FROM THE MANAGER

Co-ops Are the Fabric of Our Community

In 2011, the U.S. Senate—building of a similar action by the United Nations General Assembly—designated 2012 as International Year of Cooperatives. As a result, cooperatives everywhere are celebrating our unique not-for-profit, member-owned business model.

If you’ve read this newsletter, then you know Victory Electric is an electric cooperative—as a result, you and everyone else who receives electric service from us is a member, not a customer. Because you and your fellow members govern how Victory Electric operates, our top priority remains providing safe and reliable service and keeping your electric bills affordable. Local control also means we’re in the business of improving the quality of life in the communities we serve, from our youth programs to advice on how you can make your home or business more energy efficient.

Electric co-ops are just one type of co-op operating in America. Dairy co-ops produce nearly 90 percent of our nations’ milk. Credit unions? They’re co-ops, too, with more than 8,000 across the country serving 91 million consumers. You can also find housing, hardware, and even funeral co-ops throughout the U.S.

Some agricultural marketing co-ops have become household names: Sunkist, Ocean Spray, and Blue Diamond Almonds.

Together, all of us are a key part of our local economy. We provide good jobs to folks who live right here—your neighbors and friends. We deliver goods and services that keep our communities humming. We’re happy to lend a hand when we’re able, and we enjoy being involved with schools and community organizations.

At Victory Electric we return any excess profits, called margins, to you in the form of capital credits. That money then gets reinvested locally—perhaps at a grocery store or other retail outlet, which in turn allows the owners to hire more people.

While not a new concept—Benjamin Franklin started the first co-op, the Philadelphia Contributionship for the Insurance of Houses from Loss by Fire, in 1752 (still in operation today)—the co-op form of business continues as an integral part of our lives.

As another year comes to an end, we will strive and work hard in hopes for another successful year. Happy holiday season to all.

‘Til Next Time, TJ

Our top priority remains providing safe and reliable service and keeping your bills affordable.
Electric Co-ops advocate for Achievable, Manageable EPA Regs

This time of year, it's easy to guess team loyalties from the frequent banter exchanged between fans of opposing teams. In a world of rapidly changing technology and instant feedback, I am intrigued that games originating long ago can still captivate so many and have concluded one reason is because these games often mirror the daily challenges we each face.

This certainly holds true in the electric industry. At Sunflower, our goal is to bring our A-game every day in order to best meet the needs of our members—cooperatives and those they serve. In reflecting on 2011—which was full of challenges, particularly from external entities—I believe one of Sunflower's roles was that of the offensive coordinator, interpreting and planning for new environmental regulations so that the quarterback, our member-cooperatives, can continue their mission of serving you with reliable power at the lowest possible cost.

The fact that so many environmental regulations are coming at once has created a scenario commonly referred to as the “EPA Train Wreck,” a multitude of regulations with unpredictable implementation dates. As committed stewards of the environment, Sunflower supports regulation that protects public health and environment, but we also believe the regulations should be achievable and manageable while not inhibiting our nation's economic growth or placing unnecessary economic burden on ratepayers.

Unfortunately, the price tag for becoming compliant with these regulations is not cheap, which is never welcome news. Below are explanations of three rules that have the potential to significantly increase the cost of electricity in our system and what Sunflower has done to “protect the quarterback.”

Maximum Achievable Control Technology for Reciprocating Internal Combustion Engines (RICE MACT)
The RICE MACT rule became effective in May 2010 and sets emission limits for all types of internal combustion engines, including electricity generators used for peak-shaving, backup or emergency sources of generation.

Sunflower contracts with several municipal utilities for use of their internal combustion engines during peak energy demand or emergencies. As a result of the RICE MACT rule, each municipal must determine if it is cost effective to retrofit its units to meet these requirements. Several municipalities in our system are leaning toward moth-balling older units due to the cost of retrofit. In fact, the Sunflower system could lose nearly 43 megawatts of reserve generation, requiring us to build new generation or seek it elsewhere sooner than anticipated in order to meet our obligations to the Southwest Power Pool, the organization that ensures reliable generation and transmission of energy across our region.

The Sunflower system will no doubt incur increased costs in order to meet the deficit created by this EPA rule.

Maximum Achievable Control Technology for Electricity Generating Units (EGU MACT)
The requirements for EGU MACT became effective when it was proposed in May, and the final rule is expected by mid-December. The rule establishes two sets of requirements for coal and oil-based units: one set is for existing units, and a second set—with more restrictive limits—is for new EGUs.

