



SUNFLOWER ELECTRIC POWER CORPORATION

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Kansas Department of Health and Environment

Statement of Nicole Pfannenstiel
Concerning the Proposed Kansas Air Quality Construction Permit
Of Sunflower Electric Power Corporation

August 2, 2010

My name is name is Nikki Pfannenstiel. I am the Member Services Coordinator for Sunflower Electric Power Corporation. I am here before you today to support the proposed permit, and I would like to emphasize to you why I believe this project is truly a once-in-a-generation opportunity for our state.

I asked to speak today because I have a rather unique perspective on the project you are considering. I was born and raised right here in Kansas City. I moved to western Kansas 18 years ago to attend Fort Hays State University. Western Kansas is where I've planted seeds and had the opportunity to spend the majority of my adult life. But, having lived a significant amount of time in both areas, I can tell you from experience that my life in Hays is very different from my life in this metro area.

Today, I live in a part of the state where 7 acres separates me and my husband from our neighbors. And let me add that's close when compared to some parts of our state. I live out where distance is judged by miles instead of by minutes. It's a place where the sunsets over our golden wheat fields just take your breath away—at least it does for me.

Some people don't think about it, but electricity is an essential commodity in our lives. As Americans, we spend over \$250 billion—yes billion—per year on electricity. It is the second largest commodity bought and sold in America—second only to food. And believe me, those of us in rural Kansas know a lot about producing food for our state and nation.

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This 895 megawatt project is a cutting-edge, coal-fired generating facility that will deliver low-cost electricity to more than 400,000 people that our member cooperatives serve in central and western Kansas. It will result in a very, very large economic stimulus all across the country, and it will create thousands of jobs in Kansas. Communities throughout western Kansas will benefit from new jobs, new tax revenues, and an increased demand for goods and services.

We estimate that more than 1,900 jobs will be created during construction with workers collectively earning more than \$121 million annually during the 4-year construction cycle. This workforce is also expected to spend at least \$8 million each year on food and lodging during that period of time. The project will also directly or indirectly create 334 permanent jobs in Kansas with workers who will earn about \$15 million annually.

This project will also cause new revenue streams to flow to Sunflower as a result of its activities—first developing and then operating the facility for the project partners. In fact, Sunflower will receive more than \$400 million from the project for its operation and maintenance contract, facility rental fees, and cost savings during the next 30 years.

These revenues will provide for a substantial amount of the equity requirement Sunflower will need to capitalize its portion of the project. In other words, exporting Kansas energy will provide money for Kansas jobs and bring a clean new energy source to serve people living in more than 60 Kansas counties.

Sunflower's current sizeable economic impact across central and western Kansas will certainly expand from this project. Our existing operations support a workforce of 359 people, and in 2009 local and state governments benefitted from the \$8 million in property taxes paid by Sunflower.

This unit will be exempt from property taxes for the first 12 years of operation, but after that period it is projected it will be assessed annual property taxes of \$5 million per year for the balance of its expected 50-year lifetime. That would amount to \$190 million

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from this new plant, not to mention the taxes that will be paid by owners of the new transmission lines across the state.

So why does all of this matter? Currently, I work with economic development professionals all over central and western Kansas. We need projects that can provide jobs for our young people who want to spend their lives in our part of the state. I've had the opportunity to work with small business owners from communities like Lakin, Syracuse, Ulysses, and Scott City. There's not a community with which I've worked that doesn't support this project. They all know it will help to increase their tax base and diversify their economy.

We are largely an agricultural-based economy out west. In Kansas, we produce as much as 22 percent of the beef consumed in the nation, and we are also a leading producer of wheat, grain sorghum, and sunflowers. One of our most important initiatives in recent years has been the development of the dairy industry. Through a lot of hard work and savvy investors, a number of large dairies have developed in western Kansas. Collectively, these efforts have helped Kansas become one of the top 20 milk producing states in the nation—a statistic we are very proud to claim.

We also have other opportunities for growth in our region, but we need the electric infrastructure and affordable electric rates to keep rural Kansas alive. The addition or loss of one or two jobs has as much impact to many of our communities as the addition or loss of hundreds of jobs here in the metro region.

This project will bring 158 new permanent skilled jobs to western Kansas. These are jobs that will pay an average annual salary over \$53,000 per year. That compares to the 2008 per capita income in Finney County of \$26,588. Because this opportunity will not likely come again for my generation, we have to seize the moment and do everything we can to make it happen because we know that when western Kansas thrives, the eastern Kansas economy will become even stronger. All you have to do is talk to my friends who've spent money in Kansas City, Wichita, or any of the other metro areas to see how many of our dollars end up right here in Johnson County.

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I hope you can see why I enthusiastically support this project. I don't want anyone here to think we want any kind of a handout or expect those of you living here to feel sorry for us who live in rural Kansas. Our population is sparse, but our sunsets are gorgeous; we worry about losing our kids but we have a new generation of young people operating our farms and ranches who will continue our proud tradition of feeding the world for a long time to come.

That's why it's important for us to create alliances with our neighbors in order to combat issues like population loss to metropolitan areas where there are more opportunities for higher paying jobs. This project is our chance to work with all of you—whether it be to purchase goods and services or to offer a job to someone in Kansas City that might otherwise be out of work. This is our chance and we don't intend to blow it.

Several years ago, Senator Karin Brownlee met with our western Kansas economic development group. At the time she was, and I believe continues to be, actively involved in the promotion of rural economic development initiatives. I remember her saying that sometimes her constituents question why she spends so much time working on rural Kansas issues. As she explained, the best thing for Johnson County is to find ways to help the state quit sending eastern Kansas tax revenues to western Kansas. She told us that her belief is if the western Kansas economy were stronger, Johnson County could keep more of their tax revenues. Our group assured her we could not agree more.

My time to express my views today is nearly complete. I hope I have helped you understand why I think this project is right for Kansas. Young or old, farmer or banker, eastern or western, this is the right time for you to approve this permit and let us get on with the business of serving our customers and helping do our part to continue to make Kansas a wonderful place to live.