



**FREESTATE ELECTRIC
COOPERATIVE, INC.**

The Outlet

FreeState Electric Cooperative, Inc.

Board of Trustees

Larry Butel
Overbrook

Don Montgomery
Burlingame

Bill Conley
Delia

Jeanine Murphy
Leavenworth

Rob Sage
Maple Hill

Ralph Phillips
Mayetta

Matthew Turecek
Valley Falls

Mark Wulfkuhle
Berryton

Harlan Hunt
Meriden

Jacob Pugh
Attorney

Staff

Steve Foss
Chief Executive Officer

Christopher Parr
Assistant General Manager

Randy Richards
Assistant General Manager

District Offices

McLouth Office
P.O. Box 70
McLouth, KS 66054-0070

Topeka Office
1100 SW Auburn Rd
Topeka, KS 66615

Office Hours:
Monday-Friday, 7:30 a.m.-4 p.m.

Tip of the Month

Want to light up your outdoor space without increasing your energy use? Try outdoor solar lights! They're easy to install and virtually maintenance free. Source: energy.gov

FROM THE CEO

Encouraging Members to Save Energy

We're starting to see our weather warm up and it is a welcomed change from the prolonged winter we seemed to have earlier this year. As we start thinking about warmer weather, it's also time to start thinking about conserving electricity, especially on peak demand days.

In this issue you'll see information about the two newest additions to the FreeState Electric Cooperative infrastructure. These commercial grade generators have been installed to assist the co-op with load management during the summer months because this period of time drives the cost of our electricity the remainder of the year.

The best time to conserve energy is June 1 through Sept. 30 on weekdays from 3-6 p.m. We encourage you to be conscious of your energy consumption on days where temperatures are forecasted above 95 degrees.

Our goal is to keep the load consistent. The load is what we call consuming electricity at any given time. FreeState adds up all of the electric consumption from all of our members at any given time to determine the load for our entire system. There comes a time each day when the system reaches a peak. That's when most of us are using electricity without any thought of conservation. The reason we encourage conservation is not related to limited production of power, but rather the overall power costs. During this peak period the lower we keep our load, the lower the wholesale power bill is for FreeState which keeps our member's costs lower.

FreeState encourages all members to evaluate their energy consumption and practice conservation. By keeping an eye on your usage during peak days you're helping the co-op with load management—and that helps everyone. With your help, we can help monitor the cost of power and reliability.

As the summer heats up, we can all play a part in energy conservation and cooperative load management. You can find more information at www.freestate.coop.

**AS ALWAYS, IF YOU HAVE QUESTIONS CONTACT US AT 800-794-1989
OR CUSTOMERSERVICE@FREESTATE.COOP.**



Steve Foss

By keeping an eye on your usage during peak days, you're helping the co-op with load management—and that helps everyone.

2019 ANNUAL MEETING

Meeting Review

Great member turn out in Perry to take part in the FreeState annual meeting

On **TUESDAY, APRIL 24**, FreeState Electric Cooperative held its second annual meeting at **PERRY-LECOMPTON HIGH SCHOOL**.

The cooperative was able to share successes and updates with members in attendance, as well as elect two trustees to the board who will serve three-year terms. The annual meeting provides an opportunity for staff to get to know members, and offers information on the day-to-day business at each cooperative office. It is also a chance for members to learn about what is coming in the next year.

The staff and board welcomed 378 attendees and thanked the 1,654 members who voted via mail-in ballot. Board President **JEANINE MURPHY** welcomed attendees and led the Pledge of Allegiance following the presentation of colors by **PERRY AMERICAN LEGION, POST 142**.

Candidates running for a board seat were introduced to the members in attendance. Those running for the position in the East District were **HARLAN HUNT** and **MICHAEL MCNARY**, both from Meriden. Running in the West District was **MARK WULFKUHLE**, who ran unopposed.

This year's meeting included a meal grilled by

Capital City Oil, and cooperative updates from CEO **STEVE FOSS**, Board President Murphy and Kansas Electric Power Cooperative (KEPCo) CEO **SUZANNE LANE**, who gave a brief update on the industry from the power supply perspective.

Foss delivered this year's State of the Cooperative address and highlighted several topics including an increased number of members interested in renewable energy, "Forty percent of our members are interested in solar, and that means we're looking at ways to assist you by learning more and building relationships with solar stakeholders. FreeState supports renewables because it decreases the overall amount of power we have to purchase, and that saves money."

Each member in attendance was given a \$10 bill credit and an entry to win door prizes donated by FreeState vendors, which are listed below. If you were unable to attend the annual meeting you can visit the FreeState Facebook page to view the meeting.

