



**FREESTATE ELECTRIC  
COOPERATIVE, INC.**

# The Outlet

## FreeState Electric Cooperative, Inc.

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### 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

**LAUNDRY TIP:** Dry towels and heavier cottons separately from lighter-weight clothing. You'll spend less time running the dryer for lighter-weight items, which saves energy.

Source: [energy.gov](http://energy.gov)

## Starting the Year with Opportunity

### FROM THE CEO

Applications to participate in the 2019 youth programs sponsored by FreeState are due soon. Youth in the area have until **MONDAY, FEB. 11** to turn in all the application materials.

Youth programs are something FreeState trustees and staff take great pride in. We take special care in choosing youth to represent our members with the same dedication and commitment as our trustees and staff.

FreeState provides opportunities for four students who live in our territory. We send two high school students to Washington, D.C., to the Electric Cooperative Youth Tour that is organized by the National Rural Electric Cooperative Association. More than 1,800 youth from across the country meet in Washington, D.C., for a once-in-a-lifetime experience. In the past, delegates have witnessed history, made their mark, and have even met a president.

We will also send two students to Steamboat Springs, Colorado, to experience Cooperative Youth Leadership Camp. This experience is focused on the cooperative business model and will engage youth in leadership training, as well as provide exposure to cooperative careers and safety. Each year, I enjoy getting letters from camp. They reiterate the positives these trips provide.

We are happy to invest in these opportunities because those who have

attended have repeatedly returned and shared that their experience was life changing. Students return home with a deeper understanding of the cooperative business model and what it takes to be a leader. This results in making an impact in our local schools and communities.

Please encourage high school juniors to explore the opportunities your co-op provides. We have student alumni who have gone on to work in the White House, lead state organizations, serve in the state legislature, educate young minds, and even discover new ideas and trends. We give students an opportunity to build themselves by providing them with the skills to do so. I greatly anticipate what four deserving students will build for themselves in 2019.

As always, if you have any questions about this centerspread or the information presented contact us at **CUSTOMERSERVICE@FREESTATE.COOP** OR **800-794-1989**.



Steve Foss

I greatly anticipate what four deserving students will build in 2019.

## CO-OP OPERATION

# Long-Term Plans

## FreeState Develops Work Plan for Federal Loan Program

In 2019, FreeState will receive a hefty influx of capital from the Rural Utilities Service (RUS), providing essential cash flow for maintenance and construction of infrastructure that will enhance reliability, safety, and affordability.

The \$14.9 million loan is part of a program that provides low-interest funding while standardizing rural engineering and environmental requirements.

The investment from RUS, a division of Rural Development and part of the United States Department of Agriculture, will be used to build 82 miles of line and upgrade 134 miles of line along with other system improvements across the service territory. The loan amount also includes \$130,000 for technology upgrades.

### A History of Changing the Rural Landscape

RUS programs assist communities by working with electric cooperatives water and environmental programs, and telecommunications and broadband programs.

RUS evolved in the 90s from the Rural Electrification Administration (REA) formed under President Franklin Roosevelt during the 30s to provide power to rural America. FreeState, along with electric cooperatives across the country formed as a result of the administration's commitment to helping those living in rural areas where financial concerns were an issue—especially during the Great Depression.

When private or investor-owned utilities were unwilling to service rural areas due to the lack of industry, low return on investment due to low population, and the cost of basic service was often more than a farm family would make annually, the REA stepped in to help and cooperatives popped up across the country.

In 1935, the program was founded on equal access to essential services and that still rings true today with co-ops serving about 25 percent of the population covering 80 percent of the landmass across the United States.

### Creating a Plan

In order to secure loan funding from RUS,



Randy Richards (left) and Matt Magill (right) spearhead the cooperative's work plan process. It takes months of preparation before it can be submitted.

FreeState must go through a stringent planning process to develop a long-range plan for the cooperative. This plan will ultimately become the document referred to as the Construction Work Plan that will direct and guide FreeState.

This is done through a very structured process that involves several stakeholders. The process is designed to plan and achieve goals.

