



KANSAS ELECTRIC POWER COOPERATIVE, INC.

NEWSMAKER

A Touchstone Energy® Cooperative 

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The Perfect Storm



STEPHEN E. PARR
Executive Vice
President and CEO

“What occurred this summer is what KEPCo is referring to as the ‘perfect storm.’”

I don't have to tell you that this has been an extraordinarily hot, protracted summer that has been difficult for all of us. Farmers struggling not to lose their crops and livestock, subdued retail activity, and unfortunately, higher utility bills have been a few of the results of this record-setting heat wave.

In regards to the latter, what occurred this summer is what KEPCo is referring to as the “perfect storm.” Every 18 months, the Wolf Creek Generating Station, in which KEPCo is a 6 percent owner and generates approximately 30 percent of its energy requirements from, needs to be refueled. Spent or used fuel rods are removed from the reactor and replaced with new fuel rods. This process normally takes 45 to 50 days to complete. Due to unforeseen circumstances, this refueling outage lasted 98 days.

During the outage, since the Wolf Creek plant is not producing energy, KEPCo must replace the energy not being produced with energy from other sources. The replacement energy is more expensive than energy generated from Wolf Creek, thus leading to higher energy costs.

In addition to the Wolf

Creek outage, the Iatan 2 Generating Unit located in Weston, Missouri, in which KEPCo has a 3.5 percent ownership and fulfills approximately 12 percent of its energy requirements, has been hampered with the flooding of the rail spur used to deliver coal to the plant. Without rail access to the plant, coal deliveries have been suspended until what is expected to be mid-August. The plant has been rationing the amount of coal on hand and as such, has been operating at about 60 percent capacity for more than one month. As with Wolf Creek, KEPCo has had to purchase replacement energy to make up the difference, again leading to higher energy costs.

Let us not forget the record heat. KEPCo set a record peak demand of 459 MW in August. This peak was 4.3 percent higher than 2010 and 14.5 percent higher than 2009. KEPCo was not alone in setting peak records. Westar and the SPP both set all-time peaks this summer.

The chance of

the three events mentioned above occurring at the same time again is fairly remote.

However, another “storm” is brewing out of Washington, D.C., that will impact Kansans for generations to come. The Environmental Protection Agency (EPA) recently finalized rules that compel 27 states and the District of Columbia to curb air pollution that travels across states by wind and weather, the first in a series of federal restrictions aimed at improving air quality. The first in the series is the Cross State Air Pollution Rule.

Previously known as the Transport Rule, the Cross State Air Pollution Rule replaces a Bush-era regulation thrown out by federal courts in 2008 and targets coal-fired power plants mainly in the eastern United

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Wolf Creek Nuclear Generating Station

The Perfect Storm

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Iatan 2 Generating Unit

States, although Kansas is included.

This new regulation, effective in January 2012, is going to cost a lot of money, and Americans will pay with their jobs. The new rule will force coal power plants to limit emissions and pay for emissions that cross state lines through the air. This rule has been enacted despite an analysis showing that the regulation, in combination with other EPA rules, would be among the most expensive ever imposed by the agency on coal-fueled power plants, dramatically increasing electricity rates for American families and businesses and causing substantial job losses.

In July, the American Coalition for Clean Coal Electricity (ACCCE) released an initial analysis by National Economic Research Associates (NERA) of the combined impacts of this rule and the “Utility MACT” rule. Using government data, NERA’s initial analysis found that these two proposals by the EPA would result in net employment losses of over 1.4 million job-years by 2020. While the EPA claims the regulations would create jobs, the NERA analysis projects that four jobs are lost for every job that might be created. NERA also found that the two regulations would increase electricity rates

new regulations. Unfortunately, EPA doesn’t seem to care.”

To echo Mr. Miller’s comments, in July, Westar announced that it would not be able to comply with the new regulation until 2015. This means that Westar will be forced to purchase allowances from the federal government that will allow them to continue to operate their coal-fired generating units. KEPCo purchases approximately 50 percent of its energy requirements from Westar and the costs incurred by Westar to comply with the regulations will flow through to KEPCo and its members.

Does this sound quite unfair and unrealistic? Remember, the EPA has unrestrained power and implements unrealistic “rules” and regulation with no balance checks or restraint from voters or Congress.

We are still working to understand the impacts and effects the spring earthquake and tsunami in Japan will have on nuclear power in the U.S. The disaster will certainly affect the construction of new units and will also affect the ongoing operations of Wolf Creek. Safety has always been and will continue to be job one at Wolf Creek. Lessons have been learned from prior nuclear accidents around the world and will be learned from the events in Japan. These lessons will be applied to Wolf Creek to improve the ability of the plant to continue to produce safe and economical energy for KEPCo members.

