

RURAL POWER

Electronic Edition



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A Touchstone Energy® Cooperative



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Cooperatives: Power for Generations

July 9, 2004

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Kansas Co-ops Receive REDLG Funding

Earlier this week, three rural electric cooperatives in Kansas had projects approved for USDA Rural Economic Development Loan and Grant (REDLG) program funding. Bluestem, Butler and Nemaha-Marshall were selected for a combined \$772,000 in funding to support economic development in rural Kansas.

Bluestem received a \$70,000 loan through the REDLG program for a family-owned bakery called Our Daily Bread. This bakery started in the Barnes, KS, garage of Norma Drebes. Expansion plans include a restaurant and the purchase of new equipment. Seven new jobs will be created by this \$87,500 project.

Butler received a \$252,000 loan through the REDLG program for the development of an industrial park in south-central Kansas. Through a public-private arrangement with the City of Rose Hill, KS, a new 106-acre industrial/business park is becoming a reality. This is not the first project for Butler in Rose Hill. Previously, Butler County Community College constructed a classroom building adjacent to the Rose Hill High School. Butler worked with the college to provide \$450,000 from the REDLG program to make the community college outreach program a reality.

Nemaha-Marshall received a \$450,000 loan through the REDLG program to assist in the construction of a new building and equipment for Koch and Company, a cabinet

and door making company, in Seneca, KS. By expanding, this company will bring their cabinet-making division under one roof and create 86 new jobs over the next three years.

"These business development funds will support local community efforts to bring economic growth and employment opportunities to rural Kansas," said USDA Rural Development State Director, Chuck Banks. "USDA Rural Development will continue to work vigorously with our state's rural electric cooperatives to support local efforts in bringing new business investment to their communities. I would like to thank the rural electric cooperatives for their continued participation in this excellent program that assists rural Kansas."

The first electric cooperative project that was approved under the REDLG program in Kansas was for Prairie Pig Feeders, near Kismet, KS. CMS made this loan in 1991. Since that time, 63 projects have been completed with \$18.8 million dollars received from USDA to create approximately 930 jobs in our state. With supplemental funds, these projects have added \$87.9 million of new property valuation in Kansas counties.

USDA Rural Development's mission is to deliver programs in a way that will support increasing economic opportunity and improve the quality of life of rural residents. For more information, call (785) 271-2702 or visit www.rurdev.usda.gov/ks.



Have an idea or
a story for
Rural Power?

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Cooperative Calendar

July	13	Lane-Scott Annual Meeting – Dinner at 6:30 p.m., Meeting at 7:30 p.m. at Lane County Fair Grounds, Dighton.
	14-15	KEPCo Board of Trustees Meeting, KEPCo Hdqtrs, Topeka, 8:30 a.m.
	16	Sunflower Board Meeting, Sunflower Hdqtrs, Hays, 8:30 a.m.
	17-23	"Cooperative Youth Leadership Camp," Clark, CO.
	22	Eastern MDM Meeting, KEC Headquarters, Topeka, 10 a.m.
31-Aug. 2	KEC Summer Board Meeting, Marriott Hotel, Overland Park.	
August	1	KEC Budget and Operations Committee Meeting, Marriott Hotel, Overland Park, 11:00 a.m.
	12-13	Kansas Material Managers Association Meeting, Best Western Airport Red Coach Inn, 6815 W. Kellogg, Wichita.
	18-19	KEPCo Board of Trustees Meeting, KEPCo Hdqtrs, Topeka, 8:30 a.m.
	20	Sunflower Board Meeting, Sunflower Hdqtrs, Hays, 8:30 a.m.
	26	Eastern MDM Meeting, KEC Headquarters, Topeka, 10 a.m.
	27	KCRE Golf Tournament, Municipal Golf Course, Salina.
September	6	KEC Office Closed, Labor Day.
	9-10	Kansas REC Managers Association Meeting, Capitol Plaza, Topeka.
	15	Leavenworth-Jefferson Annual Meeting – Dinner at 6:00 p.m., Meeting at 7:00 p.m. at McLouth High School Purple Gymnasium, McLouth.
	15-16	KEPCo Board of Trustees Meeting, KEPCo Hdqtrs, Topeka, 8:30 a.m.
	17	Sunflower Board Meeting, Sunflower Hdqtrs, Hays, 8:30 a.m.
	23	Eastern MDM Meeting, KEC Headquarters, 8:30 a.m.
	23-24	Kansas Line Supervisors Association, Holiday Inn Select, Wichita.
	28	Loss Control, Safety and Compliance Committee Meeting, Marriott Hotel, Wichita, 1:00 p.m.
	28-29	KEC Board of Trustees Meeting, Marriott Hotel, Wichita, 8:30 a.m.

