

A Touchstone Energy® Cooperative 

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**FLINT HILLS RURAL
ELECTRIC COOPERATIVE**

NEWS

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- ▶ Online Payment Options
- ▶ Outside Security Lighting
- ▶ Power Surge Protection
- ▶ Rebate Programs

For more information, call us at
620-767-5144 or visit our website
at www.flinthillsrec.com.

**This institution is an equal
opportunity provider
and employer**

FROM THE MANAGER

2021 Annual Meeting Update



Chuck Goeckel

the pandemic regarding large gatherings and the safety of our consumer-members. We were also at a point that we needed to make commitments to our vendors (caterers, facilities, etc.) in order to hold our annual meeting. We are proposing modifications to the bylaws that will help mitigate the cancellation of the annual meeting in the future.

2020 Financial Statement

The pandemic posed several challenges

A reminder that the Flint Hills REC Board of Trustees made the decision a couple months ago to cancel the 2021 annual meeting due to uncertainty surrounding

for our consumer-members and the cooperative as reflected in the reduction in kilowatt-hour (kWh) sales for some of our commercial accounts specifically those in the oil and gas industry and the service industry. Even with those challenges our consumer-members continued to experience stable power costs in 2020, which have declined 0.7 cents per kWh in 2020 when compared to 2016 and remains stable over the past eight years. We have also had the lowest average monthly kWh sales per member in all classes since 2010 with \$138 per month.

Return of Consumer-Members' Patronage Capital

Margins (revenue less expenses) in 2020 were \$330,000 compared to \$694,000 in 2019. Margins earned by Flint Hills REC are paid back to consumer-members over time based on the amount of

Continued on page 16C ▶

Annual Meeting Canceled

Due to the uncertainty surrounding COVID-19, the decision was made to cancel the 2021 annual meeting that was scheduled for April 13, 2021.

Thank a Lineworker on April 12

Being a lineworker is not a glamorous or easy profession. It takes years of specialized training, ongoing education, dedication, and equally important, a sense of service and commitment. How else can you explain the willingness to leave the comfort of your home to tackle a challenging job in difficult conditions, when most are sheltering comfortably at home? This dedication and sense of service to the community is truly what sets them apart. That's why we set aside the second Monday in April to celebrate and recognize the men and women who work around the clock to keep the lights on.

Flint Hills REC is proud to honor the 12 lineworkers who maintain over 2,500 miles of power lines in our service territory.

To show our appreciation we would like for you to take the time to send a letter or card thanking our linemen for what they do. You can send your letter or card to Flint Hills REC, Attn: Thank A Lineworker, P.O. Box B, Council Grove, KS 66846. We will share them with our linemen.

Flint Hills REC invites all co-op members to take a moment and thank a lineworker for the important work they do. On April 12, you can use #ThankALineworker on social media to show your support for the brave men and women who power our lives.

Ensuring Reliability as Power Supply Tightens

You expect reliable and affordable electricity from your electric cooperative, so how does your co-op deliver on that promise?

A complex network of electricity generators and tens of thousands of miles of electrical lines work together to ensure that enough electricity is available on the coldest winter morning and during the dog days of summer.

What happens when the demand for power overwhelms the ability to provide it? That's a particularly vexing question given the transition taking place in how electricity is produced and shared across this network.

The key to meeting the energy needs so essential to your quality of life is balancing electricity supply with demand. While that may sound simple, there is a complex web of facilities and organizations that work together to make it happen each day.

Regional transmission organizations coordinate, control and monitor the electric grid across several states in a region. For Kansas, that entity is the Southwest Power Pool (SPP). Think of them as energy traffic managers on an interstate highway system, regulating the number of cars — in this case, electricity — and their destination.

Even so, on some days there is an imbalance in that system that leads to rolling power interruptions or blackouts — so-called “max-gen” events. In those

cases, supply simply can't keep up. There were six max-gen events from 2006-2016. Since 2016, there have been 15, including three last July and August alone.

