



# The *KMU Dispatch*

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## APGA Plans Public Gas Professionals' Forum

The American Public Gas Association (APGA) has scheduled its second Public Gas Professionals' Forum for April 3-4 in Wichita at the Hyatt Regency. The forum was established for senior system managers and recently appointed public gas system managers and directors. Generally, many of these individuals have not been involved in APGA and its committees nor have they had a chance to network with colleagues from across the wide spectrum of public gas systems.

APGA is gathering seasoned professionals and mentors to lead and moderate the interactive sessions and discussions. APGA has also enlisted the cooperation of Kansas Municipal Utilities (KMU) and the Municipal Electric Systems of Oklahoma (MESO) to partner in the leadership event. Also joining the meeting will be APGA Chairman George Bronson with the City of Winfield's municipal gas utility.

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## From Carnegie Hall to KMU Conference

The KMU 2008 Conference offers participants a chance to gain knowledge about the most important electric, gas, water & wastewater issues while networking with and learning from other municipal utility professionals. In addition to the learning opportunities, this year's event will also feature top-shelf entertainment at the conference banquet.

KMU is pleased to welcome Mike Rayburn, billed as "The World's Funniest Guitar Virtuoso," to the 2008 conference banquet. Mike is coming off of eight shows – and eight standing ovations – at Carnegie Hall in New York City. Featured

in USA Today, Newsweek, Billboard, Gig and American Entertainment magazines, he has released five CDs, including his new live recording, "Mike Rayburn at Carnegie Hall." Mike's critically acclaimed presentation is an odyssey of masterful guitar, clean, universally appealing comedy, and musical combinations God never intended. It's an honor to welcome Mike to the KMU conference banquet on May 15th. Plan now to attend!



**kansasmunicipalutilities**



### **Iola Assesses Flood Damage at Power Plant**

City commissioners in Iola will soon face a multi-million dollar decision regarding the city's steam-powered electrical generators damaged by flood waters in 2007. The generators may either be repaired for roughly \$1.1 million or replaced at a cost between \$10 million and \$12 million, depending on the size of the replacement units. Commissioners will be given additional details once the city hears more from the Federal Emergency Management Agency (FEMA). FEMA inspectors took a first look at the damage in mid-February. Power Plant Superintendent Steve Robb feels fairly confident that the city will be granted FEMA funding to help restore the plant, in which case, FEMA and State contributions would cover all but 15 percent of the cost. Iola's power station on the banks of the Neosho River houses six generation units with a total capacity of 23 megawatts. While the steam generators themselves were not submerged in the flood, much of the auxiliary equipment necessary for their operation was severely damaged. Replacement of this equipment would be less expensive in the short run, but the city was already making plans to replace the aging units. The 2008 budget sets aside \$1 million for "electrical generation replacement." The goal, according to Robb, was to save \$10 million over the next 10 years in order to replace the generators in 2018. The flood may have moved the timetable up a bit.

### **Hoisington Adjusts Electric Rates**

Last month, the Hoisington city council voted to approve a rate increase for city electric customers. In December of 2007, Hoisington paid 7.4 cents per kilowatt hour (kWh), an increase of 3 cents per kWh over the price paid in December of 2006. Although costs generally decrease during the winter, the ice storm kept prices high this year. Cash-flow issues with the city's electric fund and depleted reserves have made it necessary to increase rates. City Manager Allen Dinkel presented council members with five rate-increase options for discussion. After some debate, a half-cent rate increase, in combination with a \$7.50 meter fee increase, was approved by the council.

### **Electric Rates Increase in Sterling**

On March 1st, Sterling residents and business owners began paying higher rates for electricity. This is the city's first electrical rate increase in fifteen years. Under the previous rate system, customers were billed 8.3 cents per kilowatt hour (kWh) plus a variable monthly fuel cost adjustment. Now the base rate has been increased to 8.8 cents for the first 150 kWh and 10.3 cents per kWh for any additional usage. The total cost of electricity, including the customer charge, energy charge, and fuel cost adjustment, has been prorated according to the amount used. For example, small residential customers will see an overall increase of 11.3 percent while large residential user rates will increase by 14.4 percent. The prorated scale was designed to assist residents on fixed incomes and to avoid penalizing customers who are very frugal. A similar scale applies to the city's business customers. Sterling receives most of its power from Midwest Energy but also owns a power plant for use in times of peak demand and when generation is beneficial to city customers. Though some have complained about the costs of maintaining a city plant, the benefits during the December ice storm were evident when Sterling was the only town in the county with electricity. The higher rates should allow the city to maintain its present usage for another three to four years.

