



The *KMU Dispatch*

June 2006 • Volume 31, Issue #6

Inside...

- 2** Around the State
- 4** KMEA EMP #1 Becomes Reality
- 5** KMEA Creates "Win-Win" Program with Aquila
- 6** National News
- 8** KMU / APPA Power Supply 101 Workshop: August 24th (McPherson)
- 10** Washington Report - Four to Watch
- 11** Classifieds
- 12** Calendar of Events

OMB Policy Shift Threatens SWPA Price Spike

An unprecedented policy shift by the Office of Management and Budget (OMB) is threatening a large rate increase for customers of the Southwestern Power Administration (SWPA). The move compounds already significant problems with the cost and availability of hydropower to SWPA customers during the summer of 2006 due to drought conditions (*see May 2006 KMU Dispatch, Pages 8-9.*) Congress established a "Continuing Fund" in 1989 to allow Power Marketing Administrations (PMAs) like SWPA to temporarily access funds when conditions, like drought, curtail hydro production. The funds allow the PMAs to continue to meet the terms of their energy contracts with the caveat that

the fund will be paid back in full within 12 months. Recently, OMB has decided to require that the money be on hand in the continuing fund, which is not what Congress intended and is a reversal of its previous policy on this issue. It is particularly acute for SWPA, as its territory continues to experience severe drought conditions. Because of the OMB move, a SWPA rate increase in fiscal year 2007 could reach 44%. Under normal circumstances, the rate increase would already be 24% due to the drought conditions and other circumstances. Representatives Moore, Moran, Ryun and Tiahrt have each offered their support, signing a joint letter to OMB protesting the move. Senators Brownback and Roberts have assisted in the matter as well.

KMU Board Requests Transmission Assessment

The ongoing need for municipal involvement in important electric transmission proceedings has led the KMU Board of Directors to request a 2006 voluntary dues assessment. At its regular meeting on May 3rd, the Board approved a \$150,000 voluntary member assessment. Individual assessment amounts are based on energy sales (kWh) and the number of customers in each community. A two-tier cap was authorized to limit infeasibly large assessments for KMU's three biggest

public power systems; Kansas City, McPherson and Coffeyville. At the Board meeting, many directors referred to the assessment as the "cost of doing business" in today's utility industry and pointed to the many successes and cost savings that KMU has gained for its members to date. The two largest ongoing projects to be funded by the assessment are the hearing to approve SPP RTO operation in Kansas and the acquisition of Aquila electric service territory by the cooperative group MKEC.



kansasmunicipalutilities



Coffeyville Commissioners Hear Upgrade Proposal

Bernie Cevera, Coffeyville's newly-hired electric utility director, recently presented to city commissioners his recommendations for an upgrade to the city power plant. Cevera's report focused in large part on the issue of black start generation, or the ability to fire up the city's generators without relying on power from an outside source. Currently, Coffeyville does not possess black start generation capability, and only one tie to the outside power grid exists through an American Electric Power line. If that line were to fail for any reason during an outage, the city would be unable to use its generators until the line was restored. This, according to Cevera, is a situation which needs to be addressed as soon as possible. However, the upgrades necessary to do so will cost approximately \$1.9 million. Cevera is confident that a new black start engine would pay for itself in 3 years through its contributions to the city's overall generation capacity. Budgeting options, though, have not yet been proposed. In other electric utility business, the standing contract with the Grand River Dam Authority is due to expire in 2007, and Cevera has begun negotiations for the renewal of this contract. He also hopes to develop a 20-year strategic plan for the utility, including an assessment of the plant, the transmission system and the distribution system.

"Jonesy" McDonald Retires from the City of Ellinwood

On July 1, Gary "Jonesy" McDonald will retire after almost thirty years of service to the City of Ellinwood. Jonesy began work as a Power Plant Operator on December 19, 1977, and was promoted to Power Plant Foreman, the position from which he will retire, in February, 1986. In speaking of his many years of service in this field, he said, "There have been a lot of changes in the electric field in the last three decades, most for the better. People have become more dependent on electric power, and it is more reliable now than when I started. I just hope that the people in the cities continue to talk with each other about different things. This is what makes public power work well." KMU congratulates Jonesy on his 30 years of service to the City of Ellinwood and the public power community.

Abilene Aims to Conserve Water

By a vote of 5-0, the Abilene City Commission recently approved an ordinance which will increase residential water rates to customers using more than 15,000 gallons per month during the summer months. For water bills due on July 1, August 1 and September 1, usage over the 15,000 gallon limit will cost twice as much as the rate paid by other residential customers. The increase is necessary to encourage conservation, given the current low water levels in the city's wells. Public Works Director Cliff Gibbs recommended the policy after spring rains failed to recharge groundwater levels.