2004 District Meetings

The 2004 District Meetings have been scheduled for the following dates by the host systems:

District 1 - October 27, location TBD, hosted by Butler.

District 2 - October 29 at KEPCo Headquarters in Topeka, hosted by Nemaha-Marshall.

District 3 - November 3 at the KSU Research Center in Hays, hosted by Prairie Land.

District 4 - November 4 in Dodge City, hosted by all District 4 member systems.

Employment Opportunities

Lineman Positions Wanted

KEC has received a resume of an apprentice lineman seeking work in Kansas. To receive a copy of the resume, contact Leilani Todd, KEC.

An apprentice lineman, currently interning at Western, seeks a full-time position. He holds an Associate's Degree, CDL, and is certified to climb. Please contact (785) 726-3470 or e-mail kbittel@gbta.net.

Washington Co-op Seeks Journeyman

Nespelem Valley Electric Cooperative is seeking a journeyman lineman with experience in working energized overhead and underground construction; and operation and maintenance in electric transmission, substation, and distribution systems. Must have valid CDL, first aid card, qualified under IBEW, graduate of high school and accredited electrical lineworker program, completed OSHA training, and can operate digger derricks, cranes, bucket trucks, and other utility equipment.

Send resume to NVEC, attn: Bob Poch, Line Superintendent, PO Box 31, Nespelem, WA 99155, or call (509) 634-4571.

Governor Appoints Moffet to KCC

Governor Kathleen Sebelius announced her appointment of Mike Moffet to the Kansas Corporation Commission on June 25, 2004. A native of Norton, Moffet most recently worked for Public Strategies, a Texas-based public affairs consulting company that advises SBC Kansas.

Moffet is a boyhood friend of Sebelius' husband, Gary Sebelius. He is a graduate of Kansas University with degrees in journalism and law.

Moffet has worked for the Federal Aviation Administration and as a counsel and legislative assistant in Congress for former U.S. Sen. Nancy Landon Kassebaum.

He said his major focus will be on protecting consumers and promoting competition.

Following his confirmation hearing last month by the Senate Confirmations Oversight Committee, Moffet takes over the seat on the three-member commission from Republican John Wine, whose term expired earlier this year.

The two other commissioners are Brian Moline and Robert Krehbiel. They are both Democrats, and under state law, Sebelius, also a Democrat, had to appoint someone other than a Democrat. Moffet is a Republican.



Mike Moffet

News from Kansas Cooperatives

Western's Board Reorganizes

The reorganization meeting of Western Cooperative Electric's Board of Trustees was held June 17, 2004. The following officers were elected: Larry Evans, president; Don Schultz, vice president; and Richard Schaus, secretary / treasurer.

During the regular monthly meeting, the board accepted the resignation of Vance Pearson as Trustee. Evans expressed the appreciation on behalf of the board for Pearson's 25-year tenure. The last 13 years, Pearson had served the board as secretary / treasurer. Pearson was presented a meter lamp as a token for the appreciation of his services.



Western's board president, Larry Evans, presents Vance Pearson a meter lamp in appreciation of Pearson's years of service as a trustee.

Youth Tour Photos on NRECA Website

Youth Tour photos from this year's tour are now on NRECA's cooperative.com website. Check out the Kansas photo album at <http://photos.cooperative.com>.



Above: Camden Yards. Left: By the Potomac River.