### **Winfield Offers 'Green' Energy Option**

Utility customers in the City of Winfield will now have the option to replace all, or a portion of, their electrical power with wind energy. "Wind power has the benefit of leaving a minimal environmental footprint because all that is needed to generate power is the wind and a wind turbine," said Bob Porter, Winfield's director of electric and water. "We have that resource available from the power supplier, and we're passing the opportunity on to our customers." The wind energy will be sourced from the Oklahoma Wind Center through an agreement with Oklahoma Municipal Power Authority (OMPA). The Wind Center was constructed near the Kansas border in 2003. The center's 68 turbines have a total rated capacity of 51 megawatts, or roughly enough electricity to power 15,000 homes. Thirty-four of these turbines will serve the City of Winfield. The green energy option is entirely elective and will cost slightly more than power derived from traditional sources like coal or gas because it costs more per kilowatt hour (kWh) to produce. Environmentally conscious customers who opt to take advantage of the new service will pay a surcharge of \$0.01 per kWh. For a household using 1,000 kWh per month, the additional cost will be approximately \$.33 per day, or \$10 per month.

## Westar and KDHE Reach Emissions Agreement

Westar Energy has reached an agreement with the Kansas Department of Health and Environment (KDHE) for an air quality construction permit to upgrade the coal-fired Jeffrey Energy Center. The Jeffrey upgrade will increase generating efficiency while reducing emissions of most air pollutants. With this agreement, Westar has become the first electric generating company in Kansas to sign a formal agreement with KDHE to voluntarily reduce greenhouse gas emissions according to the regulatory agency.

The agreement calls for Westar to perform a company-wide inventory of its greenhouse gas emissions to be submitted to KDHE, as well as comprehensively evaluating its net greenhouse gas reduction measures, including carbon capture and sequestration and its energy efficiency programs. A report on the potential emissions reductions programs is to be filed with KDHE by April of 2009. After KDHE approval, Westar will implement the reduction measures at each of the applicable generating facilities. Any greenhouse gas reduction plan does not have to be implemented if the Kansas Corporation Commission (KCC) disallows more than \$1 million of the plan costs.

"This agreement is a prime example of government and private industry working together to find common ground while protecting the health and environment of our fellow Kansans," said Roderick Bremby, Secretary of KDHE.

## Chanute Anticipates Savings from Natural Gas Deal

During its special meeting on February 20, Chanute city commissioners authorized Mayor Tim Fairchild to enter into a 10-year agreement with Municipal Energy Resources Corp. for the purchase of natural gas. The program is sponsored by the City of LaGrange, Texas, which was able to secure a large quantity of natural gas at a discounted rate and has chosen to partner with other cities to pass on the savings. Roughly 55 cities in Texas, Ohio, Arizona, Alabama, Virginia, South Carolina, Tennessee, Missouri, Kentucky, Oklahoma and Colorado have already signed on. Larry Gates, superintendent of Chanute's electric utility, contacted other participants in the program and found the average savings to be about 80 cents per 1,000 cubic feet (mcf). In a worst case scenario, Chanute residents will pay market price for gas under the new arrangement, which is what they are already paying. But policymakers anticipate that users will receive a discount. Savings will be tracked and presented to the Commission on a monthly basis.

## Kansas City BPU Lends a Hand to 'Extreme Makeover' Project

Crews from the Kansas City Board of Public Utilities (BPU) recently assisted with the construction of a home featured on the ABC television program "Extreme Makeover Home Edition." The episode highlighting the home built for Kansas City, Kansas resident Daniel Gilyeat and his family aired on February 10th. BPU contributed personnel and expertise to ensure that the home would be energy-efficient and comfortable for the family. The utility's electric and water operations departments helped respond to infrastructure needs and adjustments required at the home site. Electric crews raised electric lines, set poles, wired the construction area for temporary service, and installed underground service, while water crews put in a new fire hydrant, adjusted the grade of the water service at the home, and raised a large flagpole in the front yard. George A. Powell, BPU's director of economic development and retail services, noted that BPU's relationships with the project's architect, as well as the builder and a number of other parties, were beneficial in designing an energy-efficient product. The all-electric home was built to Energy Star and "green standards" and featured heating and cooling systems provided by Lennox Industries.

## Eudora Conducts Utility Studies

In January, the Eudora City Council heard the results of a water study that had been ongoing since September 2007. The analysis, conducted by BG Consultants, took an inventory of the city's water department and used pressure testing to assess adequate flow and determine what capital investments might be needed to accommodate future expansion. It also addressed how the water might be processed differently to reduce the amount of lime that reaches customers' faucets. Similar studies have been funded by the city council to forecast the needs of the electric and wastewater departments as well. Plans to retrofit Eudora's wastewater system are in progress as a result of that analysis, and an electric system inventory and mapping, completed in early 2007, will be followed shortly by system analysis and forecasting. The city is working toward the development of a capital plan so that decision-makers can be better aware of each utility's need for funding.



