



FREESTATE ELECTRIC COOPERATIVE, INC.

The Outlet

FREESTATE ELECTRIC COOPERATIVE, INC.

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Christopher Parr
CEO

DISTRICT OFFICES

MCLOUTH OFFICE

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

TOPEKA OFFICE

1100 S.W. Auburn Road
Topeka, KS 66615

OFFICE HOURS

Monday-Thursday
7 a.m.-5:30 p.m.

HOLIDAY CLOSURES

FreeState offices will be **CLOSED ON DEC. 24-25 AND JAN. 1** for the holidays.

Merry Christmas to All of Our Members from the Employees at FreeState Electric Cooperative

Aaron McMullen
Adam Hernandez
Amanda Tarwater
Andrew Moore
Anthony Pousher
Ashley Karl
Beth Miller
Billy Denzer
Blake Blassingame
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Kyle Sharp
Loren Goss
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Mark Smith
Matt Lambert
Melanie Eichman
Michael Kay
Michelle Meyer
Nolan Lewis
Paul Brugh
Paul Herring
Rob Ecklund
Rod Haffener
Ryan Coates
Sarah Farlee
Scott Shepherd
Scott Wright
Sean Scozzare
Shad Schafer
Shauna Snyder
Tannar Hinson
Tanner Bristol
Tate Dwyer
Traci DePriest
Tyler Meyer
Wes Holthaus
Zach Sterling
Zane Peak

The Plan for Modernizing Rates

In an effort to align with industry standards and address rising operational costs, FreeState Electric Cooperative has announced a comprehensive plan to modernize its electric rates. This plan aims to reflect the true cost of providing service while offering members more control and convenience.

FreeState Electric Cooperative has operated for the past eight years under two separate rate structures. Now, the time has come to unify these rates to reduce administrative costs and empower members with greater control over their monthly bills.

The plan to modernize rates is outlined here and it should be noted that all rate changes are proposed. The board of trustees have heard recommendations from staff but will also hear input from members prior to making a final decision on rate changes.

To provide input to the board, you can attend the in-person rate meeting, the virtual meeting, or the special board meeting.

- ▶ **TUESDAY, DEC. 3** in Valley Falls.
- ▶ **WEDNESDAY, JAN. 8** virtually.
- ▶ **MONDAY, JAN. 27, 2025, AT 5:30 P.M.** at the Topeka office.

“We realize there is never a good time to change rates, because nobody wants to see something they depend on daily get more expensive,” said CEO Chris Parr. “But we have come to a point in time where our rate structure needs to be brought up to industry standards.”

“Modernization ensures that rates accurately reflect costs associated with providing reliable service, analyzing expenses and reallocating costs where necessary,” Parr said. “We need to maintain sustainable, equitable rates that are responsive to member needs.”

COST-OF-SERVICE STUDY

FreeState worked with Power System Engineering (PSE) to conduct

a cost-of-service study (COSS) to get a comprehensive look at the cooperative’s rates and to determine if FreeState could continue meeting its financial obligations.

As a not-for-profit electric cooperative, rates charged for power are only designed to cover the cost of providing electric service with any margins becoming the property of the membership. To determine costs, electric cooperatives perform a rate class COSS. A COSS begins by grouping members based on their similar usage patterns — called rate classes. The largest rate class in terms of number of accounts at FreeState is residential.

The next step is to do a functional assignment, where costs are assigned to one of three categories, as outlined below.

- ▶ **POWER SUPPLY COSTS** include the purchasing of power from wholesale suppliers. Ours are Evergy and Kansas Electric Power Cooperative (KEPCo).
- ▶ **TRANSMISSION AND DISTRIBUTION COSTS** include ownership and maintenance of all transmission and distribution plant needed to deliver electricity to where it is used, including lines, poles and service facilities.
- ▶ **MEMBER COSTS** include preparing, sending and collecting monthly bills, technology and metering expenses, and member relations costs. Costs are then classified into three parts that create the rate structure:
- ▶ **CUSTOMER COSTS** are fixed each month and are the same for each member in a rate class. These costs recover expenses needed to distribute electricity from generation sources and that includes transmission, distribution, transformers, wires and delivering energy to each member.
- ▶ **ENERGY COSTS** vary based on the number of kilowatt-hours (kWh) of electricity used.

