

# City begins studying power contract options

By Tom Betz  
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Goodland buy electrical power under a contract with Sunflower Electric, and the contract has more than a year to go, however, another option will be discussed at the next meeting on Monday.

City Manager Doug Gerber said he felt the decision the commissioners will be making is one of the most important, and he feels it would be good to have a review of the existing power purchase contract and what the city may be looking at in the future.

Gerber said he and Rod Blake, power plant superintendent, thought the Sunflower contract would be up in May, but a check with Sunflower officials found that the contract had been extended one year to May 2012.

"With the power contract coming up," Gerber said, "we want to position Goodland in a position to be flexible and be able to deal with the power system in the future."

He said representatives from the Kansas Municipal Energy Agency will be at the city meeting on Monday, Jan. 17, to talk about the possibility of the city joining the Electric Management Project 2. He said 11 cities have banded together to buy and sell electricity as a group and the agency is the intermediary who the participating cities buy and sell through.

He said the agency has a group EMP1 composed of nine cities in the extreme eastern portion of the state.

Gerber said Beloit, where he was employed before moving to Goodland, was a founding member of EMP2.

"I am not convinced it will bring value here," he said, "but felt it could be good to visit about the existing system and the options."

He said it can take up to a year to do a

power study, and with the extension of the Sunflower contract it is good to have the extra time.

Blake said the city has a current contract with Sunflower for firm power and that the city is located about in the center of Sunflower's territory and surrounded by their power lines. He said the city owns seven miles of 115kv line that connects with Sunflower's system.

He said the city's working relationship with Sunflower is fine, but the feeling is the city lacks flexibility except for the possibility of the energy center and the city can purchase hydro power from the Western Area Power Authority.

"The positive is we are the largest load center in northwest Kansas," he said. "When the van hit our pole east of town on the weekend Sunflower did not hesitate and sent a crew out to get it repaired."

"Yes it was costly, but have been more costly if we had to run our power plant for those two days."

He said the city has not received information from Sunflower about the contract renewal, but the KMEA group is in the market now.

"It is good to be shopping, Blake said. "We need to look at the options. We want to now what the options are for the city. Doug and I don't see a major savings with the power project, but the project could open doors."

City Commissioner John Garcia said it was his understanding that Sunflower owns the transmission lines, and if the city was not using their contract the city would have to pay a transmission charge.

Blake said that was true, and the city already pays a fee on the 4 mega watts of firm power, and have a 1 meg of power above that. He said the city would have to buy

power for generate anything over that.

City Commissioner Rick Billinger asked about the price for power.

He said the price for power from the KMEA group is looking compatible with what Sunflower has charged. He said the price quoted to the city was close to what the city is paying.

Billinger asked if the new plant approved for Sunflower in Holcomb would make any difference.

Gerber said he doesn't think that would make much difference in what the city can do.

He said a couple of the member cities of the EMP2 project are Russell and Pratt. He said Russell has a new plant and are competitive on their power prices.

Billinger said the city is buying firm power and the extra needed.

Blake said the city purchased a little over 56,000 mega watts of power and produced less than 500,000 kilowatts of power.

"We are talking about \$3 million in purchase power," he said. "We want to make sure we get the best deal and reliability. We have to bring out the scale and see what is the best option."

Gerbersaid he felt it was good to talk with the KMEA people. He said he thought the project brought good things to Beloit where he worked.

"There is something of a bias in the group," he said, "Pratt is the furthest west member they have."

"Guessing at what is going to happen," he said, "as we see gas go over \$3. We feel the city is in a good position. Sunflower wants to retain us as a customer and KMEA wants us as a customer. There may be others who want us, and there are some new lines being proposed. The city was a member of MEAN in Nebraska."

He said the city would have to enter into a study with the Southwest Power Pool about the power network. He said the KMEA people believe it is not a problem to get the power to the city.

Commissioner Dave Daniels said he felt the city had some options in purchasing power, but the transmission problem was a mess.

Blake said the Nebraska people said they could give the city the power, but couldn't get it to the city. He said he feels the system has improved over the years and the power companies have gotten some of the bugs out. He said something has changed that has made it easier to get the power to the city.

Daniels asked how long the KMEA group has been around.

Gerber said he thought the EMP2 project started about five years ago, and the EMP1 was started prior to that.

He said the power project has had some hiccups. He said he went to meetings when in Beloit, and he and Rod have gone to a couple of meetings to learn more about the project.

He said he approached KMEA about doing an EMP3 with western power plants, but it did not fly.

Mayor Josh Dechant asked what the price looked like.

Blake said the city is paying \$53.55 blended in with all the tariffs, and the KMEA was right in there. He said everybody selling power is in a competitive situation and about the same price.

Gerber said it was good to have a contract, and said the city has the guy who knows how to handle things, but that Rod is not going to be here forever. He said KMEA can help.

"I would anticipate Sunflower will be competitive," Blake said, "I would recommend that when Sunflower brings some-

thing to the table we need to look at the flexibility. It is smart to lock in firm power, but when it comes to the non firm we don't want to be restricted."

Gerber said he agreed the city's key bargaining position is to keep the city flexible on the non firm.

He said he thought the KMEA people would push for a quick decision, and he feels the city ought to push back and take the time to go ahead and do the power study. He said one thing is to see who is going to pay for that. He said he has been told it is a nominal fee, but does have a specific figure.

"If we are the largest load out here Sunflower doesn't want to lose us," Garcia said.

Blake said he felt that was true.

Gerber said there are other groups, but if Sunflower would lose they would like to lose to KMEA who they deal with. There is Midwest Energy. They buy some of their power from Sunflower.

"We are all connected," Blake said, "we don't want to bite the hand that feeds us, but we don't want to be held captive."

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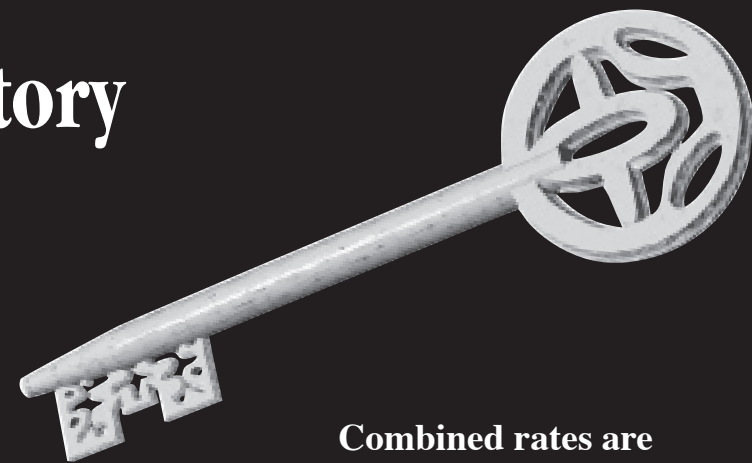
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