Eudora Installs New Manhole Covers

According to a study conducted by B & G Consultants, outdated manhole covers may be responsible for an inflow and infiltration problem in the City of Eudora. Because the older covers are not as tightly sealed as the cast iron modern equivalents, stormwater runoff is able to flow freely into the sewer system, bogging down the treatment plant. During the month of April, city crews began the task of locating and replacing many of the old covers. Cheryl Beatty explained that this was a task that could be handled in-house and at a fairly low cost. After a month's work, several dozen old covers had been replaced and the project was nearing completion. If the replacements help to stop inflow and infiltration of the sewer system, City Superintendent Delbert Breithaupt is confident that the benefits will exceed the costs of the project.

Burlington Water Plant Ready for Operation

If all proceeds on schedule, the new Burlington water plant should be online very soon. Water/Wastewater Superintendent Dennis Smith has been working with the city's engineer, the general contractor and a number of equipment manufacturers to fine tune the plant for operation. He reports that most of the small issues have been dealt with, and the plant has already received approval from the Kansas Department of Health and Environment based on samples sent in two months ago. "As soon as we are satisfied with our water quality and our disinfectant levels, we will be ready to let people drink it," said Smith. Customers should notice an improvement in their water's softness and taste. It should smell better, too, because the charcoal filter which removed odor from the water at the old plant was transferred to the new plant several weeks ago. Once the new plant is online, the odor should disappear. Customers will, however, continue to receive quarterly notices regarding total trihalomethane and haloacetic acid violations. Those violations are based on averages, and, even with improved water quality, it will likely take several quarters to bring the averages down to a normal level.

Brigham Named Iola City Administrator

After 27 years of service to the City of Iola, ten of these as city clerk, Judy Brigham has assumed a new role as city administrator. At a special meeting on April 17, city commissioners selected Brigham to replace Joe Kerby, whose resignation was effective at the end of April. After her first weeks on the job, Brigham finds herself with a very full agenda, with her primary concerns almost all budget related. Renewal of the city's wholesale electrical contract, upgrades to the lagoons west of town, and recent changes in the utility rate structure are just a few of the issues that will keep Brigham busy as she steps into this new position.

Belleville Plans for New Substation

At its May 8 meeting, the Belleville City Council approved expenditures, not to exceed \$98,250, for the engineering and design services of Barnes, Henry, Meisenheimer and Gende, Inc. The city plans to replace the substation at the Belleville Power Plant and upgrade the line from the plant to downtown Belleville. In all, the upgrade is expected to cost \$950,000, the funds for which are currently available in electrical department reserves. "This would bring the electrical system up to date in the city limits for the next 50 years," said City Manager Bob Knudson.

LaCygne Considers Automated Meter Reading System

LaCygne city council members are now looking into new technology which would allow meter data to be collected electronically from the street or sidewalk. Matt Downey a representative of Datamatic, Ltd. of Plano, Texas, explained to council members at a recent meeting how the system would work. An interface unit, which could be easily installed onto each meter, would transmit current readings and other information to handheld, mobile and fixed network receivers. While the cost of the new system is estimated at \$109,000, the convenience would likely outweigh the investment. Public works employees currently walk to each of the city's 500 water and 400 gas meters each month—a process which takes a considerable amount of time. With the new system, data could be gathered much more quickly and without the need to enter private property. It would also be possible to track each customer's usages more accurately and to pinpoint leaks or problems. Council members were very intrigued by Downey's presentation and are currently investigating ways to gather the funds necessary to purchase the system.

Former Russell Electric Utility Director Dies

Earl L. Homewood, a retired employee of the City of Russell's electric utility department, passed away on Saturday, May 20, 2006, at the age of 73. Homewood served the City of Russell for 41 years and retired as the director of electric utilities.

Sewer Rate Increases Pay Off in Colby

Two years after new sewer and water rates were implemented in the City of Colby, a total of \$2.2 million has been generated for a new sewer system and construction has begun. Although rates had not been raised for many years, city officials recognized in May of 2004 that additional funds would be necessary to meet new state requirements for sewer operations. The city needed a plan which would maintain sewer services already in place as well as prepare for the growth that was expected along the interstate. In all, payment of 20 percent of the project's total bill will be covered by increased rates. The remaining 80 percent will come from state-backed financing over a 20 year period.

Coffeyville Electric Department Recognized for Safety Program

Coffeyville Municipal Light and Power recently received a safety award from the American Public Power Association. The city was given honorable mention for systems with 60,000 to 109,999 worker-hours of exposure. Their incident rate was 2.60 work-related injuries for 76,837 hours worked. Out of more than 250 entries in the contest, Coffeyville was one of two Kansas utilities recognized for safety. McPherson BPU also received the APPA safety award.