- ▶ **DEMAND COSTS** vary based on the intensity at which electricity is used at a given time, which is measured in kilowatts (kW.)

Finally, costs are allocated to each rate class based on how many members are in each rate class, how much energy is used by each rate class, and how intense that usage is during certain times when parts of the grid are stressed.

When the study is completed, the board of trustees reviews the information and recommendations from staff and the third-party who conducted the study (PSE).

FINDINGS FROM THE COST-OF-SERVICE STUDY

The study, presented to the FreeState Board of Trustees, showed the cost to purchase and provide power has risen, with the price of infrastructure materials increasing up to 113% since 2020. The study showed the need to increase revenue by 5% overall.

“It seems like a huge percentage,” Parr said. “But that number is reflective of the changes in the energy industry and economic environment we are currently in.”

Parr explained that as the cost of producing energy continues to increase, a distribution cooperative, like FreeState, has little control over what price the cooperative pays per kilowatt-hour.

“We have been able to maintain the price members pay per kilowatt-hour for over a decade,” Parr said. “We made a commitment to our members to keep rates stable for five years after the 2017 consolidation and we’ve exceeded that. We have tightened our belts these past three years as we saw these increases impact our bottom line, but we’ve held off rate increases as long as we can.”

Parr added, “We are in a good financial position, but we need to

look forward and we are at the point where changes are needed to continue for sustainability.”

Member expectations include being served by a financially viable and stable cooperative. Business strategy is important at FreeState. Every day, we all feel the impact of rising prices around us. It’s hard not to notice rising costs every time we make a monetary transaction. The cooperative sees it, too.

Thirty-one percent of cooperative staff are also members and all our board of trustees are members that have been elected by you to govern your cooperative. That means every decision made impacts those making the decisions, too.

NEW RATE STRUCTURE

The new rate structure for single-phase residential service will be implemented gradually from 2025 to 2028. This will allow FreeState to make incremental changes to the Electric Service Charge and Demand Charge to meet financial obligations and projected increases associated with providing reliable power. The Energy Charge will remain constant at \$0.13128 per kWh.

MEMBER CONTROL, CHOICE AND CONVENIENCE

The first choice you have is whether to be on the default residential rate or instead choose a **TIME-OF-USE RATE**. While this option has been available in the east district for some time, we are now able to offer it in the west district as well, providing the same options for all of our members. The concept behind the TOU Rate is simple: rather than a single flat rate, you pay different rates for electricity based on the time of day. Under this rate, the amount of electricity you use is just as important as when you use it.

SINGLE PHASE RESIDENTIAL SERVICE	2025	2026	2027	2028	UNITS
Electric Service Charge	\$40.10	\$41.00	\$42.00	\$43.00	\$/Mo.
Demand Charge	\$1.00	\$1.50	\$2.00	\$2.50	\$/kW
Energy Charge	\$0.13128	\$0.13128	\$0.13128	\$0.13128	\$/kWh
Power Cost Adjustment	Varies	Varies	Varies	Varies	\$/kWh

For some members, our TOU Rate can help save money if you are able to reduce your weekday energy use during the hours of 3 to 6 p.m. (when electricity prices are the highest). Members on this rate are incentivized for using energy during off-peak periods (when electricity prices are the lowest).

Off-Peak Energy Charges will start at \$0.11000 per kWh in 2025 and decrease to \$0.10250 by 2028, while Peak Energy Charges (applicable from 3 to 6 p.m. on weekdays) will start at \$0.30000 per kWh in 2025 and increase to \$0.45000 by 2028.

SINGLE PHASE TIME OF USE-RESIDENTIAL	2025	2026	2027	2028	UNITS
Electric Service Charge	\$40.50	\$41.00	\$42.00	\$43.00	\$/Mo.
Off-Peak Energy	\$0.11000	\$0.10750	\$0.10500	\$0.10250	\$/kWh
On Peak Energy (Weekdays 3-6 p.m.)	\$0.30000	\$0.35000	\$0.40000	\$0.45000	\$/kWh
Power Cost Adjustment	Varies	Varies	Varies	Varies	\$/kWh

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METER EXCHANGES

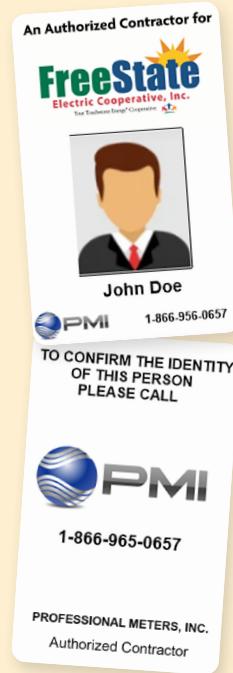
PMI

FreeState has contracted with Professional Meters, Inc. (PMI) to help with a meter exchange project. They will wear badges with both the FreeState and PMI logos, as shown below. Rest assured, they are a trusted FreeState vendor.