FreeState develops a plan that serves as a resource for the engineering department, operations department, and cooperative management.

The plan determines the most practical and economical ways to serve our members and maintain reliable services. It also identifies changes or updates that are needed on aging equipment or facilities. It describes technology needs for electric delivery points and maps out how FreeState will provide power to more than 17,500 meters.

It serves as a tool for estimating capital requirements for implementing the work plan as it is developed.

FreeState's engineering manager, **MATT MAGILL**, is responsible for managing the planning process.

"The engineering department decides what we need to look at and areas that need attention within the infrastructure," said Magill. "We take into consideration aging equipment, growth

in areas of the territory, what works well, what may need assistance, and we study those areas to determine what will make the final work plan.”

“We’ll also work with the operations department and look at anything they recommend, making sure we have everything covered,” Magill added. “Most often we take a list and we prioritize.”

Once the planning is in place, the stakeholders analyze the list of priorities Magill and the operations department come up with.

Assistant general manager, **RANDY RICHARDS** oversees the operations and engineering at FreeState, works diligently with those departments during the process.

“I take a look at the bigger picture and try to get an idea of the costs we’re going to need to associate with the amount of work done,” said Richards. “It’s a very lengthy process, but it really does give us a road map and gives us direction.”

FreeState also seeks the expertise of outside contractors, and other staff to determine what needs to be included in the work plan.

Magill says using consultants assists in the checks and balances aspect of determining the needs of the cooperative.

“The internal engineering department is fairly small, so we utilize consultants to help us fill in where needed,” said Magill. “They provide another layer of information and data that we can use to make the best decisions possible.”

“We have to comply with several state and federal regulatory requirements, and consultants also help us keep compliant and on target when looking at regulations handed down from federal entities,” he added.

Developing a work plan can take months of mapping, drawing plans, and studying trends across the territory in relation to commercial or residential growth, load factors, and where technology or upgrades will be needed.

### Reviewing the Plan

FreeState meets with its power suppliers from Kansas Electric Power Cooperative (KEPCo) and Westar, financial

lenders, and the RUS regional representative to discuss data, engineering and economic criteria, and design criteria. In addition, there is an analysis on how the plan impacts the environment, the economy, and the cooperative and power suppliers.

“We look at everything,” said Richards.

Richards is also tasked with keeping trustees informed as the process moves along and making certain the board understands the process and how it affects current and future decisions.

“The board has the final say because the financial well-being of the cooperative is their responsibility,” Richards added. “This process overlaps into financial data, operations data and engineering data.”

The financial aspect of the work plan is led by accounting manager, **MICHELLE MEYER**, who assists in budgeting.

“We look at more than what the wire and poles cost,” said Meyer. “We carefully analyze materials costs, down to every nut and bolt.”

“But we also look at labor costs and how that impacts what work we intend to do,” Meyer added. “It is extremely tedious, but also necessary.”

Magill says FreeState comes up with multiple plans for consideration.

“Each plan is a scenario,” Magill says. “There are a lot of moving parts to each plan and then we look at everything together.”

Magill and Meyer both agree it’s more than just picking the cheapest plan, it’s taking everything into consideration. When choosing a final work plan, FreeState looks at the full life-cycle cost.

“We compare,” Meyer said. “We compare plans with high initial capital costs, but lower annual costs and visa versa. Just because something is a lower capital cost does not mean it will be the best plan for us that will provide better services.”

Meyer said that there are numerous methods of performing this type of economic comparison, but management looks at the following factors:

► **PRESENT WORTH ANALYSIS.** Dollars spent this year are worth more than dollars spent next year.

► **INFLATION IN BOTH ENERGY AND CONSTRUCTION COSTS.** Energy, labor, and material costs are likely to increase significantly during the planning period.

► **LINE LOSSES.** The cost of losses on the distribution system and transmission lines, if appropriate, should be included in the cost of service.

► **OPERATION AND MAINTENANCE COSTS.** This is usually estimated as a percentage of added plant.

► **ANNUAL FIXED CHARGES.** This is usually estimated as a percentage of added plant.