Below: Mayor Bob York presents Assistant Electric Utility Director Rex Jerrim with the APPA Safety Award. Pictured from left are: Commissioner Virgil Horn, Commissioner Richard Gonzales, Jerrim, Electric Utility Superintendent Dave Hanna, York, Commissioner Alec Hendryx and Commissioner Louie Hummel.



Local Municipal Utility News to Share?

Call us at 620/241-1423,
fax us at 620/241-7829
or email your story to
kmu@kmunet.org.

KMEA Energy Management Project #1 Becomes Reality

After months of planning and preparation, KMEA's Energy Management Project #1 is now operational.

Demonstrated online at KMU's 2006 Conference in May, the program enables KMEA to monitor real-time power use and adjust reservations on an hourly basis for Baldwin City, Gardner, Garnett, Osawatomie and Ottawa.

"This was an ambitious endeavor, with many complex features, all interdependent on one another," explained Lance Boyd, KMEA director, electric power supply. "It's a totally new approach for municipalities, and as far as we know, we are the first to implement it."

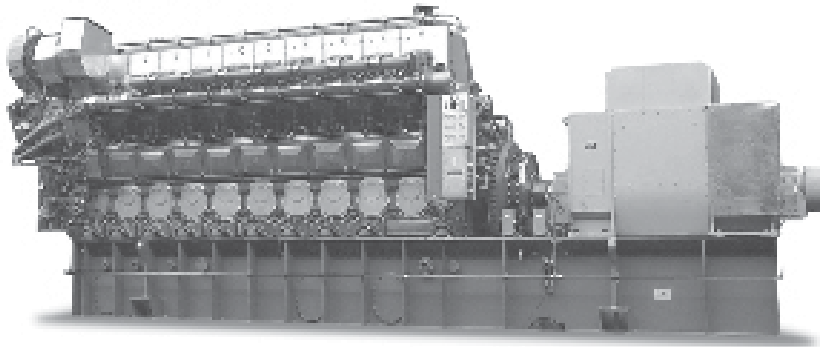
The system incorporates new metering equipment and several highly technical software packages, which, working in tandem, allow participating cities to: (1) track their load profiles on an hourly basis; (2)

compare actual load to forecasted load; (3) monitor daily loads on an hourly basis, by city, or system-wide; (4) see generation schedules and physical position (whether they are long or short on resources) on transactions (purchases and sales); (5) view generation profiles and unit maintenance schedules. The cities will be able to access all this information through the KMEA web site.

Of course, as is the case with most new programs, the implementation of EMP #1 was not without its initial challenges and delays. However, the project has progressed steadily, and any unexpected problems have been corrected. Additional enhancements are being completed, and KMEA predicts "smooth sailing" by the time SPP begins financial settlements at the marginal price for imbalances between power schedules and deliveries to load.

POWER Solutions For Stationary Power Generation

FM-MAN B&W 3240 DF



For new engine generator sets with factory direct support contact
Kaiser Technology at 800.366.8866 or Kaiser Technology@kaiserusa.com

GMPT, D-2300 and FM-MAN 2300 engines
are manufactured, assembled from
GMPT, D-2300 DF and MAN D-2300 diesels



Units and specifications subject to change without notice.
Diesel ratings are based on dual fuel engines. Consult factory.

**FAIRBANKS
MORSE
ENGINE**

an EnPro Industries company

www.fairbanksmorse.com

Diesel Power 200-3.178 Diesel Fuel

Engine	HP	Continuous Output
3L	903	1030
3L	903	2870
12L	903	3450

FM-MAN B&W 3240 DF Diesel Fuel

Engine	HP	Continuous Output
12V	1200	1400
16V	1200	2700
12V	1200	3250
16V	1200	4200

GMPT-PLASTIC® PG 2.6 DF Diesel Fuel

Engine	HP	Continuous Output
16V	1200	2700

FM-PLC 230 DF Diesel Oil

Engine	HP	Continuous Output
3L	903	380
3L	1200	1030
6V	903	1040
12V	903	1050
12V	1200	2700
16V	903	2700
12V	1200	3270
16V	903	3700

701 WHITE AVENUE, BELoit, WISCONSIN, 53511 - U.S.A.
TEL. — 800.366.8866 / 608.364.0111 - FAX — 608.364.3444

KMEA EMP #1 Becomes Reality (continued)

"Tackling this kind of project during the summer months is especially challenging, but I've been amazed at how everyone has stepped up to the plate," Boyd said. "The Minneapolis Consulting Group, Rainbow Energy, KCPL and SPP have all been great. Rainbow Energy, our facilitator, is already maximizing opportunities to sell excess city power into the market, which will help drive down costs."