Bluestem Welcomes New Employee

Bluestem recently hired Jerod Chaffee as a 2nd Year Apprentice Lineman. Jerod grew up in the Clay Center area and graduated from Clay Center Community High School in 1999. He previously worked for three years at Sumner-Cowley where he gained valuable experience before joining the Bluestem line crew. Jerod plans to marry Amy Floersch of Clay Center in September.



Jerod Chaffee

Rolling Hills Suffers from Tornado

On May 29, a tornado cut a destructive path in Rolling Hills' service territory from Jamestown near Concordia up through the Munden area northeast of Belleville. 31 miles of transmission line were damaged, leaving 1/3 of the residential customers in that area without service.

Almost 1½ miles of the transmission line was flat on the ground, and 13 "H" structures, consisting



A lone splinter stands where an "H" fixture once held a transmission line.

of two large poles with braces in between, were torn apart by the tornado. In all, approximately 200 poles were lost, and the estimated cost to the cooperative is expected to reach \$300,000.

Line crews were able to back feed the substations and return all three substations to service by the next morning. Power was restored to all members by June 3.

Doing Your Homework

By Dave Holthaus, KEC's Manager of Government Relations

One might think a lobbyist's job is done once the session is over since no new law can be drafted until January 2005.

I've never been busier... this is the time of the election cycle during which we must evaluate the candidates that have filed to run for these offices. In November 2004, we will see a large turnover in the Legislature, maybe as much as 25-30% of the 165 legislators. These new people come from every walk of life and have their own ideas and passions. It is just good business for any organization to meet these candidates and look for areas of mutual interest, especially their feelings regarding electric cooperatives.

We are blessed in Kansas to have good, solid incumbents from our rural communities, but times are slowly changing! The rural areas of our state are losing population, and with that go representation. It is incumbent on all of us to elect responsible people with leadership abilities. I would ask that when these candidates hold forums or Saturday morning coffee shop talks, or are walking the streets asking for votes, that you ask a few questions and get to know your elected officials. It's your chance to sound off and ask the legislators to support our electric cooperatives.

I have never ascribed to the notion that everyone should vote. I encourage it, but only for those who know for whom they are voting and for what those candidates stand. So, when you hit the polls in August and November, be fully informed before you pull the lever.

Do your homework! It's that time of year.



Cooperative Hall of Fame Nominations

Nominations are being solicited for induction into the 2005 Cooperative Hall of Fame.

Induction into the Cooperative Hall of Fame is the highest honor that the cooperative community bestows on men and women whose endeavors in the cause of the cooperative form of enterprise have been genuinely heroic.

Nominations are due to the Cooperative Development Foundation by August 2, 2004. Please visit www.coopheroes.coop for more information.

CFC Makes Largest Syndicated Loan

In April, CFC completed its largest-ever syndicated debt financing and in the process helped Sunflower Electric Power Corporation save \$62 million on its \$213-million refinancing of RUS debt.

Sheldon C. Petersen, CFC Governor and CEO, stated, "This syndication demonstrates CFC's ability to provide innovative solutions to the financing needs of our members, including working with other private lenders to offer low-cost financing and help share the risk on larger loans."

CFC's loan was approximately \$138 million of longer-term debt. The syndication package, which included a private placement component, was oversubscribed and ultimately included two investors providing \$75 million of debt financing over a seven-year maturity.

The transaction, a refinancing that required RUS approval, effectively reduced Sunflower's interest rate by approximately 400 basis points and, according to Sunflower, will save about \$62 million in interest costs for the co-op over the full 12-year term of the financing.

Earl Watkins, Sunflower's CEO / General Counsel, said, "For more than 40 years, Sunflower's goal has been to provide an adequate and reliable electric power supply at the lowest possible cost. This refinancing and the resulting interest savings will make it possible for Sunflower to maintain stable wholesale rates in western Kansas through the end of the decade, even while making significant capital improvements to the system."

The Sunflower syndicated loan with institutional investors was arranged by a CFC team that included John List, Senior Vice President, Member Services; Krishna Murthy, Vice President, Portfolio Management; and Andrew Don, Director of Loan Syndications.



From left: CFC's John List join Sunflower Electric's Earl Watkins and Sunflower Electric's Board President Charles Ayers at the closing ceremonies that will save Sunflower Electric \$62 million in interest costs.