

CURRENT

Spring 2020

For Our Member Systems, Employees and Friends

Sunflower, Mid-Kansas finalize merger



Mid-Kansas closes on the sale of Aquila's Kansas Electric Network on March 31, 2007. This important milestone marked the official transition of assets following 18 months of planning and work.



Top: Mid-Kansas developed the 110 MW Rubart Station with fast-start capable internal combustion units, allowing for quick response to market conditions. The facility became commercial in September 2014.

Above: SPP mandated the Harper-to-Milan transmission project to meet regional electricity needs. Mid-Kansas completed the project in May 2018.

Mid-Kansas Electric Company Inc. was successfully merged into Sunflower Electric Power Corporation on Jan. 1, 2020.

In 2005, Sunflower and its Members chose to form Mid-Kansas to successfully bid on the sale of Aquila's Kansas Electric Network. The acquisition essentially doubled the electric generation capability and the miles of transmission line in the system. The acquisition also meant that more Kansans were served by the electric cooperative business model, which puts ownership and governance in the hands of the electric consumer versus private stockholders.

In addition to added electric load, Mid-Kansas brought diverse generation resources, and the enhanced utilization of the two generating fleets



benefitted both Mid-Kansas and the native Sunflower system. Beginning in 2007, the two systems were jointly planned and operated.

However, since the formation of Mid-Kansas, the goal of Sunflower's and Mid-Kansas' member-

owners was to capitalize on the synergies by merging the two wholesale electric utilities into one larger cooperatively owned and operated utility.

Regulatory filings were submitted in August 2018 to the Kansas Corporation Commission, which approved the merger in March 2019. Sunflower and Mid-Kansas also filed with the Federal Energy Regulatory Commission to obtain approval to combine transmission zones and rates.

At the wholesale level, merging removes regulatory and operational duplication, allows access to lower cost debt, and better absorbs a fluctuating load that occurs due to industry and economic pressures, all of which allow Sunflower to better serve its members.

INSIDE THIS ISSUE

- WOTUS Replaced 2
- Social Distancing 101..... 2
- Co-ops Vote..... 2
- Holcomb Expansion Update 3
- LEI Report 3
- Career Spotlight..... 3
- Member Memo 4

Remanded WOTUS rule more sensible, clear

The Trump Administration released a replacement of the controversial 2015 “Waters of the U.S.” rule with definitions that clarify federal jurisdiction under the Clean Water Act and that consider needs of rural landowners in ways that will reduce regulatory delay and costs.

The new “Navigable Waters Protection Rule”—developed by the Environmental Protection Agency and the U.S. Army Corps of Engineers—specifies four types of water bodies that fall under the jurisdiction of the federal Clean Water Act. Importantly, the rule also provides exclusions,



photo courtesy NRECA

including one that preserves the long-standing exemption for waste treatment systems.

“The new rule is a sensible regulation that provides regulatory clarity, protects the environment and recognizes the

important role of states in managing the nation’s water resources,” NRECA CEO Jim Matheson said.

The rule confirms federal jurisdiction over permanent waterways that always or usually contain water: territorial seas and traditional navigable waters; perennial and intermittent tributaries; certain lakes, ponds and impoundments; and wetlands that are adjacent to jurisdictional waters, EPA said. Other waters remain under state protection.

Author: Cathy Cash, NRECA staff writer



Cooperatives like Sunflower work diligently to ensure that the way of life cooperative members have come to expect is protected. The Co-ops Vote program was developed in 2016 to encourage voter turnout and help co-ops and their members inform political candidates about issues important to America’s electric co-ops and the communities they serve.

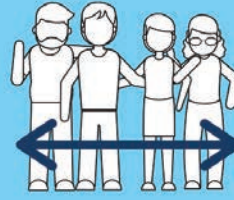
The non-partisan project was developed by the National Rural Electric Cooperative Association (NRECA), the service organization that represents the nation’s more than 900 private, not-for-profit, consumer-owned electric cooperatives. With 42 million members in 47 states, electric co-ops can use Co-ops Vote as a powerful voice in local, state and national elections.

