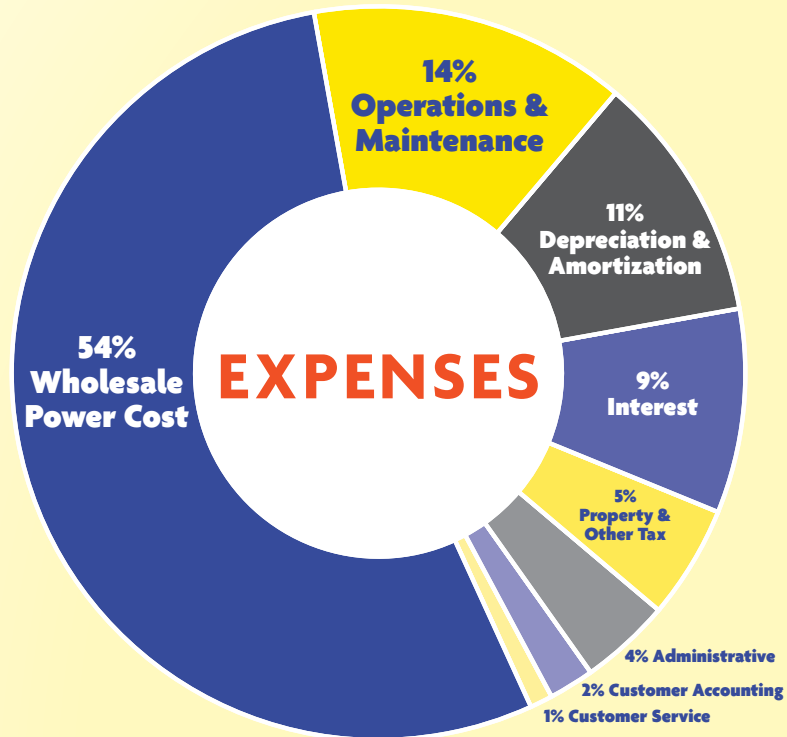
Mitchell	\$302,250	Russell	\$86,485
Republic	\$184,253	Washington	\$45,114
Ellsworth	\$167,525	Rooks	\$8,389
Osborne	\$166,802	Phillips	\$1,767
Jewell	\$146,974	Clay	\$1,377
Smith	\$142,373	Saline	\$571
Cloud	\$124,651	Barton	\$262
Lincoln	\$122,523	Ottawa	\$213

TOTAL PROPERTY TAX PAID (16 COUNTIES) \$1,501,529

2023 PROPERTY TAXES

Rolling Hills Electric Cooperative will pay a total of **\$1,501,529 IN PROPERTY TAXES FOR 2023**. These amounts were assessed against assets such as electric lines, poles, buildings and trucks owned by Rolling Hills. As a not-for-profit cooperative, Rolling Hills is exempt from income tax. The following is a listing of property taxes assessed by county for 2023.

Financial FACTS & FIGURES



BOARD OF TRUSTEES



Michelle Brokes
President
Wilson | District 1



Paul Wilson
Vice-President
Burr Oak | District 2



Justin Trost
Secretary
Concordia | District 3



Corey Dlabal
Treasurer
Wilson | District 1



Eric Andersen
Trustee
Jamestown | District 3



Mike Brzon
Trustee
Courtland | District 3



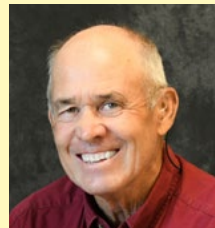
David Dubbert
Trustee
Beloit | District 2



John George
Trustee
Lebanon | District 2



Sarah Goss
Trustee
Kanopolis | District 1



Tom Marr
Trustee
Formoso | District 2

Our EMPLOYEES



Jaden Atwood
Apprentice Lineman
2 Years | Beloit



Cody Bacon
Electrician
3 Years | Beloit



Adam Badger
Operations Assistant
13 Years | Beloit



John Bailey
Operations Assistant
35 Years | Ellsworth



Tyler Bailey
Foreman
4 Years | Beloit



Angie Behymer
Accounting & CSR Manager
6 Years | Beloit



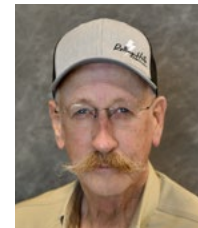
Thomas Biery
Apprentice Lineman
1 Year | Belleville



