

FreeState Members Give Back through Operation Round-Up

FreeState Electric Cooperative is pleased to provide financial support to community programs through Operation Round-Up. Funding for Operation Round-Up is possible because of member-owners of FreeState Electric who volunteer to round their monthly electric bills up to the next even dollar amount. The spare change is transferred to an Operation Round-Up Fund and dispersed to local causes.

For example, if your bill is \$78.70, it will round up to \$79.00 making your contribution \$0.30 that month. Your donation is tax-deductible and never goes above 99 cents per month; the average donation for the year is \$6. The maximum amount a co-op member could donate each year is \$118.88. The number may not sound like a lot, but when donations from all participating members are combined, Operation Round-Up can make a big difference in our cooperative's communities.

FreeState members are automatically enrolled in Operation Round-Up beginning with the February billing cycle and will have their monthly bills rounded up. At any time, members can opt-out of participating in Operation Round-Up, but once folks see the good work the program does in the community, they almost always keep contributing. **Please call our billing department at 800-794-1989 if**

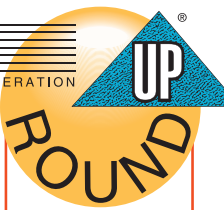
you'd like to opt-out of Operation Round-Up.

On a quarterly basis, the monies collected are combined and grants are awarded to non-profit programs, projects and organizations that improve the quality of life in our local communities and address:

- ▶ public safety;
- ▶ health care;
- ▶ self-sufficiency;
- ▶ basic human needs;
- ▶ cultural environment;
- ▶ community leadership; and/or
- ▶ social issues for youth.

Applications are processed and reviewed by a committee of FreeState Electric members to ensure funding decisions are in the best interest of the co-op's communities and organizations. Members meet four times a year. These are volunteer positions, but mileage is reimbursed. We are looking for members who want to make a difference and who are willing to volunteer to help our local communities. If you are a member and interested in serving on FreeState's Round-Up committee, please email sarah.farlee@freestate.coop to be considered.

Nonprofit programs, projects or organization can apply for Operation Round-Up funding. Applications are available at www.freestate.coop. All applicants must provide a complete application package for consideration. Only one grant



Thank you for participating in Operation Round-Up and giving back to our communities.

Please call 800-794-1989 if you wish to **opt-out** of Operation Round-Up.

per year will be awarded to an organization.

Application deadlines are March 1, June 1, Sept. 1 and Dec. 1.

We would like to thank our members who continue to participate in Operation Round-Up. Your small change is changing lives, and together, we're making a big difference right here in our local communities.

GET CONNECTED.

Visit us at our new website, www.freestate.coop, to make an online payment and stay up-to-date with current co-op news, notices, events, and outage information. You can also get connected by visiting or following us on social media!



FreeState ENERGY EXPLORERS

Storm Safety Wordsearch

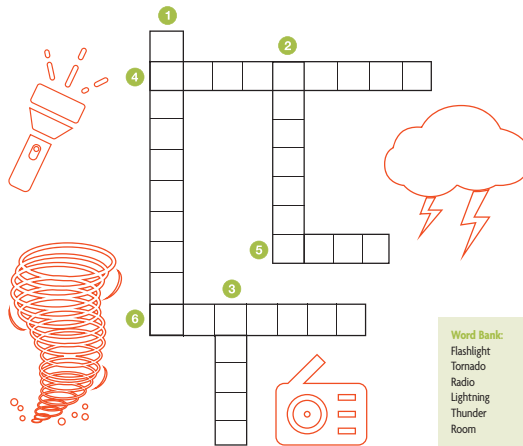
Spring has finally arrived with colorful flowers and warmer weather. But the season can also produce severe storms. The Energy Explorers want to remind everyone to stay safe when severe weather hits. Complete the crossword puzzle below and share these tips with your family and friends.

DOWN

1. Keep a _____ handy in case of a power outage.
2. If you hear _____ go inside. If you can hear it, you are close enough to be in danger from lightning.
3. Have a battery-powered weather _____ nearby so you can keep track of the severe weather.

ACROSS

4. Watch for signs of a thunderstorm, including dark skies, flashes of _____ or heavy winds.
5. If a tornado is heading your way, pick a safe _____ in your home where family can gather. The safest places would be a basement, storm cellar or interior room.
6. Practice a family _____ drill at least once a year.



Word Bank:
Flashlight
Tornado
Radio
Lightning
Thunder
Room



FREESTATE ELECTRIC COOPERATIVE, INC.
800-794-1989
www.freestate.coop

FreeState Electric Cooperative, Inc.

Board of Trustees

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Meriden | John Wine
Legal Counsel |

Staff

- | | |
|--|--|
| Steve Foss
Chief Executive Officer | Randy Richards
Assistant General Manager |
|--|--|

District Offices

East District
P.O. Box 70
McLouth, KS
66054-0070

West District
100 SW Auburn Rd
Topeka, KS 66605

East & West District Office Hours:
Monday-Friday, 7:30 a.m.-4 p.m.