Now, participating cities will coordinate generation testing with Rainbow Energy to maximize the opportunity to get the best price for their power. KMEA predicts a second energy management project will begin as soon as EMP #1's features are completely operational.



Bob Diehl
Territory Sales Manager
(800) 234-2867 ext 155
bdiehl@solomoncorp.com


Todd Brungardt
Regional Sales
(800) 234-2867 ext.201
(785) 826 6759 (mobile)
tbrungardt@solomoncorp.com

Powerful Transformer Solutions

103 West Main
Sukunin, Kansas 67480
(900) 234-2867
(785) 655-2502 Fax
www.solomoncorp.com



GEORGE BUTLER ASSOCIATES, INC.
Engineers - Architects



- Asset management
- Design-Build
- GIS applications
- Flood operations
- Storage facilities
- Treatment plants
- System studies
- Wastewater reuse
- System mapping and modeling
- Collection system improvements
- Distribution system improvements

creating remarkable solutions
for a higher quality of life

9801 Renner Boulevard • Lenexa, KS 66219-9715
913.492.0400 • www.gbainc.com

KMEA Creates 'Win-Win' Program with Aquila

During the summer months, power suppliers often 'curtail' power purchases, forcing cities to generate their own peak power or buy it at higher market rates.

So, KMEA worked with Aquila to devise an innovative program to help eight of the cities located in its service territory--and KMGa, all at once. And, like the agency's Energy Management Project (EMP) #1, it's somewhat unique in the municipal power industry.

KMEA purchases gas for the new program through KMGa and ships it to Aquila, who turns it into electricity for the eight participating cities. As a result, the city curtailments are waived.

"It's good for the cities because they don't have to buy high priced energy or generate their own electricity during curtailments," said Lance Boyd, KMEA director, electric power supply. "So, it saves them energy costs as well as wear and tear on city generators."

KMEA estimates the group of cities will save thousands of dollars over the summer as a result of the program.



ENGINEERING & TECHNICAL SERVICES



- POWER GENERATION
- POWER DELIVERY
- PLANT IMPROVEMENTS
- FIELD CONTROL SERVICES
- CONTROLS INTEGRATION
- COMMUNICATIONS

913-681-2881
www.segainc.com
16041 Foster, P.O. Box 1000, Stilwell, KS 66085



Senate Committee Holds Hearing for New FERC Nominees

On June 8, the Senate Energy and Natural Resources Committee held a hearing to consider the nominations of Philip D. Moeller and Jon Wellinghoff to the Federal Energy Regulatory Commission (FERC). If approved by the full Senate, Mr. Moeller's term would expire on June 30, 2010 and Mr. Wellinghoff's on June 30, 2008. Mr. Moeller currently serves as Executive Director of the Washington Office for the Alliant Energy Corporation. Prior to this, he served as Director of Federal Relations at Calpine Corporation. Earlier in his career, he served as Senior Legislative Assistant for Electricity Policy for former Senator Slade Gorton (R-WA). Mr. Moeller received his bachelor's degree from Stanford University. Mr. Wellinghoff currently serves as a Partner at Beckley Singleton. Prior to this, he served as Managing Principal and Regulatory Attorney for Efficient Energy Systems, Inc. Earlier in his career, he served as Staff Counsel for the Nevada Public Utilities Commission. Mr. Wellinghoff received his bachelor's degree from the University of Nevada and his master's degree from Howard University. He went on to receive his JD from Antioch School of Law.

Oakley Moves Closer to Sell Out

The City of Oakley has received a definitive agreement from Midwest Energy for the purchase of its electrical distribution system. Midwest Energy's offer of \$2.5 million applies to the city-owned power lines, meters, equipment and miscellaneous inventory. As of early May, a bid for the power plant itself was expected soon. According to a May 1st article in the Hays Daily News, around two years ago the city realized that it needed to rebuild its infrastructure, but Midwest Energy at that time proposed to buy the system instead. In preparation for the sell out, Oakley has dropped its membership in Kansas Municipal Utilities (KMU) and the American Public Power Association (APPA). KMU Executive Director Colin Hansen and board members Carolyn Armstrong (Colby) and Bill Callaway (Clay Center) traveled to Oakley to discuss the benefits of locally-owned public power systems on May 15th. Unfortunately, the presentation generated few questions and very little discussion. Consultants for Midwest Energy are currently working on a proposal that will be presented to the Oakley council.

