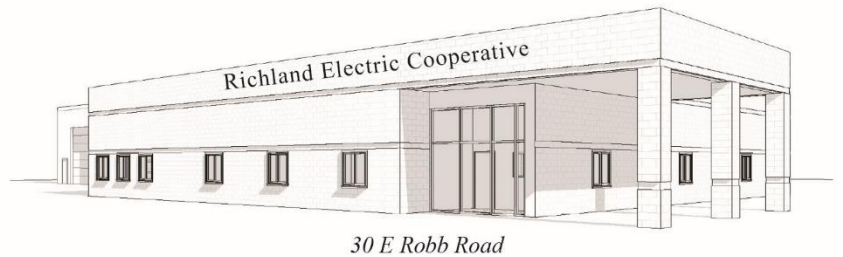




Richland Electric Cooperative

P.O. Box 439
Richland Center, WI 53581
Telephone (608) 647-3173
FAX (608) 647-4265



Dear Richland Electric Cooperative Member

This month your electric bill shows a significant increase in your cost. This extra cost is a direct result of the worldwide cost increase in all types of energy including natural gas. Natural gas is used extensively in the production of electricity, not only at Dairyland Power Cooperative but across the entire power generation industry.

Richland Electric Cooperative (REC) has been experiencing these higher costs not only in our wholesale power bill but also in the cost of fuel for our own fleet, the cost of materials and supplies, and freight costs. This year, the period when we have seen the most increase, we have not passed along any of the local cost increases. In fact, it has been several years since we have increased rates to cover these growing costs. We have been able to avoid rate increases due to improved efficiency, taking advantage of the previously low interest rates, and reduced services. At some point we will need to adjust rates to deal with the inflation that is hitting all of us locally, but for now we are relying on our strong balance sheet instead. We are trying to avoid rate increases for these items for as long as reasonably possible without jeopardizing our ability to meet our financial obligations.

This increase, which is separately presented on your bill as an Energy Cost Adjustment, is a direct pass-through of our wholesale power cost for this month---it will fund no local operations. Unfortunately, our financial forecast and that of our power supplier, coupled with energy cost predictions from the United States Energy Information Administration reveal this may not be a one-time charge. All of these forecasts concur that the price of energy, in all sectors, will stay the same or even increase slightly over the next three months before possibly starting to retreat.

We are not in a position to identify any one item that is causing energy prices to skyrocket. It seems to be a culmination of a variety of factors. The Russian invasion of Ukraine has upset the energy market in general as the world responds to European shortfalls of fuel, including natural gas. The supply chain issues that are occurring because of the pandemic continue to plague many industries, some of whom are involved in the manufacture and delivery of fuels and production of everything from tankers to solar panels. The lack of a clear national energy strategy has caused many of the energy companies, and component manufacturers to assess their willingness to invest in energy markets. Even the ability to hire workers is challenging our industry and perhaps our way-of-life.

(Over)

On average, this month's increase will be greater than 12% for the average member. If you use more energy, it will be higher than that, if you use less, it will be lower. As always, conserving energy is a smart move.

Normally, these seasonal price swings show up in the Power Cost Adjustment line on your bill, but we wanted to draw this one out specifically, so you know exactly what the industry cost to you means. Also, we hope this is a relatively short duration charge and we can eliminate it in the future, but for now all we can do is pass this cost along to you, our members.

Watch for more information from REC about this and other important energy issues in the November WECN magazine delivered in late October where I will provide more in-depth information and analysis.

Thank you for your understanding, and please know that we are ever mindful of the impact energy cost has on you, your family and your business and we are working hard to mitigate these impacts in both the short and long-term.

Sincerely,
RICHLAND ELECTRIC COOPERATIVE

A handwritten signature in black ink, appearing to read "Shannon Clark". The signature is fluid and cursive, with the first name "Shannon" written in a larger, more prominent script than the last name "Clark".

Shannon Clark
CEO & General Manager