

Understanding Your Bill: Power Cost Adjustment

FreeState Electric Cooperative includes a line item on your electric bill called the Power Cost Adjustment (PCA). This was called the Purchased Power Adjustment or PPA in the eastern district (former LJE).

The PCA reflects the monthly difference in the co-op's cost of wholesale power purchased from Westar or KEPCo and the amount already included as part of the retail rates. The PCA is necessary because wholesale power costs are not only volatile, but they are also increasing. Most electric utilities use a similar mechanism to pass through changes in wholesale power costs.

These changes are driven by higher generation fuel costs, increased consumer demand, rising transmission costs, extreme weather and generation fleet performance. With the exception of two small peaking generators, FreeState does not generate its own electric power, but purchases its power from generating companies that produce it from a variety of different generation sources, including coal, uranium (nuclear), natural gas and oil as well as hydroelectric

dams and wind turbines.

"These are largely costs over which we have very little control. The charges passed along are exactly what the cooperative incurs to purchase the power," said Chris Parr, assistant general manager. "The PCA a member sees on his/her bill is their share to cover the costs of generating the power they used."

In addition, FreeState's electric rates have not been adjusted for five to seven years, depending on the district. These rates include a base amount of wholesale power costs the cooperative paid during the period, or the test year, used to determine the rates. This means that the PCA reflects the difference between the current wholesale cost of power and the amount incurred over five years ago. As long as wholesale power costs continue to rise, we will also see the PCA increase. This PCA will be reset during the next future rate adjustment in approximately three to five years.

Parr added that the PCA can be favorably affected by reducing the cooperative's overall electric

demand. "One way the cooperative can force the PCA down is to lessen the demand by conserving energy during peak times, and that means every cooperative member has to do his/her part in conserving energy. The best time to conserve energy is between the hours of 2 and 6 p.m., especially in the summer months."

The co-op's cost of wholesale power is more than 65 percent of FreeState's total expenses, so it's critical that the co-op recovers all of its wholesale power costs through its energy charges and the PCA. The formula charges all members the same cost per kilowatt-hour for changes in the wholesale cost of power.

The total PCA amount is figured by multiplying the monthly PCA by the number of kilowatt hours used. For example, if the monthly PCA is \$0.02420/kWh and 1,000 kWh was used during the billing period, the total PCA would be a charge of \$24.20. This rate is based on the test year.

If you have questions about the PCA or how you can conserve energy call us at 800-794-1989.



COOPERATIVE Energy Explorers

2017 Energy Efficiency Calendar

Start the new year off by being more energy efficient! Each month, try changing your energy use habits by using the tips below. Keep this calendar on your refrigerator to remind family members to be energy efficient throughout the year.

 <p>JANUARY Turn off lights when you leave a room.</p>	<p>FEBRUARY Remind family members to use cold water when washing clothes.</p>	<p>MARCH Turn off water while brushing your teeth.</p>
<p>APRIL Ask an adult to help you plant a tree to help shade your home in the summer.</p>	<p>MAY Clean or replace your air filter. You may need to ask an adult to help.</p>	<p>JUNE Keep the thermostat at 78 degrees Fahrenheit during summer months.</p> 
 <p>JULY Close curtains and blinds during the day to block the sun.</p>	<p>AUGUST Keep all doors and windows closed while the AC is running.</p>	<p>SEPTEMBER Dry clothes outdoors on a clothesline instead of using the dryer.</p>
<p>OCTOBER Only open the refrigerator door for short amounts of time when necessary.</p>	<p>NOVEMBER Take short showers instead of a bath.</p>	<p>DECEMBER Decorate your home for the holidays with energy-saving LED bulbs.</p> 

ATTENTION HIGH SCHOOL JUNIORS

Win a **FREE Leadership Experience**—Applications Due Feb. 13

FreeState Electric Cooperative will select four students to take an all-expense paid trip in the summer of 2017.

Two winners will be chosen to join over 1,700 delegates from June 8-15, in Washington, D.C., for the Electric Cooperative Youth Tour, and two winners will be chosen to attend the Cooperative Youth Leadership Camp from July 14-20, in Steamboat Springs, Colo. For more information or to apply, visit www.freestate.coop or call 800-794-1989.

Applications due Feb. 13.

Left: Electric Cooperative Youth Tour 2016 Kansas delegates visit the Jefferson Memorial. Right: Nearly 100 students represent Colorado, Kansas, Oklahoma and Wyoming at the 2016 Cooperative Youth Leadership Camp.



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

FreeState Electric Cooperative, Inc.

