

NEWS



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DATE: August 2, 2001

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SUNFLOWER ELECTRIC AND INTERNATIONAL ENERGY PARTNERS TO DEVELOP 600 MW POWER PLANT IN SOUTHWEST KANSAS

Sunflower Electric Power Corporation and International Energy Partners, L.P., today announced plans to develop a 600 megawatt coal-fired power plant near Garden City, Kansas.

The new plant will be a joint venture between Sunflower and IEP, a developer of independent power projects based in Bethesda, Maryland. Sand Sage Power, LLC, the project company formed by Sunflower and IEP, will own the plant. The facility, estimated to cost between \$600-\$800 million, will be project-financed with non-recourse debt.

Sunflower and IEP have worked together for nearly a year to determine the feasibility of the project. At this point in the process they have determined that it is appropriate to finalize plans for the equity participants and continue negotiations for long-term power supply agreements with other utilities and power marketers. When these transactions are successfully completed, the project will move into the construction phase.

"This project will add an increased measure of system reliability for our Kansas consumers without causing Sunflower to incur any additional debt," Sunflower President and CEO Chris Hauck said. "It marks another step in our strategy to maximize the value of Sunflower assets for the benefit of our Member Systems."

Thomas Hoffmann, president and CEO of IEP said, "We're delighted to be partnering with Sunflower to provide Kansas and the regional market with a reliable, low-cost supply of electric power. Sand Sage Power will supply power in this region of the country where the need for new electric power is increasing and supplies are getting tighter. Securing a reliable supply at a stable price will be of paramount importance to wholesale marketers and end-use customers alike."

The Sand Sage Power project will be built on a site owned by Sunflower. The new power plant will be integrated with Sunflower's Holcomb Unit #1 through common facilities to minimize the project's capital cost. Sand Sage Power will pay Sunflower for the use of those facilities and for the operation and maintenance of the new plant.

An air permit application was filed by Sand Sage Power with the Kansas Department of Health and Environment in June 2001. Construction is expected to begin as early as mid-year 2002, pending approvals from local, state and regulatory officials. Commercial operations are expected to start in 2005. Power from the plant is anticipated to be sold under a combination of long-term arrangements as well as to retail markets in Kansas and deregulated states in the region.

Hauck commented on other valuable Sunflower assets—its employees and Board of Directors saying, “The dedication of all our Sunflower employees over the years has helped us reach this new business plateau. The skill of our workforce as demonstrated by our operational proficiency was an attraction for our development partner. The board’s visionary leadership has brought us to a point where we can continue to assure western Kansans that their power supply is reliable, plentiful and reasonably priced.”

The regional benefits of the new plant will be substantial Hauck said, “Sunflower is focused on examining strategic alliances with other companies to help western Kansas grow and prosper. Our project with IEP will help us increase our presence in the region and will create approximately 40 new permanent jobs in addition to the hundreds of workers that will be needed during the three-year construction phase of the project.”

About Sunflower Electric Power Corporation

Sunflower is a regional wholesale power supplier headquartered in Hays, Kansas. It is owned by six western Kansas electric cooperatives who serve more than 120,000 people in 34 counties. More information about Sunflower can be found at: www.sunflower.net.

About International Energy Partners

IEP was formed in 1993 to develop, own and operate independent power projects in select markets throughout the world. It is owned, in part, by the Energy Investors Funds Group of Boston, Mass., an affiliate of Dresdner Kleinwort Capital.