

Burning questions:

Coal — in the — County

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Who is Tenaska?

About this section

BY JIM MAYO
YOUR TIMES PUBLISHER

The proposal by Tenaska, a Nebraska-based power company, to build a coal-fired generating plant southeast of Sallisaw would be the largest economic boost to Sequoyah County that we have seen since the construction of the Arkansas River Navigation Project and Interstate 40 in the 1960s and 70s. But because the plant would use coal for fuel, its detractors see the generation station as a source of dangerous pollution. While we know of no scientific polling done on the subject, it is clear that public attitude about it is divided, with boosters seeing increased jobs and tax revenue and detractors seeing pollution and disease. Many, perhaps most, are in the middle, not yet sure because they don't think they have enough information to make an intelligent decision about whether the project would be a good thing or a bad thing for us.

In an effort to provide more information about the proposal, Your TIMES news staff has produced this special section devoted to the Tenaska project. Staff writer Monica Keen did most of the reporting and writing. Managing editor Sally Maxwell, general manager Jeff Mayo, photographer Linda Copeland and graphic artist Chris Kelley were also involved in producing the section.

We have tried to present an accurate picture of how the plant would operate, its possible impacts on all aspects of life in Sequoyah County, and the record compiled by similar plants in other parts of Oklahoma.

There has been plenty of heat on both sides of this subject. This section is an attempt to convert that heat to light for you, our readers.

BY MONICA KEEN
STAFF WRITER

From power plant development to marketing natural gas, electricity and biofuels, Tenaska Energy has become a major player in the power game since its start nearly 20 years ago.

Now the Omaha, Neb.-based company has set its sights on Sequoyah County, with a proposal to build over a \$1 billion coal-fired power plant at the Sallisaw Landfill southeast of the city.

In September, the company signed a purchase option agreement with the city for 950 acres of land at the landfill. Tenaska is seeking to build a plant in Sallisaw with about 660 to 860 megawatts of power generating capacity. If the company decides to go through with the purchase, the county could be the home of a coal-fired power plant as early as 2012.

Since its beginning, Tenaska has developed about 9,000 megawatts of electric generation projects through 15 domestic and international projects, according to company information. One megawatt of power can generally serve 1,000 homes.

In partnership with other companies, Tenaska currently owns, operates and is the managing partner of 11 power plants, totaling about 7,400 megawatts

of power, in towns and cities in Oklahoma, Alabama, Georgia, Texas, Virginia, and Washington, as well as Pakistan and in Bolivia. Most of Tenaska's plants are natural gas-fueled, with the exception of two hydro-powered plants in Bolivia.

Tenaska's one Oklahoma plant, the Tenaska Kiamichi Generating Station, is a 1,220-megawatt power plant located near Kiowa that began operations in 2003. It is a combined-cycle, natural gas-fueled facility, meaning the system takes advantage of hot air that is produced by the gas generator when it generates electricity, using that heat to create steam from water, which drives another generator. This combined-cycle system is more efficient and provides more economical power, company officials said.

According to Tenaska's 2005 annual report, the high price of natural gas has renewed interest in coal generation. The company report stated "that coal is in demand even in areas where no capacity shortages exist to achieve some fuel diversity and because of its long-term potential as a cheaper, less volatile source of energy."

Tenaska got its start in 1987 when Howard Hawks, Tenaska chairman and chief executive officer, and a small group of associates, founded the em-

ployee-owned company. It has since become one of the largest privately-held energy companies in the United States.

Jana M. Martin, director of public and government affairs for the company, said that it is unique that Tenaska, which is an independent power production (IPP) company, has remained private and employee-owned.

"We're one of the largest IPPs, and we're one of the few privately-held. So, yes we are unique," she said.

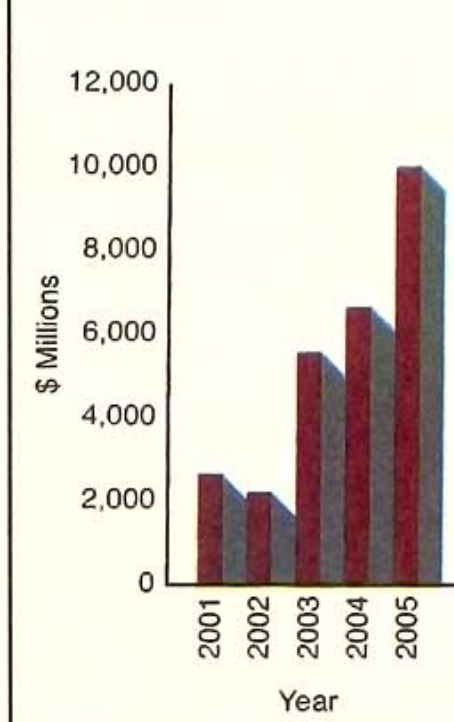
Martin pointed out that Tenaska is ranked No. 22 out of 339 privately-held companies on the Forbes list of the largest privately-held companies.

Martin said the company founders felt strongly about keeping it in the employees' hands to ensure the company benefited in the long-term from good, conservative decisions.

