

Consolidation of two local electric coops proposed

(MSC News)--Two local electric cooperatives have announced their Board approvals of a first step forward in a proposed consolidation plan.

The Boards of Trustees for Nemaha-Marshall Electric Cooperative Assn., Inc. in Axtell, Kansas (NMEC) and Doniphan Electric Cooperative Assn., Inc. in Troy, Kansas (DEC) have approved a joint member vote on this consolidation plan in October 2020.

Prior to this vote, the proposed consolidation plan will be reviewed during special meetings with NMEC and DEC employees and members. If meetings are not possible due to coronavirus gathering restrictions, we will communicate with a special mailing.

“We have focused on every possible means to manage costs without affecting our reliable electric service for our members,” said Daniel O’Brien, General Manager for DEC. “This approach allows both cooperatives to continue to provide predictable electric service and good jobs in our communities.”

“Working with several seasoned electric cooperative consultants, we relied upon their analyses to evaluate savings that could be achieved through consolidation,” said Kathleen O’Brien, General Manager for NMEC. “This plan will benefit everyone and put our cooperatives in a stronger financial position going forward.”

Under the proposed consolidation plan:

A new legal entity will be created and named Northeast Kansas Electric Cooperative, Inc. (NEKEC).

- All jobs will be maintained for a combined workforce of 20.**
- There will be no changes in members’ reliable electric service.**
- Our financial analyses point to significant potential savings over a 10-year period.**
- The cooperatives’ Boards of Trustees will combine initially to oversee the consolidated cooperative.**
- Offices in both Axtell, KS and Troy, KS will remain open after this consolidation. It is anticipated both locations will be needed well into the future.**

- **The combined cooperatives will serve 5000+ customers in eight (8) counties.**

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

- **Combining purchasing, accounting, billing, information technology, personnel programs and member service functions.**
- **Sharing equipment, software and engineering services.**
- **Realizing savings by eliminating duplicated expenses, fees and service charges.**
- **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 the voting members of both cooperatives. Votes will be held on the same day in October. The date is to be announced. If approved, the consolidation is anticipated to be completed by January 1, 2021.

These two cooperatives are a good match for consolidation. Both use NISC as their core technology for customer and business information systems. Both cooperatives are served by the same power supply provider (Evergy Kansas Central) under the same contract terms for their full-service power requirements. Both receive renewable hydro-electric power from Federal sources. Both share a 75-year tradition of providing highly reliable service to their members.

“We view this proposal for consolidation as a solid investment in the future. The combined cooperatives will retain their well-established tradition of reliable service and enjoy efficiencies that will help stabilize rates through cost savings. We think this decision will provide a positive outcome for our cooperative customers for many years,” said Kathleen O’Brien.

Mrs. O’Brien is slated to serve as the General Manager of new entity, if approved.

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