Braden Burks
Apprentice Lineman
4 Months | Beloit



Mike Callaway
Journeyman Lineman
1 Year | Beloit



Kenneth Castor
Member Service Tech
38 Years | Ellsworth



Kristi Clark
Operations Clerk
5 Years | Beloit



Lisa Colson
Member Services
1 Year | Beloit



Remi Eilert
Membership Clerk
1 Year | Beloit



Todd Eitzmann
Journeyman Lineman
8 Years | Belleville



Doug Errebo
Journeyman Lineman
16 Years | Ellsworth



Brian Falk
Journeyman Lineman
42 Years | Ellsworth



JR Hynek
Journeyman Lineman
5 Years | Beloit



Tate Kadel
Apprentice Lineman
4 Months | Beloit



Evan Keating
Apprentice Lineman
1 Year | Ellsworth



Loren Kraus
IT Specialist
3 Years | Beloit



Marc Martin
Operations Manager
35 Years | Beloit



Derek Miner
Journeyman Lineman
1 Year | Osborne



Kaitlyn Nick
CSR/Accounting Assistant
2 Years | Beloit



Blane Payeur
Journeyman Lineman
2 Months | Beloit



Rodney Payne
Operations Assistant
36 Years | Beloit



Tanya Peters
Billing Clerk
6 Years | Beloit



Jason Rabe
CEO/General Manager
1 Year | Beloit



Adrion Reed
Executive Services Manager
13 Years | Beloit



Tyler Roesti
Outpost Foreman
16 Years | Ellsworth



Ben Ruthstrom
Outpost Foreman
25 Years | Osborne



Casey Smith
Foreman
4 Years | Beloit



Hudson Smith
Journeyman Lineman
3 Years | Ellsworth



Scott Splichal
Safety Coordinator
24 Years | Belleville



Kendall Strutt
Outpost Foreman
31 Years | Belleville



Hunter Teel
Apprentice Lineman
7 months | Beloit



Jerry Webb
Journeyman Lineman
30 Years | Beloit



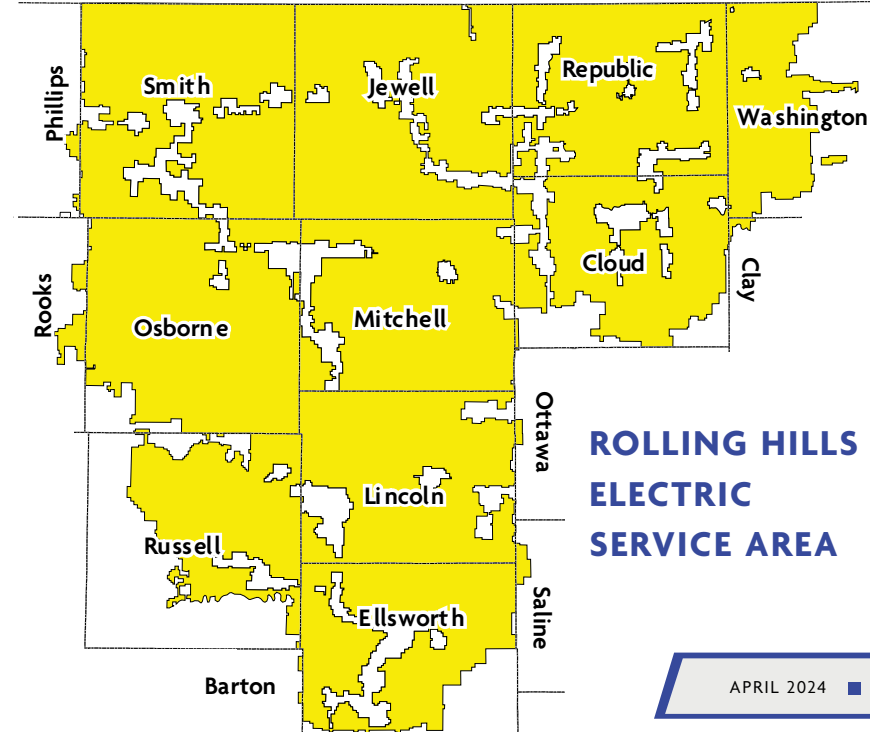
Trent Webb
Journeyman Lineman
13 Years | Osborne



Justin York
Journeyman Lineman
6 Years | Osborne



Justin Zerbe
AMI/IT Technician (Operations)
5 Years | Beloit



6,610
MEMBERS

1.8
MEMBERS PER MILE OF LINE

187
MILES OF TRANSMISSION LINE

6,238
MILES OF DISTRIBUTION LINE

11,433
ACTIVE SERVICES

**ROLLING HILLS
ELECTRIC
SERVICE AREA**

2023 Annual Meeting Minutes

The 2023 Annual Meeting of the Rolling Hills Electric Cooperative, Inc., was held at the cooperative's principal office in Beloit, Kansas, on April, 21, 2023, commencing at 6:30 p.m.

