



A Touchstone Energy® Cooperative

West Central *Electric News*

August 2014



West Central Electric Cooperative, Inc. ~ Serving our members' needs since 1939



FRESH AIR AND SUNSHINE...The weather was perfect for a facility tour prior to the June board meeting at WCE headquarters in Higginsville. Board members received a tour of the building, warehouse, grounds and pole yard from General Manager Mike Gray and Engineering Manager Dan Disberger. (Above) Gray points out cooperative property lines to directors Dale Jarman, Clark Bredehoeft, Densil Allen and Stan Rhodes.

Electricity generation vs. environmental protection: Answering your questions regarding regulations and how they could affect your rates

Have you been wondering what is with all the fuss on the environmental issues and coal generation? Do you want to know why the cooperatives don't just replace coal generation with wind power? Are you confused by the term "clean coal?" These are questions many members may have regarding the recent EPA proposed environmental regulations.

Beginning this month, *Electric News* will feature a series answering these and many more questions regarding the generation of electricity vs. environmental protection.

•How much of my bill is due to environmental measures/costs?

In 2013, our generator, Associated Electric Cooperative, spent about

\$142,000 per day or a total of \$52 million on environmental controls (\$6 million on operating costs and maintenance and \$46 million on fixed costs). This translates to roughly \$37 for the average retail member in 2013.

Associated Electric halted coal mining in Missouri and switched to burning low-sulfur Wyoming coal in 1994 to improve air quality by reducing emis-

sions of sulfur dioxides early and more than regulations required. Associated Electric also installed equipment to reduce nitrogen oxides on its large coal units.

All of these environmental steps add up to more than \$1 billion. Associated Electric also is voluntarily reducing mercury emissions years ahead of the

Continued on page 4

How much will you pay for electricity?

Impact is uncertain, but regulations will surely drive up wholesale costs

In June, the Environmental Protection Agency released its new rules intended to reduce emissions of carbon dioxide from power plants. Your electric cooperative has been following this issue closely and for good reason.

These proposed regulations have the potential to dramatically increase your electric bill. Shortly after the rules were announced, electric cooperatives around the nation began sifting through two documents including more than 1,000 pages related to the regulations. It's too early to tell the exact impact it will have on your electric bill. But it's clear it will increase costs for wholesale power, the

largest expense for your electric cooperative.

That's because about 80 percent of the electricity you use is generated at power plants that burn coal. Despite a rosy picture painted by EPA Administrator Gina McCarthy, there's little doubt that these regulations will put pressure on rates.

Here's some of what these new rules would do:

- Reduce carbon dioxide emissions from power plants 30 percent from 2005 levels nationwide by 2030. However, it does nothing to cut growing carbon dioxide emissions from China, India

Continued on page 3



YOUTH TOUR DELEGATES...WCE's delegates on the 2014 Rural Electric Youth Tour to Washington, D.C. (l-r) Molly Bertz, Beth Harness and Heather Kopp, visit the United States Capitol Building. They were part of Missouri's 91-member delegation on the 51st annual Youth Tour. (Additional Youth Tour coverage on page 2.)

Missouri's Youth Tour delegation is 91 strong for 'trip of a lifetime'

What makes electric cooperatives different from other utilities is that “giving something back to the community” is part of their business plan. Why do electric cooperatives bring high school students to Washington, D.C.? Because it is important to learn about the political process to interact with your government. Students walk away from this week a better leader and with a sense that they can make a difference.

“As a delegate, I was not only given the privilege of seeing our nation’s capital, but also the chance to explore who I am and where I come from,” said WCE delegate Molly Bertz.

In June, Bertz, who will be a senior at Lafayette County C-I High School this fall, joined fellow WCE delegates Heather Kopp of Odessa High School, Beth Harness of Chilhowee High School and 88 other youth from across Missouri on the national Rural Electric Youth Tour. The tour brought together more than 1,600 high school seniors from across the nation.

“Not only did visiting Washington, D.C. produce patriotism, it also gave me a chance to communicate with other youth from across the country. This allowed myself, as well as others, to make connections, build bridges and develop lasting friendships,” Bertz said.

Time and again, delegates both past and present choose the same words to describe their experience. “Thank you West Central Electric for the amaz-

ing trip to Washington, D.C.,” said Heather Kopp. “I learned so much, saw amazing sights, and met incredible people, and I couldn’t have done that without West Central Electric, so thank you so much for the trip of a lifetime!”

