

2015 Bylaw Changes

Recently, the Kaw Valley Board of Trustees made changes to the bylaws of the cooperative to allow for voting by mail on issues **other than trustee elections**. Previously, if any issue (other than trustee elections) would have arisen that the membership would have needed to vote, our bylaws did not allow for mail voting.

This change is directly related to the potential consolidation with Leavenworth-Jefferson Electric Cooperative (LJEC). The members of Kaw Valley will be asked to vote in April 2016 whether they want to consolidate with LJEC. Without the above mentioned bylaw changes, Kaw Valley members would have been unable to vote by mail for this important issue.

The consolidation vote is a big step in the life of Kaw Valley and our Board of Trustees and management want to ensure that every Kaw Valley member has the opportunity to cast their vote on this issue without having to attend the Annual Meeting.

ARTICLE III, SECTION 5: Voting

Each member shall be entitled to only one vote upon each matter submitted to a vote at a meeting of the members. **Voting by proxy shall not be permitted, but absent members may vote on the election of Trustees by ballots, provided in accordance with Section 4, Article IV of the bylaws, by transmitting said ballot to the Secretary and received by said Secretary at or before the meeting at which the election is taken. Voting shall be done in person, by proxy or by mail ballot.** All questions shall be decided by a vote of a majority of the members voting thereon in person, except as otherwise provided by law, the Articles of Incorporation or these Bylaws.

It's Annual Meeting Time—April 1

Kaw Valley's 76th Annual Meeting is just a few weeks away! Join us Wednesday, April 1, 2015, at our office located at 1100 SW Auburn Road in Topeka. Registration will open a 5 p.m. and the meeting will begin promptly at 6:30 p.m.

A full BBQ dinner will be served to attendees and there will be numerous door prizes to be given away including things such as a flat screen TV, household

appliances, tools, and even cash. We'll have kids' activities so make it an evening out for the entire family!

This is your chance to catch up on the business of Kaw Valley. We'll be discussing not only the business of 2014, but we'll also be discussing the current working alliance (and potential consolidation) we have with Leavenworth-Jefferson Electric Cooperative in McLouth.

April 2015						
S	M	T	W	U	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

\$350,000 in Capital Credits Returned

This year, Kaw Valley will retire \$350,000 in capital credits for those who were a member of the cooperative in 1992.

Checks were mailed to eligible members on March 23, 2015. If you received service in 1992 and did not receive your check, please contact our office for further

information 800-794-2011 or 785-478-3444.

This money is available to you since you receive electricity from Kaw Valley Electric. Unlike investor-owned utilities, the cooperative business structure allows the profits of the cooperative to be returned to its members.

How Do Capital Credits Work?

Because electric co-ops operate at cost, any excess revenues, called margins, are returned to members in the form of capital credits.



Alliance Savings to Date

Continued from page 16-A

► **\$10,800**—Upgrades to radio system. Upgrades had been planned, so we took advantage of a substantial per radio discount that allowed these savings.

► **\$7,480**—LJEC meter scrap avoidance. A certain percentage of used meters never make it back into the field and are scrapped. Kaw Valley can take advantage of this used inventory to assist with the purchase of their new advanced metering infrastructure system (AMI).

2015 Savings Targets

Based on the original forecast, the net (after expenses) savings to members was projected to be \$157,296 with a savings target of \$414,578.

Controllable Costs

As we look at various ways to save money, it is important that members understand what a small "piece of the pie" the cooperative can control.

For every dollar you send to Kaw Valley, approximately 65-70 cents

is passed on directly to the power company. Another five cents of that dollar goes directly toward items such as interest, depreciation and taxes; things that the cooperative cannot control.

That leaves approximately 25 cents of that original dollar that the cooperative works vigorously to control. The savings outlined here, and as we continue to move forward, will directly affect that 25 cents. And that has a direct effect on you—our members.

The savings we are seeing now and into the potential consolidation will help keep electric rates reasonable. You might ask if we are seeing all these savings, won't rates go down?

Unfortunately, the answer is no. Rates will not go down.

We are seeing increased costs across all aspects of the cooperative business with substantial increases related to production, distribution and Environmental Protection Agency (EPA) regulation. The savings we are achieving offsets only a portion of the increases we are experiencing.

