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Climate Change Among Board Meeting Topics

A diverse lineup of speakers focused on a variety of topics relevant to the electric cooperative industry at the KEC Board of Trustees summer board meeting in Overland Park on July 30, 2007.

Legislation and technologies surrounding climate change was the subject of the presentation by Kirk Johnson, NRECA vice president of environmental issues. He explained that environmental issues are becoming a dominant driver of policy.

"The era of deregulation appears to be ending," he said, "while an era of a carbon constrained world is arriving."

Johnson defined climate change, and reviewed the major sources of greenhouse gasses. After a review of current House and Senate bills, he reported that, despite a struggle between very aggressive and more moderate approaches, climate change legislation appears to be extremely likely within a few years.

Johnson said that according to a utility CEO survey, 93% of utility executives expect climate change legislation to be implemented by 2014. He stated that both the demand for electricity and the legal issues to build new generation are growing.

"Reconciling the climate and capacity timelines, under the current legal and regulatory framework, is the biggest challenge facing our industry," Johnson said.

While there is no silver bullet, Johnson said NRECA's membership has passed a resolution at the 2007 annual meeting that advocates maintaining fuel diversity, including coal and nuclear, to meet growing demand. The resolution encourages incentives to all segments of the utility sector and removing regulatory and other barriers to increasing efficiency.

Referencing a 2007 Electric Power Research Institute (EPRI) study, Johnson reviewed CO2 impacts of seven technological areas for electric power and stated that dramatic technological improvements are needed.

The study showed that achieving the targets to reduce CO2 is very aggressive, but is potentially feasible.

Johnson's presentation, as well as the presentations from the other speakers, can be found on KEC's website at www.kec.org.

Another key issue facing cooperatives is developing the next generation of workers.

"An action plan for workforce development" was the presentation by Russell Turner, director of human resources at NRECA, and Earnie Lehman, president and general manager of Midwest Energy. They discussed the demographics of today's workforce, revealing that the 65-and-older age group is 12% of the population today, but will be 20% by 2025.

Turner reviewed the US Department of Energy's report on workforce trends in the electric utility industry. The study forecasts a significant shortage of as many as 10,000 lineworkers, which could potentially impact our economic and national security. Lehman discussed ways cooperatives can build interest in all energy-related careers through partnerships with schools and training institutions, as well as through Workforce Investment Boards.

Several other presentations were given at the meeting.

Power supply reports on the activities of the Kansas generation and transmission cooperatives were given by Steve Parr, executive vice-president and CEO of KEPCo, and Earl Watkins, president and CEO of Sunflower. Parr discussed issues affecting power supply planning.

A panel consisting of Scott Whittington, manager of Lyon-Coffey; Ed Wiltse, member services manager at Pioneer; and Travis Griffin, manager of member services and public relations at Butler, discussed the benefits of member involvement. They reviewed annual meeting issues and discussed attendance, promotion and events at those annual meetings.

Phil Irwin, president and CEO of Feder-

continued on p. 3

In Brief

States Study Carbon Trading

European officials are urging air-pollution authorities in several U.S. states to avoid the problems that have plagued Europe's system for trading carbon-emissions credits. The U.S. doesn't plan to introduce a nationwide emissions-trading system, but 10 Northeastern states are trying to set up their own systems, starting in 2009. Officials in those states are looking to Europe's experience in carbon trading as they sketch out their own plans. The European Emissions Trading System's first phase, which began in 2005, has proven largely ineffective.

Wall Street Journal – 8/1/07

New RUS Accounting Requirements

Rural Development Utilities Programs (formerly Rural Utilities Service or RUS) has recently issued a notice of proposed rulemaking that includes an extensive list of accounting policies and procedures. The new regulations will amend 7 CFR Part 1767, Accounting Requirements for Rural Development Electric Borrowers, which includes the Uniform System of Accounts. Written comments may be submitted to Rural Development by September 11, 2007. The primary objective of the proposed rulemaking is to reconcile RUS regulations with the Uniform System of Accounts as presented by FERC.

CFC Solutions News Bulletin – 7/27/07

Residential Satisfaction With US Utilities Is Sinking

With power prices climbing for a fifth straight year, satisfaction with electric utilities among residential customers is dropping, JD Power and Associates said. The customer satisfaction rankings are based on a survey of the 76 largest utilities in the US. On a 1,000-point scale, the average score among residential customers in 2007 was 661, down from a 668 score in 2006. In 2005, the average score was 704.

