

BOARD PERSPECTIVE

Giving Membership a Voice

BY LARRY STEVENS DIST. 5



Larry Stevens

I am one of nine district representatives, and the consensus across the board is that we are here to serve the membership. We are here to be an active voice for those we represent when it comes to the daily operations and responsibilities associated with providing electricity to the rural areas where we live.

I, along with eight others, have been an active voice since October 2014 when the LJEC Board of Trustees and Kaw Valley Board of Trustees unanimously voted to join in a cooperative alliance. This alliance not only saves both cooperatives significant money, but it also gives us all a better chance to be heard.

I proudly support the LJEC and Kaw Valley consolidation because I feel it will give us all a bigger voice. As a larger cooperative, we will be able to voice our

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opinions on policy and regulatory issues in Topeka.

A larger cooperative can better serve its members with increased resources and new products and services. We can also expect continued support in our rural Kansas communities because our cooperative commits to supporting our small communities.

I will be voting yes on April 19, and I hope you will join me because a yes vote means giving us all a voice to be heard.

LARRY STEVENS lives in northern Jefferson County and has served District 5 for 17 years.

Local Youth Represents Kansas on National YLC

On February 11-18, Youth Tour alumni **EMMA DEMARANVILLE** served as the Kansas Youth Leadership Council representative at the National Rural Electric Cooperative Association's (NRECA) Annual Meeting in New Orleans, LA.

All 43 Youth Leadership Council members appeared together carrying their state flags during the traditional parade of the states at the beginning of the first general session, Feb. 16. Throughout the event, these students gained hands-on experience with virtually every facet of the meeting. The students helped board members communicate with their legislators at the Co-ops Vote booth, served as pages during the business session, and provided assistance during the educational forums.

"I learned a lot in the forums. Like how cooperatives are moving more toward renewable energies. I was also able to attend the International Business Lunch where I sat with people from other states and learned how co-ops work in other parts of our country," DeMaranville stated. "Being a part of the YLC has given me the opportunity to network with people who I couldn't have met before. I've enjoyed learning about potential cooperative careers and seeing new op-

portunities of what I can do with my future."

The YLC members were selected from more than 1,700 state delegates during the Electric Cooperative Youth Tour last June, in part for their speaking and writing abilities. Sponsored on youth tour by LJEC, DeMaranville was selected by her peers to the YLC.

"Emma has known since she was selected by the Kansas Youth Tour delegation last summer that she'd have the opportunity to attend NRECA's annual meeting," said Shana Reed, Kansas Electric Cooperatives' Director of Communications.

"There is so much happening during the annual meeting, having them available really helps things run smoothly. The YLC students may have been among the youngest co-op consumer-

members attending NRECA's annual meeting, but they may have also been among the busiest."

"Emma and her fellow YLC members bring energy and enthusiasm to the meeting and are key to event's success," said Bruce Graham, Kansas Electric Cooperatives' CEO. "These young people have grown up on co-op lines and are already strong electric cooperative advocates. The really exciting part about their involvement is they learn more about our industry issues and initiatives and become even stronger voices for the future."



DeMaranville, LJEC YLC delegate, represents Kansas at the 2016 NRECA Annual Meeting in New Orleans, LA.

Future Cooperative Name and Logo Announced

Leavenworth-Jefferson Electric and Kaw Valley Electric have announced a new name and logo for the future consolidated cooperative.

FREESTATE ELECTRIC COOPERATIVE, INC., will be the name of the newly-formed cooperative that will be official on January 1, 2017, provided the membership of both LJEC and Kaw Valley vote to accept the proposed Articles of Consolidation and Consolidation Agreement during both cooperative's annual meetings on April 19, 2016.

Currently, both cooperatives are operating under a cooperative alliance that has seen a significant reduction in costs. The new cooperative is forecasted to save \$20 million over the next 10 years.

"The backbone of this cooperative alliance and bringing these cooperatives together is savings for the membership over the next 10 years," said Chris Parr, assistant general manager of LJEC and part of the alliance's senior leadership team. "When we break that large total down per member, we see avoided costs of doing business averaging about \$137 per year per member, overall."