That said, the savings we are achieving now (and in the future) will

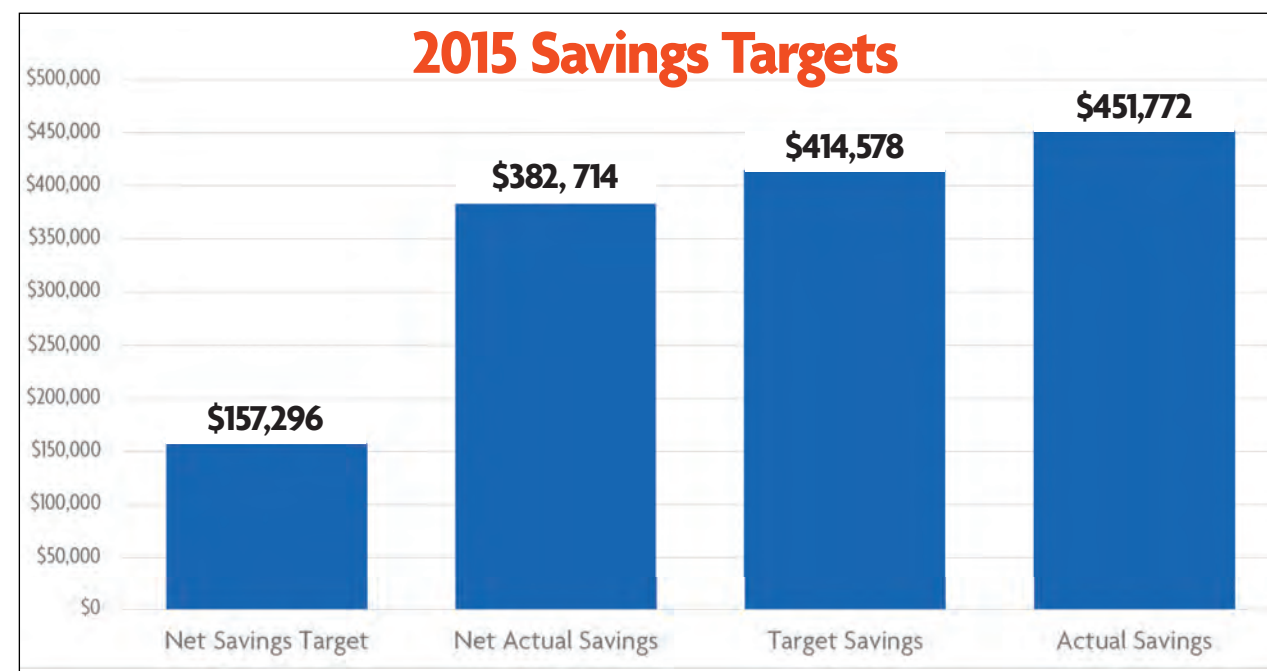
help to stabilize the eventual increase in rates that will have to occur to maintain operating margins for the cooperative. Without this working alliance (and without the savings we're seeing), rates for both cooperatives stood to jump dramatically.

Future Savings

As our working alliance develops with LJEC, watch for continued updates about savings both cooperatives are experiencing. We'll also be detailing additional information about long-term cost savings that we will realize by working together.

These are changing times in the life of Kaw Valley. With that change comes a great deal of excitement about the future of our cooperative. We have a chance to make a substantial positive impact on future rate increases while also working together with another cooperative to expand our programs and services.

As we move forward, if you have any questions about the alliance or consolidation, we encourage you to contact Kaw Valley by calling 800-794-2011 or 785-478-3444. We are here to serve you, our members.



A Touchstone Energy® Cooperative
1100 SW Auburn Rd, Topeka, KS 66615
785-478-3444
www.kve.coop

KAW VALLEY ELECTRIC COOPERATIVE

LightTalk

Kaw Valley Electric Cooperative, Inc.

Jerry Manning—General Manager

Board of Trustees

Dallas Caster Auburn President

Lloyd Wulfschuhle Stull Vice-President

Robert Lynch Berryton Secretary

Larry Butel Overbrook Treasurer

Gene "Pete" Allen Valencia Trustee

Bill Conley Delia Trustee

Shirley Henderson Carbondale Trustee

Rob Sage Dover Trustee

Mark Wulfschuhle Clinton Trustee

Gregory Lee Legal Counsel

Cold Weather Rule Ends March 15

Please be advised that the end of Kaw Valley's Cold Weather Rule for this season is Sunday, March 15, 2015. Disconnects for non-payment will resume after that date.

LJEC & KAW VALLEY ALLIANCE UPDATE Alliance Savings to Date

While the vote to consolidate Kaw Valley Electric and Leavenworth-Jefferson Electric (LJEC) doesn't happen for another 13 months, both cooperatives are already seeing substantial savings by moving forward with our working alliance.

The announcement of our alliance occurred in October 2014. During the short three months that remained in 2014, we captured unplanned savings of just over \$16,000 that was not part of the original forecast of \$13.5 million over 10 years. These unrealized savings were due to combining computer software licensing between both cooperatives and an early retirement at Kaw Valley.