Platts – 7/26/07

Cooperative Calendar

August	9-10	Kansas Material Managers Meeting, Wichita.
	15-16	KEPCo Board of Trustees Meeting, KEPCo Headquarters, Topeka.
	17	Sunflower Board of Directors Meeting, Sunflower Headquarters, Hays.
	23	MDM Meeting, Salina.
	24	KCRE Golf Tournament, Salina.
September	7	Kansas REC Managers Association Fall Meeting, Prairie Band Casino and Resort, Mayetta.
	12	Leavenworth-Jefferson Annual Meeting. Dinner at 6 p.m., Meeting at 7 p.m., McLouth High School.
	20	KEPCo Board of Trustees Meeting, KEPCo Headquarters, Topeka.
	21	Sunflower Board of Directors Meeting, Sunflower Headquarters, Hays.
	26-27	KEC Committee and Board of Trustees Meeting, Marriott Hotel, Wichita.

Electric Cooperatives at the Kansas State Fair, Sept. 10-14

Kansas electric cooperatives and the Touchstone Energy Cooperatives of Kansas are co-sponsoring a high-voltage line safety demo at this year's Kansas State Fair, Sept. 10 – 14.

This sponsorship will incorporate the full-size, electric safety demonstration – on loan from Midwest Energy – with the fair's "Kansas' Largest Classroom". In addition, the Touchstone Energy "Get

Charged" kits will be distributed.

KEC has a limited supply of free fair passes that will be given out on a first-come, first-served basis. KEC is also coordinating any cooperative line crews who would like to be trained on the safety demo. For more information about the fair, to volunteer to help, or for free fair passes, call Shana Holsteen, KEC, at (785) 478-4554, or sholsteen@kec.org.

Job Opportunities

Kansas Cooperative Seeks General Manager / CEO

The Board of Leavenworth-Jefferson Electric Cooperative in McLouth has retained NRECA to facilitate the search for their next General Manager / CEO.

With 36 full-time employees serving 8,300 meters, including the largest casino in Kansas, this cooperative is a great opportunity for a manager who is ready for another challenge, or for a senior staff member who is ready to step into their first CEO position.

The board seeks candidates with broad utility management experience including such areas as finance, operations, strategic planning and member relations. The successful candidate will have excellent people and communications skills, proven leadership ability and a strong commitment to teamwork.

Any interested party can view the ad that is currently running on cooperative.com, or may call Doug Clendenen at (703) 727-4996, or email doug.clendenen@verizon.net.

Iowa Cooperative Seeks Director of Finance and Administrative Services

An electric distribution cooperative headquartered in Postville, IA, is seeking an experienced financial professional. The cooperative has 45 employees and serves members in an eight-county area.

Position supervises consumer and general accounting staff members. Responsible for administering all employee benefit programs. Also responsible for COS studies, retail rate development and financial planning.

Must have Bachelor's degree in accounting/business administration plus minimum of five years progressively responsible related work experience. Supervisory experience (preferably in an REC) highly desired.

The position offers a full range of benefits and a competitive salary. Applications accepted until position is filled. Send resume and transcripts to M.L. Lund, P.O. Box 817, La Crosse, WI 54602-0617. Or visit www.acrec.com.

KEPCo Signs Power Purchase Agreement with Westar Energy

A power purchase agreement was signed August 6 for KEPCo to receive a significant amount of its power needs from Westar Energy for the next 38 years.

By signing a long-term contract, KEPCo members will benefit by accessing Westar's existing, low cost generating resources and not being as susceptible to the instability of the open market.

"KEPCo has long realized that using short term purchase power agreements, relying on increasing amounts of natural gas-fired generation and purchasing power in the spot market are not prudent business plans," said Stephen Parr, executive vice president and chief executive officer of KEPCo.

Therefore, KEPCo – a G&T that serves 19 rural electric cooperatives with approximately 300,000 rural homes and businesses across the eastern

part of the state – will continue to combine their own resources with the electricity purchased from Westar to meet the needs of their members. KEPCo will also benefit by having Westar help manage KEPCo's resources.

"This contract allows both KEPCo and Westar Energy to pool our loads and generation to make the most efficient use of both our resources," Parr said.

To become effective, the contract still has to be approved by the Federal Energy Regulatory Commission and the Rural Utilities Service.

"This purchase exemplifies how KEPCo is focused on the long-term interests of our members and the rural consumers we serve," Parr said.

"KEPCo recently completed a new long range resource plan, developed and approved by our members and board. This contract plays an integral part of achieving this plan."

New Transformer Delivered to Midwest Energy



A transformer was delivered last month to Midwest Energy as part of the Southwest Power Pool upgrade requirements. The 150-ton transformer replaced a smaller existing transformer at the South Hays substation, allowing the line to be upgraded from 115 kV to 230 kV. Steel plates were placed along the route so the transformer could be delivered safely.