### 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](mailto:kmu@kmunet.org).

# KMEA/KMGA Update

by Jim Widener, General Manager  
Kansas Municipal Energy Agency

## Mutual Aid

It's been a busy season for Mutual Aid. Five more counties—Gove, Logan, Sheridan, Thomas and Wallace—were declared disasters as a result of ice storms that ripped through most of the state on December 10-12. So, the number of counties declared eligible for "public assistance" through FEMA has now risen to 65 from that wide-reaching storm.

Then straight-line winds whipped through Anthony the evening of Sunday, March 2, knocking out 20 poles in their interconnect line on the south side of the city, near the Oklahoma border. The emergency turned out the lights for the entire city and forced it to generate its own electric supply for 24 hours. KMEA Mutual Aid crews from Hoisington, Pratt, Sterling and Wellington answered the call from Yellow Region Coordinator John Wagerle, Director of Utilities Sterling, and arrived with two large bucket trucks and two digger trucks. The crews set and framed poles and replaced lines, working side-by-side with Anthony's own crews.

To further enhance these "neighbor helping

neighbor" efforts, KMEA has begun partnering with the Kansas Emergency Management Team, a division of the Adjutant General's Department, to expedite damage assessments when power emergencies occur. Using its established regional network, Mutual Aid helps the Emergency Management Team procure preliminary assessments of the type and extent of damage to the electric utility, information that must be submitted within 24 to 30 hours. Already, the Emergency Management Team has issued an official letter of appreciation for KMEA's—and specifically Diann Burress's—professionalism and problem solving talents following the December onslaught.

## Energy Management Program

On another front, Lance Boyd, KMEA Director of Electric Power Supply, and Neil Roland, our Director of Electric Operations were asked to make a special presentation at the Minneapolis Consulting Group's (MCG) user conference held in Las Vegas on February 25-27, 2008. Their presentation centered on KMEA's unique use of MCG's Integrated Asset Manager (IAM) energy accounting software for the two Energy Management Projects (EMPs) we have rolled out to date.

They explained how KMEA has utilized the MCG software to create a front-to-back, flow-through, Web-based process that is totally automated and allows member cities complete access to information about the power transactions that are executed. Lance and Neil also had an opportunity to learn about IAM product enhancements that KMEA will receive retrospectively to further expand the EMP system capabilities.

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# Kansas Power Pool (KPP) Update

by Colin Whitley, General Manager  
Kansas Power Pool

## Kansas Power Pool Moves Forward with Mutual Aid Program

The State of Kansas has experienced a number of natural disasters and emergency situations over the last several years that have caused significant damage to the utility infrastructure of communities, municipal utilities, and other organizations across the state. The tornado that struck Greensburg and the flooding of Southeast Kansas are just two of the more recent examples of the devastation that can be caused requiring extraordinary emergency efforts to restore utility services.

These situations have demonstrated the need for a more effectively coordinated effort to respond to emergencies impacting publicly operated utility systems including electric, natural gas, water, and wastewater systems. Kansas has always had a strong concept of neighbor helping neighbor, and a strong mutual aid program will formalize that ideal as communities work together in times of crisis.

In the spirit of neighbor helping neighbor, the Kansas Power Pool (KPP) began exploring the concept of developing a mutual aid program for municipal electric utilities operating in Kansas. The events of May and June 2007 further underscored how severely electric systems can be damaged by natural and man-made disasters or other emergency situations and how swift the positive, proactive response must be. Neighboring systems with qualified operators and maintenance staff may be able to assist in restoring service to residents and customers as quickly as possible. One of the additional factors with disaster recovery is that FEMA will no longer reimburse the costs arising from a city or municipal utility assisting another unless there is a prior, written agreement between the damaged party and the assisting party. Therefore, a formalized structure with written documentation needs to be in place prior to responding to a disaster or emergency situation.

With all this in mind, the KPP Operations Committee approved a mutual aid program at its February Board Meeting. It is important to note, that membership in KPP is not a requirement to participate in the Mutual Aid program and there is no fee to join the program either. Costs associated with the administration will be shared on a pro-rata basis and trued up

annually. With the focus of the program being providing a value-added service to the community and customers, administration costs will be kept at an absolute minimum. For example, all correspondence will be provided electronically – there will be no printing expense. Member cities will however be required to adopt construction standards in order to ensure consistency across all systems.

The KPP Mutual Aid program will include “bi-lateral” agreements with other organizations that sponsor mutual aid programs, thereby increasing options for obtaining assistance when large scale situations arise. If any member community were to experience an ice storm similar to December of 2006 or 2007, via our partner agreements out of state assistance would be available in a timely and coordinated manner.

If you would like more information about the KPP Mutual Aid program, the agreement, Board resolution authorizing the program, member survey and sample construction standard, please visit the KPP website at [www.kansaspowerpool.org](http://www.kansaspowerpool.org).