Co-ops Vote has been successful in spreading the co-op message in previous elections and stands to be just as effective in the 2020 elections.

Below are four hot topics for the 2020 election year:

- FEMA reforms
- Protect Power Marketing Administrations
- Support infrastructure needs of rural communities
- Encourage broadband initiatives in rural areas

SOCIAL DISTANCING 101



Social distancing are actions that communities can take to reduce face-to-face contact which may help reduce the spread of disease.

INDIVIDUALS AND FAMILIES



- Stay home and do not go out in public when you are sick
- Avoid medical settings unless necessary
- Give six feet of space from others
- Wave instead of handshakes
- Practice excellent personal hygiene habits

AT WORK



- Work in ways that minimize close contact with people
- Minimize groups over 10
- Encourage telecommuting
- Clean your workspace frequently

THOSE AT HIGHER RISK



Public Health recommends that people at higher risk of severe illness should stay home and away from large groups of people

Those at higher risk includes people:

- Over 60 years of age
- With underlying health conditions
- With weakened immune systems
- Who are pregnant

COMBAT COVID-19

DO YOUR PART
It's the **COOPERATIVE** way.

Mutual assistance programs and FEMA disaster relief funding are essential to restoring electric service after major storms or disasters. Guaranteed FEMA funding and resource availability are necessary for electric cooperatives to effectively respond, especially in small communities that cannot fund major restoration efforts. Without FEMA assistance following a disaster, time and expense for recovery increase dramatically. Electric co-ops support FEMA reforms allowing the use of FEMA funding to rebuild electric infrastructure to “build back better,” not just to pre-disaster conditions; streamlining the inconsistent application of FEMA policies that has resulted in long delays and added costs; and increasing the small project threshold to at least \$500,000 to ease delivery of funds to electric cooperatives for small disaster assistance recovery projects.

More than 600 co-ops in 34 states are customers of the Department of Energy’s four Power Marketing Administrations (PMA). For this reason, NRECA is focused on ensuring that the federal hydropower infrastructure and PMAs remain a vital part of America’s energy backbone. The president’s Fiscal Year 2021 budget proposed the sale of PMA assets as well as a change to market-based rates. Electric cooperatives will continue to oppose this proposal because privatizing PMA assets and changing the rate structure will increase electricity costs for million of homes.

Cooperatives have always worked to advocate for the communities they serve, which, at times, includes providing services beyond electricity. Supporting rural communities’ infrastructure needs and encouraging broadband initiatives are one in the same. Rural electric cooperatives will continue to advocate for federal dollars to support rural communities that need this vital connection, as well as federal dollars to modernize the electric grid and promote electrification throughout the economy.

Learn more about the issues and get involved at www.action.coop.

Source: action.coop

Our Mission:

To provide reliable, long-term power supply and transmission services to our member-owners and the people they serve at the lowest possible cost consistent with sound business and cooperative principles.

Holcomb Expansion Project no longer pursued by Tri-State

The Holcomb Expansion Project. It's a project that's been in the news for 15 years and one that was in the news again in January. Following an announcement by Tri-State Generation and Transmission Association that the utility will no longer pursue the Holcomb Expansion Project, Sunflower Electric Power Corporation announced that it would allow the project's air permit to expire on March 27, 2020.

Sunflower and Tri-State, which provide wholesale generation and transmission services to their member distribution electric cooperatives, began working together in 2005 to add supercritical coal-based units to Sunflower's Holcomb Station, located near Holcomb, Kan. Both utilities were seeking a reliable, affordable resource to meet their members' growing demand for electricity and had a need for additional capacity.

"Fifteen years ago, the price of natural gas was high, and wind generation was in its infancy," said Stuart Lowry, president and CEO of Sunflower. "At that time, the expansion of Holcomb Station emerged as the best way to meet our members' long-term needs for generating reliable, affordable energy."



