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Happy Father's Day

I ♥ DAD

Don't forget to celebrate dad this Father's Day on Sunday, June 21.

Holiday Closing

In observance of Independence Day our office will be closed on Friday, July 3.



Efficiency Tip of the Month

Circulate savings! Ceiling fans will keep you cool during summer months and can even allow you to raise your thermostat setting about four degrees without affecting your comfort.

2015 Annual Meeting Highlights

Approximately 200 people attended the 70th Annual Meeting of Western Cooperative Electric on May 13.

Western's linemen provided valet parking for members, while all employees helped serve the meal which was catered by Bigge's Country Kitchen of Stockton.

After the meal, trivia questions about Western were asked of the membership, and prizes were given for the correct answers. Before the business session of the meeting, **SARAH GUSTIN** and **ISAIAH FABRIZIUS**, 2014 youth contest winners, gave presentations from their experiences on the



More than 200 members and guests attended Western's Annual Meeting on May 13.

Electric Cooperative Youth Tour to Washington, D.C., and the Cooperative Youth Leadership Camp to Steamboat Springs, CO.

Western's Board President, Larry Evans, called the meeting to order.

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Western's linemen provided valet parking service to members attending the meeting.



Stacey Malsam

Malsam Promoted to Assistant General Manager & CFO

At Western's April board meeting, the Board voted to name **STACEY MALSAM** as Assistant General Manager and Chief Financial Officer, effective May 1.

Malsam was hired in 2007 as Western's Manager of Accounting and Finance. In her new position, her responsibilities will include assisting with managerial decisions and directing the co-op's finances.

"Stacey has been performing executive management duties for years, it became increasingly important to officially recognize her as Western's Assistant GM/CFO. She handles a wide array of complex issues and steps up with ease in my absence," said General Manager Darrin Lynch. "She possesses all the qualities you hope for, and seldom find, in any one person."

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Introductions included Western's Board of Trustees and Stuart Lowry, President and CEO of Sunflower Electric Power Corporation.

Darrin Lynch, General Manager, reviewed financial facts, and shared points in helping ourselves to have a strong cooperative community.

An election of three trustees was held along with a vote of proposed by-law changes. The following trustees were elected for three-year terms: **MELVIN KELLER**, District 1; **CRAIG CROSSLAND**, District 2; and **LARRY EVANS**, District 3. The by-law changes were approved.

The meeting was adjourned with a drawing for prizes followed by ice cream.



Members register for the meeting with Western staff.



Guests enjoy a meal catered by Bigge's Country Kitchen of Stockton.



Guests enjoy their complimentary dinner followed by ice cream.



Manager Darrin Lynch (left) discusses the agenda with Board President Larry Evans.



Sarah Gustin, 2014 Electric Cooperative Youth Tour winner, shares her trip experiences with members.



Many prizes, including an LED TV, were awarded during and after the meeting.

Your Wind Energy Questions Answered

The landscape of Kansas is changing. Sprawling wind farms dot the rolling Kansas prairies, and many more are proposed across the state.

Proponents of wind farms cite the advantages: economic development in the way of jobs, including manufacturing, installation, and supply and maintenance; land use revenue paid to property owners; and local and revenue through payments in lieu of taxes (PILOT) paid by the developer to local government. Other benefits include reduced emissions from an endless supply of wind.

Opponents of wind generation see the disadvantages, which include the loss of pleasing aesthetics from the clutter of miles of gigantic wind towers; health-related effects; federal subsidies paid by individuals through federal taxes; negative environmental impacts on wildlife; and loss of land use.

Rarely does the public debate about wind energy center on its true costs and the challenges it creates for electric utilities—including Western Cooperative Electric and Sunflower Electric Power Corporation and Mid-Kansas Electric Company, your wholesale generation and transmission (G&T) utilities. This article is intended to answer some of the more common questions and misconceptions about wind energy.

Q Isn't wind the best generation resource?

A There are pros and cons to wind energy as there are to all other sources of generation. The fact that wind is a renewable resource is, of course, a definite advantage. One important disadvantage is that wind is an intermittent resource because it doesn't blow constantly. In fact, it blows the least when it is needed the most on hot summer days. Because energy cannot be stored for commercial use, wind energy cannot be



Smoky Hill Wind Farm, one of several in Kansas, is located along I-70 in Ellsworth and Lincoln counties.

dispatched when it is needed most and, therefore, cannot be depended upon for reliable electricity.

Q Isn't wind energy free?

A While wind is free, electricity generated by wind turbines is far from free. To encourage the development and use of renewable resources, the U.S. government has subsidized wind energy since 1992 through the Production Tax Credit (PTC). In 2014, Congress passed a two-year extension of the PTC. This extension alone is estimated to cost taxpayers \$13 billion over 10 years. After eliminating subsidies, factoring in all fixed and variable costs, and correcting for economic dispatch, the all-in dollar per MWh cost of wind-generated energy is much higher than the all-in cost of energy from baseload, fossil-fueled generation resources.

