

NORTH PLAINS ELECTRIC COOPERATIVE

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From the General Manager If You Call, We'll Answer

I am sure many of you have noticed that the fuel cost recovery factor on your electric bills for the first half of this year is not much different than last year's, even though natural gas is about \$3 higher. North Plains Electric (NPEC) has been able to offset the additional cost of gas this year since our wholesale energy supplier, Golden Spread Electric Cooperative (GSEC), was guided by directors, management and

consultants who made some excellent decisions when Mustang Station was built. Mustang Station is a very efficient power plant and is strategically located near several major gas pipelines. The power contract design with Denver City Energy Associates, who operate Mustang Station, has favored GSEC members, and an insurance policy that covers turbine mechanical failure paid GSEC for added energy costs to members and off-system sales losses after the steam turbine failed in the spring of 2001. Credits have been flowing back to North Plains Electric members from GSEC since April due to the insurance settlement and will continue throughout the year. These credits have helped offset the increased cost of natural gas this year since they flow back through the wholesale power bill.

Everyone has felt the effects of natural gas costs that have been at or above \$6 per million cubic feet (mcf) for most of the year. Gas-fired power plants, like our Mustang Station, have been built in recent years since they can be built quickly for less capital cost than coal- or nuclear-powered generation plants and meet environmental regulations easier. The market's concern over availability has become a big problem with natural gas. If domestic gas production, imports and storage continue to be inadequate, then gas prices will maintain current levels or climb higher. As industrial, commercial and agricultural users—as well as electric utilities—continue to require more natural gas, demand outgrows supply. Alan Greenspan, our Federal Reserve Chairman, has even stressed the need for the U.S. to use more coal and nuclear power. Energy Secretary Spencer Abraham has suggested that utilities use conservation and efficiency and other fuel sources since supplies

Randy Mahannah

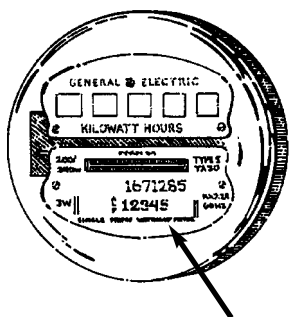


are limited. These suggestions are great, but implementation of new coal and nuclear facilities will take years, and wind energy is undependable and is not considered firm power.

According to an article in *Solutions News Bulletin* produced by the Cooperative Finance Corporation, natural gas production in the U.S. peaked in 1973 at 22.6 trillion cubic feet (tcf) and by 2002 production had declined to 20 tcf. Exploration in the U.S. has increased, but new gas wells are only helping to offset part of the decline of existing domestic well production, so our reliance on imported gas only increases. The Department of Energy anticipates demand for natural gas to grow 54 percent and net imports to increase from 16 to 22 percent by 2025.

NPEC and its supplier, GSEC, are exploring options to hold our reliance on natural gas in check, but any action will take years to complete, so our hands are tied for the short term. As I stated before, we have been able to offset the cost of natural gas this year, but uncertainty lies ahead. Our nation's reliance on fossil fuel will continue as long as we can import enough to meet the country's demands, but I get an uneasy feeling knowing how dependent we really are on foreign imports. The U.S., and our area in particular, will suffer if conditions continue to drive up the cost of natural gas. Right now, we can only hope for a mild winter nationwide and less international unrest in the foreseeable future.

When Reporting an Outage:



Giving us the meter number helps us locate you faster and better than directions.

**For service call:
(806) 435-5482
or
1-800-272-5482**

If you would like a refrigerator magnet to record your meter number to have it easily available in case of an outage, please call NPEC.



Storm and Wind Cause Major Damage

Summer storms have caused some spotty damage and outages in North Plains' service area. For the most part, weather has been minimal in terms of downed poles. However, severe weather on June 5 resulted in 68 broken poles plus downed lines and power outages for residents in Hansford County.

High winds and stormy conditions caused problems for North Plains EC beginning June 5 around 5 p.m. when a strong thunderstorm moved across Hansford County. Damage was extensive, ranging from Palo Duro Feedyard in the western part of the county to southeast of the intersection of FM 760 and Highway 281 in the eastern part of the county near the Hansford-Ochiltree county line. Overall, 897 meters lost power as a result of the damage. Twenty-eight large 60-65 foot transmission poles that feed 69,000 volts of power to local substations were demolished, many broken into multiple pieces. Forty distribution poles were also destroyed. Power to three different substations was lost.

Despite the severity of the damage and extremely muddy roads and fields, most service was restored late Thursday night or early Friday morning. The muddy conditions slowed efforts, requiring the use of a bulldozer, as crews worked through the night on Thursday. Over 500 services were restored in the Gruver and southeastern Hansford County areas by 8:30 p.m. Thursday, less than four hours after the storm hit. South of Spearman, electric service was not restored until

around 7 a.m. Friday.

"We had damage to the transmission line on both sides of the [Harbour] substation," said Lewis Crain, NPEC engineer and operations manager. Lines were damaged on Highway 52 south of Spearman and on County Road 14 southwest of town. "We were not able to reach the station ... the damage occurred in such a way that we were not able to move power to

the Harbour substation [located at the corner of Highways 207 and 51]," he added. Ordinarily, crews can redirect power from one of two transmission lines capable of supplying power to a substation. Consequently, power was rerouted from a substation north of Spearman via undamaged distribution lines. This reroute powered up most meters south of Spearman and in the Holt community.

Because of the extensive damage to the transmission lines, a specialized construction crew from Dodge City, Kansas, was contracted to begin work Friday morning. Restoration of the lines was complete by noon on Monday, June 9. According to Operations Superintendent Chris Mendenhall, "The construction portion of the job was hampered by the debris removal that had to occur before repair could progress."

Damage to some lines feeding individual houses and one business also had to be completely rebuilt and power at these locations was restored on Friday evening. Power to some irrigation, oil wells and sprinklers was not restored until Monday.

If your power goes out in a storm or any other time, please contact NPEC immediately at (806) 435-5482 or 1-800-272-5482. It always helps to have your meter number or account information handy for reference.

If you see downed power lines: **DO NOT APPROACH OR TOUCH THEM** and **DO NOT TRY TO MOVE THEM**. Contact NPEC and your local fire or sheriff's department immediately.

