



LANE-SCOTT ELECTRIC COOPERATIVE

Connections

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In Case of an Outage

If your electricity is off for more than a few minutes, call 800-407-2217. Office hours are 8 a.m. to 5 p.m. After-hours calls will be answered by the dispatch and standby personnel.

24-hour Electrician Service

If you are without electricity or have an electrical emergency on your side of the meter, we have a master electrician on staff available 24 hours a day.

EPA Regulations Could Create a “Train Wreck”

This time of year, it's easy to guess team loyalties from the frequent banter exchanged between fans of opposing teams. In a world of rapidly changing technology and instant feedback, I am intrigued that games originating long ago can still captivate so many and have concluded one reason is because these games often mirror the daily challenges we each face.

This certainly holds true in the electric industry. At Sunflower, Lane-Scott's power supplier, our goal is to bring our A-game every day in order to best meet the needs of our member-cooperatives and those they serve. Reflecting on 2011—which was full of challenges, particularly from external entities—I believe one of Sunflower's roles was that of the offensive coordinator, interpreting and planning for new environmental regulations so that the quarterback, our member-cooperatives, can continue their mission of serving you with reliable power at the lowest possible cost.

The fact that so many environmental regulations are coming at once has created a scenario commonly referred to as the “EPA Train Wreck,” a multitude of regulations with unpredictable implementation dates. As committed stewards of the environment, Sunflower supports regulation that protects public health and environment, but we also believe the regulations should be achievable and manageable while not inhibiting our nation's economic growth or placing an unnecessary economic burden on ratepayers.

Unfortunately, the price tag for becoming compliant with these regulations is not cheap, which is never welcome news. Below are explanations of three rules that have the potential to significantly increase the cost of electricity in our system and what Sunflower has done to “protect the quarterback.”



Stuart Lowry
President & CEO of
Sunflower Electric
Power Corporation

Maximum Achievable Control Technology for Reciprocating Internal Combustion Engines (RICE MACT)

The RICE MACT rule became effective in May 2010 and sets emission limits for all types of internal combustion engines, including electricity generators used for peak-shaving, backup or emergency sources of generation.

Sunflower contracts with several municipal utilities for use of their internal combustion engines during peak energy demand or emergencies. As a result of the RICE MACT rule, each municipal must determine if it is cost effective to retrofit its units to meet these requirements. Several municipals in our system are leaning toward mothballing older units due to the cost of retrofit. In fact, the Sunflower system could lose nearly 43 megawatts of reserve generation, requiring us to build new generation or seek it elsewhere sooner than anticipated in order to meet our obligations to the Southwest Power Pool, the organization that en-

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EPA Regulations Could Create a “Train Wreck”

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sure reliable generation and transmission of energy across our region.

The Sunflower system will no doubt incur increased costs in order to meet the deficit created by this EPA rule.

Maximum Achievable Control Technology for Electricity Generating Units (EGU MACT)

The requirements for EGU MACT became effective when it was proposed in May, and the final rule is expected by mid-December. The rule establishes two sets of requirements for coal and oil-based units: one set is for existing units, and a second set—with more restrictive limits—is for new EGUs.

With the installation of additional mercury control equipment, which will cost Sunflower approximately \$2.7 million, Holcomb 1 (H1) will meet the EGU MACT requirements for existing coal units. However, the Holcomb Expansion Project (H2) cannot be built unless substantial revisions are made to the rule for new electricity generating units because the final emission limits have never been achieved by any electricity generating unit.

On behalf of our member-cooperatives, Sunflower has been active in proposing the following solutions: adding a sub-classification with less stringent values for the new projects that have permits but have not begun construction; classifying these projects as existing units; or withdrawing the

rule. A letter has also been written to President Obama, explaining the necessity of EPA implementing one of the above solutions.

Cross-State Air Pollution Rule (CSAPR)

CSAPR, intended to improve air quality in regions that are impacted by emissions that cross state lines, was finalized in July and will become effective Jan. 1, 2012, a mere six months after the publication of the proposed rule. This rule requires electricity generating units in 27 eastern states to reduce nitrogen oxides (NOx) and sulfur dioxide (SO₂) emissions. Kansas, along with five other states, must also further reduce NOx emissions during the ozone season, a five-month period from May through September.

Since Kansas was not included in the initial proposed rules to control NOx and SO₂, generating utilities in our state were blindsided by the final rule and near-term effective date—a situation that creates a great financial and compliance burden on Sunflower and, ultimately, on our member-cooperatives and you. Although we had planned to install newer NOx reduction equipment at Holcomb Station in 2013, CSAPR forced us to move the \$20 million project to early 2012, a change in schedule that escalates the cost by \$2.5 million.

Under the new rule, Sunflower will receive inadequate NOx allowances

to enable H1 to operate at full capacity, so in 2012 we expect to have to buy a limited number of allowances at a currently unknown price for H1. An even larger number of allowances will need to be purchased for our natural gas-based units. As a result of CSAPR, along with MACT and other regulations, it is estimated that Kansans can expect their utility bills to increase approximately 16 percent in the first year.

Unfortunately, it doesn't end there. Research by the Southwest Power Pool indicates that in the near-term CSAPR could have serious consequences on the electric grid. An inadequate balance of transmission and generation availability raises the possibility of cascading outages or rolling blackouts that would doubtless have significant impacts on human health, public safety and the region's economy.