More than 50,000 students from rural areas and small towns across America have participated in this unique program, with participants going on to become doctors, teachers, aircraft designers and even top legislators in the U.S. Senate. Delegates also return with a new appreciation of America and her history.

“My favorite thing was seeing all the war memorials,” Harness said. “Arlington was amazing.”

WCE has sent 49 area students to our nation’s capital since restablishing the Youth Tour program at the cooperative in 1992.

“I have dreamed of going to Washington, D.C. for so long, and being a delegate for the cooperative was such an honor,” Kopp said. “Thank you for allowing me to have the honor of spending a week in D.C. and seeing everything our capital has to offer.”

Bertz agreed.

“I will never forget my time spent on the Rural Electric Youth Tour. They are memories I will always hold close to my heart. Thank you West Central Electric, the Association of Missouri Electric Cooperatives and the NRECA for granting the trip of a lifetime.”



WCE Youth Tour delegate Molly Bertz waits for orientation to begin in Jefferson City before embarking on the 2014 Rural Electric Youth Tour.



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—Heather Kopp
2014 YT Delegate

“Every time my eyes gazed upon one of these great landmarks, I experienced an overwhelming rush of freedom.”

—Molly Bertz
2014 YT Delegate



WCE delegate Beth Harness (right) and new friends wait for their busses on the 2014 Rural Electric Youth Tour to Washington, D.C.



The U.S. Capitol Building is breathtaking. (WCE delegate Heather Kopp at far left.)

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Paul Nolte, Treasurer
Robert Simmons, Secretary
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Dale Jarman, Director
Max Swisegood, Director
Richard Strobel, Director
Sandra Streit, Director

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From page 1

and the rest of the developing world that does not have the environmental controls used in the U.S.

- States must meet an interim goal to show progress. They would have one to three years to prepare this complicated plan.
- It would primarily affect coal-fired plants and could ultimately close hundreds of them, increasing the cost for electricity while reducing reliability during periods of high demand.

Electricity generated by coal is not just the most common form of power generation. It's also the least expensive. Drive up the cost for your least expensive form of power, and you will ultimately drive up rates to consumers.

Worse, it would also drive up rates for businesses, especially factories that use large amounts of electricity. For many American companies striving to compete against those who have moved their operations overseas, this could be the straw that broke the camel's back.

EPA's plan to reduce carbon dioxide could fail as manufacturing moves to places where environmental controls are non-existent. It's highly likely that coal not used in American power plants would instead be sold to developing countries to power their generators — and economies.

It would be easy for electric utilities to wring their hands, blame it on the EPA and pass along these rate increases. But that's not how electric cooperatives operate. We live and work in communities where it is challenging enough to make ends meet. We know the people we serve firsthand.

We can see the poverty of those who struggle to earn a living and must daily make choices on whether to pay bills or buy food and medicine.

That's why we have been fighting an uphill battle for common sense on these regulations. And that fight has just entered a new stage.

As we work to shape discussion during the 120-day comment period on these regulations, it's vital that every member of the cooperative step up and make their voice heard. We need to tell EPA that coal generation needs to remain part of the energy mix.

Your electric cooperative has already spent more than \$1 billion to eliminate 90 percent of the emissions from its power plants. However, there is no cost-effective technology to eliminate the remaining 10 percent.

That means meeting these new requirements might require closing the power plants that generate the least expensive electricity you use.

Please join us in this effort to keep electricity affordable for all Americans. Your quality of life, your job and the economic vitality of this nation is at stake.

Already, more than 500,000 consumers have made their voices heard through the Take Action campaign. Member's voices will make the difference. Our grassroots efforts have already succeeded in getting the comment period on this complicated issue extended to 120 days.

If you haven't already done so, please visit www.action.coop where you can quickly send a message to EPA that America needs affordable electricity. If you need help doing this, stop by our office and we'll do it for you.

If you are attending the WCE annual meeting on Aug. 1, you may visit the STOP EPA RATE HIKES booth and sign up then.

WCE Life Support Equipment list will be updated

In an effort to better serve its members, West Central Electric Cooperative updates the Life Support Equipment List each year.