"Members will not see rates decrease," added Parr. "However, rates will remain stable, and we will be able to delay rate increases for possibly the next three to five years."

The last rate increase for LJEC was 2010 with a projected increase in 2015, and the last rate increase for KVCC was 2012 with a projected increase in 2017.

"Both cooperatives have done all we can do to avoid increasing rates," Parr said. "The typical cycle for rural electric rates is to see increases or some adjustment every three to four years, and we were just outside that target as we looked forward. Without coming together, rate stabilization is just not possible."

"We have seen efficiencies across

the board, and we are seeing numbers exceeding those forecasting in regards to savings," said Parr. "We have been able to share equipment and resources, and reduce duplication of products and services.

Eight retirements in the last 15 months have allowed us to adjust the roles of current employees, as well as hire 10 new employees to keep both facilities operating at the same level our members expect and deserve."

During the transition, Jerry Manning, Kaw Valley General Manager, will move into a different role for the cooperatives. Both Boards of Trustees named Steve Foss, CEO of FreeState Electric Cooperative, Inc. Foss will lead both cooperatives as the membership approaches the vote in April, and January 1, 2017, implementation of the new cooperative.

"It was an easy decision knowing that the employees and this new cooperative are in capable hands," said Manning. "Steve has a unique opportunity ahead of him, and I feel that the timing is right to begin the transition."

Manning added, "I went to the board and asked them to consider moving in this direction now, rather than later because I feel it's important to establish the leadership team and direction as we move forward. I will still be working for our members, and I will continue to be a part of the move toward FreeState Electric Cooperative."

Foss has been with LJEC for the past eight years and has 32 years of electric cooperative experience.

"I'm grateful for the opportunity



Steve Foss, CEO of FreeState Electric Cooperative, Inc., introduces the new name and logo for the future consolidated cooperative.

to lead the alliance and blend these two cooperatives into one," said Foss. "We have a talented group of employees who work hard for our membership."

"We have already begun to transition in several areas on the business side and day-to-day operations," Foss added. "Both offices in Topeka and McLouth will remain open, and no employees will lose their job throughout this process. The joining of these two cooperatives will be beneficial to not only our members and employees but the communities we serve."

The calling center will be located in the Topeka office, and other functions to McLouth. The timeline for moving functions is throughout 2016 with completion slated for January 1, 2017.

"We felt it was vital to our small community to take a look at the functions of the consolidated cooperative and identify what would benefit this community," Foss said. "Moving our financial accounts, and billing functions will not only help The Bank of McLouth, but it will help our Post Office, as well."

FreeState Electric Cooperative will be the largest rural electric cooperative in eastern Kansas, and will become the fourth largest rural electric cooperative membership in the state of Kansas at 14,691 member-owners.



A Touchstone Energy Cooperative
P.O. Box 70 McLouth, KS 66654
888-791-
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LEAVENWORTH-JEFFERSON
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Energy Efficiency

Tip of the Month

Consider purchasing rechargeable batteries, which are more cost effective than disposable batteries, and an ENERGY STAR charger. In the U.S. alone, more energy-efficient battery chargers could save families \$70 million annually.

FROM THE MANAGER

Transitioning Toward the Future

It's been pretty exciting here at LJEC, and we have a lot to tell our members this month.

LJEC and Kaw Valley revealed the new name and logo for the future consolidated co-op. Pending approval, the co-ops will join on January 18, 2017, under the name of **FREESTATE ELECTRIC COOPERATIVE, INC.** This gives us an identity to work toward and a clear vision for the future. As we move toward joining Kaw Valley, it is important to have a clear focus on how we can achieve our co-ops goals. One way we can achieve this is strong leadership.

I have been blessed with a strong team behind this co-op alliance. The Boards of Directors and the senior leadership are focused on making this consolidated co-op the best it can be for our membership. Our employees are working to identify the best practices to make our co-ops more efficient.