Holcomb Station
Expansion Project

In 2005, Sunflower filed a Prevention of Significant Deterioration air permit application for three 700 MW supercritical pulverized coal units, later reduced to two 700 MW units, and in 2009 reduced to one 895 MW unit.

The 2007 Purchase Option and Development Agreement between Sunflower and Tri-State required Sunflower to protect the optionality of the project as long as Tri-State chose to pursue the project. Sunflower supported Tri-State's efforts to market the permit to other utilities, including securing two extensions of the air permit.

As part of the PODA, Sunflower could have participated in the project if developed and would have benefitted in multiple ways in addition to the production of energy.

"Dating back to 2000, even prior to the Holcomb Expansion Project, Sunflower worked with various project partners to capitalize on the potential operational synergies at Holcomb Station. Sunflower received fees to pursue development opportunities that have allowed us to provide energy to our member cooperatives at a cost otherwise not possible," Lowry said.

SB 69 KS ENERGY REPORT

The utility study conducted by London Economics Inc. (LEI) was released to the public in January. As was commissioned in SB 69 by the 2019 Kansas Legislature, major topics focused on ways Kansas lawmakers can impact electric rates through legislative changes.

The study is the first of a two-part examination with the second phase slated for completion in July 2020. Lawmakers will discuss that report in 2021.

The LEI report provides lawmakers with policy recommendations that could be implemented through legislation or KCC action.

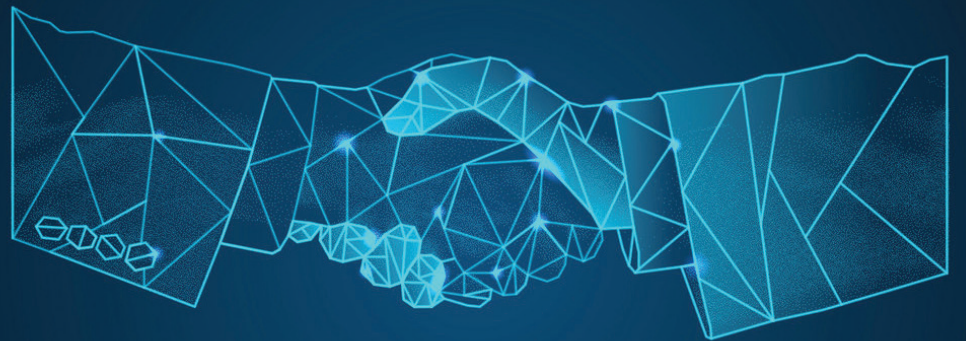
The study emphasized the need to require all utilities to submit Integrated Resource Plans (IRP) to meet overall state objectives, once those are set. LEI recommended that a part of the IRP process include review of competitive procurement for new, large-scale generation or transmission assets; that the legislature consider performance-based regulation (PBR) that would incentivize utility efficiency and align utility incentives with customer benefits and state policy objectives; and that the Kansas Legislature establish a framework to allow for the securitization of uneconomic assets that are not a benefit to consumers.

LEI's recommendations also said that care should be taken to allow a utility to grow its rate base following any securitization of assets.

The study seemed to indicate a desire for competitive retail markets in the long-term but also highlighted some of the complications with retail competition. LEI suggested other steps be considered in the short-term and recommended the state develop a task force to further study the issue.

Co-op staff across Kansas are reviewing the 300+ page study to determine how recommendations in the study would impact cooperatives.

SPOTLIGHT ON COOPERATIVE CAREERS



Administrative Assistant

Administrative Assistants provide support to managers, other employees, and office visitors by handling a variety of tasks in order to ensure that all interactions [between the organization and others] are positive and productive. They exhibit excellent computer skills in a multitude of software and attention to detail that helps ensure quality and consistent documents. They are great organizers, planners and multitaskers. An administrative assistant also excels at both verbal and written communication and anticipates the needs of others, thereby providing even greater support to leadership.