Construction Begins on Spearville Wind Farm

Work on a planned 100 megawatt (MW) wind farm commenced in early April, with the first major components rolling through town in mid-May. Officials are hopeful that the first turbine could be generating by the end of June. Phil Duncan, a project manager for Kansas City Power & Light, said a "blade signing ceremony" will take place June 16, shortly before two oversized cranes arrive in southwest Kansas to begin raising the 389-foot-tall towers. The \$160 million project will eventually include 67 windmills capable of pumping out 100.5 megawatts of power. Duncan said the wind farm should be done in October, when it will begin supplying power to the company's general utilities network and Sprint Nextel Corp.'s Overland Park campus. The project is being developed by enXco Inc., a wind power company based in Escondido, Calif. KCP&L had been interested in increasing its coverage area in southwestern Kansas and joined the effort. The Kansas City-based energy supplier will employ five or six full-time workers at the site, which is being built on more than 5,000 acres of crop and pastureland. The Spearville Wind Generating Facility is the third wind farm to be built in the state.

Kansas Gas Service Requests Rate Increase

On May 15, Kansas Gas Service (KGS) submitted a request to state regulators for a \$73.3 million rate increase, citing improvements to the distribution system, rising employee benefit costs, and lower profits due to natural gas conservation last winter. The proposed increase would raise each customer's heating bill by an average of \$92 per year. According to company spokesman Al Walker, Kansas Gas devotes \$50 million per year to system improvements and gas lines and would like to see a return on the investment. The company last raised its rates by \$45 million after a negotiated settlement in 2003. Officials now hope to be granted an 11.5 percent return for shareholders. The Kansas Corporation Commission (KCC) agreed to a 10 percent return for electric company Westar Energy last December.

Midwest Energy Files for Gas Rate Increase

Midwest Energy filed a request with the Kansas Corporation Commission (KCC) in early May to increase its natural gas delivery charges. If approved, natural gas revenue would increase \$3.42 million, or 6.7 percent compared to the 2005 test year. President and General Manager Earnie Lehman cited several reasons for the increase, including on-going replacement of aging pipelines, increasing material costs and declining sales. If approved in full, delivery charges would increase 25 percent. A residential bill would increase \$5.69 per month on average. Midwest Energy serves nearly 42,000 gas customers in 34 counties.

Long-Term Strategies Are Key In Achieving Stable Natural Gas Prices



APPA Releases Report on Natural Gas Prices

APPA's new report on natural gas issues, "Long-Term Strategies are Key in Achieving Stable Natural Gas Prices," summarizes the factors causing high and volatile natural gas prices and explains the strong connection between natural gas and electricity prices.

The report concludes that regulators and legislators need a long-term strategy to ensure a more stable price environment for both natural gas and electricity. Strategic goals should include increasing domestic production of natural gas,

FERC Proposes Open Access Transmission Rule Changes

The Federal Energy Regulatory Commission (FERC) on May 18 proposed a number of discrete but significant changes to its open access transmission rules. The proposals were designed to address problems that have become apparent with transmission access since the adoption of the "open access transmission tariff" (OATT) over a decade ago. "Reforming our open access rules is my top personal priority as chairman," FERC Chairman Joseph Kelliher said. APPA President and CEO Alan Richardson was "favorably impressed" with the proposed revisions. He noted that the commission is focusing on important but incremental improvements supported by 10 years of actual experience, rather than radical surgery or abrupt policy departures. Based on its review so far, APPA supports many of FERC's recommendations. "It appears that most of the proposed reforms to the OATT are consistent with policies recommended by APPA," Richardson said.

Revisit Requalifications for Gas OQ Plan

Following recent comments by Kansas Corporation Commission (KCC) inspectors, KMU natural gas utilities are reminded that they must requalify their operators under the specifications included in their operator qualification (OQ) plan. Most KMU gas members filed the KMU OQ plan. Under the plan, requalification is required for each task based on the time limits assigned to that task within the plan document.



listen. think. deliver.®

CDM

340 River View, Suite 520
Wichita, Kansas 67201
tel: 316-640-0700 fax: 316-264-3025
4200 Ward Parkway, 4th Flr 910
Kansas City, Missouri 64114
tel: 816-414-3270 fax: 316-414-0232
www.cdm.com

consulting • engineering • construction • operations



Gilmore & Bell, P.C., one of the nation's leading public finance law firms, represents states, counties, cities, school districts and other governmental entities as bond counsel in municipal financing transactions, and has an extensive tax and arbitrage rebate compliance practice.