I am excited and honored to take on the new role of CEO of the co-op alliance. Kaw Valley general manager Jerry Manning approached the board in January to consider making a leadership change earlier than anticipated so the alliance could begin transitioning sooner rather than later. This position is a unique opportunity for me, and

one I don't take lightly. I feel privileged that the boards had confidence in me to guide the new consolidated co-op.

There are many similarities between Jerry and myself, and that has helped this co-op alliance transition smoothly. These two co-ops have covered a lot of ground in a short period of time, but there is a lot of work to do as we take steps forward. We are both blessed with the right people in the right places at the right time.

As we move toward the consolidation vote in April, I have confidence in our senior leadership and the employees at both co-ops. Our willingness to work together for a common goal (our membership) is unique.

I truly look forward to blending both co-ops into one great co-op. As we embrace change together, we can see the true potential of what lies ahead for us as one co-op.

As always, we encourage you to contact us with any questions, concerns, or feedback you may have about your co-op membership or services. You can contact us at info@ljec.coop or 913-796-6111.



Steve Foss

Get to Know Your 2016 Board Nominees

The LJEC Annual Business Meeting provides the cooperative the avenue to elect its Board of Trustees. This is the chance for all LJEC members to have their voices heard. You will have the chance to ask questions of the current Board of Trustees and staff, but more importantly, this is your chance to vote on the issues that affect the cooperative.

On February 1, 2016, members of the Nominating Committee, appointed by the Board met to

Trustee District 3



Jeanine Murphy

JEANINE MURPHY has been a lifetime member of LJEC, as her parents were also members of LJEC. She has served on the LJEC Board for nine years.

Murphy lives in rural Leavenworth; has one son and four grandchildren. She currently serves as the Director of Curriculum for USD 449. She earned her Credentialed Cooperative Director and Board Leadership certificates from North American Electric Reliability Corporation.

"There are challenges facing all electric cooperatives, and the proposed consolidation of LJEC and Kaw Valley Electric provides us with the opportunity to face the challenges head on," Murphy said. "I would appreciate the opportunity to continue the work we've begun as we move forward, focusing on providing reliable power at the most affordable cost to our members."

Trustee District 8



Harlan Hunt

HARLAN HUNT is currently finishing his fifth term on the LJEC Board and has lived on LJEC lines for more than 40 years.

He and his wife, Vanita, live in Meriden and have been blessed with five children. He retired from Goodyear after 37 years. As a current Board member, Hunt enjoys meeting LJEC's members, and he would like to continue to serve the cooperative as it grows.

"We have the chance to save our members \$20 million over the next 10 years and provide rate stability," Hunt said. "In addition, we have a chance to join a cooperative that mirrors LJEC in putting member satisfaction and customer service as priority."

present candidates for election to the LJEC Board of Trustees. Nominating Committee representatives included:

- **District 3: JEANINE MURPHY**
- **District 8: HARLAN HUNT**
- **District 9: MEGAN BELVEAL and RALPH PHILLIPS**

The nominees listed below are presented to the membership for election at the upcoming Annual Business Meeting.

Trustee District 9



Megan Belveal

MEGAN BELVEAL has been an LJEC member for one year. She lives with her husband Eric and their two children near Valley Falls.

Megan is a Registered Nurse working in the Stormont-Vail Healthcare recovery room. She is a member of the Jefferson County Ducks Unlimited, and American Academy of Legal Nurses.

"I would like to be more involved in the community and be a part of something that is important to us all," Belveal said.



Ralph Phillips

RALPH PHILLIPS has been an LJEC member for 42 years; 30 of those he has also served on the LJEC Board. He owns and operates Phillips Dairy.

Phillips has served on the following boards: Mid-Am Dairy Co-op, DFA Area Council, Jackson County Farm Bureau. He has also served as the president of the Kansas Electric Cooperative Board.

During his service on the Board at LJEC, Phillips has witnessed many changes. He enjoys working with the other board members to make decisions that benefit the member-owners of the cooperative and have moved LJEC forward.

He and his wife, Phyllis, live in rural Mayetta. They are parents to five children who have blessed them with 15 grandchildren and five great-grandchildren.