Tip of the Month

Warmer weather is on the way! Use energy efficient window treatments or coverings, like blinds, shades and films, to reduce heat gain in your home. These devices not only improve the look of your home but also reduce energy costs.

FROM THE CEO

Small Change Can Make a Big Difference



Steve Foss

At the end of each day, I empty my pockets and put any loose change I've acquired in a jar. That change typically includes a few pennies, or maybe a nickel or dime, and occasionally, I'll even toss in a quarter or two. It seems insignificant at the time I'm dropping extra coins into that jar, but at the end of the year I've got myself a few extra bucks.

Imagine if each one of you did the same thing every day, and at the end of the year you counted all that change. You might have more than you think.

That's what Operation Round-Up is all about. Small coins. Big change.

What we're asking our members to do is gather loose change once a month. We're asking you to simply round up to the nearest dollar when you pay your monthly bill. We'll gather the change in a jar here, and then we'll take those pennies, dimes, nickels, and the occasional quarter and we're going to add it with the change from other members and do great things with it.

Your electric cooperative uses the Seven Cooperative Principles to guide us every day, and one of those principles is concern for communities. We want to help the members of our communities, and the non-profit and service organizations that make them thrive. We want to help improve the quality of life in FreeState's service territory through public safety, health care, self-sufficiency, cultural enhancement and youth programs. Grants will not generally be awarded to individuals or groups with religious, political or national affiliations.

Operation Round-Up will have its own fund, and because it's member funded, members will help decide where that money goes. We have more information in this issue, and you can also find more information on our website about the program.

When we all cooperate, and collaborate, we can achieve more and help so many organizations that make us proud to call our rural communities home.

As always, if you have any questions regarding these centerpieces, or the information presented, please give us a call at 800-794-1989 or email marketing@freestate.coop.

Steve Foss

CURRENT News



In February, FreeState Electric Cooperative members received a comprehensive new member guide in the mail.

This guide is a resource for members

that explains several aspects of the cooperative. For example, you'll find information on:

- ▶ Bill Paying Options
- ▶ Board of Trustees
- ▶ Capital Credits
- ▶ Cooperative Leadership
- ▶ Energy Conservation
- ▶ FreeState's Service Territory
- ▶ Member Programs
- ▶ New Construction
- ▶ Outage Information
- ▶ Paying Your Bill
- ▶ Powering Fort Leavenworth
- ▶ Pre-Pay Program
- ▶ Right-of-Way Clearance
- ▶ SmartHub
- ▶ The FreeState Fee Structure
- ▶ www.freestate.coop
- ▶ Youth Programs
- ▶ And much more!

A digital copy is also available for download on the website: <http://bit.ly/FEcnmg>.

The guide includes contact information and helpful information about your new rural electric cooperative.

How To Pay Your Bill Online



Jennifer Ping

As of Jan. 17, 2017, FreeState Electric Cooperative members can pay their monthly electric bill online at www.freestate.smarthub.coop or www.freestate.coop.

We spent a significant amount of time making certain the old Kaw Valley Electric and LJEC data was integrated and updated to our new FreeState Electric system. We have appreciated your patience as we managed this large project.

All data was switched over and you will be able to sign in to the new FreeState payment site with your Kaw Valley Electric or LJEC credentials.

If you have any issues paying your monthly bill, please call us at 800-794-1989 and we will be happy to assist you.

Steps to make an online payment:

1. Visit www.freestate.coop or www.freestate.smarthub.coop (note that some browsers may flag this website as not secure, but rest assured, it is secured. Simply click proceed and move forward with your bill payment).
2. Login to your account using your Kaw Valley Electric or LJEC credentials. If you are new to online payments, set up your account by clicking "create account."
3. Click "Make a Payment" in the upper right-hand corner or next to the shown amount due (yellow buttons).
4. Click "continue." This will take you to the payment screen.
5. Select your payment method.
6. Once you select your payment method, click "continue."

7. Your payment will be confirmed. If you had opted-in to receive text messages via the desktop platform, you need to review your selections. Not all texting options carried over to the new system.

Steps to make a mobile payment:

1. Open your SmartHub application on your mobile phone.
2. Clear your data by tapping the link in the upper left-hand corner of your screen.
3. On the welcome screen tap the "By Name" green button on the lower right-hand of the screen. It is important that you search by name; location will not provide you with the correct cooperative.
4. Type in "FreeState" and click "search."
5. Select FreeState Electric Cooperative, Inc. and confirm your selection by tapping the green button on the bottom.
6. Login with your Kaw Valley Electric or LJEC credentials. Then hit "login" and your update will occur.
7. When prompted "SmartHub would like to send you notifications," click "allow."
8. You will then be directed to the main screen.
9. To pay your bill, click the "Bill & Pay" icon.
10. You can pay your bill by clicking the green button, or you can also manage your account by selecting the auto pay program, and stored payment accounts.
11. You will receive confirmation once your bill has been paid. To pay your bill using our secured phone line, please dial 877-853-6120.

