



SUNFLOWER ELECTRIC POWER CORPORATION

A Touchstone Energy® Cooperative 

... energy done right

Kansas Department of Health and Environment

Statement of Earl Watkins
Concerning the Proposed Kansas Air Quality Construction Permit
Of Sunflower Electric Power Corporation

August 4, 2010

My name is name is Earl Watkins. I am the President and Chief Executive Officer for Sunflower Electric Power Corporation.

In order to get this project to this permitting stage of the process, our partners sought and received the approval from the boards of directors at their generation and transmission (G&T) cooperatives. But they also had to gain the same approvals from their local distribution cooperatives that own the G&Ts. That meant that 67 co-op boards, three G&T boards, and nine municipalities reviewed this proposal, and then voted to support their respective investments in this project. I would estimate that more than 700 of the democratically-elected representatives of electric consumers have gone on record to support what is before you today.

Along with other G&Ts (and municipalities), we purchase our coal from the Western Fuels Association in Denver. Like us, it is a not-for-profit organization. Western Fuels exists solely for the purpose of buying coal as cheaply as possible for its membership.

Seventeen different power supply cooperatives (including Sunflower) formed ACES Power Marketing in 1999 to provide wholesale energy risk management services to its member-owned cooperatives. ACES manages an important function of our business, but like the others, it is operated on a not-for-profit basis.

Most recently, cooperatives formed the National Renewables Cooperative Organization (NRCO), a company that is comprised of not-for-profit utilities that are

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working to make renewable energy supplies available to the portions of the country that are not as blessed with as much wind as we have here in Kansas. But guess what? It too is operated on a not-for-profit basis.

Besides operating on a not-for-profit basis, it's important to understand that we do not have any fuel bias. Our mission, since 1957, is to provide reliable electric and transmission services to our members at the lowest possible cost that is consistent with sound business practices. Rather than seeking a profit, all we seek to do is reduce the cost of electricity for our consumers that own these organizations.

Unless this permit is approved, we will be forced to make electricity more expensive than it needs to be—and our people simply can't afford that, especially since the resource they want to build adheres to all the environmental laws and regulations that have resulted from the actions of our legislative bodies, our courts, and our state and federal agencies over the last 55 years.

There are a dozen or more coal-fired plants serving eastern Kansas with low-cost power today and we strongly believe western Kansans should be entitled to the same service, especially when the power will come from a plant like we are proposing to build.

These rural consumers deserve the opportunity to receive base load power at the lowest possible cost. Forcing them to use generating resources that are more expensive than necessary creates a system in Kansas, and in the region, of electrical "haves" versus "have-nots."

I would also like to touch on the repeated call by many who have testified before you that we should be investing in wind rather than coal. As I'm sure anyone here this evening already knows, we have already invested in wind. And we are nearing the completion of negotiations for a contract for power from the nation's first cellulosic ethanol and power plant at Hugoton.

Wind is simply not the proper technology to use for our base load power requirements. Base load energy must be available all the time. Our wind resources west

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of Salina are probably some of the best in the state, but they only operate with a 40% average capacity factor because the wind simply doesn't blow all the time.

Please don't ask us to make a base load investment in wind unless you can prove to me that you only need a refrigerator or air conditioner to run 40% of the time. I know that you don't want cash registers in stores that only work 40% of the time, and I'm certain you wouldn't favor only pumping water to your homes 40% of the hours each year. All energy providers need diversified generation portfolios using many generation technologies—and that's exactly what we have in our thirteen power plants (2 coal and 11 gas) and the 325 wind turbines that produce our wind energy.

A few days ago, our system set a new peak demand for power of 1,098 megawatts. At the time of that peak our combined wind resources of 125 megawatts provided us with 50 megawatts. The following day, at the peak hour, those resources provided us with just four megawatts. I hope these facts help you understand why wind just won't serve our base load energy needs.

As I've said previously, we are following the law with regard to this project, and frankly, I don't understand what else reasonable people might expect us to do. I would point out that the vast majority of the opponents of this project are not consumers of the power that will be generated by this new unit. I often wonder if our opponents would be as zealous in their opposition if the outcome of their advocacy would result in higher electrical bills for themselves. In fact, much of the opposition to what we are doing comes from people that live in other states or from businesses that would financially benefit from a decision to not use coal.

I ask you to reject those arguments and approve this permit. Thank you for this time to speak today.