Efficiency Kansas Program Funding Cut

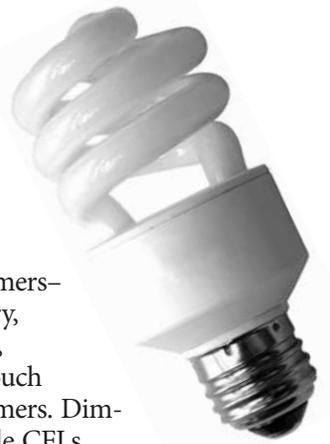
Pending approval from the U.S. Department of Energy, the Kansas Energy Office plans to pull funding from the Efficiency Kansas program and use the money for three “shovel-ready” projects. This program loans money to Kansans to make energy efficiency upgrades to their homes.

The administration appears motivated by a federal deadline to spend \$38 million granted to Kansas for the program by April 2012 or risk having to return it. As of late July, the state had conducted nearly 2,800 energy audits and processed 590 loans worth \$4.1 million.

The Kansas Corporation Commission, which oversees the Kansas Energy Office, said since the Efficiency Kansas program wasn’t going to spend the full \$38 million in stimulus money by the April deadline, the money would be reallocated.

The money would be redirected to a \$5.25 million ethanol fueling project in Wichita, a \$12 million biomethane production facility in Oakley and a \$4.5 million statewide bio-based energy supply change project.

Dispelling Common CFL Myths



You've probably heard the news by now. U.S. retailers will soon begin switching out traditional incandescent light bulbs with more efficient options.

Under the federal Energy Independence and Security Act of 2007, all general-purpose light bulbs that produce 310 to 2,600 lumens of light must be between 25 percent and 30 percent more energy efficient than current incandescent bulbs between 2012 and 2014. While the law does not mandate the replacement of incandescent bulbs with compact fluorescent lamps (CFL), CFLs remain the most widely available technology that can meet the law's provisions.

As consumers start to rely more heavily on CFLs, they will encounter a number of misconceptions about them—myths that the Elec-

tric Power Research Institute (EPRI), a non-profit research consortium made up of electric utilities, including electric cooperatives, wants to dispel. Here are the top CFL myths:

Myth 1—CFLs cannot be used in three-way fixtures.

Several manufacturers have developed three-way CFLs that provide performance equivalent to traditional three-way incandescent lamps and also operate in standard three-way sockets. These three-way CFLs are available at most retailers that carry light bulbs.

As with incandescent bulbs, three-way CFLs are offered in a variety of wattage and light output combinations, including:

- ▶ A 12/23/29 W CFL equivalent to a 50/100/150 W incandescent
- ▶ A 14/19/32 W CFL equivalent

to a 40/75/150 W incandescent

Different manufacturers use slightly different wattages and lamp designs to match the output of traditional three-way incandescent bulbs, and consumers are encouraged to try different three-way CFLs to find designs and output levels that best suit their needs.

Myth 2—Dimmable CFLs do not work with standard line dimmers.

While dimmable CFLs are available today, not all dimmable CFLs are compatible with all dimmers. Also, dimmable CFLs have different dimming ranges, with some dimming from 100 to 10 percent, and some from 90 to 30 percent.

Incandescent lamps are frequently dimmed with standard electronic line

dimmers—rotary, slide, or touch dimmers. Dimmable CFLs that specify “true dimmability” are most likely to be compatible with most rotary or programmable dimmers.

Before purchasing large quantities of dimmable CFLs, conduct a simple table-top test to determine CFL-to-dimmer compatibility, including acceptable dimming range.

Myth 3—Dimmable CFLs are hard to find.

Dimmable CFLs are

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Paying for Railroads' Free Ride

Thanks to an exemption from federal antitrust laws, the nation's major freight railroads are rolling up big profits, with a chunk of money coming out of your pocket in the form of higher electric bills.

As a result, electric cooperatives are urging Congress to pass legislation that would force the nation's powerful rail carriers to offer competitive rates and better customer service in shipping critical products like coal.

Currently, around one-fifth of all railroad customers are served by a single line, including many electric co-op coal-fired power plants. This lack of competition, coupled with railroads' ability (due to their antitrust exemption) to ignore rules that apply to other businesses, leaves many electric cooperatives that rely on coal-based generation “captive” to one shipper and unable to negotiate rates or receive fair treatment, such as ensuring reliable delivery of products. Freight rail remains the only practical way to transport coal in most parts of the country.

Congress granted railroads a pass on antitrust requirements more than 30 years ago to boost competition and ensure better service at reasonable rates. Since then, the rail industry has consolidated into four mammoth companies—BNSF Railway Co. and Union Pacific west of the Mississippi River; CSX Transportation and Norfolk Southern in the East—that move more than 95 percent of all domestic freight, including new automobiles, timber and paper products, iron and steel, and farm commodities like grain. That's a tremendous amount of market clout, but the antitrust exemption lets railroads escape legal consequences for engaging in monopolistic practices that hamper service.