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District Offices

East District
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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

According to the Consumer Electronics Association, the average household owns 24 consumer electronics products, which are responsible for 12 percent of household electricity use. Energy Star-certified audio/video equipment is up to 50 percent more efficient than conventional models.

FROM THE CEO

Starting the New Year as FreeState Electric



Steve Foss

Electric Cooperative, Inc. What a great year to ring in the New Year!

In April 2016, Kaw Valley Electric, Topeka, and LJE, McLouth, members voted to consolidate these two financially stable, viable, and member-driven co-ops. By joining together as one united co-operative, we can continue to grow by building on the foundations that have been established over the last 75 years. The consolidation will help us increase our adaptability and commitment to providing our members with safe, reliable and affordable electrical service.

As a co-op founded on the Seven Cooperative Principles, it is our responsibility to keep you, our member informed. The fifth principle calls for "education, training, and information." To help keep our members informed, we communicate directly with you through these pages—the monthly publication of *The Outlet* in *Kansas Country Living*. In *The Outlet*, we

discuss important co-op business, like finances and voting; provide education to help you learn to manage your energy use; keep you in the loop on what's happening at your co-op; and help you better understand how the co-op works to serve you.

FreeState Electric serves more than 14,700 members and maintains more than 3,200 miles of line spanning across nine counties in Northeast Kansas: Atchison, Douglas, Jackson, Jefferson, Leavenworth, Osage, Pottawatomie, Shawnee, and Wabaunsee counties.

Our mission is to provide you with safe, reliable, and affordable electricity while also offering you the local member services you have come to expect. We take great pride in our services, and our members are our No. 1 priority.

Together, as FreeState Electric, we can weather the ever-changing regulatory climate and the increasing cost of business, while continuing to offer you, our member, the best value and service.

We encourage you to ask questions and talk to us about your energy usage, your service, and how the cooperative membership is beneficial to each and every member.

Happy New Year from FreeState Electric!

Cooperative Recognizes Retiring Board Members

On Dec. 12, the Kaw Valley and Leavenworth-Jefferson Electric Cooperative (LJEC) boards met to recognize the retirement and mantle clock of seven Board members representing 141 years of service to rural electric cooperative members.

The following retiring board members were presented a plaque and mantle clock to commemorate their years of service:

Kaw Valley Trustee Retirees

- ▶ LLOYD WULFKUHL, 31 years
- ▶ GENE "PETE" ALLEN, 26 years
- ▶ ROBERT LYNCH, 21 years

LJEC Trustee Retirees

- ▶ KEN BAILEY, 20 years
- ▶ LARRY STEVENS, 17 years
- ▶ MARTHA JO "MARTY" SHAW, 13 years
- ▶ HENRY "BILL" POHL, 13 years



Retiring Kaw Valley and LJEC Board members attend recognition night and receive a plaque and mantle clock for their years of service. Front row: Larry Stevens, Martha Jo "Marty" Shaw, Ken Bailey, and Lloyd Wulfskuhle. Back row: Henry "Bill" Pohl, Gene "Pete" Allen, and Robert Lynch.

Pre-Pay Program Offers Alternative Payment Option

Manage your monthly electric bill by enrolling in FreeState Electric Cooperative's PrePay Program. This program is designed to benefit members who face financial difficulties, move frequently, own rental properties, or want to take a more active role in managing their monthly electric bill.

Members who struggle to pay a larger sum on a monthly bill can fall further and further behind and continually pay fees associated with non-payment. The Pre-Pay Program can help eliminate this ongoing cycle by providing members the flexibility to pay more frequently in smaller increments.

"This program is intended to help members stay ahead of their electricity bills," said Jennifer Ping, administrative services manager. "When the West District observed the Cold Weather Rule, members who struggled to pay their electric bills during the winter would fall further behind and accumulate a larger amount than they could pay all at once. Many would then enter a payment plan to pay the past due amount, in addition to paying their current charges, which caused some members to continually fall behind and be disconnected."

"With the removal of the Cold Weather Rule and payment plans, the cooperative introduced the PrePay Program to help our members stay ahead of their bills, avoid late fees and keep their accounts from being disconnected," Ping added.

Prepay can also help consumers plan more accurate monthly budgets and provide an option to make smaller, incremental payments, rather than one large monthly payment.

"We have found that members who use the PrePay Program are more active in monitoring their daily energy usage on SmartHub, leading to greater energy conservation, which not only benefits the member but the cooperative as a whole," said Ping.

With the removal of the Cold Weather Rule and payment plans, we introduced the PrePay Program to help our members stay ahead of their bills, avoid late fees and keep from being disconnected.

