

## Sunflower Electric's Costly Farm Bill Bailout

*Taxpayers at risk from power company's bad business practices*

Section 5206 of the House Farm Bill is a special interest provision to benefit a notorious industrial bad actor, Sunflower Electric, which owes hundreds of millions of dollars to the federal government and has been bailed out from the brink of bankruptcy multiple times. In addition to letting Sunflower off the hook, this provision is entirely unnecessary and should be removed from the bill.

In 2002, the federal Rural Utilities Service agreed to write off Sunflower's taxpayer debt so that the company would appear financially stable enough to attract private funding for a new coal burning power plant in Kansas. A federal court in Washington D.C. held that the federal agency had to take a close look at the project's health and environmental impacts before giving away such a huge sum of taxpayer dollars. It's a close look that this project likely can't survive – it doesn't even meet the federal standards for dangerous pollutants like mercury and precursors to ozone. Section 5206 would retroactively undo this already-decided case and would block badly needed oversight of project planning.

Further, the federal Rural Utilities Service already has a fast-track process that lets financially stable companies move ahead with private projects quickly, without significant federal approval or involvement. The fast-track is for borrowers who can repay their debt – unlike Sunflower or other companies with a long history of financial mismanagement. But Section 5206 would shield federal support for this new coal plant from environmental review by preventing actions, such as the write-off of hundreds of millions of dollars of taxpayer debt, from being considered major federal actions under the National Environmental Policy Act.

### BACKGROUND

Sunflower Electric has been in hot water for over a decade for its repeated and failed attempts to build a new power plant in Holcomb, KS. Courts have upheld arguments against the Rural Utilities Service (RUS), a branch of the U.S. Department of Agriculture, for agreeing to provide extensive financial support—including writing off hundreds of millions of dollars of public debt—so that Sunflower could build the new plant without looking at health and environmental impacts first. These agreements left the RUS with close oversight of Sunflower's business operations and required federal approval to proceed with the

project. Much of Sunflower's financial struggles stem from overbuilding capacity at their existing unit, Holcomb I, which is a scenario that could be repeated if the new plant, dubbed Holcomb II, is constructed. To date, neither Sunflower nor Tri-State of Colorado, an out-of-state partner, has demonstrated that the power from Holcomb II is needed.

Former Kansas Governor, Kathleen Sebelius rejected the proposed Sunflower project because of its potential to contribute massive amounts of pollution to climate change. While popular with the public, the decision upset coal-connected legislators. But, they couldn't overcome Governor Sebelius' vetoes. Even when she left office – and was replaced by a governor who quickly gave Sunflower the green light – the coal lobby was stymied by legal pressures and by Rod Bremby, the state environmental health chief who had first rejected the plant permit under Sebelius. He held the line for three years until finally being fired over the issue. His successor promptly issued the permit in December 2010. In March 2011, the courts found that RUS had failed to consider environmental impacts of the proposed Sunflower plant expansion, in violation of the National Environmental Policy Act.

But the problems with the plant don't end there. The 2010 permit was crammed through in a fraction of the time it usually takes to issue such complex permits in a last-ditch effort to dodge new EPA rules on greenhouse gases. But the shortcuts in the permitting process took their toll: the permit doesn't include necessary limits for a wide range of dangerous pollutants including mercury, ozone constituents, and particulates, and the EPA is on record saying the permit doesn't comply with the Clean Air Act.

In short, Sunflower is hell-bent on bending, breaking and changing the rules so that it can rob taxpayers of their hard-earned dollars and needlessly pollute our air. Section 5206 of the House Farm Bill is just the latest scheme of a company trying to bilk the taxpayer and avoid accountability. We urge you to remove this special interest giveaway from the bill.

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