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# Municipal Utilities Rally on Capitol Hill

Representatives from six Kansas utilities and the state's two municipal energy agencies joined with KMU staff to rally on Capitol Hill in late February. In total, thirteen Kansans united with the hundreds of public power supporters rallying in Washington, D.C. on February 25-28 as part of the American Public Power Association (APPA) annual legislative meeting.

The KMU coalition met with each Kansas Congressional office, holding meaningful conversations about the many issues and concerns of the state's municipal electric, natural gas, water and wastewater utilities.

The key issues discussed during the Hill visits were climate change, wholesale electric & natural gas supply, transmission, water & wastewater infrastructure and hydropower funding and availability. Municipal utility views of climate change provisions were of particular interest to Congressional Members, given current work in both the U.S. Senate



Several Kansas representatives pause for a picture on the Capitol steps following successful Congressional meetings. From left: Brad Mears (KMU), Ken Arnold (Gardner), Greg DuMars (Lindsborg), Harry Zielke (Larned) and Larry Gates (Chanute).

and House to draft new cap-and-trade provisions on carbon dioxide emissions and the Sunflower coal plant battle back in the Kansas Legislature.

Water and wastewater infrastructure was also a key item of discussion. Rally participants communicated with Members and staff about the difficulty of finding adequate city resources to

finance costly new water and wastewater plants required by ever-tightening federal mandates.

The Kansas delegation at the legislative rally included:

- Ken Arnold, City of Gardner / KMEA
- Loretta Colombel, Kansas City Board of Public Utilities
- Joe Dick, Kansas City Board of Public Utilities
- Darrell Dorsey, Kansas City Board of Public Utilities
- Greg DuMars, City of Lindsborg
- Terry Eidson, Kansas City Board of Public Utilities
- Larry Gates, City of Chanute
- Colin Hansen, Kansas Municipal Utilities
- Brad Mears, Kansas Municipal Utilities
- Robert Milan, Sr., Kansas City Board of Public Utilities
- Brian Silcott, City of Osage City
- Colin Whitley, Kansas Power Pool
- Harry Zielke, City of Larned / KMEA



The KMU delegation meets with Congresswoman Nancy Boyda in the Capitol Building. From left: Greg Dumars (Lindsborg), Ken Arnold (Gardner), Terry Eidson (KCBPU), Colin Hansen (KMU), Loretta Colombel (KCBPU), Congresswoman Boyda, Larry Gates (Chanute), Brian Silcott (Osage City), Brad Mears (KMU), Harry Zielke (Larned), Colin Whitley (KPP) and Darrell Dorsey (KCBPU).



Kansas City BPU Vice-Chair and APPA Policymakers Council Chairman Loretta Colombel gets to work at the desk of Senator Pat Roberts.

# KMU Strategic Planning Retreat Charts Course for 2008-2010

On March 6-7, the KMU Strategic Planning Task Force held a retreat in McPherson to begin drafting a new course for the association. The retreat allowed task force members to reflect upon the current environment affecting KMU and its member utilities and brainstorm and prioritize objectives for the next three years. The retreat was led by facilitator Marla Flentje of the Austin Peters Group in Wichita.

## KMU Strategic Planning Task Force

1. Rick Anderson, McPherson BPU (Chairman)
2. Kent Hixson, Mulvane (KMU President)
3. Ken Arnold, Gardner
4. George Bronson, Winfield
5. Bill Callaway, Clay Center
6. Marc Conklin, Kansas City BPU\*
7. Don Gaeddert, Larned
8. Bob Knudson, Belleville
9. Merl Page, Wamego
10. Randy Riggs, Newton
11. Brian Silcott, Osage City
12. David Warren, Wichita

\*Marc Conklin was inadvertently not recognized on the task force roster in the February 2008 issue.

*There are risks and costs to a program of action. But they are far less than the long-range risks and costs of comfortable inaction.*

**- John F. Kennedy**

Part of the challenge posed to the group was evaluating the present realities that KMU and its membership face. Such realities include environmental issues, the speed of change in markets and federal & state mandates, technical complexity of operating utilities, lack of continuity in elected leadership, and human resource constraints and an aging workforce. The group also assessed emerging trends in the utility industry and local government.

The next step in the process is to transfer the discussion and debate at the planning retreat to paper. The task force is charged with completing the strategic plan for consideration by the Board of Directors at its meeting at the KMU 2008 Conference, May 14-16 at the Wichita Hyatt Regency

## New OSHA Rule Requires Employers to Pay for PPE

On February 13, 2008, the final rule for new OSHA standards for employer payment for personal protective equipment becomes effective. Under the new rule, employers will provide almost all personal protective equipment (PPE) when that equipment is used to comply with OSHA standards. Employers must implement the new rule by May 15, 2008. This new ruling could impact many Kansas municipal utilities.