"In addition to increasing their energy conservation, it is important that those on the PrePay Program actively monitor their accounts, because if a balance does reach zero they will be disconnected," said Ping.

How the PrePay program works

- ▶ Each day, the previous day's kWh use, estimated PCA (power cost adjustment), prorated service, device charge, and applicable taxes are calculated and deducted from the member's credit balance.
- ▶ Members can make payments online, via phone, or by visiting a FreeState District Office during regular business hours.
- ▶ Members are notified by email when their balance is low. It is important that members keep their contact information up-to-date to receive these alerts.
- ▶ Service is disconnected when the credit balance reaches \$0.
- ▶ Service is reconnected after payment is made to re-establish a credit balance.
- ▶ All members are eligible for FreeState Electric's PrePay.

Sign up now

- ▶ Sign FreeState Electric's PrePay Program agreement and make an initial payment of at least your past due amount (if applicable).
 - ▶ Provide a valid phone number and email address.
 - ▶ Any deposit you have on file can be applied to what you owe.
 - ▶ Penalties and non-payment fees, if applicable, are waived. This could be a savings of up to \$100.
 - ▶ Track your usage through SmartHub (FreeState Electric's online bill-pay system).
 - ▶ Make payments (\$20 minimum) at convenient times for you and your schedule by using the SmartHub app or the secure 24-hour payment line 877-853-6120.
 - ▶ Low balances generate an email. It is important that members keep their contact information up-to-date to receive these alerts.
- FreeState Electric offers the Pre-Pay Program as an option to standard residential service. For more information call 800-794-1989 or visit www.freestate.coop.

2017 FREESTATE ELECTRIC CO-OP CALENDAR

Support you co-op's hard-working line crew all year round with a 2017 FreeState Electric Cooperative calendar. **Pick up your FREE copy at your local co-op office today!**

January 2017						
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	31				



Co-op Opts Out of Cold Weather Rule

In the past, Kaw Valley Electric participated in the Cold Weather Rule; however, the FreeState Electric Cooperative Board of Directors opted to eliminate the Cold Weather Rule for FreeState Electric members.

The Cold Weather Rule established by the Kansas Corporation Commission (KCC) restricts electric disconnects from Nov. 1 through March 31, when temperature forecasts are for 35 degrees or below. Since 1996, individual Kansas electric cooperatives have been responsible for establishing seasonal rules appropriate for their own cooperative.

If you have any questions about the elimination of the Cold Weather Rule or billing options please call our office at 800-794-1989.

Temperatures will no longer be a governing factor in disconnection for non-payment, and payment arrangements will no longer be available on past due accounts. All accounts are subject to disconnection for non-payment.

While the cooperative no longer participates in the Cold Weather Rule, FreeState offers a PrePay Program designed to help members keep their services on by making more frequent payments in smaller increments. Read more about the benefits of the PrePay Program on page 16-C.

If you have any questions about the elimination of the Cold Weather Rule or billing options please call our office at 800-794-1989.

www.freestate.coop SITE NOW LIVE

**CENTRALIZED ONLINE PAYMENT
UP-TO-DATE CONTENT
MEMBER-FRIENDLY DESIGN**

It's here! On Dec. 28, FreeState Electric Cooperative launched the co-op's member-friendly website.

"We have completely redesigned our web presence and developed new features and content," said Sarah Farlee, marketing and public relations specialist. "Our goal was to provide quick access, as well as helpful information alongside a simplified account login process."

"You no longer have to access a separate web link to pay your bills online," Farlee said. "At www.freestate.coop you can manage your account and make a secure payment 24/7—just log on to SmartHub from our new homepage."

In addition to providing members with a centralizing online payment option, FreeState's website keeps members informed on current co-op news,

notices, events, and outage information. "One of the new things we are launching is a blog that will address member services, programs, and information we need to get out to members quickly," added Farlee.

The blog "Here To Help" will be written by FreeState Electric member services staff and will also feature information from the energy use coordinator about conservation, efficiency, renewable energy and cooperative programs.

"The goal is to provide helpful information that will save our members time and money," Farlee said. Education and outreach will be another element of the new website, along with the ability to communicate directly with cooperative staff.

"The web won't take away from our face-to-face or personal customer service, but it will provide another resource for our members to get information," added Farlee.

Visit www.freestate.coop today!



REPORT AN OUTAGE Anytime 24/7

FreeState Electric is here to serve you, 24 hours a day, 7 days a week.

Call 800-794-1989 or Visit www.freestate.coop

SmartHub members can report an outage from their mobile device!