As we move toward the end of the first quarter of 2015, we are seeing our savings continue to grow and be realized throughout the year. Savings at both cooperatives comes in two forms, actual reductions in spending and avoiding costs that would have been spent without combining both cooperatives business practices.

How Are We Saving?

Savings comes in a variety of ways, but much of the savings we're seeing to this point comes through bulk pricing, taking advantage of

special offers, retirements, and sharing employees, resources and equipment.

► **\$298,105**—Attrition related to retirements.

► **\$48,000**—LJEC meter inventory transferred to Kaw Valley. This represents savings over what Kaw Valley would have had to pay on the retail market versus LJEC's inventory value.

► **\$27,810**—Elimination of Light Talk for Kaw Valley member communication.

► **\$24,734**—Bulk meter pricing. As Kaw Valley begins to install AMI meters, we took advantage of reduced pricing by purchasing all meters at once.

► **\$19,483**—Computer system integration. This includes savings on items such as fewer licensing fees, purchasing software, upgrades and maintenance of hardware.

► **\$15,000**—Utilizing Kaw Valley's existing communications shelter so that shared equipment can be located at one facility versus duplicating storage at two facilities. A microwave link between Kaw Valley and LJEC will be established. We are able to utilize the existing tower at Kaw Valley (and one at LJEC) to establish this link.

Continued on page 16-F

Learn About Your Board of Trustee Nominees & the Voting Process

If you haven't already, soon you will be receiving your official Annual Meeting packet in the mail. Inside that packet you'll find:

- ▶ An Annual Meeting Booklet that includes a voting ballot (on the back page)
- ▶ One business reply envelope that includes a Certificate of Membership

The ballot you receive will have the names of the candidates that are running for the board in your district. These candidates were selected by our nominating committee who are Kaw Valley members who have volunteered to assist the cooperative with the

election process.

Individuals serving on the committee include Candace Blythe, Maple Hill; Darla Garrett, Burlingame; James Booth, Delia; Mike Musick, Overbrook; Marilyn Colgan, Lawrence; Keith Noe, Lecompton; Dean Lewis, Silver Lake; Chalmers Smith, Tecumseh; and Ralph McLeod, Auburn.

The committee met January 14, 2015, and selected the candidates to be placed on the ballot:

- ▶ **Voting District One, Trustee District One**

JOE BOOTH
BILL CONLEY

- ▶ **Voting District Two, Trustee District Five**

DON MONTGOMERY
LINDSEY SIMPSON SHALZ

- ▶ **Voting District Three, Trustee District Seven**

DAN HANNEY
MARK WULFKUHLE

Which District Do I Vote In?

Kaw Valley Electric is comprised of three voting districts. Within each voting district there are three trustee districts. Trustees elected from each of these nine districts make up Kaw Valley's nine-member Board of Trustees.

Three Board members are elected each year, one from each voting district. You will automatically receive a ballot for the district in which you will cast your vote.

Voting By Mail

In order for your vote to count, you must follow directions carefully. These directions will be included in the Annual Meeting packet.

- ▶ **Detach your ballot from the booklet**, marking your ballot in the prescribed area. Ensure you clearly mark which candidate is receiving your vote (vote for ONE candidate only).

- ▶ **Insert ballot** into the Business Reply envelope.
- ▶ **Complete the Certificate of Membership** located on the back of the Business Reply envelope; your account number and signature are required. Please include the number of guests attending the Annual Meeting (if any).
- ▶ **Seal and mail** (no postage required).

In order for your mail ballot to be counted, it must be completed in its entirety and received at the Kaw Valley Electric office no later than Wednesday, April 1, 2015, at 6:30 p.m.

Voting at the Annual Meeting

If you intend to vote at the Annual Meeting, bring your ballot and the Certificate of Membership to the event and check in at registration. Kaw Valley personnel will assist you with casting your vote.

Questions?

You are encouraged to contact the Kaw Valley office if you have any questions about the candidates, the election process or the Annual Meeting; 800-794-2011 or 785-478-3444.

Voting District 1, Trustee District 1

JOE BOOTH

Cooperative member since 2008

Education

20 hours toward MBA in Workforce Leadership at University of Arkansas, Fort Smith—2001; BS in Environmental Biology at Emporia State University—1987; Graduate of Rossville High School—1982.

Work Experience

2006–Present—Family farm with James Booth; 1995–2006—Southern Steel and Wire, supervised over 100 people in manufacture and powder coating operations; 1987–1995—Kansas Department of Wildlife and Parks.