WICHITA
100 North Main
Suite 600
Wichita, KS 67202
316-267-2091

KANSAS CITY
2406 Grand Blvd
Suite 1100
Kansas City, MO 64109
816-221-1000

www.gilmorebell.com



Clint A. Lam
P.O. Box 386
Clinton, Missouri 64735

Phone: 660/885-3304
Cell: 660/890-4876



Power Supply 101:

A Primer for City & Utility Management and Policymakers

August 24, 2006

Power supply and delivery are highly technical and complex issues. It is important for city managers, city administrators, governing board members and other city officials in public power communities to have a fundamental understanding of the components of an electric system and how they impact the utility's budget and end-use consumers.

In addition, the process for procuring wholesale electric supply is of paramount importance for a municipal electric utility. In Kansas, as power supply contracts are being terminated and cities are being forced to renegotiate new agreements, it is important for city staff and policymakers to understand the process of identifying potential suppliers, drafting requests for proposals (RFPs) for power supply and evaluating subsequent wholesale power and transmission agreements.

This one-day course will provide an overview of how the electric system provides reliable service to customers, from the basics of generation to the transmission and distribution to the customers' homes and businesses.

Fee: \$200 per person
 (full workshop, lunch provided)
 \$400 per person
 (non members)

Location: McPherson Country Club
 1341 Pioneer Road
 McPherson, Kansas

Time: 8:30 a.m. to 4:30 p.m.

Registration (please list workshop attendees' names below)

Workshop Fees:

_____ persons @ \$200..... _____

_____ persons @ \$400..... _____

Balance Due: _____

City/Utility: _____

Address: _____

Phone / Email: _____

- 1.
- 2.
- 3.

Course Highlights

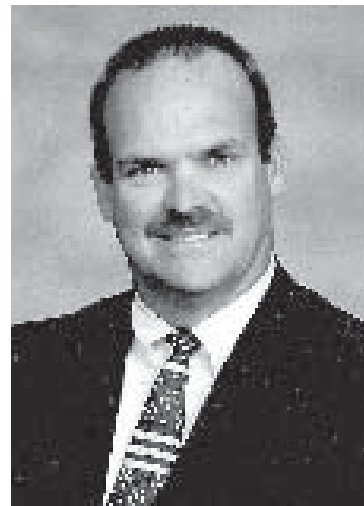
Participants in this course will:

- Gain an understanding of the importance of generation, planning, and forecasting;
- Discuss the steps municipal utility managers and policymakers should take when negotiating new power supply contracts.
- Understand how to evaluate and negotiate new wholesale power supply agreements.
- Learn how demand and various customer segments impact the types of generating units a system uses;
- Be introduced to the concept of supply-side risk management;
- Learn some environmental rules and regulations and their impact on power supply;
- Understand the current role of the electric transmission grid;
- Learn how the Energy Policy Act of 2005 will affect the transmission system;
- Be introduced to the concept of an Independent System Operator (ISO);
- Learn about the role of substations in providing reliable electric service;
- Discuss the issues surrounding overhead and underground distribution lines;
- Understand how electric systems respond to and resolve outages;
- Learn about important maintenance issues;
- Discuss new metering and system automation technologies.



About the Instructor

Bryan Singletary is president of Practical Energies, Inc., a utility consulting firm specializing in assisting companies in preparing for the customer-focused era of competition. He is a graduate of Auburn University where he obtained a degree in mechanical engineering. Bryan has consulted with hundreds of utilities, helping them convert the technical process of providing high-quality electric service into terms the customer can understand.



Bryan's previous experience includes serving as a vice president at the Florida Power Corporation. He is an accomplished lecturer and trainer in the areas of utility competition and strategic planning, key accounts management, demand-side management, customer service and power quality. In addition, he has authored and co-authored several books, papers, and manuals on these topics.

Lodging

Best Western Holiday Manor
2211 E. Kansas Ave.
McPherson, Kansas
620-241-5343

Days Inn
2300 E. Kansas Ave.
McPherson, Kansas
620-241-3690

The Swedish Country Inn
112 W. Lincoln
Lindsborg, Kansas
620-227-2181

Four to Watch

APPA Washington Report
by Robert Varela
Editor, Public Power Weekly

The Federal Energy Regulatory Commission has been very busy lately. Chairman Joseph Kelliher has expanded the agency's horizons beyond the single-minded focus on regional transmission organizations and their centralized spot markets that his predecessor, Pat Wood, pursued. In addition, the Energy Policy Act of 2005 added a significant number of big-ticket proceedings to the commission's agenda.

Given all that's going on at the commission, it's difficult to know where to devote your energies. So, here is my short list of four or so FERC proceedings that are worth some time.

First, reform of Order No. 888, which established the commission's open transmission access rules and the open access transmission tariff. Kelliher has said this initiative tops his personal priorities. It's an answer to those who maintain that RTOs, with their organized markets and locational pricing, are the only way to go.