Compounding this situation, the Surface Transportation Board (STB), the federal agency responsible for railroad oversight, has traditionally moved slowly in addressing rail excesses that ultimately smack consumers' wallets. Shippers seeking relief from high rates charged by railroads

must rely on the STB to take action, because the U.S. Department of Justice has no jurisdiction over the industry. As things stand, railroads hold all the cards, making legislative reform a must.

Electric co-ops are actively supporting a bill in Congress to repeal the freight railroads' antitrust exemption and give captive shippers a forum to challenge anticompetitive practices. The Railroad Antitrust Enforcement Act (S. 49), overwhelmingly approved by the U.S. Senate Judiciary Committee, would end antiquated antitrust exemptions and force railroads to obey the same laws as other businesses, says U.S. Sen. Herb Kohl (D-Wis.), the measure's lead sponsor.

There are also signs of possible action by STB, which is under increasing pressure to examine railroad operations. Recent STB proceedings could set the stage for administrative actions aimed at improving competition. NRECA filed comments urging the agency to revise its policies and tackle anticompetitive railroad behavior.

Dispelling Common CFL Myths

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becoming more widely available as incandescent bulbs are phased out, though in smaller inventories than traditional non-dimmable CFLs. Retailers follow lighting trends and know that dimmability will drive consumer choice. Dimmable CFLs will capture a growing share of the market and bring new options, such as incorporating the dimming control directly in the CFL base, eliminating the need for a three-way socket or wall-mounted dimmer.

Myth 4—CFLs do not last as long as advertised.

As with other electronic products, a CFL's lifespan is affected by its use. If installed properly, a CFL offers energy savings and longer life than incandescent lamps. To avoid cracking the CFL glass, consumers should hold the CFL by its plastic base when screwing it into a lamp socket.

Installing CFLs in recessed can fixtures not rated for its use will likely shorten the lamp's life. Most reflector type CFLs are rated for use in cans, and some twist-lamp CFLs can be used

in cans. Package labeling specifies whether a CFL can be used in recessed cans, and consumers should read packaging closely to determine suitability for this use.

The life of a CFL also depends on how frequently the consumer turns it on and off. Some manufacturers now list the recommended average number of daily switchings along with the rated number of operating hours. Switching on a CFL more frequently than the recommended average can shorten its life. Consumers who use CFLs with occupancy sensors will want to purchase CFLs with the longest life rating.

When installed properly in appropriate fixtures, CFLs reduce operating costs by reducing energy consumption.

Myth 5—CFLs cause an annoying flicker.

All lamps exhibit two types of flicker: power frequency flicker and line voltage flicker. Power frequency flicker is more noticeable in incandescent lamps; CFLs operate at a frequency several thousand times

higher, causing no problem for consumers.

Line voltage flicker, caused by large inductive loads, such as when furnace motors are connected to the same electrical circuit, may or may not cause CFLs to flicker. In addition, not all CFLs have the same sensitivity or show an observable flicker in the same way.

Everyone has different eye sensitivities to flicker. Some folks may notice it while others do not. If a CFL begins to flicker, it should be replaced by another brand to see if the issue reoccurs.

Myth 6—CFLs are too expensive, and savings in energy costs are outweighed by disposal costs, since CFLs are hard to dispose of properly.

Over the past few years, the cost of CFLs has come down significantly as higher consumer demand has driven increased production. Other market factors include new, more appealing lamp designs, consumer education, low energy consumption, and increased retail access to a widening variety of CFL products. Increased demand has in turn driven innovative new products and

an increase in the number of manufacturers serving the CFL market.

CFLs today contain only trace amounts of mercury, usually less than that found in a can of tuna. But it's still important to properly dispose of used or damaged CFLs. Consumers can easily find various safe disposal avenues through their local waste management hauler, retailers that provide for the free disposal of CFLs, or via online resources like www.earth911.org.

Myth 7—CFLs do not fit in fans or candelabras.

Lamp manufacturers have developed CFL products of various wattages and designs that can be screwed directly into specialized fixtures such as fans, candelabras, chandeliers, and wall sconces.

Typically, lamps in fans and candelabras are highly visible and consumers value the aesthetics of the lamp when selecting a CFL replacement. Manufacturers now offer design options such as frosted glass, "flame" lamps, curled lamp tips, and traditional incandescent shape.

KANSAS ELECTRIC POWER COOPERATIVE, INC.
600 CORPORATE VIEW
PO BOX 4877
TOPEKA, KS 66604-0877
785-273-7010
www.kepco.org