With the installation of additional mercury control equipment, which will cost Sunflower approximately $2.7 million, Holcomb 1 (H1) will meet the EGU MACT requirements for existing coal units. However, the Holcomb Expansion Project (H2) cannot be built unless substantial revisions are made to the rule for new electricity generating units because the final emission limits have never been achieved by any electricity generating unit. On behalf of our Members, Sunflower has been active in proposing the following solutions: adding a sub-classification with less stringent values for the new projects that have permits but have not begun construction; classifying these projects as existing units; or withdrawing the rule. A letter has also been written to President Obama, explaining the necessity of EPA implementing one of the above solutions.

Cross-State Air Pollution Rule (CSAPR)
CSAPR, intended to improve air quality in regions that are impacted by emissions that cross state lines, was finalized in July and will become effective Jan. 1, 2012, a mere six months after the publication of the proposed rule. This rule requires electricity generating units in 27 eastern states to reduce nitrogen oxides (NOx) and sulfur dioxide (SO2) emissions. Kansas, along with five other states, must also further reduce NOx emissions during the ozone season, a five-month period from May through September.

Since Kansas was not included...
in the initial proposed rules to control NOx and SO₂, generating utilities in our state were blindsided by the final rule and near-term effective date—a situation that creates a great financial and compliance burden on Sunflower and, ultimately, on our Members and you. Although we had planned to install newer NOx reduction equipment at Holcomb Station in 2013, CSAPR forced us to move the $20 million project to early 2012, a change in schedule that escalates the cost by $2.5 million.

Under the new rule Sunflower will receive inadequate NOx allowances to enable H1 to operate at full capacity, so in 2012 we expect to have to buy a limited number of allowances at a currently unknown price for H1. An even larger number of allowances will need to be purchased for our natural gas-based units. As a result of CSAPR, along with MACT and other regulations, it is estimated that Kansans can expect their utility bills to increase approximately 16 percent in the first year.

Unfortunately, it doesn’t end there. Research by the Southwest Power Pool indicates that in the near-term CSAPR could have serious consequences on the electric grid. An inadequate balance of transmission and generation availability raises the possibility of cascading outages or rolling blackouts that would doubtless have significant impacts on human health, public safety, and the region’s economy.

In October, Sunflower joined other utilities in filing a request for stay and a request for reconsideration with the EPA. We have also testified at state and federal levels about the ramifications of this rule.

I realize it’s not great news, but please know this: electric cooperatives have an obligation to keep the lights on, and we are fighting the battle every day to do it at the lowest possible cost. I hope it is reassuring to know that Victory Electric and the other members of the Sunflower family are on your team and looking out for you.

In closing, I would like to wish you many blessings during this holiday season and in the new year.
Victory Employees Earn Recognition for Achievements

Two Victory Electric employees recently earned recognition for their hard work and dedication.

Accounting
JENNIFER GAUT, Victory Electric accountant, was recently acknowledged for completing and passing the Rural Utilities Service (RUS) Borrower Accounting course. Gaut completed the 12-month independent study course in 8.5 months, and graduated with an A in the course.

The goal of the course was to apply properly and accurately the accounting principles relating to the electric utility industry. Gaut developed a working knowledge of the unique accounting requirements arising from the manner in which Rural Utility Service (RUS) borrowers are financed and the nonprofit nature of borrowers organized as cooperatives.

“As an accountant at Victory Electric, I already had a strong working knowledge of cooperative accounting practices,” Gaut said. “I chose to take the course because I wanted to understand how it all fell together with the requirements of RUS and how each piece of the puzzle comes together to form ‘the big picture’. The knowledge I gained from this course was phenomenal, and I use those skills on a daily basis.”

Communications
JERRI IMGARTEN, communications specialist at Victory Electric, has earned recognition as a professional communicator through the Certified Cooperative Communicator (CCC)—a voluntary, national certification program.

In order to achieve certification, Imgarten had to meet the program requirements and submit a portfolio of work samples in the field of marketing and communication for evaluation. Her portfolio was judged by peers, communicators in the electric cooperative industry who have already earned the CCC designation. Having passed that evaluation, Imgarten then took a four-hour written examination on cooperative operations.