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Ultimately, the plan chosen will be carried out by the operations department. They will be tasked with building new line and tending to the miles that need upgrading.

## CO-OP OPERATION

## Long Term Plans

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“When we look to select our final plan we typically select the lowest costs, but not always,” said Richards. “There are times when we see a more equitable spread of capital costs between the co-op and our power suppliers, and that plan is likely the one to be chosen because it allows us to do more.”

Magill agreed with Richards.

“Absolutely cost is a factor, but we have to look at the engineering and infrastructure aspects, as well,” Magill said. “We’re making a plan for service and whatever we can do to make that the safest, most reliable, and affordable then that’s the plan we chose.”

Ultimately, the plan chosen will be carried out by the operations department. They will be tasked with building new line, tending to the miles that need upgraded, and working closely with engineering to implement new technology.

“The work plan is really our playbook,” said **ZACH STERLING**, operations manager. “It’s how we take our team and make things happen.”

Sterling, as well as Magill, work with line superintendent **ZANE PEAK** and interim superintendent **DAVID GECHTER** to line out projects that will achieve the goals of the construction work plan.

(Note: Fort Leavenworth Line Superintendent **RON FORSHEE** follows a different set of requirements due to the nature of the government contract with the United States Department of Defense.)

“The superintendents will look at the crews, the territory and the timing, and they’ll make decisions based on what needs to be done,” Sterling added. “They are our project managers.”

Project management may start with the superintendents, but every member of the operations crew must understand and follow protocols that can track work, costs, materials, and time for each project.

This is where FreeState’s mobile workforce becomes vital for day-to-day operations. In the next issue of *The Outlet* we’ll feature information on FreeState’s mobile workforce and how it makes everything come together from the office to the field.

## Consolidation Creates \$400,000 Credit for Members

### Consolidation Savings Credits on Your February Bill

Members will see their portion of a \$400,000 savings on their bill received in February. The consolidation savings adjustment is based on the individual member’s electric energy purchased in 2018. Active members using an average of 1,100 kWh will see an approximate bill credit of \$20.33.

This adjustment is not to be confused with capital credits. The consolidation savings adjustment is paying back a portion of excess margins, rather than allocating and waiting to pay them back. Capital credits are allocated yearly and retired later when the financial health of the cooperative allows. Capital credits typically take years to be paid to members. This credit is the result of consolidation savings that were realized last year.

FreeState continues to see significant savings related to our consolidation two years ago, and that savings is shared with our members.

### Additional Credits for Members Served by McLouth Office

Members served from the McLouth office who purchased power in 2018, will see an additional credit in February from power supplier, Kansas Electric Power Cooperative (KEPCo).

As a cooperative, FreeState returns margins to our consumer-members when the board of trustees determines we have met our financial requirements and obligations and issuing credits will not be a financial burden to the cooperative.

Our East District power supplier, KEPCo, is also a cooperative. As a member of this cooperative, FreeState was entitled to a rebate because KEPCo’s operating margins allowed a refund. As a member being served by this supplier, that money belongs to you.

FreeState’s returned portion of the rebate was \$300,000. The amount of your rebate is based on the metered kilowatt-hours you purchased from FreeState between Jan. 1, 2017, and Dec. 31, 2017.

These adjustments come from ownership in a locally owned and locally controlled co-op that works hard to balance the challenge of providing safe, reliable, and affordable service to areas where members are truly concerned with the rising costs of everything.

The adjustments will be reflected on your bill as separate line items for “Consolidation Savings Adjustment” and “KEPCo Margin Stabilization Adjustment.” For McLouth members with security lights there will also be a line item that reads “S/L KEPCo Margin Stabilization Adjustment.”

Members with outstanding balances will see the rebate applied to that amount first. If you have any questions, please contact us at **800-794-1989 OR CUSTOMERSERVICE@FREESTATE.COOP.**



CANVA IMAGES

# USDA Invests \$345.5 Million in Rural Electric Infrastructure for Improvements

## Projects Provide Improved Electric Reliability

**AGRICULTURE SECRETARY SONNY PERDUE** recently announced the U.S. Department of Agriculture (USDA) is investing in infrastructure projects to improve rural electric service across the country.