In October, Sunflower joined other utilities in filing a request for stay and a request for reconsideration with the EPA. We have also testified at state and federal levels about the ramifications of this rule.

I realize it's not great news, but please know this: electric cooperatives have an obligation to keep the lights on, and we are fighting the battle every day to do it at the lowest possible cost. I hope it is reassuring to know that Lane-Scott and the other members of the Sunflower family are on your team and looking out for you.

Steps for Processing a Complaint

It is our goal to always do the very best job possible for our member-owners. However, despite our best efforts, there may be times when you feel additional recourse is justified to resolve a service or billing problem. To assist you, we've provided instructions on how to file a complaint with Lane-Scott Electric Cooperative Inc. and/or the Kansas Corporation Commission.

Step 1—Please present your complaint to your local Lane-Scott Electric Cooperative Inc. office in Dighton at 620-397-5327, or call toll-free at 800-407-2217. Every effort will be made to resolve the problem to your satisfaction, if possible.

Step 2—If the problem cannot be resolved at your local office, you may contact the General Manager in Dighton at 620-397-5327 or toll-free at 800-407-2217.

Step 3—If you wish to pursue the complaint, you may contact the Kansas Corporation Commission's Consumer Protection Office by calling 800-662-0027 or by writing to the Kansas Corporation Commission (KCC), 1500 SW Arrowhead Road, Topeka, KS 66604. If the problem remains unresolved, then a formal complaint can be filed with the Kansas Corporation Commission. The KCC Staff will advise you of this procedure upon request.

Lane-Scott Trustees Achieve Credentials

Lane-Scott Electric Cooperative Board of Trustees **CRAIG RAMSEY** and **ED GOUGH** were recognized for their commitment to continuing education.

Ramsey received the Board Leadership Certificate and Gough received the Credentialed Cooperative Directors Certificate.

Gough and Ramsey were recognized at NRECA's Region VII meeting for their commitment to education and attainment of the Board Leadership/Credentialed Cooperative Directors certificate before an audience of electric cooperative officials from four states including Kansas, Colorado, Nebraska and Wyoming.

Today's electric utility environment imposes new demands on electric cooperative trustees, particularly increased knowledge of changes in the electric utility business, new governance skills and a working knowledge of the cooperative principles.

The NRECA Board Leadership



Lane-Scott's Ed Gough (left) receives his CCD certificate from NRECA's Glenn English at the Region VII meeting.

Certificate recognizes individuals who continue their professional development after becoming a Credentialed Cooperative Trustee. Trustees who have attained the Board Leadership Certificate have completed 10 credits in advanced, issues-oriented courses.

"Lane-Scott Electric Cooperative appreciates the dedication of our Trustees to be willing to go out and attain the Board Leadership and Credentialed Cooperative Directors certificates," said Earl Steffens, Lane-Scott General Manager. "This shows their dedication to understand how the whole cooperative system functions."

Lane-Scott Jr. Board Adds New Members

Lane-Scott Electric welcomes **MATHEW MCMILLAN**, **LESLIE SPEER** and **MARIAH YORK** to the Jr. Board of Trustees.



Mathew McMillan



Leslie Speer



Mariah York

Speer attends Dighton High School and represents Lane and Gove counties. She is the daughter of Dean and Amy Speer.

McMillan attends Ness City High School and represents Ness and Rush

counties. He is the son of Myron and Karen Seib.

York attends Scott County High School and represents Scott and Logan counties. She is the daughter of Ken and Janet York.

12 Days of Holiday Safety

It's easy to make safety a part of your holiday with these tips. Tackle one a day and you're well on your way to a safe New Year!

Day 1 **What's that noise?** Test your smoke and carbon monoxide alarms. Make sure everyone knows what to do if they hear them.

Day 2 **What a shocker!** Before use, inspect all electrical lights, decorations, and extension cords for damage.

Day 3 **Two's company, three's a crowd.** Do not overload outlets with too many decorations or devices.

Day 4 **Is it working?** Test your ground fault circuit interrupters (GFCIs) and arc fault circuit interrupters (AFCIs) to make sure they're protecting you.

Day 5 **Ouch!** Prevent trips and falls by keeping cords safely along walls and out of doorways and high traffic areas.

Day 6 **Kids eat the darndest things!** Avoid putting lights, metal hooks, breakable ornaments and other small decorations within reach of young children.

Day 7 **Thirsty?** Keep your Christmas tree stand full of water. A fresh, green tree poses less of a fire hazard than a dry tree.

Day 8 **Make a wish!** Blow out the candles before leaving a room or going to bed.

Day 9 **Nice and warm.** Keep space heaters at least three feet away from anything that can burn—decorations, trees, gifts and curtains.

Day 10 **Can't touch this!** Consider installing tamper-resistant outlets/receptacles to prevent kids from inserting objects into the slots.

Day 11 **Escape Route:** Share your family fire escape plan with overnight guests.

Day 12 **Hot stuff!** Keep children away from cooking areas; use back burners and turn pot handles in away from little hands.

There's no greater gift you can give your family than a safe and happy holiday!



I WENT HUNTING WITH A CAULK GUN.

I figured an afternoon of tracking down air leaks
earned me a day out in the woods. Find out what
you can do at TogetherWeSave.com.



Touchstone EnergySM

TOGETHERWESAVE.COM