Past and/or Present Board or Organization Office(s)

National FFA Organization (FFA), 4-H and Future Business Leaders of America (FBLA).



Joe Booth

BILL CONLEY

Cooperative member since 1980

Education

Bachelors of Science in Ag Mechanization at Kansas State University—1987; Rossville High School—1982.

Work Experience

Farmer/Rancher, Seed Dealer for two seed suppliers.

Past and Present Community Involvement

PPR Committee and Finance Committee for Rossville United Methodist Church; USD 321 Strategic Planning Committee.

Past and/or Present Board or Organization Office(s)

Jackson County Soil Conservation Board since 1994; previously held offices of Treasurer and Vice Chair; past Kaw Valley Electric Nominating Committee member.



Bill Conley

Each member votes for candidates in the District they live in. The correct ballot will be sent to members in the mail.



Voting District 2, Trustee District 5

DON MONTGOMERY

Cooperative member since 1990

Education

Burlingame High School, bachelor's degree from Kansas State University, attended Emporia State University for Computer Certification, attended Allen County Community College, held Vocational Agriculture and Computer Certification/Licensure.

Work Experience

Taught Vocational Agriculture and Computers, FFA Sponsor, Greenhouse Sponsor, and Web Design Sponsor for 32 years at USD #454 Burlingame Public Schools; Technology Coordinator for USD #454, lifetime crop and cattle producer and Instructor at Allen County Community College.

Past and/or Present Community Involvement

Burlingame Volunteer Fire Department and Rescue Squad, Nominating Committee Kaw Valley Electric, Burlingame Teachers Association Head Negotiator.

Past and/or Present Board or Organization Office(s)

Osage County Extension Board; Past President, Kansas State Extension Advisory Council, Kansas Crop Improvement Association Board.



Don Montgomery

LINDSEY SIMPSON SHALZ

Cooperative member since 1984

Education

Washburn University—BA in Chemistry; Allen County Community College—Associate in Science; Kansas Child Care Training Opportunities—Associate in Child Care.

Work Experience

13-year veteran of the State of Kansas at the Kansas Department of Agriculture Laboratory as an Assistant Lab Director and Quality Manager; also worked for the Kansas Department of Health and Environment Laboratory as a Chemist and Lab Tech; former meter reader (14 years) for Kaw Valley Electric; small business owner since 1985 including a licensed day care and active cow/calf operation.

Past and Present Community Involvement

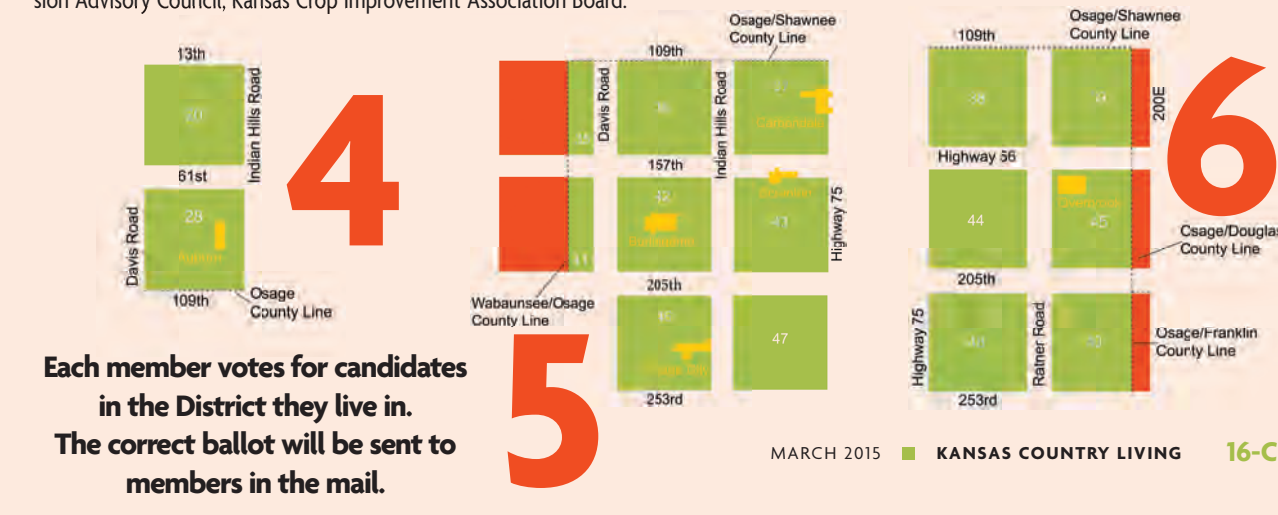
Cub Scout Leader 2008–2011, Cub Scout and Boy Scout Leader 1987–1994, 4-H North Osage County since 2011.