“Delivering reliable and affordable electricity to power rural America will help lay the groundwork for increased rural prosperity and economic opportunity,” Secretary Perdue said. “USDA is partnering with rural electric utilities and cooperatives so they can continue to invest in infrastructure improvements to provide electric power to those who live and work in rural areas.”

USDA is making the investments through the Electric Infrastructure Loan Program. This program helps finance generation, transmission and distribution projects; system improvements; and energy conservation projects in communities with 10,000 or fewer residents.

The loans include earmarked monies of \$7.9 million for distribution and power grid technology. This includes computer applications, two-way communications, geospatial information systems and other tools to increase the reliability and efficiency of electric power systems.

FreeState will use these dollars to build 82 miles of line, improve 119 miles and make other system improvements. The loan amount includes \$130,000 for smart grid projects.

In April 2017, **PRESIDENT DONALD J. TRUMP** established the Interagency Task Force on Agriculture and Rural Prosperity to identify legislative,



Agriculture Secretary Sonny Perdue announced the USDA is investing in infrastructure projects to improve rural electric service across the country.

regulatory and policy changes that could promote agriculture and prosperity in rural communities. In January 2018, Secretary Perdue presented the Task Force’s findings to President Trump. These findings included 31 recommendations to align the federal government with state, local and tribal governments to take advantage of opportunities that exist in rural America. Increasing investments in rural infrastructure is a key recommendation of the task force.

Visit [www.rd.usda.gov](http://www.rd.usda.gov).



Agriculture Secretary Sonny Perdue welcomed the Interagency Task Force on Agriculture and Rural Prosperity to identify legislative, regulatory and policy changes that could promote agriculture and prosperity in rural communities.

# OPERATION Round-Up Wraps Year With Giving

FreeState members have generously given \$113,460 in spare change to 27 area organizations since the launch of the Operation Round-Up® program on Jan. 1, 2017. The FreeState Community Foundation facilitates the program with the help of a volunteer member committee of five that reviews and awards grant funds quarterly.

The committee allocated \$48,480 in 2017 and \$64,980 in 2018, all made possible by the generosity of members participating in the program.

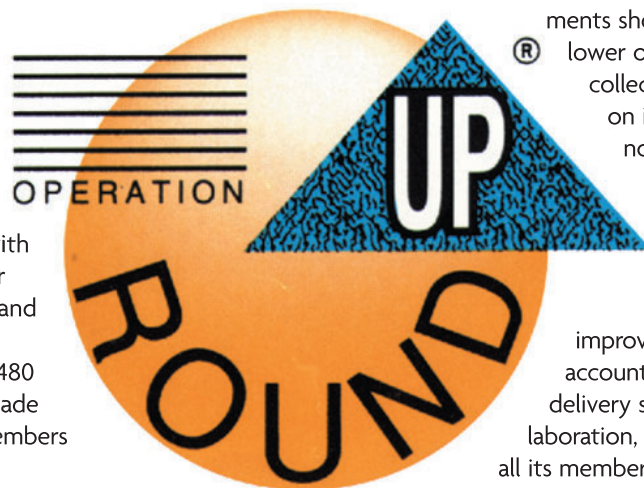
No matter how great or small the act, every time we give back, we strengthen our community. It only takes a few coins a month to add up to a significant change for our local communities and volunteer-driven organizations across the FreeState service territory.

For more information on how to apply for funding visit [www.freestate.coop/operationroundup](http://www.freestate.coop/operationroundup). **APPLICATION DEADLINES ARE: MARCH 1, JUNE 1, SEPTEMBER 1 AND DECEMBER 1 OF 2019.** Please notify our billing department if you'd like to opt out (or back in) to Operation Round-Up® by calling 800-794-1989.

In December, the committee wrapped up a year of giving by allocating funding to the following organizations and their specific projects.