Simply, that's because power plants that generate electricity are being closed faster than new producers come online. In most cases, traditional large-scale power suppliers such as coal and nuclear plants are being closed and replaced by alternatives on a much smaller scale. And this gap is closing more quickly despite the development of new natural gas-fueled power plants.

“Large scale generation, such as coal, natural gas, hydro, and nuclear power plants, are still needed today to keep the lights on. It is simply a fact,” said Chuck Goeckel, General Manager at Flint Hills REC.

As more electric utilities pursue zero- or low-carbon initiatives by 2035 and beyond, this challenge will grow more complex. So, what's the answer?

Electric cooperatives and others in the energy sector will continue to develop renewable options and pursue new technologies. But absent new large-scale alternatives and advances in energy storage, the stalwarts of today's energy fleet — coal and nuclear energy facilities — must continue to operate in many regions. In some, they remain the most cost-effective options for producing electricity.

THANK YOU

LINWORKER APPRECIATION DAY IS APRIL 12



Flint Hills RECA formally recognizes April 12 to honor the men and women who keep the lights on. Show your appreciation by sending a thank you letter or card to:

FLINT HILLS RECA
Attn: Thank A Lineworker
P.O. Box B, Council Grove, KS 66846

FACTS & FIGURES

2021 Annual Meeting Update

Continued from page 16A ►

electric service purchased. In 2021, approximately \$427,000 of margins are scheduled to be paid back to consumer-members in May for those who purchased electricity any time during the 1994-2020 period. The 2020 payment is equivalent to an **AVERAGE** reduction in the cost of electricity of approximately one-half cent per kWh. To date, Flint Hills REC has paid over \$10 million to consumer-members to enhance the affordability of electric service.

February Polar Vortex

In February, we saw record-setting cold weather throughout the entire Midwest. Due to the cold weather, we saw an average increase in kWh usage of 15% in residential usage from January to February 2021. We are continuing to work with our generation and transmission cooperative to foresee any future increases in our power cost adjustment.

It is important for you, our consumer-members, to understand that your well-being is paramount. Flint Hills REC will continue to mitigate the impact to you. We will also continue to work with our consumer-members regarding costs caused by February's historic weather event.



TOTAL kWh SALES
76,289,057
 DOWN FROM 78,399,811 IN 2019

PLANT INVESTMENT
\$36,877,295

MILES OF LINE
2,564
 UP FROM 2,560 IN 2019

METERS SERVED
6,701
 UP FROM 6,689 IN 2020

Operating Statement

	2019	2020
Electric Revenue	\$ 11,563,745	\$ 11,382,325
Expenses		
Operations and Maintenance	\$3,501,651	\$3,709,279
Power Cost	\$5,969,062	\$5,805,844
Depreciation	\$1,216,786	\$1,268,909
Interest	\$627,825	\$595,992
Total Expenses	\$ 11,315,324	\$ 11,380,024
Net Income		
Operating Margin	\$248,421	\$2,301
Non-Operating Margins	\$445,697	\$328,652
Total Margin	\$ 694,118	\$ 330,953

Balance Sheet For Year Ending on Dec. 31, 2020

	2019	2020
Assets (What We Own)		
Cash on Hand/Bank	\$105,066	\$231,106
Short-term Investments	\$4,485,000	\$3,845,000
Investments in Associated Organizations	\$5,455,457	\$5,532,426
Accounts Receivable (Net)	\$791,492	\$877,050
Materials and Supplies	\$115,422	\$151,686
Prepaid Expenses	\$17,865	\$19,161
Deferred Charges & Other Current Assets	\$344,915	\$251,152
Plant Less Depreciation	\$26,977,926	\$27,555,788
Total Assets	\$ 38,293,143	\$ 38,463,369
Liabilities (Our Obligations)		
Total Debt	\$16,435,034	\$16,607,471
Accounts Payable	\$509,601	\$727,770
Accrued Taxes, Other Liabilities and Reserves	\$753,986	\$655,201
Equity		
Member/Ownership	\$ 20,594,522	\$ 20,472,927
Liabilities/Net Worth	\$ 38,293,143	\$ 38,463,369

Take Control of a Controlled Burn

Properly controlled burns can have many benefits for agricultural land. However, if these burns are not managed safely, they can result in property damage, power outages, injury and even death. Flint Hills REC urges you to make safety a priority and take special considerations when burning near electric utility lines.