"Although we add new entries to the Life Support Equipment List as members call and request to be placed on the list, we seldom get members calling to let us know they need to be removed," Communications Specialist Heather Hoflander said. "In an effort to keep the list as up-to-date as possible, we create a new list every year."

Members are asked to fill out the following form, and mail it to West Central Electric NO LATER THAN August 31, 2014 to ensure their name appears on the new list.

The Life Support Equipment List is used by cooperative personnel in the event of a planned outage, for example, during extensive repairs or maintenance. The list is not used as a priority list to get service turned back on in the event of an outage.

"The reason this is not a priority service list is because in the event of an outage, repairs have to be made in a certain order," Line Superintendent Randy Burkeybile said. "It does no good to go out and repair an individual service when the main line is down. Until the main line is repaired, there won't be any power to the individual line."

Members requesting their name be placed on the Life Support Equipment List should mail the following form to the Higginsville office. If you or a family member is on oxygen, please let us know how many hours of back-up you have available.

Please keep in mind that if we do not hear from you by August 31, 2014, your name will be removed from the current Life Support Equipment List.

If your name needs to remain on the WCE Life Support Equipment List, You MUST fill out the following form and mail it to West Central Electric Cooperative before August 31, 2013, or your name will be removed from the current list.

Request for 2014-15 Life Support Equipment List inclusion
(Please fill out all information completely.)

Name to appear on list: _____

Name on WCE account: _____

Account Number: _____ Location Number: _____ Phone Number: _____

Life support equipment requiring electricity to operate: _____

If on oxygen, how many hours back-up? _____

Please fill out all information completely and mail to Heather Hoflander, West Central Electric Cooperative, P.O. Box 452, Higginsville, MO 64037.

From the Boardroom...

Regular meeting of the Board of Directors held May 22, 2014

The meeting was called to order by President Densil Allen. Stan Rhodes, Asst. Secretary of the Cooperative, caused the minutes of the meeting to be kept. The following Directors were present: Max Swisegood, Clark Bredehoeft, Paul Nolte, Dale Jarman, Richard Strobel, Densil Allen, Sandra Streit and Stan Rhodes. Also present were General Manager Mike Gray, and cooperative attorney Rod Widger. Guests were Don McQuitty, Kent Brown and Byron Roach of NW Electric Cooperative. Board member Robert Simmons was absent.

PENSION RESTORATION PLAN

Don McQuitty provided information and explanation of the NRECA Pension Restoration Plan and its beneficial effect for key cooperative personnel. Following the presentation, directors approved the plan.

APPROVAL OF AGENDA

After discussion, the agenda was approved.

APPROVAL OF MINUTES

The unapproved minutes of the regular meeting of the board of directors held April 24, 2014 were approved.

REVIEW OF EXPENDITURES FOR APRIL

An itemized list of expenditures for April was presented to the board, and the payment of the bills was ratified.

APPROVAL OF REPORTS

The following April 2014 reports were approved: Operating Report (RUS Form 7) and Comparative Operating Statement including the Financial Statistical Report with month and budget comparisons and statistical data pertaining to operating revenue, expenses, margins, assets, liabilities, and KWH sales; Treasurer’s Report and the written monthly Construction, Retirement, Maintenance and Operations Report.

SAFETY REPORT

Gray reported no lost time accidents during the month. He discussed new OSHA standards for equipment and clothing.

MEMBERSHIPS

The applications submitted for membership in the cooperative were accepted and approved. Directors reviewed a list of requests for termination of membership in the cooperative which, along with their requests that their billings be deducted from their deposits and the remainder, if any, be refunded to them, were accepted and approved.

N.W. ELECTRIC POWER COOPERATIVE, INC. REPORT

Gray and Swisegood reported their attendance at the recent board meeting and shared highlights.

NOMINATING COMMITTEE

Gray presented the work of the 2014 Director Nominating Committee. The committee nominated Robert Simmons, Richard Strobel and Donna Matthews as the candidates for District 3 and Densil Allen, Jr. as the candidate for District 5, At-Large District.

ANNUAL MEETING DISCUSSION

Gray reviewed with the board the viability of conducting a member-survey regarding preferred voting methods. After discussion, the issue was tabled.

