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Holding Off Rate Increases Goal of Proposed Electric Cooperative's Consolidation

FREDONIA, KAN./LEBO, KAN. – May 29, 2018 – Two Kansas electric cooperatives serving customer/members in east central and a southeast Kansas announced today the first step in a proposed consolidation plan. The Board of Directors for Radiant Electric Cooperative (REC) in Fredonia, Kansas, and the Board of Directors for Lyon-Coffey Electric Cooperative (LCEC) in Lebo, Kansas, have approved a consolidation plan for a vote by each cooperative's customer/members in November 2018.

The proposed consolidation plan is being reviewed today during special meetings with REC and LCEC employees and customer/members.

"We constantly work to find every means possible to manage costs without affecting safe, reliable electric services for our customer/members," says Dennis Duft, Operations Manager for REC. "This proposed consolidation offers the best path forward to limit future rate increases in the next one to three years."

"The proposal is the outcome of a thorough, careful evaluation by our cooperatives that included a comprehensive range of options to manage costs," said Scott Whittington, General Manager for LCEC. "This plan will benefit everyone across the board and put our cooperatives in a stronger financial position for the long term."

Under the proposed consolidation plan:

- A new legal entity will be created called 4Rivers Energy Cooperative.
- All jobs will be maintained for a combined workforce of 48.
- There will be no changes in customer/members' reliable electric service.
- Cost savings are forecast at \$9 million over 10 years.
- The cooperatives' Board of Directors will combine to govern.
- Current business offices will remain in Lebo, Emporia and Fredonia.
- The combined cooperatives will serve 12,793 meters/customer accounts in 14 neighboring counties.

The proposed consolidation will provide cost savings and greater operating efficiencies neither cooperative can achieve on its own by:

- Combining purchasing, accounting, billing, information technology and member service functions.
- Sharing equipment, software and engineering services.
- Incorporating best practices and processes from both cooperatives.
- Enhancing mutual assistance and emergency response during storm management challenges.

The proposed consolidation requires approval of two-thirds of customer/members present at the meeting of both cooperatives. The REC and LCEC votes will be held on the same day in November (date to be announced). If approved, the consolidation would be completed by 2020.

“This consolidation is also an excellent fit for our cooperatives,” said Leah Tindle, Administrative Manager for REC. “We are almost identical in how we provide services. Our operating processes are similar, and we use much of the same technology, software and equipment, which will allow us to efficiently and effectively blend functions to maximize cost savings without affecting our high quality, reliable electric services.”

Both cooperatives are among the 19 member-owners of the Kansas Electric Power Cooperative, Inc. (KEPCo), a not-for-profit generation and transmission cooperative headquartered in Topeka. It is KEPCo's responsibility to procure an adequate and reliable power supply for its rural electric cooperative Members at a reasonable cost.

The cooperatives also have a rich history of serving members and communities in east central and southeast Kansas for 75 years. And, they provide services in two of the same Kansas counties: Greenwood and Woodson.

The name, 4Rivers Energy Cooperative, was chosen for the proposed consolidated cooperatives because of all of the rivers that run through their beautiful service areas.

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About Radiant Electric Cooperative (www.radiantec.coop): Headquartered in Fredonia Kan., and serves customer/members in Elk, Greenwood, Labette, Montgomery Neosho, Wilson and Woodson counties in southeast Kansas.

About Lyon-Coffey Electric Cooperative (www.lyon-coffey.coop): Headquartered in Lebo, Kan., and serves customer/members in Anderson, Chase, Coffey, Franklin, Greenwood, Lyon, Osage, Wabaunsee and Woodson counties in east central Kansas.