## Silver Lake Grade School Library – \$1,000

The library wishes to update the non-fiction collection to items that are more current and appealing to students. This update would work in conjunction with the 40 Book Challenge program implemented by the library to allow students to explore multiple genres of books. In addition, the update of the non-fiction collection will help students utilize non-fiction to research projects and assignments. State assess-



ments show students score significantly lower on information text. Updating the collection will allow students to work on improving that skill by reading non-fiction independently.

## Jefferson Co. Alliance of Social Councils – \$7,500

The Jefferson County Alliance of Service Councils (JCASC) is to improve quality comprehensiveness, and accountability of the local human service delivery system, by strengthening the collaboration, effectiveness and efficiency of all its members through the sharing of services, information, resources, and appropriate funding.

JCASC includes multiple agencies. These groups provide services, resources, and technical assistance to children, youth, families and adults. Agencies involved are:

- ▶ All six school Jefferson County school districts
- ▶ Jefferson County Health Department
- ▶ The Guidance Center
- ▶ Keystone Learning Services
- ▶ F.W. Huston
- ▶ NEK-CAP
- ▶ Jefferson County Extension
- ▶ DCCCA
- ▶ NEKES CDDR
- ▶ Sexual Trauma and Abuse Center
- ▶ The Willow Domestic Violence Center
- ▶ Independence, Inc.
- ▶ Highland Community College
- ▶ Multiple churches and libraries in the county

The Suicide Prevention Task Force is a new project of the council and was formed to address the rising needs in the county after the Center for Disease Control (CDC) released a report regarding the increased rate of national suicides. Kansas has risen by 45 percent since 1999 while the national

rate has increased by only 25 percent. Kansas ranks No. 19 in the nation.

A 2017 Kansas report on suicide prevention from the Governor's Behavioral Health Services Planning Council listed promoting funding opportunities for suicide prevention among its recommendations. The report also called for greater promotion of the national suicide prevention hotline across the state, especially in rural areas. Rural areas in Kansas are particularly affected by suicide. The least-populated counties had the highest rates of suicide deaths in 2016, according to the Kansas Health Institute.

Operation Round-Up® funding will help provide training to 60 individuals within Jefferson County to be more prepared to discuss and intervene with those who are struggling with depression, stress, anxiety and suicidal thoughts and behaviors goal. The goal is to help decrease the number of suicide attempts and deaths in our county.

### Shawnee Heights FFA – \$5,000

Funds awarded to this Shawnee Heights agriculture program will be used to raise livestock as a component of agriculture courses. Students will experience hands-on learning with basic animal care, designing facilities, creating vaccination plans, balancing feed rations, and proper grooming practices.

By completing this project, 75 students will have a better understanding of where food comes from and the animal agriculture industry. Students will also be able to make educated decisions when it comes to the feeding and vaccination programs. Other results that are expected from this project are seeing growth in the agricultural education program at Shawnee Heights.

The mission of Shawnee Heights agriculture program and the FFA chapter of 56 students is to make a positive difference by developing leadership, personal growth and career success through agricultural education. By adding this component to the program, students can include raising livestock on their resume for a potential career in the agricultural field.

The FreeState Community Foundation is proud to provide opportunities for education and awareness across the territory.

# 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](mailto:askmatt@freestate.coop).

**Dear Matt,**  
**How can I determine the operating cost of my refrigerator or freezer?**

Most folks don't know how much their refrigerator actually costs to operate. Other appliances like lightbulbs or a clothes dryer are obvious because they are either on or off. Freezers and refrigerators just cycle in the background to hold the set temperature and that makes a piece of the following equation unknown. **(WATTS \* TIME (HRS) / 1,000= KWH)**

We can figure out what the time is by using different methods. Newer units are simple because the federally mandated yellow Energy Guide label that is attached to the appliance when you purchase it has the information you are looking for. These are great resources for comparing costs when shopping for a new unit. Information about these labels can be found online at [www.consumer.ftc.gov](http://www.consumer.ftc.gov). But these labels use an estimation of the cost to operate so it is difficult to be completely accurate.

Older units can be a bit tricky to determine just how much energy is used and what it is costing to run. These appliances can have wear, seals that are no longer tight, or sit in a garage or shed that is not necessarily climate controlled. If you suspect an older unit may be the culprit to higher bills you can find out exactly what the unit costs to run by using a Kill-A-Watt Meter.