MANAGER’S REPORT

Gray provided his Manager’s Report for the month. He reported on the following: AMEC barbecue with Representative Emanuel Cleaver, Legislative Conference attendance, State Fair Foundation meeting, scholarship fund account deposit change recommendation. solar net meter installation, Sho-Me Tech payment for joint use and Governance Assessment Proposal from NRECA.

UNFINISHED BUSINESS

None.

NEW BUSINESS

The board entered into executive session for the discussion of personnel, litigation and contractor relationship. Following the closed session, the board returned to open session. The board resolved to appoint cooperative counsel Rod Widger to serve as parliamentarian for the 2014 annual meeting.

MEETING ADJOURNED

FINANCIAL REPORT • <i>Statement of Operations</i> • May 2014			
	This month	YTD 2014	YTD 2013
Revenue	1,702,719	11,957,046	11,337,554
Power Bill Expense	1,160,904	6,929,889	6,594,558
Operation & Maint. Expense	140,498	1,688,255	1,255,855
Depreciation Expense	152,593	75,918	735,765
Interest Expense	162,668	555,915	534,667
Total cost of Srvcs. (Total Expense)	1,616,663	9,249,977	9,120,845
Operating Margins (Revenue less Expenses)	-229,148	1,392,505	945,743
Other Margins	-5,129	64,942	111,979
TOTAL MARGINS	-234,277	1,457,447	1,057,722

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From page 1

compliance date by being the first to use a treated coal.

Despite Associated’s excellent environmental record and innovative use of technology to control emissions at lower cost, more mandates from the Environmental Protection Agency on carbon and other air emissions, water quality and coal ash storage and handling threaten to significantly increase the cost of producing electricity.

•Can you explain recent EPA action on regulating carbon emissions under the Clean Air Act?

EPA’s Greenhouse Gas Tailoring Rule effective for utilities in 2011 requires Associated to report and monitor carbon emissions before and after projects to determine whether significant increases in emissions are probable. The rule also requires permitting and submission of a best achievable control technology analysis, which will become more stringent over time, making compliance strategies and costs unpredictable.

EPA also proposed its first carbon emissions standard for new power plants March 27, 2012. Known as a “New Source Performance Standard” or NSPS, the rule forces a roughly 50 percent reduction in CO2 emissions on new coal plants – requiring their carbon emissions be about the same as today’s combined-cycle natural gas plants.

Standards also were proposed for new combined-cycle gas units. However, emissions from our generator’s combined-cycle gas units are already lower than the proposed emissions limits.

The rule could impact existing coal-fired plants if they undergo significant modification. There is no commercially available technology to separate or store CO2 emissions on our existing coal plants or on new pulverized coal units.

•Is there really any such thing as clean coal?

Technology makes it possible to use coal to generate electricity and still meet today’s stringent environmental standards. Coal is our most abundant domestic fuel. Nearly half of the electricity generated in the United States comes from coal. With investment in technology our abundant coal supply can remain a source for clean, affordable and reliable electricity.

Due to investments and technology, the air in the United States is cleaner today than it has been since 1970. Data from the Environmental Protection Agency show that from 1970 to 2012:

- gross domestic product increased 219 percent
- vehicle miles traveled increased 165 percent
- energy consumption increased 47 percent
- U.S. population grew by 53 percent
- Emissions dropped 72 percent in the U.S.

Between 1970 and 2012, total emissions of six principal air emissions (carbon monoxide, lead, nitrogen oxides, volatile organic compounds, particulate matter, sulfur dioxide) dropped 72 percent in the U.S.

(Look for this feature to continue next month for answers to questions on how we clean up emissions from burning coal and why we don’t rely solely on renewables including a comparative of the costs of resources.)

West Central Electric Cooperarive offices will be closed Monday, Sept. 1 in observance of Labor Day. Have a safe holiday!

REMINDER TO OUR MEMBERS...

- 2014 capital credits will appear as credits on your August billing statement.
- If a member has multiple accounts, the credits will be applied to the largest balance first (based on the previous month) then the next account until fully applied. If there are no current balances on the account, the credit will be applied to the primary account (that holds the main membership).
- If a member has multiple accounts, and would like the credit applied to a different account than the one determined by the cooperative, members may call the office and request a transfer to the account of their choice.
- Members who purchased electricity from the cooperative in 1994 or 1995 may receive capital credits. If you do not see a credit on your account, and feel you should have, you may contact Sandy Starke at 1-800-491-3803 or 816-565-4942.