

KANSAS ELECTRIC POWER COOPERATIVE, INC.

NEWSMAKER

A Touchstone Energy® Cooperative 

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Electric Industry Happenings

STEPHEN E. PARR
Executive Vice President and CEO

Wolf Creek Update

Throughout its life, Wolf Creek staff has been committed to the safe, reliable, and cost-effective operation of the plant. Wolf Creek has successfully operated as a single-site, single-unit plant for the past 27 years. For the remaining 33 years of its operating license, the three owners (KEPCo, Westar, and KCP&L) have decided to evaluate whether aligning with a larger, multi-plant operator provides advantages. In August, the Wolf Creek Board of Directors elected to issue a Request for Proposals (RFP) to consider options for a third-party fleet operator for the Wolf Creek Nuclear Generating Station. The decision was made based upon the responsibility of the Wolf Creek owners and the WCNOB Board of Directors to investigate any and all strategies that will ensure the continued safe and successful operation of the plant. Wolf Creek has been and will continue to be an excellent generating resource. The three owners are exploring whether or not an opportunity exists to make Wolf Creek even better.

Of the nation's 104 nuclear reactors, 83 are operated by a fleet operator. Even though Wolf Creek

would appear to be in the minority as a stand-alone facility, a decision will not be made solely to join the majority. A decision to change how Wolf Creek is operated will only be made if superior value above the current status quo is likely to be achieved.

The three owners have retained Concentric Energy Advisors, Inc. to assist in the RFP process. Informational meetings have been held with the Kansas Corporation Commission, the governor's office, and Wolf Creek staff. The RFP process will take approximately six months. Once a decision has been made on how Wolf Creek will be operated in the future, KEPCo will issue a communication of the decision.

You may have also recently seen news reports regarding the lack of water available to Wolf Creek and the concern it is causing at Wolf Creek. These reports have been sensationalized quite a bit. It is true that the drought conditions have caused the John Redmond Reservoir water level to decrease substantially. John Redmond is one of the water resources Wolf Creek draws upon. And, if the drought conditions continue, the water level at John Redmond will continue to decrease. Rather than speculating

on what might happen, what I think is important to know is that Wolf Creek has sufficient water to operate the plant safely and there are no immediate concerns related to water availability.

In addition to John Redmond, Wolf Creek draws water from the Neosho River to replenish Coffey County Lake, which directly cools the plant. To date, Wolf Creek has been able to replenish Coffey County Lake at its normal rate. Coffey County Lake would have to drop approximately 11 feet below its current level before the water levels were too low for the plant to operate. Even in that scenario, the plant would have enough water to keep the nuclear reactor cooled in a shutdown mode because it was built in a part of the lake designed to hold water during severe drought or emergencies.

KEPCo Granted 15-Year SWPA Extension

KEPCo receives approximately 100 MW of hydropower from the Southwestern Power Administration (SWPA). KEPCo's hydropower allocations (SWPA-100 MW and WAPA-14 MW) are its least-cost energy resources and do not emit any greenhouse gasses. In August, KEPCo received a new, 15-year contract extension for execution

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from SWPA. The new contract will run to 2031.

Court Strikes Down CSAPR

On August 21, the US Court of Appeals for the DC Circuit overturned an air pollution rule intended to reduce the amount of coal plant emissions that cross state lines, in a decision analysts say could set the regulations back by several years.

In a 2-1 decision, the court struck down the Cross-State Air Pollution Rule (CSAPR), which set limits on sulfur dioxide and nitrogen oxide emissions from power plants in 28 eastern states and Texas, saying that the EPA had overstepped its boundaries.

In its ruling, the court said that the EPA had improperly required states to reduce emissions “by more than their own significant contribution,” instead of appropriating reductions based on the amount of pollution each state was contributing. The court also said that the CSAPR violates the Clean Air Act by not allowing states to submit their own plans to control pollution.