The new rule is being implemented to clarify confusion about whether or not employers are required to pay for personal protective equipment. Even with the new OSHA rule, the agency has noted that employers currently pay for 95 percent of PPE provided to employees. The new rule does not create new requirements for PPE that employers must provide, it only attempts to clarify those items to be paid for by the employer. The following are some clarifications of OSHA's final rule on PPE:

- Employers must pay for replacement PPE used to comply with OSHA standards. However, if an employee loses or intentionally damages PPE, the employer is not required to pay for its replacement.
- Employers cannot require employees to provide their own PPE. An employee's use of PPE he or she already owns must be completely voluntary.
- When an employee provides his or her own PPE, the employer must ensure that the equipment meets OSHA standards. Employers are not required to reimburse employees who choose their own PPE.

Under the new rule, all PPE, with few exceptions, must be provided at no cost to employees. The final rule does contain a few exceptions for certain ordinary protective equipment, such as safety-toe footwear, prescription safety eyewear, everyday clothing and weather-related gear, and logging boots. More information is available at: <http://www.osha.gov>.

# Energy, Water Continue to Drive Legislative Agenda

## *KMU Legislative Update* by Kimberly Gencur Svaty

As this month's newsletter goes to press, the Kansas Legislature remains in a holding pattern spurred by the debate over legislation relating to the Sunflower power plant expansion. The House and Senate have passed and sent to the Governor legislation that would, among many things, retroactively allow for the issuance of needed air quality permits for the Holcomb expansion. It is anticipated that the Governor will veto the measure. The House and Senate will attempt to override the Governor's veto. In order to do so, 84 votes will be needed in the House (75 voted in favor when the bill passed the House) and 27 votes will be needed in the Senate (31 voted in favor when the bill passed the Senate). It is unclear what legislative steps will be taken next if the Legislature is not unable to override the Governor's veto, but it is readily assumed that litigation will stem from the Legislature's efforts either way. Specific provisions of the bill include:

- A renewable portfolio standard which mandates that each public utility operating in the state, with the exception of municipal utilities, must have 10% by 2012, 15% by 2016 and 20% by 2020 of their generating portfolio be comprised of renewable energy
- Creation of the 15-member Kansas electric generation, science and technology commission.
- Allows for solar net metering.
- Denies the secretary of Kansas Department of Health & Environment from taking any action that is more stringent, restrictive or expansive than required by the federal clean air act or any rule adopted by the EPA.

- Allows for the deregulation of certain electric cooperatives.
- Provides \$1.75 million dollars for tax credits directed to landlords to install more energy efficient and conservation oriented appliances, insulation, HVAC systems, windows and the like.
- Allows investor-owned utilities to treat investments in energy efficiency and conservation technologies as they treat investments in generation – investments can be capitalized in ratebase.

While electric generation related issues have garnered the most ink this session, another equally as important topic has quietly been receiving significant legislative attention. A series of bills have been introduced and discussed this session relating to water utilities. Whether it be reservoir sustainability, system mapping, water quality, annexation or retiring water rights, the hearings have been heated. It is important to note that Kansas has a new Chief Engineer of Division of Water Resources, David Barfield. David follows the two-decade plus service of David Pope, the former Chief Engineer.

A series of bills were introduced and some considered that would have impacted the municipal water utilities.

- HB 2638 would have required various benchmarks for all new and substantially rebuilt water transmission and distribution pipelines, existing water transmission pipelines four inches in diameter or larger, water and waste water valves and existing water pipelines less than four inches in diameter to be mapped and locatable with all system maps updated annually. KMU provided testimony in opposition to the bill during a House

Energy & Utilities Committee hearing. The bill was tabled in committee.

- Recently HB 2807 and HB 2808 received hearings in the House Energy and Utilities Committee. HB 2807 concerned annexation and service territories. HB 2808 addressed public wholesale water supply districts and the use of eminent domain. Both issues had many supporters and opponents. KMU offered testimony in favor of HB 2807. In the end, both bills were tabled and not further considered.
- SB 555 initially related to any rate or tariff changes by a natural gas public utility. The bill went through several different iterations and picked up many different industries before being whittled down to its current version which specifies that water utilities regulated by the Kansas Corporation Commission must provide notices in a specified font to all customers regarding any rate or tariff change. The bill is pending in the House.
- HB 2658 created a water reservoir sustainability fund via a \$0.05 per 1,000 gallons of water sold at retail by a public water supply system fee. This bill was not heard in committee.
- HB 2635 and HB 2636 did not receive committee hearings, but did have an impact on water issues. One created a water sustainability review process while the other addressed the treatment of non-potable waters.

Water-related issues are highly complex. As such it can take many sessions to fully air the subject matter. With that, expect any and all of the above described topics to come back again and again.