"To me, being an administrative assistant means being there when you're needed. When I can go home at the end of the day and know I helped make somebody's job easier, it gives me great satisfaction. I've been doing this a long time, yet every day is a new experience."

- Cindy Suppes,
Administrative Assistant



SUNFLOWER ELECTRIC POWER CORPORATION

A Touchstone Energy® Cooperative 

Member cooperatives celebrate 75 years

An Electrifying Past. A Bright Future. Victory Electric Celebrates 75 Years

The year 2020 marks an important milestone for Victory Electric. For 75 years, more than poles and wire connect cooperative members in southwest Kansas. The cooperative is more than a place where members pay their bill every month. It's people and it's passion. And that's something that hasn't changed over the cooperative's 75-year history.

In the beginning, local people banded together to form a cooperative to serve electricity to their rural homes and farms—so they built the service and they used it—and are still using it today under the same service-minded, not-for-profit philosophy. The same passion that built this cooperative still pulses through the veins of its caretakers today. From the board of trustees leading the way, to the employees handling the day-to-day functions, to the members who believe in the cooperative business model, the goal remains the same: to deliver safe, reliable, electric service at the lowest possible cost.

To help Victory Electric celebrate 75 years of keeping the lights on, the cooperative is developing several exciting ways to highlight its history. To help bring its story to life, a series of videos were produced featuring retired employees, retired board members, and members who remember when the lights came on. These videos will be released on social media throughout the year. Also, a series of articles are being published in the Kansas Country Living newsletter featuring in-depth looks into cooperative history through historical articles and photos. Finally, a birthday celebration at the office for Victory's members and the community is scheduled for June 1, the exact birthday of Victory's incorporation.

There was a time when the only light available was a faint glow from a kerosene lantern. A wood stove provided heat, as well as a means to cook food. We all enjoy having electricity in our lives today and as Victory celebrates its rich history, it's a good time to be thankful for what cooperatives are today and will be in the future.



Lacking the benefits of electricity, a group of farmers joined to form a cooperative so all the area farms could receive electric service. As a result of their efforts, Western Cooperative Electric Association was incorporated under the laws of the state of Kansas in May 1945.

The months following incorporation were spent soliciting members, applying for REA loan money, obtaining rights-of-way, staking lines, and ordering materials. Construction didn't begin until March 11, 1947.

Progress was slow due to material and labor shortages, but on Dec. 22, 1947, the long-awaited moment arrived. Western's president, Irving Walker, turned on the electricity in the garage at the Frank Landauer farm near Ellis. The first lightbulb glowed in testimony of Western's willingness and determination to help themselves. Later, Walker recalled he had to stand on a half-bushel bucket to reach the pull-chain light fixture.

About 30 families on Western's lines were able to enjoy electricity for the first time by Christmas 1947. Western's incorporators and original trustees were Fred J. Hamburg, Ellis; Alvin L Saleen, Ogallah; Irving Walker, WaKeeney; W. D. Ikenberry, Quinter; Melvin Reinecker, Quinter; L. R. Miller, Quinter; C. W. Kraus, Hays; Ed J. Niernberger, Ellis; and Ward Sullivan, Hays.

Western thanks those whose dedication brought light to rural homes and communities.



Left: 1946 - Members of Victory's first board of trustees were (front row) Lester Durr; Perry Miller; Roy Ely-president; Roy Marler, general manager; and Chet Ross. **Back row:** Bert Anderson; Frank Kittle; Earl Oweston; Paul Mages; L.L White; and EC Minner, Attorney.



1950 - Mrs. Andrew Jensen bakes a dessert in her new electric oven.

Our Members



The Current is published three times per year for the member systems, friends and employees of Sunflower Electric Power Corporation.

The Current News
chertel@sunflower.net
PO Box 1020
Hays, KS 67601