PMI shared some information to help FreeState Electric Cooperative and its members know what to expect during the process:

- ▶ PMI field techs will attempt to make contact with the member prior to interrupting electric service to change the meter. This is typically a simple door knock to notify the member that they are there for the meter exchange and there will be a short interruption of their electric service, typically less than 5 minutes.
- ▶ PMI installers will have high visibility shirts with the PMI logo on them. They will also have the PMI logo on their vehicles and will have an ID badge that will identify them to the member.
- ▶ PMI will leave a door hanger to let the member know that the meter has been successfully exchanged. In the instance that they are unable to exchange the meter, there is another door hanger that will notify the member of the attempt and what their next steps should be.
- ▶ The meter exchange only takes a few minutes and unless there are extenuating circumstances, appointments are not needed.

If you have any questions about the meter exchange process, please call our office at 800-794-1989.



The Plan for Modernizing Rates

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We also offer some tools and options that can help members manage their accounts.

▶ **SMARTHUB** is our most popular **FREE** tool that provides information about your account 24/7. You can monitor usage,



see your costs and find ways to be more efficient. We even have a catalog of ways (101 to be precise) you can save money, and they all require minimal effort — no matter if you own or rent your home.

▶ **BUDGET BILLING** allows qualifying members to spread out electric costs over 12 months rather than facing large bills during volatile seasons.

▶ **POWERPAY** offers daily billing and flexibility on how much and when you pay.



▶ **VANILLA DIRECT** is a cash payment option available at various local retailers to pay your bill. We want to provide options that





LEARN MORE

The cooperative has set aside time on the second Thursday of each month during regular office hours so that members can visit the McLouth or Topeka office and review their bills with a representative to see how the modernized rates may affect their monthly charges. Call 800-794-1989 to make an appointment.

▶ **DEC. 12**

▶ **JAN. 9**

▶ **FEB. 13**

▶ **MARCH 13**

best fit your lifestyle because you expect convenience and consistent service from your cooperative. We're here to help, so give us a call to talk about billing options or to sign up for paperless billing and save a stamp each month. You can even **AMP** up your paperless billing by choosing the convenience of automatic monthly payments.



WHEN WILL CHANGES HAPPEN?

There will be no changes to any rates until 2025. All rate changes are **PROPOSED** and will be voted on by the board of trustees during a special meeting on **MONDAY, JAN. 27, 2025, AT 5:30 P.M.** at the Topeka office and live streamed on our website.

The board has been going through recommendations and studying how

we can meet financial requirements, and maintain the commitment to members to provide affordable, safe, and reliable energy. And, each trustee is also a member so the decision they make in the board room will impact their own accounts, as well.

FreeState's rate modernization plan is a proactive step toward ensuring sustainable and reliable electric service for its members. By aligning rates with actual costs and leveraging advanced technology, the cooperative is positioning itself to better meet the evolving needs of its members.

Members are encouraged to attend an upcoming meeting to learn more and provide feedback on the proposed changes. For more information, visit www.freestate.coop/rates or call the office at 800-794-1989 or email customerservice@freestate.coop.

REMINDER: NO COLD WEATHER RULE

FreeState Electric Cooperative does not participate in the Cold Weather Rule established by the Kansas Corporation Commission (KCC), a rule which restricts electric disconnects from Nov. 1 through March 31, when temperature forecasts are 35 degrees or below.

FreeState Electric Cooperative is not mandated by this policy and has been responsible for establishing its own appropriate seasonal rules since 1996.

All accounts are subject to disconnection for nonpayment and are not governed by temperature.

If you have any questions about FreeState's seasonal rules or billing options, please call our office at 800-794-1989.