If you have any questions or want an update on the information presented at the meeting, give us a call at 800-794-1989 or email customerservice@freestate.coop.

Members Elect Two to FreeState Board of Trustees

Mark Wulfkuhle, Berryton



MARK WULFKUHLE has been a cooperative member since 1980 and a trustee for the past 10 years.

Wulfkuhle has completed management, analysis and strategic think programs, as well as the Premier Governance Series for Farm Credit Services. He also earned Credentialed Cooperative Director status through the

National Rural Electric Cooperative Association. Wulfkuhle is involved in many organizations in Douglas County.

Harlan Hunt, Meriden



HARLAN HUNT has been a trustee for the past 19 years and a member for more than 40.

Hunt is Director Gold Certified by the National Rural Electric Cooperative Association, completing the education requirements for Credentialed Co-op Director and Board Leadership

credentials. He has also served on the board of FreeState's power supplier, Kansas Electric Power Cooperative (KEPCo).



Retiring trustees Dallas Caster of Auburn and Mark Gratny of Leavenworth were honored for their many years of service to the co-op at the meeting. Pictured are Steve Foss, Caster, Gratny and Jeanine Murphy, FreeState board president.



Steve Foss, CEO, gives the State of the Cooperative address. Highlights this year were capital credits, interest in renewable energy and FreeState's concern for community through Operation Round-Up.



Members enjoyed a grilled meal cooked by Capital City Oil. There were 378 in attendance at Perry-Lecompton High School on Tuesday, April 23.



Power supplier, KEPCo CEO, Suzanne Lane, provided a snapshot of the industry and insight on how the power supplier works as a cooperative to provide services and work to secure the best pricing for distribution co-ops like FreeState.

Members Win Door Prizes at Annual Meeting

Bill Credit Donated by FreeState

- ▶ Brian Warthen, Topeka
- ▶ Linda Anno, Hoyt
- ▶ Doug Shepherd, Topeka
- ▶ Elmer Hubener, Topeka
- ▶ Jim Manley, Lawrence
- ▶ Yolanda Reo, Auburn
- ▶ Darlene Glassel, Valley Falls

Bill Credit Donated by KEPCo

- ▶ Darrel Kinney, Carbondale

Lenovo Tablet Donated by KEPCo

- ▶ Sharon L. Durkes, Eskridge

Bill Credit Donated by KSI

- ▶ Arlen Kirkwood, Topeka

Garmin GPS Donated by ElectriComm

- ▶ George Ludwig, Auburn

50-inch TV Donated by Boarder States

- ▶ Mark Warnick, Leavenworth

Thank you to our generous vendors who provided the door prizes for this year's meeting. We appreciate their support!

Generating Peak Time Power Saves Co-op Cash



FreeState installed generators at the Oskaloosa and Lakewood Hills substations. The projects required assistance from three contractors, as well as FreeState's construction crew and engineering and safety departments. The infrastructure upgrades were made in mid-April.

A decision to invest in infrastructure began with a commitment to save money.

FreeState Electric Cooperative recently invested in large industrial generators at the Lakewood Hills and Oskaloosa substations. The purpose of the large investment was to save money through peak demand management. Why? Because generation of our own power during peak demand reduces the amount of energy purchased for members, and that means saving money on the wholesale cost of electricity.

Just as we encourage members to save during the summer months from 3-6 p.m., our East District power supplier, KEPCo, encourages the co-op to save as well. We accomplish this by using generators at our Stranger and Springdale substations, and starting this summer, at Oskaloosa and Lakewood Hills.

The use of generators during peak demand is not as simple as flipping a switch. The equipment to run these massive machines is much more complex than backup generators often used at home. Before making the decision to invest in the machines, a financial analysis was completed to make certain an investment of this type made sense for FreeState members.

"These are not going to be used as backup power," said Matt Magill, FreeState's engineering manager. "In fact, they aren't able to serve enough load to work in that capacity."

"What they do accomplish is transferring load during those days when power is at a premium on those peak demand days," Magill added.

Peak Demand and Wholesale Billing

Peak refers to the time of day when the most power is demanded by consumers. Typically, peak demand occurs during the hottest days of the year during the afternoon between 3 and 6 p.m. Why so late in the day? Because 4 p.m. is typically the hottest time of the day, and air conditioning is the single highest demand for power. When people return home for the day and the air conditioner comes on around that time, demand for power peaks.

There are multiple ways members can help save. Reduction in consumption is the easiest. Turn off nonessential equipment, keep the air conditioner turned up, cook with slow cookers, or do laundry or run the dishwasher later in the evening.