These small devices can be purchased at many hardware stores or online. If you would like to use one on a temporary basis FreeState offers members the ability to check them out at either office. These devices plug into a wall outlet, and the appliance plugs into the device. The meter will then accurately monitor the usage of the appliance for the duration it is plugged in. I would suggest tracking the usage for a week to get a full picture of the cost and usage. The meter will indicate consumption and cost, and by utilizing that data you can do simple math to find out what the unit costs monthly or annually.

Members can check out a unit for 10 to 14 days; a \$30 refundable deposit is needed. When the unit is returned your deposit will be returned to you.

## Winter Assistance Agencies

The following agencies have been known to assist people who may need help paying utility bills. FreeState Electric Cooperative is not affiliated with any of these organizations. Contact information is provided as a courtesy to you.

- ▶ **GOOD SHEPHERD THRIFT SHOP**  
913-845-3964 \*Jefferson and Leavenworth counties only. Must have a copy of a bill
- ▶ **JEFFERSON COUNTY SERVICE ORGANIZATION**  
785-863-2637
- ▶ **CATHOLIC CHARITIES COMMUNITY SERVICES**  
Leavenworth County: 913-651-8060  
Jefferson County: 913-433-2039
- ▶ **NORTHEAST KANSAS COMMUNITY ACTION PROGRAM**  
Hiawatha Central Office: 785-742-2222
- ▶ **SALVATION ARMY**  
Leavenworth 913-682-6253  
Topeka 785-233-9648
- ▶ **LIEAP – LOW INCOME ENERGY ASSISTANCE PROGRAM**  
800-432-0043 or <http://www.ks-energy-assistance.com/lieap>
- ▶ **AMERICAN RED CROSS**  
Topeka: 785-234-0568  
Leavenworth: 913-682-6222  
Atchison: 913-367-5355
- ▶ **PENN HOUSE/BALLARD CENTER**  
785-842-0440
- ▶ **KANSAS CHILDREN'S SERVICE LEAGUE**  
785-357-4763  
\*Must have children living in the house
- ▶ **DOORSTEP TOPEKA**  
785-357-5341
- ▶ **LEAVENWORTH ASSIST CENTER**  
913-682-7873
- ▶ **LET'S HELP**  
785-234-6208 \*By appointment only
- ▶ **TOPEKA NORTH OUTREACH**  
785-286-1370
- ▶ **KANSAS GIFT OF WARMTH**  
800-794-4780
- ▶ **WARM HEARTS OF DOUGLAS COUNTY**  
785-841-5756
- ▶ **NEKAP – JACKSON COUNTY ONLY**  
785-364-4055



## DON'T MISS THIS OPPORTUNITY

### 2019 Youth Program Applications Due SOON!

FreeState invests in our youth with opportunities designed to reflect the realities of our society and its preference for dynamic, personal interactions. In today's professional world, employers and thought leaders want to see presenters who make a connection with the audience while communicating a message. Youth Tour and Youth Leadership Camp helps build these communication skills, and the trips are all-expense-paid and will truly be experiences of a lifetime for area youth.

Any high school junior living in the FreeState territory with a parent or guardian who is a member of the cooperative is eligible. **DEADLINE FOR THE 2019 PROGRAM IS MONDAY, FEB. 11, 2019.**

For more information and to download an application packet visit **WWW.FREESTATE.COOP/YOUTH** or call the office at 800-794-1989.

## 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 Road, Topeka, KS 66604  
1801 W. 23rd St., Lawrence, KS 66046
- ▶ **JEFFERSON HILL VINEYARDS AND GUEST HOUSE**  
12381 Washington Road, McLouth, KS 66054
- ▶ **ORANGE LEAF FROZEN YOGURT**  
1570 SW Wanamaker Road, Ste. 230, Topeka, KS 66604
- ▶ **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 Road, Winchester, KS 66097
- ▶ **WORTHINGTON HARDWARE AND AUTO PARTS**  
313 E. Front St., Perry, KS 66073