First, make yourself aware of laws and regulations. Burns should only be conducted by those who are experienced with fire and burn paths. Avoid burning near public roads or airports as this can create a potentially dangerous visibility hazard. Alert all those who may be potentially affected by the burn — including neighbors, the local fire department, and law enforcement. Ensure that you have the proper clothing, equipment and tools. For personal safety, all those near the flames should wear clothing made of natural fibers or approved for firefighting.

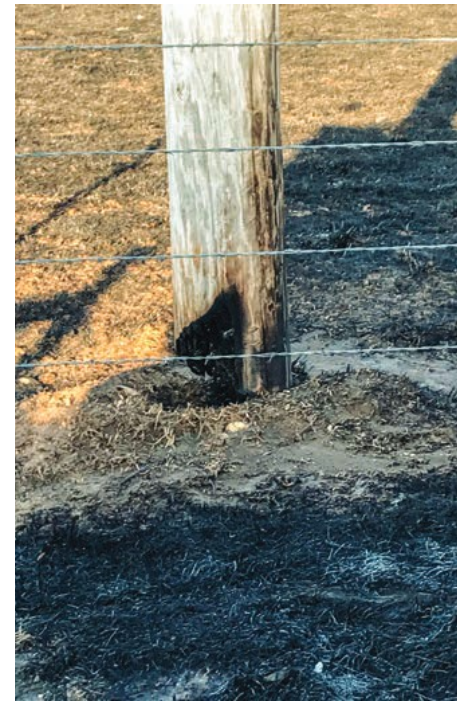
Take special note of electric utility poles and lines. Burning a pole could result in a widespread power outage and be costly for those responsible for the fire. The cost to replace just one utility pole can range from \$1,500 to \$2,500. Remove grass and weeds around the utility pole prior to burning and

water down the area near the poles as to not encourage fires to encroach. While controlling the fire, keep water away from electric lines.

If a pole catches on fire, call the fire department and alert your electric utility to handle the possible electrical dangers. Even if you think you have been able to extinguish the fire yourself, alert your electric utility to the fact that it caught fire. The preservative on the inside could still be burning the pole from the inside out. In addition, if the pole catches on fire, it could create shock or electrocution hazards to those who may be nearby or spark fires in unintended directions from the downed lines.

Carbon particles in smoke can conduct electricity. It is also possible for smoke produced during the burning to conduct electricity and cause an electrical discharge from the line. To reduce this risk, the fire should not cross under electric lines.







Keep environmental factors such as temperature, humidity and wind direction and speed in mind. The wind speed in the area should be low and in a steady direction as to not let the fire get out of control. As environmental factors are subject to change, check



Take precautions before starting your controlled burn. It's important to make safety a priority and take special considerations when burning near power lines.

forecasts as well as actual conditions before you begin the burn.

Local resources, through conservation offices, are available to develop a plan and assist in training for a controlled burn. Depending on local regulations, you may need to obtain a burn permit. Preparation and timely planning will ensure a safe, controlled burn for you and all involved.

	1	2	3	4	5	
	NOTIFY	WAIT	CONFIRM	RESPECT	DIG CAREFULLY	
						
Starting a new project? Follow 5 steps for safe digging.	Call 811 or make a request online two to three days before you plan to start your project.	Wait two to three days for a response to your request. Affected utilities will mark underground lines.	Confirm all affected utilities have responded by comparing the markers to the list of utilities the 811 call center notified.	Respect the markers and use them as a guide for the duration of your project.	If you can't avoid digging near the provided markers (within 24 inches on all sides according to Kansas law), consider moving your project.	
NOTE 811 does not mark privately owned utility lines, invisible fences or sprinkler systems. Call a private utility locator for these.						