Power suppliers bill us for both the highest demand set during the month and our coincidental demand. Demand is the highest total kilowatt-hour used during a one-hour period, during the month. The coincidental demand is the demand we contributed when our wholesale power provider peaked during the month. When members create more demand by using more electricity during peak times, the co-op pays more for the electricity needed by our members.

Reduction of FreeState's wholesale costs is the most significant change to help keep our costs low. When you voluntarily conserve energy, you reduce the amount of energy and demand we need to buy, especially during the day or on days when temperatures reach 90 and above.

Why does the temperature matter?

Weather can have a real impact on your electric bill. Residential accounts see the most fluctuation due to heating and cooling, but the winter months are not necessarily comparable to summer months because heating your home in the winter isn't always electricity driven. You have heating options, but most everyone uses electricity to cool their home.

If we have a mild summer with moderate temperatures, costs can remain lower, but if temperatures become a moving target, costs can fluctuate quite a bit.

One option to help that moving target is running the generators because the co-op has the most control.

"We can control the generators," said Eric Wylie, senior engineer. "We work closely with our power suppliers to determine peak days by monitoring temperature and forecasts."

"We may pay for fuel to run generators, but overall the reduction we see pays for itself," Wylie added.

FreeState's engineering team closely watches the demand and strategically runs the available generators to make the most of the resource.

"It's really a moving target," said Magill. "We have to consistently be aware of several factors and we communicate with multiple departments within FreeState and KEPCo (power supplier) to make sure we hit those targets and maximize our savings."

The radiator or cooling elements of the generator housing are moved by crane to the top of the small building. The installation required components from two semi trucks and took crews several hours to assemble onsite. The generators were installed in April and are now functional.



Making the Investment

Planning for this project started over a year ago in response to increased demand and the unpredictability of the weather. Several departments began looking into ways FreeState could add more generation. The contract with KEPCo allows FreeState to generate a specific amount of power, while the contract with Eversgy does not.

“The board of trustees, management and FreeState’s engineering team looked at all factors and have spent a significant amount of time preparing for this infrastructure upgrade,” said Chris Parr, FreeState’s assistant general manager.

“FreeState has clear financial goals, and we look at everything very carefully to determine the feasibility of an investment and how it will impact our members in a positive way,” Parr added.

Several factors were considered for the project including cost of equipment, installation, project planning and coordination and cost savings.

“Utilizing generators could take three to five years to see a return,” Parr said. “But, these pieces of equipment last about 30 years so we can really get a solid reduction in costs for about 15 years.”

“We had to get the right people involved early so we could maintain our timeline and get the best return on the investment,” added Parr.



Journeyman linemen work to safely secure hooks prior to the crane (pictured below) lifting the generator from the special delivery trailer onto the concrete pad at the substation.



A massive crane was brought in to both substations to place the generator components that weighed approximately 25 ton.



ASK Matt

Energy Use Coordinator **MATT LAMBERT** will answer questions about energy efficiency, renewables, co-op programs and everything in between. Email Matt your question at askmatt@freestate.coop.

Dear Matt,
I keep reading about how FreeState wants me to save energy. I do try to be efficient with lightbulbs and appliances, but are there other ways to save?

As warmer weather sets in, we switch our thinking on keeping the house comfortable from heating to cooling. When temperatures rise and air conditioners are turned on, you can improve energy efficiency at home to help reduce demand, saving energy and saving money. It's all about temperature control.

Love 78

Your heating, ventilation and air conditioning (HVAC) system or heat pump can play a significant part in controlling your energy use year-round.

Most people do not notice a difference in air temperature whether the thermostat is set at 73 or 78. The closer your air conditioner or heat pump setting is to the outdoor temperature; the less your unit will run. Each degree of temperature difference represents a percentage of the total cooling load, meaning when temperatures are in the high 80s, you could reduce your cooling demand by 10-15% for each degree above 75 degrees.

Fans offer an economical alternative to air conditioning on milder days. A little air blowing across a room helps reduce humidity levels. Central air conditioning can use as much as one kilowatt-hour (kWh) of electricity for each 12-minute cycle of cooling. A ceiling fan can operate for about 13 hours on the same amount of power. Remember to turn off fans when you leave a room as they cool people, not space.

Kitchen Comfort

When it comes to heat and humidity, changing what you do in the kitchen might be the easiest way to reduce your household energy demand throughout the day.

Appliances on your countertops or stashed in your pantry could keep you cooler and use less energy. Consider using a slow cooker or grilling outside. Those quick family meals can also help you save because a microwave uses 60% less energy as full-size ovens and a toaster oven or induction cooker uses nearly half as much power.