The EPA imposed the rule last year, announcing that the benefits of the new rule would outweigh its costs. The justices didn’t base the decision on the relative merits of the argument, though, but on the basis of statutory authority. The correct venue for making that determination would be Congress, which would then need to grant the EPA the jurisdiction for that kind of rule-making and/or enforcement. Congress had not granted the EPA that kind of authority, so the cost-benefit analyses were moot.

Are Window Efficiency Claims “Up To” Any Good?

Replacing old windows boosts a home’s energy efficiency, but by how much? A new study from the Federal Trade Commission (FTC) cautions consumers not to expect all claims to live up to perceived expectations.

Energy efficient windows offer lower heating, cooling, and lighting costs; in fact, replacing old windows with qualified models can cut a home’s energy bill 7 percent to 15 percent, according to the U.S. Department of Energy’s ENERGY STAR program. But true energy savings depends on proper installation and the type of windows installed—facts that folks often miss when reading window advertisements.

“Energy efficiency and cost savings are major factors for many consumers buying replacement windows,” explains David Vladeck, director of the FTC Bureau of Consumer Protection. “The FTC is committed to making sure that the information consumers get is accurate and that marketers can back up the claims they make.”

To understand how consumers perceive advertised savings, a 2012 FTC study evaluated how 360 consumers in North Carolina, New York, Illinois, Oklahoma, and Washington interpreted the potential energy savings of advertised windows.

One of the ads evaluated displayed the following text (in



uppercase letters): “PROVEN TO SAVE UP TO 47 PERCENT ON YOUR HEATING AND COOLING BILLS!” Another version removed the words, “up to,” while a third version added this disclosure statement: “The average owner saves about 25 percent on heating and cooling bills.”

More than one-third of consumers who saw the “Up To” version reported the advertised windows would save most homeowners 47 percent on their energy bills—a far cry from the true average energy savings. However, including a disclosure statement did not weaken the ad’s impact.

“The FTC believes this report will help guide advertisers to avoid the use of misleading “up to” claims,” Vladeck notes. Earlier FTC studies stopped misleading or deceptive advertisements from five replacement windows manufacturers.

A window shopping guide is available at www.ftc.gov/bcp/consumer.shtm

Breaking Barriers to Energy Savings

Federal legislation aims to help consumers cut electricity costs

Energy efficiency upgrades can provide consumers big savings on their monthly electric bills. But often those improvements, such as adding a new roof or heating and cooling system, can be pricey.

While energy efficiency investments generally pay for themselves over the long run, high up-front costs make them—and the savings they bring—unattainable for many homeowners and small businesses. However, a bill introduced in the U.S. Senate could help electric co-ops break down those barriers and deliver energy efficiency benefits to more members.

In March, U.S. Sens. Jeff Merkley (D-Ore.) and Richard Lugar (R-Ind.) introduced the Rural Energy Savings Program Act, S. 2216. The bipartisan legislation, which was also introduced in the previous 111th Congress, would let electric co-ops tap financing from the federal Rural Utilities Service to make low-interest loans for weatherization and energy efficiency projects. Co-op members receiving the loans—not to exceed 10 years and typically less than \$10,000—would

then repay them through a charge on their now-lower monthly electric bills. About \$250 million could be available initially for the program.

Before work could begin, interested consumers would receive a certified comprehensive energy audit to ensure that any energy efficiency measures selected pay for themselves. Typical loans would cover such cost-effective items as sealing ductwork, adding insulation, and installing high-efficiency air-source heat pumps.

By eliminating high initial out-of-pocket costs, the Rural Energy Savings Program Act, which has also been pushed by U.S. House Assistant Leader Jim Clyburn (D-S.C.), would help more co-op members reap energy efficiency savings—and let their local, not-for-profit co-ops reduce demand for electricity at a time when high construction costs and regulatory uncertainty make building new power plants especially expensive. Research has also indicated that the program would create thousands of new sustainable jobs in local communities.