“The CCC program was a way for me to advance my education without going back to traditional schooling,” Imgarten said. “The information on the exam covered everything from communications to engineering to accounting to coop operations, and everything in between. The skills knowledge I acquired during studying and the certification process helps me every day.”

Since 1985, when the program began, more than 300 electric cooperative communicators throughout the nation have attained CCC status.
High School Juniors: Win a Free Trip
to Washington, D.C., or Steamboat Springs, Colorado

Two Winners, All-Expenses-Paid

Two Winners, All-Expenses-Paid
Cooperative Youth Leadership Camp July 14-20, 2012, in Steamboat Springs, CO.

If you are a high school junior and would like to increase your leadership skills, meet new friends and travel, you can apply for the Youth Tour through Victory Electric.

During the Government In Action Youth Tour, June 14-21, 2012, students will join 1,500 youth from across the nation in Washington, D.C. Participants will visit the monuments and other attractions, as well as visit Capitol Hill to learn more about how our government works.

At the Cooperative Youth Leadership Camp, July 14-20, 2012, students will join youth from Colorado, Wyoming, Oklahoma and Kansas. Campers form a mock cooperative, participate in leadership activities, and learn about the cooperatives.

Students will be selected based on a résumé, application and an interview. To apply, contact your high school counselor, high school principal, or Jerri Imgarten at Victory Electric Cooperative by calling 620-371-7730 or 800-279-7915 for more information about the contest.

The deadline for applications is February 10, 2012.

Victory Electric Cooperative Youth Tour Application
The deadline for applications is February 10, 2012

Name of Applicant: ____________________________________________
Mailing Address: ____________________________________________ City___________________ Zip _______________________
Birth Date___________________________________________________ Applicant Cell Number ______________________________
Name of Parents or Guardian ____________________________________ Parent/Home Number_______________________________
E-mail ____________________________________________________  School ___________________________________________

I agree that all information supplied in this application is accurate and true.__________________________________________________ .

(Signature of Applicant)

I hereby grant permission for _____________________________________ to enter the 2012 Youth Tour competition sponsored
by The Victory Electric Cooperative Assn., Inc__________________________ .

(Signature of Parent or Legal Guardian)
Cooperativas Eléctricas Defensoras Alcanzables, Manageable Regs EPA

Esta época del año, es fácil advierto la lealtad del equipo de las frecuentes bromas intercambiadas entre los fans de opuestos equipos. En un mundo de rápidos cambios de tecnología y impresión instantánea, estoy intrigado con juegos originalmente hace tiempo todavía pueden cautivar tanto y han concluido en razón juegos a menudo reflejan los diarios desafíos encaramos.

Sin duda esto sucede en la industria eléctrica. En Sunflower, nuestro objetivo es hacer nuestro juego cada día a fin de satisfacer mejor las necesidades de nuestros miembros propietarios y aquellos que sirven. Reflejar en 2011, la cual estaba lleno de desafíos, especialmente de entidades externas: creo que uno de los papeles de Sunflower fue el de coordinador ofensivo, interpretación y planificación de nuevas regulaciones ambientales para que el quarterback, nuestros miembros propietarios, pueda continuar su misión de servir con alimentación fiable al menor costo posible.

El hecho de que tantas normas ambientales están llegando a la vez ha creado un escenario conocido como el “EPA Train Wreck,” una multitud de reglamentos con fechas de ejecución impredecible. Como guardianes del comité del medio ambiente, Sunflower apoya el reglamento que protege la salud pública y medio ambiente, pero también creemos que el reglamento debe ser alcanzable y manejo mientras no inhbe el crecimiento económico de nuestra nación o colocar una carga económica innecesaria sobre los contribuyentes.

Lamentablemente, la etiqueta de precio por ser compatible con estos reglamentos no es barata, que nunca es una noticia bienvenida. A continuación se presentan las explicaciones de tres reglas que tienen el potencial de aumentar significativamente el costo de la electricidad en nuestro sistema y lo que ha hecho Sunflower para “proteger al quarterback”:

Maxima Achievable Control Technology for Reciprocating Internal Combustion Engines (Rice MACT)
Normas MACT Rice se hizo efectiva en Mayo de 2010 y establece límites de emisiones para todos los tipos de motores de combustión interna, incluyendo generadores de electricidad que utiliza para el afiada de pico, copia de seguridad o emergencia fuentes de generación.