"I am excited and hope the vote for the consolidation of LJEC and Kaw Valley passes," Phillips said. "In my time of serving, this is the biggest step forward that we have attempted. I have always felt that our Board has put members as the number one priority, and this consolidation is another way we are doing that."

Rebate Qualification Changes

Leavenworth-Jefferson Electric Cooperative offers rebates for the purchase and installation of electric water heaters, air source heat pumps, and ground source heat pumps. From time to time, LJEC adjusts the rebate efficiency qualifications in order to complement changes in efficiency standards established by the federal government and Energy Star.

Effective April 16, 2015, the U.S. Department of Energy issued a new rule which increased the efficiency ratings for all types of water heaters—electric, natural gas, and propane. The efficiency rating for electric water heaters has been set at such an efficient level that LJEC will no longer require a minimum efficiency, or Energy Factor (EF) rating, to qualify for a rebate.

Therefore, all electric water heaters installed after April 16, 2016, shall not be required to have a minimum EF rating in order to be eligible for a rebate. The rebate amount shall remain the same, which is \$325.

for a lifetime warranty electric water heater and \$175 for a non-lifetime warranty electric water heater. On-demand (tankless) water heaters will continue to not be eligible for a rebate.

In addition, effective September 15, 2015, Energy Star increased the efficiency standard (SEER) for air source heat pumps. Energy Star is a joint program of the U.S. Environmental Protection Agency and the U.S. Department of Energy. To reflect the change in efficiency standards, effective April 16, 2016, LJEC will require air source heat pumps to be Energy Star certified and have a minimum SEER of 14.5 in order to receive a rebate in the amount of \$150 per ton. Air source heat pumps with a SEER of 16 will receive a rebate in the amount of \$200 per ton, and air source heat pumps with a SEER of 17 or greater will receive a rebate in the amount of \$250 per ton.

If you have any questions about the changes, please give us a call at 785-472-4021 or 800-530-5572.

Members Vote on April 19

On April 19, members will vote for three district trustees, as well as the Articles of Consolidation and the Consolidation Agreement.

The district trustees up for election have provided information about themselves on page 16-B. If you have any questions about the slate of nominees or the voting ballot, you can contact Chris Parr, Assistant Manager, at 913-796-6111.

Members will also vote on consolidation with Kaw Valley Electric Cooperative, Inc. These documents are accessible at <http://bit.ly/ConsolidationArticles>. Printed copies are also available by request and can be mailed directly to the member.

Vote YES
LJEC
Your Sustainable Energy Cooperative
Consolidate for stable rates
www.voteyesApril19.com

Souper Bowl Donations Help Tackle Local Hunger



Tanner Bristol, Scott Wright, tree crew members, and Adam Hernandez, Journeyman Linemen, help load the LJEC donation for delivery. The McLouth community collected over 7,000 cans to help tackle hunger.

LJEC employees helped tackle hunger while participating in the annual Souper Bowl and collecting more than 300 cans for area food banks in Leavenworth and Jefferson counties. Each year, McLouth and Tonganoxie Methodist churches sponsor the event to challenge their communities to collect cans and help their communities earn points.

Smoots Recognized for 30 years of Service

TIM SMOOTS, LJEC crew foreman, recently was recognized for his 30 years of dedicated service to LJEC. Thank you, Tim, for your service!



Tim Smoots

Statement of Nondiscrimination

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Join the conversation about the upcoming consolidation vote. Join leadership from Kaw Valley and Leavenworth-Jefferson Electric Cooperatives to discuss the future of your electric cooperative and learn how plugging in to the future can stabilize your rates, and improve your service.

March 2 11 a.m. to 1 p.m. Kaw Valley Electric Office	March 8 2 p.m. to 3:30 p.m. Somerset Hall Cafe, Dover	March 24 11 a.m. to 1 p.m. Auburn Community Center
March 3 11 a.m. to 1 p.m. LJEC Office	March 10 - just added! 10 a.m. to Noon Valley Falls Library	

www.voteyesApril19.com