## Costs and Markets

*APPA Washington Report*  
by **Robert Varela**  
Editor, **Public Power Weekly**

Last month's APPA Washington Report discussed the "predictable, but disappointing" response to the request by APPA and 40 other groups for a comprehensive examination of the problems with the centralized wholesale markets run by regional transmission organization. The "predictable, but disappointing" title could be recycled for the response to APPA's new white paper, *Consumers in Peril*, and its recommendation that RTOs focus on their transmission services and get out of the business of running centralized markets.

The Electric Power Supply Association (EPSA) charges that APPA—no matter what we may say—wants a return to "cost-based regulation." The logical implication of EPSA's position is that "market-based" rates for electricity will not be based on the costs of producing the electricity and in fact may bear no relation to the cost of generating electricity. But competition should drive generators to find ways to lower their costs to produce electricity and competitive markets should prevent generators from charging prices that are not based on their costs of production and earning excessive profits. By definition, market-based rates will be cost-based—if the markets are competitive.

If generators in these markets



have lowered their costs but not their prices (or if their costs or prices are rising faster than other regions), then the markets are not functioning well and are not competitive. In that case, the prices should be described not as "market-based," but as "monopoly-based" or "oligopoly-based"—no matter what EPSA may say.

Proponents of the RTO-run markets, including the Federal Energy Regulatory Commission, assert that the markets "are functioning well." In dismissing the request for a comprehensive review of the RTO markets, the commission offered a long list of market rule changes it has approved. But the commission provided no hard data on whether all those changes have benefited consumers.

JEA, the municipal utility in Jacksonville, Fla., has earned a worldwide reputation for excellent management by adhering to

former General Manager Royce Lyles' mantra: if you can't measure it, you can't manage it. FERC needs to develop objective, quantitative, measurable criteria for judging the performance of RTOs and each of the markets they run, as well as what steps it will take if they fail to meet the criteria. Ideally the commission should have done this before it approved the markets, but it's certainly not too late.

A couple of examples of why objective, measurable criteria are needed are provided by two areas where RTOs and their proponents are claiming success (or at least progress): increased demand response and new capacity, as a result of capacity auctions. PJM's reports on its "Reliability Pricing Model" auctions show gains in demand response and new capacity—but those gains appear to be coming at an extravagant price.

Using numbers from PJM's own reports and some simple multiplication and division, Mack Thompson of American Municipal Power-Ohio calculated that the capacity auctions conducted by PJM produced 10,000 MW of capacity at a cost of \$26 billion. That is \$2.6 million per megawatt of capacity—three-and-a-half times more than the \$725,000/MW cost to build a new gas-fired plant. Imagine the response you'd get if you walked into a Starbucks and offered to pay \$12 for each large

*(continued on page 10)*

cappuccino offered.

That \$26 billion is even less of a bargain when you consider that it did not buy 10,000 MW of new power plants, but a net gain of only 2,463 MW of “iron in the ground” capacity and 1,373 MW of demand response. (Consider also that PJM assumes that all of the new capacity is due solely to the RPM auctions, that no new generation would have been built in its absence.) More than half of

the 10,000 MW of new capacity from the auctions was in the form of old power plants not being retired or imports from outside PJM.

For actual new power plants and demand response, the RPM auction price comes to \$6.8 million per megawatt, or more than nine times the cost to build a new gas-fired plant.

That’s the equivalent of walking into a Starbucks and announcing

you’ll pay \$32 for each large cappuccino.

Of course PJM isn’t paying the \$26 billion—the wholesale customers and ultimately the retail ratepayers stuck inside its borders are. For PJM, it’s “house money” they’re gambling with.

That’s why FERC needs objective, measurable criteria for judging whether the RTO-run markets are working.

## APGA Forum

*(Continued from page 1)*

The goal of the forum is to improve leadership abilities, knowledge and skills through networking and dialogue with experienced industry leaders, fellow gas system managers, and APGA senior staff. The forum presents a unique opportunity to discuss and debate the critical issues that impact the operation of a public gas utility, including:

- Commodity pricing;
- Baby-boom retirements (succession planning);
- Unanticipated issues in operations and HR;
- Maneuvering through the minefield of local politics;
- Competing with other fuels / energy sources; and
- Attendees themselves will expand the areas of discussion.

There is no registration fee for public gas system employees to attend; a nominal fee of \$45 will be charged for non-public gas system employees. Additional information and the registration form is available on the KMU website at: [www.kmunet.org/gas/PGPF%20Wichita.pdf](http://www.kmunet.org/gas/PGPF%20Wichita.pdf).