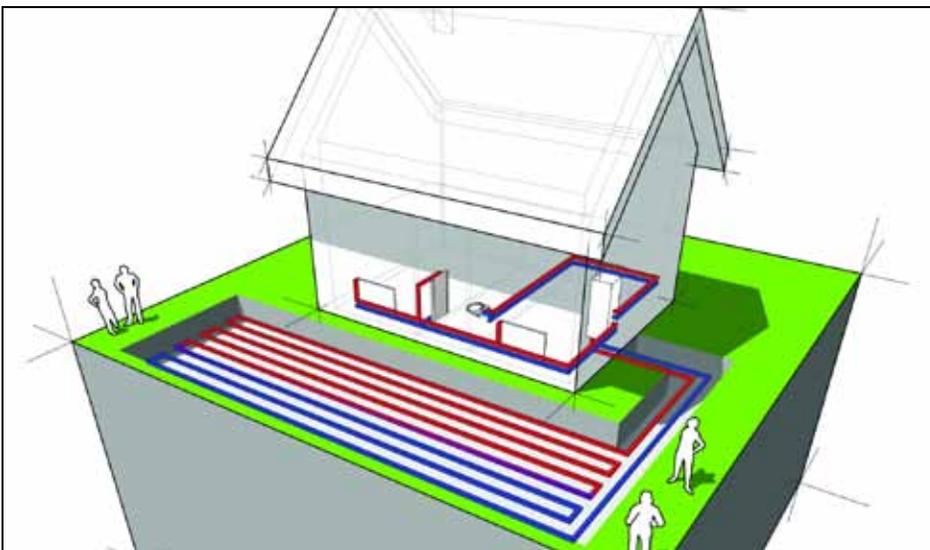
NRECA CEO Glenn English called the announcement an important step that could benefit thousands of co-op members by helping to keep electricity affordable.

“This program will unleash a new resource for our consumer-members, their businesses and their communities,” said English, noting that co-ops serve large numbers of older, inefficient residences.

The Rural Energy Savings Program Act is inspired by several innovative electric cooperative initiatives. Midwest Energy in Hays, Kan., developed a program known as How\$mart that allows participants to pay nothing to have energy-efficient equipment and systems installed. Instead, cost of the improvements is recouped over time based on actual energy savings.

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Breaking Barriers to Energy Savings

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South Carolina, the statewide service association for Palmetto State electric co-ops, and Central Electric Power Cooperative, the co-ops' wholesale power supplier, launched a similar pilot program called Help My House last year. Help My House is testing the effectiveness of the

model in 125 homes to gauge consumer acceptance and determine if a strong coordinated investment in efficiency can help co-ops avoid building new generation.

Plymouth, N.H.-based New Hampshire Electric Cooperative's SmartSTART (Savings Through Affordable Retrofit Technologies) pro-

gram also operates on this model. The co-op explains SmartSTART on its website this way: "Let's say you've installed energy efficiency products worth \$1,000, and those products save you \$100 per month. You pay for the products in easy monthly payments on your electric bill equal to three-quarters of the savings, or \$75 per month. You still realize overall savings on your electric bill while paying for energy efficiency improvements that will save you money for years to come. If you move and the installed products stay, your obligation to pay for them ends. The next occupant will 'pay as they save.'"

In the Midwest, Hoosier Energy, a power supply co-op based in Indiana, used federal stimulus funds to develop a home energy efficiency assistance initiative that proved so successful a second grant was extend to continue the effort.

Ninety-six percent of the nation's more than 900 co-ops offer some sort of energy efficiency program to their members. The new USDA program will not supplant those, but instead will complement them and provide them with additional resources.

Heath Robertson Joins Larger Organization

Heath Robertson, KEPCo's Engineering Technician, has enlisted in the U.S. Army and will report for basic training at Fort Jackson, SC early next year.

Heath will be trained as an Explosive Ordinance Disposal Technician, with stops at Fort Lee in Virginia and Eglin Air Force Base in Florida for his training.

Upon completion of his training, Heath will be responsible for disposing and/or disarming explosive devices.

We wish Heath all the best in his future career.



Heath Robertson