Registration for the meeting began at 5:30 p.m. Drawings for attendance prizes were held both prior to and at the end of the formal business meeting. Members and guests enjoyed an outstanding meal provided by Gene's Heartland Foods of Smith Center.

JACOB SASSE, Smith Center, gave an informative report on his trip to the cooperative-sponsored Cooperative Youth Leadership Camp near Steamboat Springs, Colorado. Jacob stated the experience was life-changing. At the end of the camp, Jacob was chosen to be an ambassador for the 2023 camp. **REBECCA FINNEY**, Beloit, reported on her cooperative-sponsored attendance at the four-day KEY Leadership Conference in Topeka. Rebecca stated the experience has inspired her to get out of her comfort zone. Both reports were well presented and appreciated by the members. Both Jacob and Rebecca will receive a scholarship from the cooperative to help advance their education.

The business meeting was then called to order at 6:30 p.m. by Board President Michelle Brokes.

President Brokes introduced Justin Trost, the cooperative secretary, who announced that the membership present had been enumerated and more than 50 members were present, thus constituting a quorum for the purpose of conducting the cooperative's annual meeting business. President Brokes then announced the meeting was legally and duly called and in session.

The next item of business was establishing proof of timely mailing of the notice of the annual meeting. The notice of the annual meeting, stating the date, time, location and purpose of the meeting was delivered by mail to the members on March 20, 2023, being at least 10 days and not more than 35 days prior to the meeting.

There being no objection voiced, a formal reading of the notice was waived. President Brokes then directed that the notice and proof of mailing thereof be filed with the minutes of the meeting.

The next item of business was the reading and approval of the 2022 annual meeting minutes. The minutes were included in the notice of the meeting. There being no objection voiced, a formal reading of the minutes was waived. A motion was then made, seconded and passed, via voice vote, without dissent, approving the 2022 annual meeting minutes.

President Brokes then recognized the Rolling Hills Board of Trustees members in attendance, including: Paul Wilson, vice president; Justin Trost, secretary; Corey Dlabal, treasurer; John George, Eric Andersen, Mike Brzon, Tom Marr and David Dubbert. Past board members were then recognized for their service to the cooperative. President Brokes thanked the board and employees for their dedicated service to the cooperative and its members.

President Brokes then presented the president's report as published in the notice of the annual meeting.

President Brokes then gave the floor to Manager Doug Jackson, who introduced Accountant Angie Behymer. Behymer reviewed the cooperative's financial report as published by Treasurer Corey Dlabal in the notice of the annual meeting.

Manager Jackson, with his retirement pending, delivered his last report as manager, including his report as published in the notice of the annual meeting. Manager Jackson stated how much he appreciated his many years of employment as manager of the cooperative, his work with and for the board, the cooperative members, and his association with the cooperative employees. The gratitude of all was shown by a standing ovation. Manager Jackson then introduced Jason Rabe, who will serve as the next CEO/general manager of the cooperative.

Suzanne Lane, executive vice president

and CEO of Kansas Electric Power Cooperative (KEPCo), was introduced. Lane reported on changes in the electrical generation and distribution business. She stated that KEPCo remains proud of its role as an electric supplier with net zero carbon emissions due to varied sources including solar, nuclear, hydro and coal. She then recognized Manager Jackson for his recently completed term as board president of KEPCo. She recognized his knowledge of the cooperative business and his many contributions not only to Rolling Hills and KEPCo but to the state's electric cooperative industry. She stated Manager Jackson was the third person from Rolling Hills to serve as board president of KEPCo; the other two being Melroy Kopsa and Leon Eck.

Larry Detwiler, director of loss control, safety and compliance with Kansas Electric Cooperatives, Inc. (KEC), provided a report on the importance of electric cooperative safety and training when dealing with electricity, as well as safety training provided by KEC and complimented the cooperative's staff on their safety efforts.

Manager Jackson then asked for questions from the audience. There being none, President Brokes asked the tally committee to report the results of the trustee elections. The trustee election tally committee reported the following persons were elected to the position of trustee:

- ▶ **DISTRICT 1 – POSITION 1: COREY DLBAL**
- ▶ **DISTRICT 2 – POSITION 1: DAVID DUBBERT**
- ▶ **DISTRICT 2 – POSITION 4: TOM MARR**
- ▶ **DISTRICT 3 – POSITION 1: C. ERIC ANDERSEN**

President Brokes then called for new and unfinished business to come before the meeting. There being none, it was announced that Operations Manager Marc Martin, with the assistance of three linemen, would present an electric line safety program for members who desire to stay after the meeting. Thereupon, the meeting was duly adjourned.

JUSTIN TROST, SECRETARY
MICHELLE BROKES, PRESIDENT