The commission has proposed a number of discrete but significant changes to its open access transmission rules adopted in Order Nos. 888 and 889. The proposal addresses deficiencies that have become apparent over the decade that open access rules have been in effect, Kelliher said. Calculation of available transfer capability and transmission planning are key areas of the proposed reforms.

Kelliher also emphasized the limits of the commission's action: "The reforms are not, however, designed to create new market structures, divest control over transmission, impinge on state jurisdiction, or weaken the protection of native load customers."

Based on an initial review of the 532-page proposed rule, APPA found a lot to like. "It appears that most of the proposed reforms



to the OATT are consistent with policies recommended by APPA," APPA President and CEO Alan Richardson said. He noted that the commission is focusing on important but incremental improvements supported by 10 years of actual experience, rather than radical surgery or abrupt policy departures.

Market-based rates are second on a short list of FERC proceedings to watch. On May 18, the commission

issued a proposal to refine and codify its standards for granting authority to sell wholesale power, capacity or ancillary services at market-based rates. The commission has been playing catch-up on market-based rates for some time now—with good reason. FERC's early history with market-based rates was unforgivably lax.

The May 18 proposal would consolidate the commission's current four-prong test for market-based rates into a two-part analysis of a seller's horizontal and vertical market power, but "the proposed rules do not mark a dramatic departure in the commission's market-based rate policies," Kelliher said. However, the latest set of proposed rules is important because it is part of an ongoing proceeding that began in April 2004 with a dramatic departure in FERC's market-base rate policies.

Proposed reliability standards are the third item on my list of FERC proceedings to keep an eye on. These were submitted by the North American Electric Reliability Council (along with NERC's application to be certified as the electric reliability organization responsible for developing and enforcing mandatory reliability standards). The institution of a system of enforceable, mandatory reliability standards for the grid is a major milestone for the electric utility industry. It will require changes in daily system operations for many APPA members, and increased attention to NERC standards and requirements.

Washington Report *(continued)*

Kelliher said the commission hopes to act on the standards by September. FERC will either approve, approve on an interim or conditional basis, or remand to the electric reliability organization (presumably NERC), Kelliher said. However, that schedule looks optimistic as commission staff cited various deficiencies in more than half of the 102 reliability standards that NERC proposed for approval as mandatory rules.

For the fourth item on my list of important FERC proceedings, I'm

going to cheat and bust my budget (this is Washington, after all): take your pick of a number of regional proceedings, depending on where you're located.

In PJM's territory, it would be the ongoing battle over its version of a locational installed capacity system, the proposed reliability pricing model (RPM). In the Southeast, public power utilities are opposing FERC's approval of Entergy's package of an independent coordinator of transmission, participant funding

for new transmission and a weekly procurement process for purchasing electricity. In California, public power utilities are grappling with the California Independent System Operator's proposed resource adequacy requirements and with "Mr. Tu," the ISO's Market Redesign and Technology Upgrade (MRTU) plan for turning itself into a full-blown RTO with organized markets.

FERC has a lot more going on, with more coming in all the time, but these four (or so) proceedings are worth your time and attention.

Employment

Water Distribution Department

The Clay Center Public Utilities Commission will accept applications for a position in the Water Distribution Dept. This position will work under the direction of the Water Dept. Supt. and will be responsible for the daily repair and maintenance of the Water Distribution system. High school/GED required and Kansas CDL driver's license. A strong mechanical ability and equipment knowledge will be preferred. Backhoe experience and confined space training a plus. Successful applicant should have or be capable of becoming State certified in a reasonable time period. The Clay Center Public Utilities Commission provides a comprehensive wage and benefit package that includes health insurance premium paid in full, clothing with maintenance, vacation, personal days, sick leave and KPERS retirement package. Applications and resumes submitted to: Clay Center Public Utilities Commission, 427 Court St., Clay Center, KS 67432. ph 785-632-2137.

Electric Lineman

Salary Range: \$17.65 - \$24.75 per hour. The City of Gardner is seeking an Electric Lineman to perform skilled work of journeyman level in the construction, maintenance and repair of electrical power line, meters and other electrical equipment, repair of overhead and underground 12KV electric distribution power lines, 161 KV transmission lines, substations and switching apparatus,

protection equipment, metering, and other electrical equipment. Requires high school diploma or GED with a minimum of three years experience in electric line construction, overhead and underground distribution systems, and experience working with 12KV electric lines under "hot" conditions, or any equivalent combination, and possession of valid Commercial Driver's License. A diploma from a qualified lineman's school will be considered in lieu of one year of experience. Complete position description and application are available at City Hall, 120 East Main, Gardner, or on line at www.gardnerkansas.gov. Submit completed application to City of Gardner, Human Resources Department, 120 E. Main, Gardner, Kansas, 66030. Position open until filled with initial reviews beginning June 20, 2006. All offers of employment are conditional upon the successful completion of a physical exam, drug screen, and background check including driving record. E.O.E.

