

News from Senator

BOB DOLE



(R - Kansas)

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DOLE: SUNFLOWER AGREEMENT WILL PROVE TO BE BEST IN LONG RUN

Washington, DC -- Kansas Senator Bob Dole today said the agreement announced by Sunflower Rural Electric Cooperative will prove to be the best deal available for the utility's customers.

The agreement between Sunflower and the National Rural Utilities Cooperative Finance Corporation (CFC) will help restore financial stability to the troubled cooperative which serves more than 44,000 customers in western Kansas.

The key provision in the plan, developed in cooperation with the Rural Electrification Administration (REA) in Washington and a number of commercial banks, and subject to approval by the Kansas Corporation Commission (KCC), is the purchase by CFC of a majority of Sunflower's debt at a substantial discount. Thus, the CFC replaces the REA as the utility's primary lender.

Sen. Dole said he had strong reservations about one element of the plan - a proposed rate increase. "While I oppose a rate increase for Sunflower customers, no matter how modest, it will be up to the KCC to give the go-ahead for this plan. It is my hope that the KCC will give the agreement its closest scrutiny, to be sure that Sunflower is operating efficiently and has done all that it can do to save itself from bankruptcy.

"Had Sunflower been forced into bankruptcy, no one knows for sure what might have happened. The courts could have taken over and unilaterally imposed a much higher rate hike - leaving the customers in western Kansas without any voice in that decision-making process. At least this agreement gives the utility's customers an opportunity to speak out with the KCC.

"Unfortunately, though, when you're in a situation like Sunflower has been, you have to deal with what you know. In this case, the utility - and its customers - will be better off dealing with the KCC and not the courts." said Dole.

Sen. Dole has been working closely with the REA to encourage the government toward a reduction in Sunflower's indebtedness.