



A Touchstone Energy® Cooperative 

P.O. Box 758
410 S. High Street, Dighton, KS 67839
620-397-5327
www.lanescott.coop

**LANE-SCOTT
ELECTRIC COOPERATIVE**

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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.

FROM THE MANAGER

You're Invited to the 66th Annual Meeting



Ed Wiltse

It's that time of year again—annual meeting time! On behalf of Lane-Scott Electric, we'd like to cordially invite you to join us on July 19, 2016, at the Lane County Fair Grounds for our 66th Annual Meeting. Registration and dinner will begin at 6:30 p.m., and the business meeting will start at 7:30 p.m. There will be attendance gifts, plus door prize drawings throughout the meeting.

We look forward to visiting with you, our members, to hear what you have to say and enjoy an evening of excellent food and fellowship. This is a great opportunity to get to know your co-op staff and let us get to know you better.

We will approve the minutes from last year's annual meeting, hear the Treasures Report, Manager's Report and a presentation by Sunflower Electric Power Corporation's Stuart

Lowry about what is happening in the electric industry. You will also get to hear from the 2016 Youth Tour winners.

This is an occasion to discuss and learn more about the issues affecting our local communities and our cooperative. It's also an opportunity for you to exercise one of the greatest benefits of being a member of an electric cooperative: voting for the upcoming election of Trustees.

Your co-op is not owned by distant investors, and it is not run by an appointed Board of Directors. We are run by a democratically elected Board of Trustees who is given the privilege to serve because of your vote. Our Trustees are all members of our communities and are concerned with the same issues that you face every day because they face them, too.

Rest assured, we remain dedicated to providing you with safe, reliable and affordable electric service. We encourage you to be a part of your cooperative by attending the annual meeting. We know you will enjoy it!

Lane-Scott Electric Cooperative

Annual Meeting Notice

Lane County Fairgrounds Tuesday, July 19, 2016, at 6:30 p.m.

Check the July issue of *Kansas Country Living* magazine for complete details.

We hope to see you there!

July 2016						
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Lane-Scott Rate Study Part 4: Rate Design

The last three months we have examined the different aspects of a rate study being conducted by the cooperative. The revenue requirement portion of the study examines test year data to project what the cooperative's revenue and expenses will be in the future. The cost-of-service study analyzes how the revenue and expenses identified from the revenue requirement are assigned to the different customer classes. This month, we will examine the rate design aspect of the rate study.

Rate design is the procedure that the Board of Trustees uses to develop a strategy for recovering the costs to provide electric service to the members. The overall objective of the rate design process is to set fair and equitable rates for each of the

customer classes. Previous aspects of the study identified the costs to serve each customer class and what the nature and function of each cost was. These costs were then assigned to the customer class that contributes to the cost. Rate design then seeks to establish rates for service that will recover those costs.

In addition to purely recovering costs through rates, it is at this stage that the Board of Trustees examines other factors such as the competitive position of the cooperative in relationship to other energy suppliers, the equitability of rates paid by different classes, and the effect of rate changes on each of the customer classes.

While rate design is an art, the Board cannot lose sight of the objective of recovering the cost to provide service

in doing so through rates in an equitable fashion. At the conclusion of the rate design aspect of the study, the study will be presented to the Board of Trustees for review. After the Board of Trustees has reviewed the study the board will recommend that notice be provided to the membership of the time and place of the meeting of the Board of Trustees where the Board intends to discuss and vote on any suggested rate changes. This notice will appear in these pages of the magazine and you will be given an opportunity to attend the meeting, ask questions or hear the discussion of the proposed changes by the Board of Trustees.

In the meantime, if you have any questions, please feel free to call the cooperative office at 620-397-5327.

Lane-Scott Sponsors ElectroRally Team

Dighton High School's ElectroRally team participated in the solar division at the Sunflower ElectroRally in Scott City on April 27. The Dighton team took seventh place in heat one, 12th place in heat two, 14th place in heat three. The team's solar vehicle completed 71 laps at 18.6 miles-per-hour.

Lane-Scott Electric is a proud sup-

porter of the Kansas ElectroRally program. Each year, Lane-Scott Electric helps to sponsor the high school ElectroRally program.

Through this program, students design and construct their own electric vehicles that are used in

competitive races across the state. Students often build upon the designs of previous years, searching for that slightest adjustment that will propel them to victory.

Show up to any Kansas ElectroRally race and you will be greeted by the sight of more than a dozen unique and ingeniously designed cars, doing their best to balance speed and efficiency in order to coax their battery powered cars into making it one more lap.



Andrew Parker driving car 27.



The team preparing for the race on April 27, 2016, at Scott City: (Left to right) Zeke Moomaw, Brady Marsteller, Micheal Hanna and driver Logan Lingg.

And for these ElectroRally races, the victory is not in crossing the finish line first but rather completing the most laps in an hour. This slight twist on traditional racing produces a unique result on the track.