"Our key principle has been that decisions would be driven by true qualitative goals, not market-driven short-term gains," Hawks said in a December 2004 article in Platts Insight.

Hawks is the chair on business ethics at the University of Nebraska in Lincoln, an elected University of Nebraska regent, and has developed a scholarship foundation. Martin said Hawks' philosophy — an emphasis on ethics and integrity — is impor-

TENASKA
GROSS OPERATING REVENUES



Tenaska's gross operating revenues, as reported in Tenaska's 2005 annual report, increased to \$10 billion in 2005.

Source: Tenaska's 2005 annual report

tant to the company.

The company also has various affiliates, some of which market natural gas, electricity, and biofuels, which Martin said is a new division of the company. "We do that for other companies," she explained.

One of its affiliates, Tenaska Marketing Ventures and Tenaska Marketing Canada, is among the 10 largest North American natural gas marketers.

Tenaska also has a power marketing affiliate, Tenaska Power Services Co., that develops custom power supply solutions. Ac-

ording to company information, it operates a 24-hour trading floor dealing primarily with sales of physical electric power.

Tenaska's newest division, Tenaska BioFuels LLC, provides marketing, transportation and financial services to the ethanol and biodiesel industries.

Martin said they also have good relationships with communities and are known as good corporate citizens.

"We believe in working with communities on our projects, focusing on mutually beneficial relationships," she said.



TENASKA'S POWER PLANTS

Scottsville, Va.: 885 MW natural gas-fueled
Kiowa, Okla.: 1,220 MW natural gas-fueled
Billingsley, Ala.: 885 MW natural gas-fueled
Billingsley, Ala.: 845 MW natural gas-fueled
Franklin, Ga.: 944 MW natural gas-fueled
Mt. Enterprise, Texas: 845 MW natural gas-fueled
Shiro, Texas: 830 MW natural gas-fueled
Ferndale, Wash.: 270 MW natural gas-fueled
Balochistan Province, Pakistan: 586 MW from indigenous gas-fueled
La Paz, Bolivia: 91 MW hydroelectric

MW=Megawatt

Source: Tenaska's 2005 annual report

Company considers Sallisaw Landfill as power plant site

Proximity to rail and water make city land a 'preferred' location

BY MONICA KEEN
STAFF WRITER

The proximity to rail and water, its inconspicuous landfill location, and its yet unnamed customer may just be a few of the reasons an Omaha, Neb.-based power company is exploring the construction of a coal-fired power plant in Sallisaw.

Sallisaw Mayor Shannon Vann said Tenaska Inc. was looking to site a plant based on a request from a customer in the multi-state region that was in need of additional power. The name of that customer has yet to be made public, but Vann said he did not think the particular customer is the Grand River Dam Authority, which supplies power to Sallisaw.

Vann explained that Tenaska was familiar with a piece of property in McKey, the spot where another power company talked about building several years ago.

He said Tenaska first contacted the Sallisaw Chamber of Commerce to inquire about the McKey site and asked directions to the property.

"I visited with them at that time," Vann said. While giving them directions and during his conversation with them, Vann said he suggested other possible properties that would be suitable to the company's needs.

"That led us to show them the

landfill property," he said.

Once Tenaska officials saw the landfill property that the city owned east of Sallisaw, Vann said they saw that it offered the things that other properties in the area did not, such as the location of the site in relation to the city, the fact that the plant would be outside the city, and that the site was remote.

Vann explained that the property sits between two ridges and would not be visible to adjoining property owners. He emphasized that the site is out of view of the general public and is private.

"They want to be as good a neighbor as possible to adjoining land owners," Vann said.

He said since no homes would face the plant, the concern of light pollution would be alleviated.

The plant would also be close to water from the Arkansas River and a railway, which is how the coal to fuel the plant would be brought in. Vann noted that the company would be responsible for building a water transmission line to the plant. He said at the landfill location, water is as close as six miles.

Vann said while there are numerous locations that have railroads and are close to the river, he thinks that the company was most inter-

ested in Sallisaw based on where the potential power customer is located.

City commissioners approved a purchase option agreement with the company in September. According to the agreement, the company has three six-month renewal options, with the first deadline being at the end of December.

Vann said if Tenaska chooses to renew the purchase option, they must notify the city and send additional money.

"That gives them time to research the property," he said.

W.W. "Bill" Braudt Jr., general manager with Tenaska's business development, said at a meeting of local and county leaders last month that the company thinks the Sallisaw site offers the best of all worlds, including the advantage of the location.

Braudt said the location, from an aesthetic standpoint, is difficult to see and since the plant would be located at the landfill, it would also be an economic advantage. He said the plant will produce fly ash which can be disposed of at the landfill. He said the plant is also located near the railroad line.

Braudt noted that they are looking at two other locations, and he said that there is a possibility of having to choose a different site.

But, "This is definitely our preferred site," he said.



Hundreds of acres of city-owned land that sits between two ridges and is adjacent to the Sallisaw Landfill may be the home of a coal-fired power plant if Tenaska Inc. decides to go through with the purchase of the 950 acres. The company signed a purchase option agreement with the city for the land in September.

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