Shade the Space

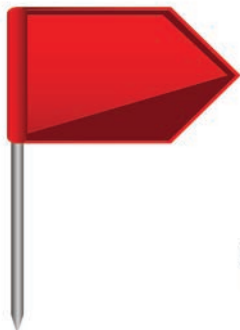
Homes with windows facing the east and west heat up quickly in the summer. Shades and drapes go a long way to keep the radiant heat out and the room cooler.

Another consideration is trees. Neighborhoods with established shade trees (like Dutch Elm) can be a few degrees cooler thanks to Mother Nature. Awnings can also be helpful additions to your home to keep radiant heat at a minimum.

Share the Space

Getting control of your energy use to reduce your home's overall demand can be challenging when you consider the entire house. Bring back family time and break out board and card games to beat the peak.

There are many ways to gain control of your summer energy usage. Monitor your usage with SmartHub. Knowing when your family uses the most energy can help you be more aware, and may be a great place to start when it comes to saving money this summer.



Beat the Peak

From 3-6 p.m. Monday through Friday on **Red Alert** days consider conserving energy.

Consider changing just a few habits during peak time, or waiting until after 6 p.m. to run appliances like the dishwasher, oven or washer and dryer. Consider alternatives like:



Hand washing dishes



Using a clothes line



Make dinner with a slow cooker



Use a fan to cool down

IMAGE CREDIT: CANVA

The Co-op Connection Corner

Each month we highlight a few local businesses where the Co-op Connections card provides a discount. This month we're featuring a national retail store and yogurt chain.

If you have questions about the card contact the office at 800-794-1989. If you'd like more information or instructions on downloading the mobile app visit our website at WWW.FREESTATE.COOP/CONNECTIONS.

▶ **BOGARD BODY AND WELDING**

17734 K16 Highway
McLouth, KS 66054

▶ **COMPLETE HEATING AND AIR CONDITIONING, LLC**

18985 178th St.
Tonganoxie, KS 66086

▶ **HOBBY LOBBY**

1900 S.W. Wanamaker Rd.
Topeka, KS 66604
1801 W. 23rd St.
Lawrence, KS 66046

▶ **JEFFERSON HILL VINEYARDS AND GUEST HOUSE**

12381 Washington Rd.
McLouth, KS 66054

▶ **PERRY CARPET SHACK**

107 Elm St.
Perry, KS 66073

▶ **TONGANOXIE COMMUNITY HISTORICAL SOCIETY AND MUSEUM**

201 W. Washington
Tonganoxie, KS 66086

▶ **TOWN AND COUNTRY REAL ESTATE AND AUCTION**

313 Jefferson
Oskaloosa, KS 66066

▶ **WINCHESTER HARDWARE**

12804 Wellman Rd.
Winchester, KS 66097

▶ **WORTHINGTON HARDWARE AND AUTO PARTS**

313 E. Front St.
Perry, KS 66073



2019 Capital Credit Retirements

General Retirement

\$750,000.59

Estate Retirement

\$95,663.64

Final Retirement

\$453,352.93



Members will see a bill credit on their June bill for their portion of 2019 retired capital credits. This is for the amounts that were allocated or assigned to members for patronage in specific years to be determined by the board.

Retirement Method

The FreeState board decided to use a hybrid method for returning capital credits called First-in-First-Out/ Last-in-First-Out or LIFO/FIFO. This method manages equity by retiring a combination of the oldest and newest years and provides value to both new and longtime members of the cooperative. This means more members will receive money back for their investment. This is just one example of the cooperative difference.

Special Retirements

Special retirements are made to members leaving the system, estates of deceased members, or a surviving spouse. Special retirements are generally discounted to avoid unfair advantages to members receiving their retirement earlier than the normal cycle.

Allocation

As a not-for-profit cooperative, any revenue over and above the cost of doing business is considered margin. These margins allow FreeState to finance operations and infrastructure

FreeState has both short-term and long-term financial goals that aim to keep rates stable for the next three to five years. The ability to retire capital credits means the cooperative is on track with these goals and is financially viable.

with the intent it will be repaid to the member in later years. Margins are allocated, or assigned, to members who purchased electricity each year in proportion to their kilowatt-hour purchases. The co-op keeps a permanent record of each member's capital credit account, which is where the allocated amount remains until it is paid or "retired."

Retirement

After reviewing the financial health of the cooperative, the board may declare a retirement, at which time all or part of each member's allocated amount is refunded. FreeState has both short-term and long-term financial goals that aim to keep rates stable for the next three to five years. The ability to retire capital credits means the cooperative is on track with these goals and is financially viable.

For more in-depth information on capital credits and how they work, visit www.freestate.coop/capitalcredits or call our office at 800-794-1989 where our staff will be happy to assist you.