

NEWS



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KDHE Denies Permit for Holcomb Expansion

Hays, KS—October 18, 2007—Secretary of the Kansas Department of Health and Environment Roderick Bremby denied the final construction permit for Sunflower Electric Power Corporation's Holcomb Expansion today.

The Secretary's decision sets aside KDHE professional staff's recommendation to issue the permit and disregards the extensive and exhaustive work completed by the KDHE technical staff to ensure that public health and the environment are protected, public concerns were addressed, and strict state and federal laws were followed.

Following an in-depth assessment of available technologies, Sunflower, operator of Holcomb Station, filed an air permit application with the KDHE in February 2006. This application incorporated the latest technologies to ensure that the project would meet or exceed all state and federal regulations. Since then, the department thoroughly reviewed the project, held three public hearings, and responded to public comments as part of their preparation of the final permit.

Bremby's decision was based on his opinion that additional carbon dioxide in the atmosphere presents a "substantial endangerment" to the public health of Kansans. Current EPA and Kansas regulations do not consider carbon dioxide a pollutant.

"We are disappointed with the Secretary's arbitrary and capricious action," said Earl Watkins, Sunflower's president and chief executive officer.

"It's clear the KDHE technical staff followed the law in its treatment of Sunflower's air permit application when the staff recommended that the permit be issued. All Kansans should be alarmed by this action since the impact of this denial will be felt across many industries in Kansas, not just power plants."

Consequences of the Decision

Supporters of the project view this decision as a setback for central and western Kansas. "This destroys the opportunity for \$200 million of direct benefit for central and western Kansas cooperative and municipal customers

and diminishes the ability to build transmission necessary for additional wind power growth," Watkins said.

"Unfortunately, this decision opens the door to higher rates for central and western Kansas. We reject the Sierra Club's recent assertion that doubling electric rates would be acceptable. Our farmers, small business owners, senior citizens and commercial customers should not be burdened by higher rates because of political maneuvering," he added.

This action also impedes Sunflower's ability to invest in and advance the algae technology that would utilize carbon dioxide from the power plants. To address carbon emissions, the project partners have completed initial testing for an innovative algae reactor that will utilize a portion of the carbon dioxide emissions from Holcomb Station to produce biofuels, including ethanol and biodiesel. Funds that would have been earned from the power plant expansion project were expected to be used to finance Sunflower's investment in the commercial algae reactor.

Next Steps

The project partners are evaluating the Secretary's decision and will determine the appropriate course of action.

"Politics aside, the 1.5 million cooperative customers still need reliable, low-cost power. We will endeavor to fulfill that mission in the appropriate way, but those customers will be harmed and the economy damaged by the Secretary's decision," Watkins said. "Sunflower expects to pursue legal and legislative remedies to this denial."

Gratitude for support

Sunflower received broad support for the expansion of Holcomb Station. Citizens, local governments, legislative leaders, school districts, business and labor leaders and their cooperatives rallied to support the air permit.

"We believe our broad support from central and western Kansas comes from Sunflower's reputation as a reliable power supplier and a good steward of the environment," Watkins said. "We thank our supporters for their encouragement through this long process."

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About Sunflower—

Sunflower Electric Power Corporation is a regional wholesale power supplier that operates a 1,203 MW system of wind, gas, and coal-based generating plants and a 2,300-mile transmission system for the needs of its six member cooperatives who serve more than 400,000 customers living in central and western Kansas. Visit Sunflower's website at <http://www.sunflower.net>

Sunflower's member cooperatives include Lane-Scott Electric Cooperative, Dighton; Pioneer Electric Cooperative, Ulysses; Prairie Land Electric Cooperative, Norton; Victory Electric Cooperative Association, Dodge City; Western Cooperative Electric Association, WaKeeney; and Wheatland Electric Cooperative, Scott City, Kansas.

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