Past and/or Present Board or Organization Office(s)

Osage County Head Start Board Member and Boy Scout Pack 58 Committee Member.



Lindsey Simpson Shalz



Each member votes for candidates in the District they live in. The correct ballot will be sent to members in the mail.

Voting District 3, Trustee District 7

DAN HANNEY

Cooperative member since 1978

Education

Chapman High School, Bachelor's degree in Education at Emporia State.

Work Experience

1972–2010—Trim carpenter and cabinet maker; 1968–1972—Taught Industrial Arts at Eisenhower Junior High.

Past and Present Community Involvement

Chairman for Board of Trustees at Stull UMC, Project Leader for Stull 4-H Club.

Past and/or Present Board or Organization Office(s)

Served on Board of RWD—Douglas #3 for 21 years.



Dan Hanney

MARK WULFKUHLE

Cooperative member since 1980

Education

Shawnee Heights High School; Kansas State Univ., Bachelor Degree in Animal Sciences & Industry with a Business minor. Completed Management, Analysis and Strategic Thinking Program and Premier Governance Series for Farm Credit Services. Received National Rural Electric Cooperative Assoc. (NRECA) CCD Certificate.

Work Experience

President of Rocking H Ranch Inc., & Mgr. of M&B Applying LC.

Past and/or Present Community Involvement

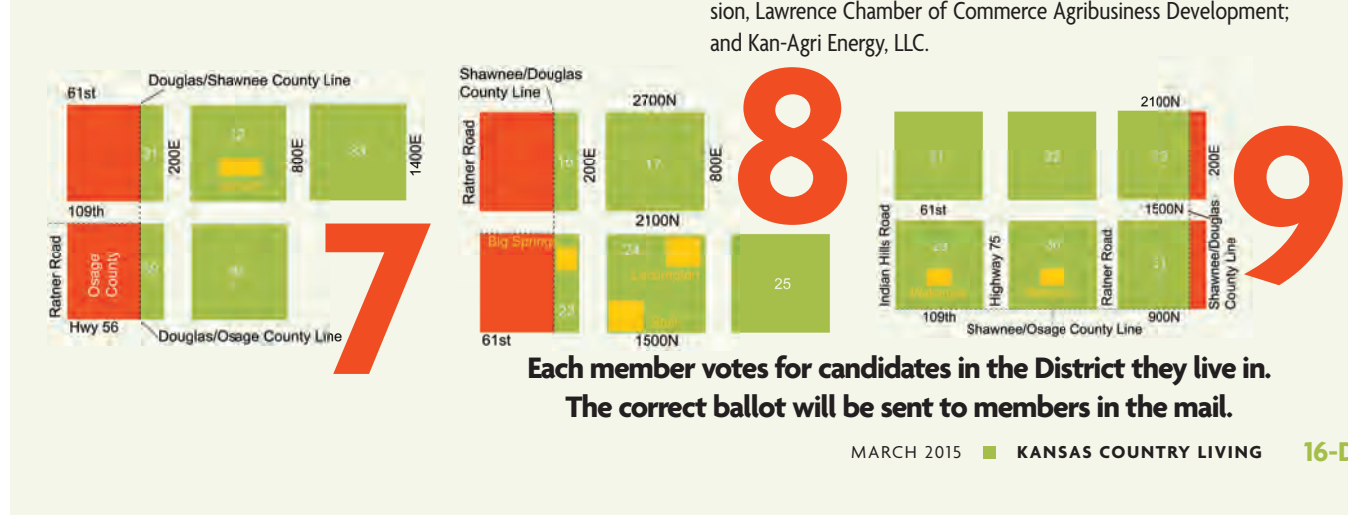
Committee member and Sunday School teacher, Stull United Methodist; Past Beef Superintendent, Douglas Co. Fair; 4-H Club Beef and Plant Science Leader; member Albert Neese Masons Lodge; Douglas Co. Livestock Auction Committee member; KS Livestock Assoc. member; Shawnee Heights Middle School Site Council.

Past and/or Present Board or Organization Office(s)

Service in various leadership positions for Frontier Farm Credit, KS Farm Bureau, Farm Credit Services of America, Douglas Co. Farm Bureau, Douglas Co. Livestock Assoc., Douglas Co. Planning Commission, Lawrence Chamber of Commerce Agribusiness Development; and Kan-Agri Energy, LLC.



Mark Wulfkuhle



Each member votes for candidates in the District they live in. The correct ballot will be sent to members in the mail.