

NORTH PLAINS ELECTRIC COOPERATIVE

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FROM THE GENERAL MANAGER



KEEP US INFORMED

by Randy Mahannah

I can't think of a single industry, business or individual not affected by the upward shift in oil prices, and North Plains Electric is included. Wholesale electric energy prices this summer are impossible to predict since natural gas is our main fuel source, and it's tied to crude oil. From a supply standpoint, there is no concern for a natural gas shortage. Storage predictions indicate normal reserves are anticipated, but natural gas costs continue to be driven by oil prices. I have mentioned in the past that during summer months, electricity furnished by NPEC has a fuel blend of approximately 75 percent natural gas and 25 percent coal. At the peak time this summer (July and August), when our demand is the greatest during the year, that blend will fall to less than 15 percent coal and more than 85 percent natural gas, putting us in a very vulnerable position without any real control.

North Plains Electric, through its wholesale supplier, Golden Spread Electric Cooperative, is not only trying to hold down the cost of wholesale electricity now but is also considering measures to control unreasonable increases in the future. Ideally, in our plan, coal as a fuel source needs to be at least 25 percent of the blend now and in the future. A partial requirements contract with Xcel Energy that expires in 2012 has furnished the coal mix throughout the years. That contract is cost-based, but we were offered a replacement contract that contained provisions making it close to market-based, so it is unacceptable at this time.

Due to that contract expiring, increased power requirements and changing markets, a responsible plan must be in place to furnish wholesale electric energy to members in the future. Golden Spread already has a large percentage of electricity fueled by gas turbines, so gas is not a viable option and that market remains unstable. Advancements in emissions reduction technology has made coal a clean fuel source and increased the number of new units planned around our region. Two hundred years' worth of available coal in the U.S. is a very positive

aspect of using coal, and coal-fired generation would keep the GSEC fuel mix intact. Coal-fired units require a large capital investment so we have to maintain adequate resources. There are only limited opportunities in new regional units so participation is critical.

I am sure many readers wonder why wind farms are not reasonable alternatives. Wind power is not firm. When I say firm, I mean it will not be available every minute of every day. Rolling outages would occur if wind was placed in the firm power mix and it was unavailable during critical times. Firm power has to be available when called upon. Purchase and installation costs of wind power are twice as high as natural gas facilities and about 55 percent of coal-fired plants per kW. The investment is difficult to justify right now for a part-time source. The energy tax credits offered from an electric cooperative standpoint have no value since they are not tradable and, even if they were, they would probably have to be discounted to make other companies interested in purchasing them. There would be value in the environmental credits, but investor-owned utilities (IOUs) can contract energy from wind farms and use all the credits, making IOUs the most likely buyers of wind energy. Additional transmission and utility costs from a wind source are more reasonably spread across a customer base that is vast, so the impact is very small per customer. GSEC members do not have that large member base; consequently, wind energy is not a good option at this time under these circumstances.

From my standpoint, a blend including coal-fired generation will continue to be necessary to maintain a reasonable wholesale price for North Plains Electric and its members in the future. At this time there is no way of knowing exactly how the cost of wholesale power will impact you throughout the summer and fall since the market is being driven by high-priced oil. But for today at least, when comparing electricity with natural gas, diesel and propane, electricity is the lowest-cost energy source.



WHY SURGE PROTECTION?

- The National Lightning Safety Institute estimates that lightning strikes cause from \$5 billion to \$6 billion of damage each year—mostly from computer and data loss.

- Lightning can strike up to 7 miles away from your home and still cause significant damage.

- Surge protectors extend the lifetime of sensitive electronic equipment by protecting against both major voltage surges and minor, everyday power fluctuations.

- Sixty-five percent of all transient power surges generate from inside the home.



- Even common household items such as air conditioners and furnaces can generate 1,000-volt spikes.

- Today's microprocessor-based technology has changed the way people live, work and play. However, this sensitive technology is highly susceptible to electrical surge damage. Worse yet, damaging surges can happen anywhere and at any time.

That's why NPEC provides members with advanced surge protection. Store-brought power strips simply aren't enough to protect today's home electronics from even minor power surges.

We offer Tesco brand meter base protectors and Panamax plug-in protectors which can extend the lifetime of sensitive electronic equipment by protecting against both major voltage

surges and minor, everyday power fluctuations. Panamax plug-in protectors offer superior three-stage protection that ordinary over-the-counter devices just can't match.

NPEC also offers uninterruptible power supply systems, high-quality products that not only protect sensitive computers from electrical disturbances but also provide battery backup. So even if the power goes out, your data won't be lost.

Contact Bill Carson for more information and prices.



All NPEC members are invited to attend the Health Fair 2005, sponsored in conjunction with Ochiltree General Hospital, on Tuesday, May 10, at the Ochiltree Expo Center.

The hospital will offer a discounted blood profile with lipids for \$25 beginning at 7 a.m.

Regional and local health industry representatives will be on hand for education and awareness, and to answer questions.