Sunflower contrata con varias utilidades municipales para utilizar sus motores de combustión interna durante la demanda pico de energía o emergencias. Como resultado de la regla de Rice

MACT, cada municipio debe determinar si es rentable para redactar sus unidades para satisfacer estos requisitos. Varios municipios en nuestro sistema está inclinándose hacia arrancándolos polilla unidades mayores debido al costo de redacción. De hecho, el sistema de Sunflower podría perder casi 43 megavatios de generación de reserva, esto require de nosotros construir la nueva generación o buscar en otros lugares antes de lo previsto para cumplir con nuestras obligaciones al Southwest Pool, la organización que asegura confiable generación y transmisión de energía en nuestra región.

El sistema Sunflower sin duda incurrirá en mayores gastos para atender el déficit cread por esta regla de la EPA.

Maximum Achievable Control Technology for Electricity Generating Units (EGU MACT)
Los requisitos para EGU MACT entró en vigor cuando se propuso en Mayo, y la norma final se espera para mediados de Diciembre. La norma no es barata, que nunca han alcanzado los límites de emisión final por cualquier unidad de generación de electricidad.

En nombre de nuestros miembros, Sunflower ha sido activo en proponer las siguientes soluciones: agregar una subclasificación con valores menos estrictos para los nuevos proyectos que tienen permisos pero no han comenzado la construcción; clasificar estos proyectos como unidades existentes; o retirar la norma.

Una carta también se ha escrito al Presidente Obama, explicando la necesidad de EPA implementar una de las soluciones anteriores.

Cross-State Air Pollution Rule (CSAPR)
CSAPR, destinada a mejorar la calidad del aire en las regiones que se ven afectadas por las emisiones que cruzan las líneas de estado, finalizó en julio y entrará en vigor el 01 de Enero de

Continúa en la página 16-G
**Why Buy Local?**

*Why buy local? There are numerous benefits to buying local. First, when those coveted big, job creating, businesses look to locate in a city or town, they look at the statistics of how many people buy local.*

Ford County has total retail sales of $484.7 million, and compared to other towns and counties approximately the same size, Ford County doesn't do as well.

In Finney County (Garden City), they have total retail sales of $680.7 million, almost $200 million more in sales than in Dodge City. Great Bend and Liberal do approximately the same in total retail sales, but they have approximately 2,000 less households than Dodge City.

Therefore, towns like Garden City, which is approximately the same size as Dodge City, will attract more businesses because they draw in more local buyers.

Another important fact that many forget when they travel is the cost to travel to those places. Using Wichita and Garden City as examples, using the calculation (IRS mileage rate x the miles) + (average Ford County hourly wage x time to drive), the average person is spending almost $17 going to Garden City and $57 going to Wichita, without even opening your wallet at a store.

Victory Electric recognized a need for a buy local campaign. Along with United Wireless, Cox Communications, Dodge City Community College, and Weece Furniture Outlet, Buy Close By was formed.

The idea behind the marketing campaign is to encourage consumers to stay in Dodge City and Ford County for their holiday shopping. Many local businesses are offering discounts, coupons, special holiday products, drawings, giveaways and much more on the weekends of December 9-10 and December 16-17.

For more information on the discounts being offered, please visit the website at www.buycloseby.com or facebook.com/buycloseby.

If you are a business and are interested in participating, contact Micaela Morales at 620-371-7744.

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2012, apenas seis meses después de la publicación de la norma propuesta. Esta norma requiere unidades generadoras eléctricas en 27 estados orientales reducir las emisiones de dióxido de azufre (SO2) y óxidos de nitrógeno (NOx). Kansas, junto con otros cinco Estados, deben también reducir aún más las emisiones de NOx durante la temporada de ozono, un periodo de cinco meses desde mayo hasta septiembre.

Como Kansas no fue incluido en la inicial propuesto normas para el control de NOx y SO2, generando utilidades en nuestro estado fueron cegados por la normas final y fecha efectiva a corto plazo, una situación que crea una gran carga financiera y de cumplimiento de normas en Sunflower y, en última instancia, sobre nuestros miembros y usted. Aunque habíamos planeado instalar nuevos equipos de reducción de NOx en la estación de Holcomb en 2013, CSAPR nos obligó a mover el proyecto de 20 millones de dólares a comienzos de 2012, un cambio en la programación que se intensifica el costo por 2,5 millones de dólares.