KEC's Summer Board Meeting, cont.

ated Rural Electric Insurance Exchange, gave a report and discussed the cooperative's market stability, its partnership in the Safe Electricity program and announced that \$182,000 in dividends were returned to the Kansas cooperatives.

Shana Holsteen, KEC's director of communications, gave a presentation over NRECA's communications triangle with assistance from Travis Griffin, Butler; Darlene Lucas, Pioneer; and Carrie Kimberlin and Jerri Imgarten, KEC.

USDA Rural Development representatives Chuck Banks and Gary Smith thanked the electric cooperatives for helping increase economic growth in Kansas. Banks and Smith also discussed the future of rural economic development growth and recovery efforts from the Greensburg tornado.

The luncheon featured Jim Two Crows Wallen, an oral historian, who gave a humorous narrative of rural life.

At the NRECA Annual Meeting in

11th Annual KCRE Golf Open

Golf enthusiasts, get your clubs ready, the annual KCRE golf tournament is just around the corner. The golfers will converge at the Salina Municipal Golf Course at 8 a.m. on August 24, 2007.

Registration begins at 7:30 a.m., with a shotgun start at 8:30 a.m. The \$60 entry fee includes the cost for carts, green fees, mulligans, putting contest and a sandwich.

You do not have to be a good golfer to participate; everyone is welcome to come enjoy the tournament. Teams are not required for entry; you can enter as an individual and be teamed up with other singles.

"It's a guaranteed good time," said Dave Holthaus, KEC's manager of government relations. "I encourage all to attend and support a good cause."

The KCRE Open is the premier fundraiser for the Kansas Committee for Rural Electrification (KCRE). This event is vital to the success of KCRE's legislative efforts and, at the same time, allows for new and renewed friendships and good times. If a cooperative is unable to send players, they are encouraged to sign up for several of the available sponsorships, or donate a prize.

Cooperatives can use creative ways to encourage participation in KCRE and the golf tournament.

For more information or to register for the golf open, call Kirk Thompson at (620) 873-2184 or Ken Maginley at (785) 456-2212.

March this year, the NRECA Distinguished Service Award was presented to Senator Pat Roberts via video for his work on pension reform legislation. His acceptance speech was played during the KEC summer board meeting.

Perry Rubart, Kansas NRECA director, was re-elected to another term on the NRECA Board and Harold Foley, CFC region VII director, reported on CFC activities and presented KEC with an education grant check for \$16,000.

Sunflower's Testing of Coal-Based Algae-To-Biofuels System Begins

The Sunflower Integrated Bioenergy Center project reached a milestone when equipment arrived to begin the first phase of on-site testing for an innovative coal-based algae-to-biofuels system.

Following testing and demonstration of the technology, the system could be used to produce renewable fuels from carbon dioxide (CO₂) emissions at the existing and two proposed coal-fired generating units at Holcomb Station.

The equipment will soon be used to identify the strains of algae that grow best in western Kansas when attached to Sunflower's coal-based plant at Holcomb.

Funding for this initial phase of development is being provided by Tri-State Generation and Transmission Association, Inc. and Sunflower, both partners in the Holcomb Expansion project.

"This is an important step in our efforts to demonstrate that coal-based flue gas can be utilized for beneficial purposes," said Earl Watkins, Sunflower's president and CEO. "I look forward to the day when this project is completed, and we are facilitating the production of renewable energy that benefits our agricultural producers in central and western Kansas."

GreenFuel Technologies, the developer for the algae farm subsystem, delivered a mobile laboratory last month that will be used to ensure that flue gas from Sunflower's power plant



The developer for Sunflower's algae farm subsystem, GreenFuel Technologies, delivered a mobile laboratory to ensure that flue gas from the Holcomb plant can be used to grow microalgae in an enclosed environment.

can be used to grow microalgae in an enclosed environment. If this test is successful, additional tests will determine which specific strain will grow best in western Kansas with Sunflower's plant.

"GreenFuel recently learned valuable production lessons at their Arizona algae project that will benefit the Holcomb Expansion partners, so we are pleased they have decided to focus their efforts on five projects globally and provide us with their newest technology," said Clare Gustin, Sunflower's vice president, member services and external affairs.

"We are dealing with leading edge technologies, so we understand that as we move from an emerging technology to one that is commercially viable, we will have obstacles

to overcome," she added. "Sunflower has a proud tradition of involving itself in new technology, and we look forward to working even more closely with GreenFuel as they increase their efforts on our project at Holcomb."

GreenFuel's Emissions-to-Biofuels™ process uses naturally occurring algae to capture and reduce flue gas CO₂ emissions into the atmosphere. When the algae farm is commercially operational, the algae will be harvested daily and be converted into a broad range of biofuels or high-value animal feed supplements.

RuralPower

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