JENNIFER PING
MEMBER RELATIONS MANAGER

FreeState Consolidation Savings Increases to \$25 Million

As of Jan. 1, 2017, FreeState Electric Cooperative began serving member-owners as the largest rural electric cooperative in Northeast Kansas.

This newest Kansas electric cooperative is the result of a consolidation of Kaw Valley Electric and Leavenworth-Jefferson Electric Cooperatives following a member vote in April 2016. The vote passed by 86 percent and 87 percent (respectively) of members supporting the consolidation and the prospect of saving \$20 million over 10 years while avoiding rate increases over the next three to five years.

As Westar looks to raise the rates of electricity for the 26th time since 2009, electric cooperative rates have not changed since 2010 for FreeState Electric's East District and 2012 for FreeState Electric's West District.

"Our benefit comes from ownership in a locally-owned and locally-controlled co-op that works extremely hard to balance the challenge of providing safe, reliable, and affordable service to areas where members are truly concerned with the rising costs of everything," said Steve Foss, CEO.

"Economic pressures affect all of us," Foss

added. "However, the board of trustees and employees at FreeState are working together to keep costs down."

FreeState Electric was estimated to save members \$20 million after consolidation, but the latest forecasts are much more favorable at \$25 million.

Foss says the additional \$5 million in savings can be attributed to additional avoided costs and increased reductions in spending; specifically, more found efficiencies and less duplication during the transition to FreeState Electric.

"We have said from day one that this consolidation was all about timing," Foss said. "We had several staffing positions that were eligible for retirement, and as our employees retired, we didn't have to fill some of those positions. We could move employees to provide more opportunity and realize efficiencies."

While some positions weren't replaced, the cooperative hired new employees who specialize in areas like communications, human resources, information technology and right-of-way clearance to keep the cooperative from

outsourcing these functions. Instead, it has provided growth and opportunity.

A centralized calling center in Topeka equipped with new technology has allowed both offices to retrieve calls, essentially doubling staff when needed. One operations system, combining billing, accounting, and purchasing, has helped avoid costs or allowed shared cost. Reducing spending by moving to one cell phone and internet provider, and avoiding duplication of common administrative functions have also contributed to the increased savings.

One major avoided cost was the upgrade of the metering system in the West District service territory. The East District was able to leverage that system to keep investment in a new system as reasonable as possible.

"Investing in technology is costly," Foss said. "However, we were able to reduce those costs by utilizing the technology and people we had at the East District to assist with getting the west side upgraded to more efficient, and more accurate technology."

Foss says another cost saver has been

overall governance costs. By reducing the board from 18 to 11 members, board spending has decreased. Seven board members voluntarily retired at the end of 2016, which helped maintain a smooth transition.

"The seven board members who stepped down were paramount in our success, and the reason we are here at this point," said Foss. "They all worked together and guided this consolidation. The members are truly fortunate to have leaders like this in the boardroom."

The FreeState Electric Board of Trustees is made up of 11 at-large member-owners elected by the membership to the position of trustee, a cooperative attorney, and Foss as the CEO. They meet monthly to make decisions that will impact the membership while maintaining the priority of financial security in a time of uncertainty.

"As a board, we have a responsibility to maintain the financial integrity of the cooperative and ensure members receive reliable and affordable service," said Jeanine Murphy, who was elected FreeState's first board president. "To meet our objective, we have to balance the expectation of reliability with the overall costs of maintaining and improving our systems and infrastructure.

"We must look ahead and continue to plan strategically, and guide the co-op on a course that provides our members—and future members—with the service they demand, as well as the security of a financially stable organization well into the future."

Electricity powers life. It is essential. There are not many other services that provide as much value—and improve the quality of life—for as little as the cost of a kilowatt-hour. FreeState Electric Cooperative will look forward and continue to build on that value while considering the quality of life for those they serve now, and in the future.



FreeState Electric Cooperative's 76 employees serve members from district offices in McLouth (East District) and Topeka (West District). With 14,744 member-owners, FreeState Electric is the largest rural electric cooperative in Eastern Kansas and the fifth largest rural electric cooperative in the state of Kansas. FreeState Electric is the result of a member vote to consolidate Leavenworth-Jefferson and Kaw Valley Electric Cooperatives on April 19, 2016. FreeState serves nine Kansas counties (Leavenworth, Jefferson, Shawnee, Douglas, Jackson, Osage, Pottawatomie, Wabunsee, Atchison) and provides infrastructure to Fort Leavenworth.

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