"This program encourages youth to think about future technology that car makers may develop," said Ed Wiltse, General Manager. "The opportunities and knowledge the teams get from the experience will benefit them later in life."

Since 1999, Kansas electric cooperatives, like Lane-Scott Electric, have sponsored ElectroRally racing events.

Stay of Clean Power Plan Good for Ratepayers

On Feb. 9, 2016, the U.S. Supreme Court announced a 5-4 decision to stay the implementation of the Environmental Protection Agency's Clean Power Plan (CPP), which was designed to reduce greenhouse gas (GHG) emissions from existing power plants under the Clean Air Act. From a legal perspective, a "stay" means that EPA's work to implement the regulation cannot proceed until legal issues are resolved.

Sunflower Electric Power Corporation, Lane-Scott Electric Cooperative's wholesale generation and transmission provider, joined 38 electric cooperatives—along with 27 states, three labor unions, and 32 national and state trade associations—in petitioning the Court for the stay. It is estimated that utility and business groups challenging the CPP represent about 80 percent of the U.S. economy, and asking for the stay was an important piece of each legal challenge.

In recent years, the EPA has implemented several regulations aimed at lowering emissions from electric generating units. Environmental activists opposed to coal-based electricity have applauded the administration's "war on coal" since burdensome regulations have the potential to shut down coal-based electric generators before the end of their useful lives. The utility industry, however, maintains that the EPA overstepped its authority when issuing these regulations. In response, to protect ratepayers the utility industry had no other option than to sue the EPA over the legality of the regulations.

Importance of a Stay to Electric Ratepayers

Consider two recent regulations—the Cross State Air Pollution Rule (CSAPR) and Mercury and Air Toxics Standards Rule (MATS). As with many legal battles, the timeline for legal challenges to work through the court system can take several years from start to

finish, yet in these two instances, utilities had to maintain the schedule for compliance on a path parallel with the litigation. In both cases, ratepayers were burdened with the costs of compliance for regulations later overturned by the court.

CSAPR, designed to reduce the impact of cross-border emissions of nitrogen oxides (NOx) and sulfur dioxide (SO₂), was finalized in July 2010 and was slated to become effective Jan. 1,

Lane-Scott and Sunflower will continue to advocate on your behalf.

2012. Analyses showed that Holcomb Station could not operate at efficient levels and still meet the requirements of CSAPR. Staff at Sunflower sought to supplement lower operating levels at Holcomb Station by purchasing electricity from other sources, but transmission constraints impeded such a purchase. In order to avoid the uncertainty of paying penalties, Sunflower's board made the prudent decision to expedite the installation of ultra-low NOx burners on the Holcomb Station generating unit at a cost of \$22 million dollars. After years of judicial wrangling, the U.S. Supreme Court upheld CSAPR in April 2014 and told EPA to start over on the implementation timeline. The new deadline for compliance, January 1, 2015, meant that Sunflower's original schedule to replace the burners in 2014 would have been sufficient to meet the requirements of the regulation at a cost much less than required in 2012.

MATS, aimed at limiting mercury and other hazardous air pollutant (HAP) emissions from electric generating units, took a similar course. EPA issued the final rule in early December 2011, and compliance requirements

remained in place during years of litigation. In June 2015, the U.S. Supreme Court ruled that when developing whether and how to regulate HAPs, the EPA should have considered compliance costs, which are estimated at \$9.6 billion annually for the electric industry. EPA administrator Gina McCarthy stated publically that she was not concerned about the Supreme Court's decision to overturn the rule because over time utilities had to comply with the rule anyway. Once again, utilities invested in equipment—such as the equipment costing approximately \$1.5 million installed at Holcomb Station for mercury control—or prematurely closed coal plants. EPA has since sought to correct its error by completing the compliance cost assessment, but that determination will also be challenged. No one knows when this case will be finally decided, yet the impact of the rule has already been widely felt across the utility industry.

While a revised version of CSAPR has been implemented and while the fate of MATS is still not known, these examples illustrate the work and costs incurred prematurely while the legal challenges unfolded. The path taken in the CSAPR and MATS rulemakings underscore why it is crucial to have a stay in place while the courts decide the legality of the CPP. The CPP is a regulation that will, by Administrator McCarthy's admission, fundamentally change the way electricity is generated in this country and will further result in projected double-digit electricity price increases in as many as 40 states. An impact of this magnitude should be the result of the legislative process rather than an overreach of the EPA.

In order to maintain reliable electricity at the lowest possible cost, you can be certain that Lane-Scott Electric and Sunflower staff will continue to advocate on your behalf in an attempt to keep regulations from unnecessarily increasing electric rates.



Touchstone EnergySM
TOUCHSTONEENERGY.COM

FOCUSED ON YOUR STREET. NOT WALL STREET.

Think of your not-for-profit Touchstone Energy cooperative as your very own local energy adviser. After all, we're owned by you and the other members in our community, which means you'll always have a say in how your co-op runs. To learn more, visit TouchstoneEnergy.com.

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