Journeyman / Lineman

The City of St. John is currently accepting applications for the position of Journeyman/Lineman. The City of St. John offers an excellent benefit program that includes: vacation, personal and sick leave, health insurance, life insurance, KPERS retirement program; and paid holidays. Selected applicant must be willing to reside within 3 miles of St. John. Salary negotiable based upon qualifications. You may get an application at city hall, 115 E. Fourth Avenue, St. John, KS 67576. Phone: (620) 549-3208.

Assistant Superintendent

The City of Leoti is looking for a progressive individual interested in working with cutting edge technology. In use are water and sewer telemetry systems and GIS mapping, along with Laserfiche integrated GIS and Summit software. Position requires knowledge of City operations such as water, wastewater, street and sanitation; or three to five years of similar or related experience. Individual must have, or be able to obtain, water and sewer certifications and a Class

B CDL. City residency required within 60 days of employment. Salary based on experience with negotiable \$12-\$16 hourly wages. Benefits include BC/BS of KS insurance paid in full for employee + 1/2 for additional family, KPERS, and 12 annual paid holidays. Job description and application available through City Hall, PO Box 7E - 406 S. 4th, Leoti, KS 67861. Applications and/or resumes will be accepted until position is filled, ph 620/375/2341. EOE

Public Finance and Municipal Bond Underwriting



UMB

Underwriter • Financial Advisor
Municipal Leasing • Bond Redesigns

1017 Grand Blvd. • Kansas City, MO
816.462.7100
888.651.9282 Toll Free
umb.com

LEGGETTE, BRASHEARS & GRAHAM, INC. PROFESSIONAL GROUND-WATER AND ENVIRONMENTAL ENGINEERING SERVICES

www.lbgweb.com



PAUL A. McCORMICK, P.E.
SENIOR ENGINEER

OFFICE: (816) 427-7765
FAX: (816) 427-7744
E-MAIL: p.mccormick@lbg.com
CELL: (816) 200-5565

2108 BISHOPNOTER STREET
NORTH KANSAS CITY, MO 64116

Upcoming Events

- **American Public Power Association (APPA) National Conference**
June 10-14, 2006
Chicago, Illinois
- **American Water Works Association (AWWA) Annual Conference & Exposition**
June 11-15, 2006
San Antonio, Texas
- **American Public Gas Association (APGA) Annual Conference**
August 6 - 9, 2006
Seattle, Washington
- **Power Supply 101**
(Joint KMU / APPA Workshop)
August 24, 2006
McPherson, Kansas
- **3rd Annual KMU Lineman Rodeo**
(in conjunction with KMU Lineman School)
October 19-20, 2006
Winfield, Kansas

The KMU Dispatch is published monthly by Kansas Municipal Utilities, Inc. and distributed free of charge to member municipal utility officials, state legislators and regulators, and associate member companies.

Executive Committee

Don Gaeddert, Larned - President
Kent Hixson, Mulvane - President Elect
Randy Riggs, Chanute - 1st Vice President
Rick Anderson, McPherson - 2nd Vice President
Merl Page, Wamego - Secretary / Treasurer
Brad Mears, Holton - Past President

Board of Directors

Doug Allen, Sabetha	Ira Hart III, Kingman
Carolyn Armstrong, Colby	Bill Hlavachick, Pratt
Mark Arbuthnot, Abilene	Bill Keefer, Augusta
Jim Bradley, Ottawa	Joel Mahnken, Garden City
Bill Callaway, Clay Center	Daryle Nielsen, Ellinwood
John Carder, Hesston	Richard Nienstedt, Fort Scott
Marc Conklin, KCBPU	Bob Porter, Wellington
Richard Doran, Garnett	Gary Shike, Oberlin
Greg DuMars, Lindsborg	Kim Thomas, Stockton
Mike Gilliland, Osage City	Colin Whitley, Winfield

Staff

Colin Hansen, Executive Director
Bryan Chance, Job Training & Safety Director
Jerry LeDuc, Job Training & Safety Specialist
Mike Tilson, Gas Services Specialist
Donna Huddle, Office Manager
Denise Wilkens, Communications Specialist

Kansas Municipal Utilities, Inc.
101 1/2 North Main Street
McPherson, Kansas 67460
620.241.1423 ph • 620.241.7829 fx
kmu@kmunet.org - email
www.kmunet.org - web