To keep electric rates as affordable as possible, G&Ts negotiate long-term power contracts with wind farm owners. Unfortunately, the PTC incentivizes wind farm owners to generate as much energy as possible even when the energy is not needed on the grid. Wind contracts are typically structured such that the purchaser must take the output of the wind generator at all times or pay a "make whole" payment to the wind farm

owner in an amount equal to the contract price plus the PTC. Because wind usually blows the most during off-peak periods when power prices are low, this must-take provision often causes wind energy purchasers to sell wind energy into the wholesale power market at unfavorable prices. Instead of earning a positive margin by selling into the market when market prices are above production costs, wind energy must often be sold to the market at a price that is well below the contract price. This results in negative margins that increase wholesale power prices.

Your G&Ts, with the support of Western, have implemented the most economical wind energy contracts to meet the Kansas Renewable Energy Standards. Fixed-priced energy contracts are designed to serve as a hedge against volatility in the market price of energy. However, because wind resources are typically most available during off-peak periods, the overabundance of wind energy often creates congestion on the transmission system. This drives down the prices at which wind energy can be sold in the market; thus the hedge value of wind contracts is marginalized, and the cost of wind energy is frequently detrimental to electric

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Wind Energy

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ratepayers. As a result, your electric cooperative must be strategic when incorporating wind energy into the system.

Q A wind farm is being constructed near where I live. Does the close proximity of the wind farm mean my electric bill will go down in price?

A The close proximity of a wind farm will not decrease local electric rates. Since adding more wind energy to Sunflower's and Mid-Kansas' generation portfolios could jeopardize both reliability and affordability, your G&Ts aren't currently seeking new wind energy contracts. Therefore, the energy from any new central or western Kansas wind project is being delivered to electric utilities in other areas of the state or nation. While the export of this Kansas commodity expands local economic development, it does not deliver lower electric bills.

Exporting wind energy requires a robust, high-capacity transmission grid that can deliver energy long distances with minimal losses while maintaining appropriate voltage levels. Significant

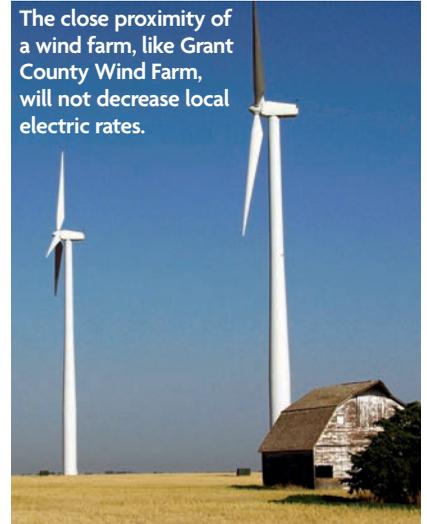
transmission infrastructure improvements are required to export wind energy from western Kansas, where the wind is prevalent but electric demand is not, to areas of the nation where the majority of the wind energy consumers are located. All ratepayers in the region where the transmission construction occurs bear the cost of these infrastructure improvements; the costs are allocated at higher rates when the benefits of the transmission improvements are within the Sunflower and Mid-Kansas territories and at lower rates when the benefits are regional.

Because Western and your G&Ts are in a zone where a lot of new wind projects continue to be built, triggering the need for significant transmission improvements, our members have been exposed to a proportionately high allocation of the required transmission construction costs. The benefits of these improvements to our zone are difficult to quantify, but the costs our members are incurring are absolute.

Q What does the future hold for wind?

A As new high-voltage transmission infrastructure is completed to relieve transmission congestion locally

The close proximity of a wind farm, like Grant County Wind Farm, will not decrease local electric rates.



and within the region, more wind farm developers will, no doubt, capitalize on Kansas wind. In addition, if the EPA's proposed Clean Power Plan mandates use of more renewable energy nationwide, the demand for this Kansas commodity will likely increase. However, unless energy storage becomes commercially viable, traditional generation resources will remain the lifeblood of the electric industry.

Western, along with Sunflower and Mid-Kansas, will continue to implement strategies that protect our members' best interests while being good stewards of the environment and all our resources.

Feeling Disconnected? Well...Don't Worry, be H.A.P.P.Y!

H Hard times?

A Apply for a

P Payment

P Plan

Y YOU are in the driver's seat!

Feeling disconnected? Don't Worry! Call our office at 800-456-6720 and begin the road to H.A.P.P.Y with our payment and budget plans.

Once a payment due date has come and gone, a reminder notice is mailed, providing an additional 10 days for payment. Once that date has passed, collection, disconnection, or alternative arrangements for payment are the next steps. From June 1 through September 1, normal business hours for Western linemen run from 7 a.m. to 3:30 p.m. (CDT), Monday through Friday. Linemen are only allowed to connect and disconnect meters during normal business hours. As such, members are encouraged to call to reconnect a disconnected meter as early in a day as possible.

To keep from missing future payments, make sure that your Western account reflects your most up-to-date contact information. Western will provide phone call reminders to alert you of approaching collection procedures.

If all else fails, remember, don't worry, be H.A.P.P.Y!

We are Here to Help! Sign up for our Payment or Budget Plans!