## Employment

### Groundman

The City of Ottawa, Kansas, a growing community approximately 30 minutes southwest of the Kansas City Metro area, is seeking highly motivated applicants for the position of Groundman (up to Journey Level Lineman). Under the supervision of the Electric Distribution Crew Leader, the Groundman (up to Journey Level Lineman) performs physical work in the construction and maintenance of the electrical distributions system for the City of Ottawa. The employee will be able to take instruction from every individual on the crew, and progressively learn all departmental procedures, practices, and safety regulations. Employee will be expected to have the necessary information and skills to perform reasonably well after one year in the position. Applicant MUST have knowledge of electrical distribution standards; possess a valid Kansas Commercial Drivers License; and be insurable by the City’s insurance carrier. Applicant must also have a healthy respect for but lack of fear of electricity and heights as well as possess ability to climb poles. A minimum of 1 year experience in a similar position and a High School Diploma/GED is preferred.



To apply for this position, complete an electronic application at [www.HRePartners.com](http://www.HRePartners.com). Residency Requirements: MUST be a Franklin County resident within 1 year of hire date. Hours: Normally 7:00 a.m.-3:30 p.m., Monday - Friday. Salary Range: \$25,585 to \$35,838 /year, depending on qualifications and experience. Posted: Monday, February 11, 2008. Closing: Open until filled. The City of Ottawa, Kansas is an Equal Opportunity

### City Administrator

The City of Washington, KS (1,277 pop.) located in North Central Kansas, seeks a City Administrator. Washington is the County seat of Washington County. Additional community information is available at [www.washingtonks.net](http://www.washingtonks.net). Washington is a progressive community seeking a proactive, collaborative individual to work closely with the Mayor and five member council, administering the ordinances and policies set forth. Washington is a full service community operating their own power plant and electric distribution system, water, wastewater, streets, parks, industrial site, fire and ambulance services. The City has a \$4.5 million budget and 14 full time employees. The job requires strong administrative, communication, budgetary and organizational skills. Electric utility experience desired. The candidate must be a creative individual with a high degree of energy to address community issues. For a full job description contact the Washington City Clerk (785) 325-2284. Residency required. Competitive benefit package. Salary is dependent on qualifications. The City is an equal opportunity employer. Interested candidates should submit a resume, cover letter and at least three work-related references to City of Washington, Attn: City Clerk, P.O. Box 296, Washington, Kansas 66968. If confidentiality is requested please state in application materials. Resume review begins April 1, 2008. Open until filled.

## Classified Ads (continued)

### Interconnected Operations Manager

The City of Coffeyville, Kansas seeks an experienced manager for its electric utility. This position will be responsible to ensure hour-to-hour load to resource balance; minimize imbalance penalties; maximize wholesale power supply contracts. Compliance with NERC and SPP standards.

Essential qualifications include the knowledge of operations, service and activities of a comprehensive electrical generation utility; good understanding of the wholesale and retail energy markets; ability to manage the SPP network transmission service obligations; experience with NERC and SPP standards utilizing SCADA, telemetry and electronic reporting; ability to coordinate processes effectively and efficiently across organization; organizational skills necessary to adhere to schedules and monitor and allocate budget resources; and solid communication skills. Education equivalent to a Bachelor's Degree or five or more years of increasingly responsible experience in power generation operations or control center operations.

Annual salary range \$53,326-\$58,656 plus benefit package. Applicants must be willing to meet the City of Coffeyville residency requirements. To apply, send application/ resume to: Personnel Office, City of Coffeyville, PO Box 1629, Coffeyville, KS 67337. E-mail: [mflores@coffeyville.com](mailto:mflores@coffeyville.com) Applications accepted until filled. EOE

### City Utilities Floodplain & Codes Director

The City of Hickman Nebraska, in South Lancaster County/ Lincoln, has an opening due to organizational restructuring, for a City Utilities-Floodplain & Codes Director, to co-direct the policies, compliance, floodplain administration, code enforcement, strategic and long term planning of this growing Public Works Department & City. This position will ensure compliance with regulatory agency and city standards in the Electrical, Water, Water Distribution, Wastewater, Streets and Parks Divisions within the City Scope. Educational requirements: Degree in environmental science, engineering, public administration, or related

field, Certifications in water, wastewater and floodplain and 10 years related experience; equivalent combination of education and experience may be considered. Applicants must possess valid Nebraska driver's license and completion of full employee background checks. Salary is DOQ. To obtain "Full Position Profile" contact [citymanager@ckt.net](mailto:citymanager@ckt.net). For Application Package contact: City of Hickman - 115 Locust Street - Hickman, NE 68372 - 402.792.2212 Deadlines: Open Until Filled - Interviews begin March 26th, 2008. E.O.E.

### Deputy Electric Director

The City of Coffeyville, Kansas seeks experienced Manager for its electric utility. Position will assist Electric Utility Director to manage, plan, direct and oversee the activities and operations of Electric Generation and Distribution Department.

Essential qualifications include the knowledge of operations, service and activities of a comprehensive electrical generation and distribution system; good understanding of wholesale and retail energy markets; experience with NERC and SPP policies; inventory control policies and procedures; ability to coordinate processes effectively and efficiently across organization; organizational skills necessary to adhere to schedules and monitor and allocate budget resources; and solid communication skills. Education equivalent to a Bachelor's Degree with major course work in Engineering or business related field preferred.

