



# Lyon-Coffey Events

## Lyon-Coffey Electric Cooperative, Inc.

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## Letter From The Manager: *Climate Change Debate - Part 2*

Last month we looked at the basic science behind climate change and I also told you that in the present political environment it appears we may see laws passed that will limit the production of greenhouse gases. This month, in part two of this four-part series, I want to walk you through the generation resources that Lyon-Coffey has and how they are acquired.

When it comes to acquiring power, there are basically two ways to do it. We can own the generating plant and take the output of that plant, or we can enter into a contract to purchase power from someone else who owns the rights to that power. But whether we own or contract for our power, there are advantages to partnering with others. If Lyon-Coffey, on its own, wanted to acquire an ownership interest in a generating unit or to purchase power through a contract, we would be a very small player in a big market. And as such, we would end up paying a high price for our portion of that power. On the other hand, by partnering with others, we can get the volume discount that comes from a larger purchase or greater percentage of

ownership.

For this reason, Lyon-Coffey partners with 18 other co-ops through an organization known as Kansas Electric Power Cooperative, Inc., (KEPCo). KEPCo was formed in 1975 as a not-for-profit generating and transmission cooperative (G&T). Cooperation among the 19 cooperatives means that together we can take care of our power needs at a lower cost than any one of us could on our own.

So how does KEPCo work? Each of the 19 member cooperatives appoints a representative to serve on the Board of KEPCo along with an alternate Trustee. I serve as Lyon-Coffey's representative and Donna Williams is the alternate Trustee. We meet once a month as a Board with the KEPCo staff, engineers, attorneys and accountants that compose the support team. Together we work to ensure that the power that you need is available when you need

it and that the price of the power is as low as possible.

Whether we build or buy, it is necessary for us to plan years into the future. For example, we just finished negotiations that have been going on for the last two years to replace a contract that will expire this year. If we are looking to build, the planning can take even longer. It may take a couple of years to negotiate the ownership agreement and an additional four to six years to actually build the plant. Currently KEPCo is participating in the building of a new coal generating plant project in Kansas City that is not scheduled to be completed until 2010.

Let's now look at the generation resources that KEPCo currently owns or has under contract. On the ownership side, we have a 70 MW interest in Wolf Creek Generating Station and 20 MW Sharpe Generating Station located in Coffey County. The Wolf Creek Plant near Burlington is nuclear powered and Sharpe is a diesel powered



Scott Whittington

**The more aggressive Congress and the Kansas legislature are in regulating greenhouse gas emissions, the more expensive the power will be.**

# Employees Take the Plunge

Two Neosho Valley Energy employees, Mike Williams and Travis Ratcliff – along with Travis’ daughters, Taylor and Tina and Tina’s friend, Charlie Schlotterbeck – participated in the Polar Bear Plunge in Emporia, February 16.

The purpose of the Plunge is to raise money for Special Olympics.

Along with approximately 100 other jumpers, they raised over \$25,000 for Special Olympics.

Not only did they participate in the plunge, they also won the Best Team Costume award. They were the “Bobbers”, which is self-explanatory when you look at their picture.

Mike Williams’ wanted to do something different to celebrate his birthday so he asked Travis if he would jump with him and then the girls and Charlie agreed



The “Bobbers” included (from left) Travis Ratcliff, Taylor Ratcliff, Mike Williams, Tina Ratcliff, and Charlie Schlotterbeck.

to be part of the team. Mike came up with the idea of being “bobbers” and Tammy Ratcliff, Travis’ wife, created their costumes. They had a chilly good time and benefited a worthy cause at the same time.

Neosho Valley Energy is the propane company of LCEC Services, Inc., a wholly owned subsidiary of Lyon-Coffey Electric Cooperative. We are extremely proud of these employees for their willingness to help others.

## Lyon-Coffey Welcomes New Lineman

Lyon-Coffey Electric is pleased to welcome a new lineman, Matt Sowers, to our crew.

Sowers is working out of the Emporia warehouse. Since 2001, he worked for the electric department for the City of Burlington and in 2004, he was promoted to superintendent.



**Matt Sowers**

Sowers has also worked at cooperatives in Oklahoma and Texas and for the Osage City line department.

We feel privileged to add this experienced lineman to our crews. Sowers and his wife, Jamie, have three sons, Chris, Josh and Curtis.

## Letter From The Manager: *continued*

peaking plant. On the contract side, we have hydro-power agreements with Southeastern Power Administration and from the Western Area Power Administration totaling 114 MW and partial requirement power purchases from regional utilities. These additional purchase agreements hold generating resources that are both coal and natural gas powered plants.

So when you put everything together, over 50 percent of our power is provided through non-fossil fuel sources (hydro and nuclear). This diverse mix of fuels means that we are not putting all of our energy eggs in one basket. History has shown us that the price of natural gas can change rapidly. In fact, since 2002, the price of natural gas has tripled. Having such a small portion of our generation from gas has helped us keep our rates down compared to other utilities that have had more exposure to natural gas prices.

But what will tomorrow be like for electricity prices? That depends a great deal on what happens in Washington, D.C., as well as in Topeka. The more aggressive Congress and the Kansas legislature are in regulating greenhouse gas emissions, the more expensive the power will be. The current technologies will require time and of course more money.

So how will the use of the nation’s most abundant fuels, coal and natural gas, be affected by possible new climate change legislation? I’ll try and answer that question for you next month. Hope to see you then.