

NEWS



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STUDY EXAMINES “VIRTUAL” INTEGRATION OF CO-OPS

HAYS, KS—A group of generation and transmission (G&T) cooperatives in Kansas, Oklahoma and Texas are studying the potential benefits of “virtually integrating” their assets for the benefit of their distribution cooperative owners.

The original study participants were Sunflower Electric Power Corporation and Golden Spread Electric Cooperative, a G&T headquartered in Amarillo, Texas. The participants engaged ACES Power Marketing (APM), an energy risk management firm owned by fourteen electric cooperatives, including Sunflower and Golden Spread to conduct the study. ACES is headquartered in Indianapolis, Indiana. Another APM owner, Western Farmers Electric Cooperative, a G&T with offices at Anadarko, Oklahoma is now also a participant in a second phase of the integration study.

The goal of the study is to determine the potential benefits of a “virtually integrated G&T” that would be created by hypothetically combining, for operating purposes, the loads and resources of the participant firms.

Initial results of the first phase of the study indicate that both short and long-term transactions between Sunflower and Golden Spread would be beneficial. Both utilities are considering the outcome of the initial phase of the study and the related transmission issues associated with future transactions between the utilities.

Once the study is complete, if benefits to all the parties are revealed, then the G&Ts will attempt to contractually capture the benefits that a merged operation would yield without actually merging the entities.

Sunflower Electric Power Corporation is a regional wholesale power supplier that owns and operates a 595 MW system of gas and coal-fired generating plants and a 1,200-mile transmission system for the needs of its six member cooperatives who serve 120,000 people spread throughout a 21,000 square mile area in western Kansas. Sunflower also provides power to regional utilities in western Kansas and in ten states.