Bajo la nueva regla de Sunflower recibirán subsidios de NOx insuficientes para permitir H1 operar a plena capacidad, por lo que en 2012 esperamos tener que comprar un número limitado de derechos de emisión a un precio desconocido para H1. Un número aún mayor de derechos de emisión deberá adquirirse para nuestras unidades de gas natural.

Como resultado de CSAPR, junto con MACT y otras normas, se estima que Kansan pueden esperar sus facturas de servicios públicos para aumentar aproximadamente el 16 por ciento en el primer año.

Por desgracia, no termina allí. Investigaciones realizadas por el grupo de poder de Southwest indican que en el CSAPR a corto plazo podría tener graves consecuencias en la red eléctrica. Un saldo insuficiente de disponibilidad de transmisión y generación plantea la posibilidad de interrupciones en cascada o rodando apagones sin duda tendría impactos sobre la salud humana, la seguridad pública y la economía de la región.

En Octubre, el Sunflower se unió a otras utilidades para presentar una solicitud de estancia y una solicitud de reconsideración con la EPA. También nos hemos testificado a nivel estatal y federal sobre las ramificaciones de estas norma.

Me doy cuenta que no es una gran noticia, pero por favor sapan esto: las cooperativas eléctricas tienen la obligación de mantener las luces prendidas, y estamos luchando la batalla cada día para hacerlo al menor costo posible. Espero que es reconfortante saber que The Victory Electric Cooperative Assn., Inc. y los demás miembros de la familia están en su equipo mirando por usted.

Para concluir, me gustaría desearles muchas bendiciones durante esta temporada navideña y de año nuevo.

**Sunflower apoya el Reglamento que protege la salud pública y medio ambiente, pero también creemos que el Reglamento debe ser alcanzable y manejable mientras no inhibe el crecimiento económico de nuestra nación o colocar una carga económica innecesaria sobre contribuyentes.**
Cold Weather Rule
Effective Nov. 1 to March 31

Cooperative members who are unable to pay their electric bills during the cold weather period may qualify for this program, provided they fulfill certain good faith requirements when attempting to pay.

The requirements members must meet to qualify for the program are summarized below:

- Members must notify the cooperative and state their inability to pay their service bill in full.
- Members must apply to federal, state, local or other financial assistance programs for which they may be eligible to receive aid in paying utility bills.
- Members and the cooperative will reach a mutually agreeable payment arrangement.

Please note that failure to follow the requirements, illegally diverting utility service, receiving service by tampering, or defaulting on a payment agreement, will disqualify you from receiving the benefits under the Cold Weather Rule.

In no event will the cooperative disconnect a service if the temperature is forecast to fall below 35 degrees F, or be in the mid 30s or colder within 24-hours following the time of disconnection.

The Cold Weather Rule is to ensure human health and safety are not unreasonably endangered during the cold weather months.

If you have questions on the Cold Weather Rule, please contact Sandy at 620-227-2139.

How to File a Complaint

When you have a problem with your electric, natural gas or telephone service, it can be time consuming and frustrating. The Kansas Corporation Commission (KCC) wants to help you with the complaint to correct the problem as soon as possible. If you have a question or complaint about your utility service the KCC can help.

The KCCC has jurisdiction over all local telephone, natural gas, and investor-owned electric utilities. Check which utilities the KCC regulated and review your rights as a consumer.

Before you contact the KCC:

First, call Victory Electric at 620.227.2139. Provide the cooperative with the facts. The cooperative will investigate and let you know what action it plans to take.

Then, If you do not hear from Victory Electric within a reasonable time, or if you are not satisfied with the company’s resolution, you can file a complaint with the KCC.

Filing a Complaint with the KCC:
Informal complaints may be made by phone or in writing. No special form is needed, but statements should include all the facts.

The complaint should include your name as the customer of record, mailing address or service address, home and work phone numbers, name of utility, your account number, and the facts about what the utility did or did not do. Include dates, times, location and persons involved, the resolution you expect, and sign and date the form.

If you have a complaint or inquiry, you can call 800-662-0027, TDD Kansas relay center 800-766-3777, Fax: 785-271-3111; email public.affairs@kcc.ks.gov. Or write: KCC-Consumer Protection, 1500 SW Arrowhead Rd, Topeka, KS 66604.

The following notice is being published in accordance with the rules and regulations of the Kansas Corporation Commission.