Annual salary range \$57,252-\$70,590 plus benefit package. Applicants must be willing to meet the City of Coffeyville residency requirements. To apply, send application/ resume to: Personnel Office, City of Coffeyville, PO Box 1629, Coffeyville, KS 67337. E-mail: [mflores@coffeyville.com](mailto:mflores@coffeyville.com) Applications accepted until filled. EOE

### City Administrator

Ulysses, KS (pop. 5,700) is accepting applications for the position of City Administrator. This growing, family-oriented community is the center of commerce and industry for a large region of southwest Kansas. For additional community information visit [www.cityofulysses.com/](http://www.cityofulysses.com/).

The City has a \$10 million budget and 44 employees. Operates under a Mayor & 6-member Council form of Government. This is a vacant position.

Bachelor's degree required in public administration or closely related field preferred. The ideal candidate will have a strong work ethic and previous public or private sector management experience. The job requires strong administrative, communications & organizational skills. The candidate must be a creative professional with a high degree of energy to address community issues.

The City of Ulysses is an Equal Opportunity Employer. Competitive Benefits, Salary \$65,000-\$80,000- Depending on Qualifications. Interested candidates should submit a resume, cover letter and three work-related references to LEAPS-ULYSSES, 300 SW 8th, Topeka, KS, 66603. If confidentiality is requested please state in application materials. Resume review begins April 16, 2008. Open until filled.

### City Engineer

With a population of over 15,000, Great Bend has much to offer. Great schools, small-town charm, history, culture, quality of life, and a wide variety of activities and attractions make it the ideal place to live. Great Bend's central location in the state as well as its enviable position in the very center of the Central Flyway makes it the ideal home base for both upland game and waterfowl hunting. The City Engineer will be responsible for coordinating all municipal engineering projects including plan development, plan review, construction design, surveying and inspection.

Requirements include graduation from a four-year college or university with a bachelor's degree in civil engineering and four years of civil engineering experience. Position requires a registered Professional Civil Engineer in the State of Kansas. Salary is commensurate with education and experience. Excellent benefit package. Please apply online at [www.greatbendks.net](http://www.greatbendks.net) or by contacting: Terry Hoff; Director of Human Resources; City of Great Bend; 1209 Williams; Great Bend, KS; 67530; (620-793-4111) or by e-mailing at [terryhoff@greatbendks.net](mailto:terryhoff@greatbendks.net).

### Requests for Proposals for a Steam Plant Control System

The City of Winfield is soliciting requests for proposals for an open protocol personal computer based control system for its dual fuel steam driven power plant. The proposal should include all hardware and software as well as installation, commissioning, and training costs. Any proposal should provide for using the components of the existing control system to the extent feasible to do so. Incorporation of an industry standard warranty period is also required. Proposals may but are not required to include arrangements for periodic routine maintenance of the system.

The proposal development process will include an initial site visit by representatives of interested parties. The purpose of this visit is to become familiar with the power plant and assess the scope of work that needs to be done. Each party will then be requested to provide a best and final bid. The bid offering must include complete descriptions of the proposed work and references for which similar work has been done.

Selection criteria will include but not be limited to the scope of work proposed, the cost of the work, and the City's assessment of the bidder's ability to perform the work.

Technical description of the power plant: Turbine is a GE 15 stage SCSF turbine rated at 26,500 kW @ 3600 rpm @ 900 degrees F. Steam is supplied by a CE VU 60 Boiler with two 2 stage SH and desuperheat control. Boiler is rated @ 250,000 lbs of Steam flow per hour @ 850 psi continuous operation. Generator is a GE ATB 2 poles 60 cycle hydrogen cooled WYE connected for 12,470 volts. The unit is rated to 31178 KVA @ 30 psi H2. .85 PF

Interested parties may contact James Ging, Assistant Director of Electric and Water Utilities at 620-221-5600 for further information and to schedule site visits. Best and final bids must be submitted by May 5, 2008. The selected bidder will be notified no later than June 1, 2008 with work to commence no later than July 1, 2008.

# Upcoming Events

- **APGA Public Gas Professionals Forum**  
April 3-4, 2008  
Hyatt Regency  
Wichita, Kansas
- **KMU Annual Conference**  
May 14-16, 2008  
Hyatt Regency  
Wichita, Kansas
- **AWWA Annual Conference & Exhibition**  
June 8-12, 2008  
Georgia World Congress Center  
Atlanta, Georgia
- **APPA National Conference & Public Power Expo**  
June 21-25, 2008  
Hilton New Orleans Riverside  
New Orleans, Louisiana
- **APGA National Conference**  
August 3-6, 2008  
Hyatt Regency  
Monterey, California

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