

LIGHTNING ROUND

November 2018

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- A Favorable KCC Order announced
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Negligible Rate Increase Projected for 2019

Annual Membership Meeting Set for December 14th for Formal Approval

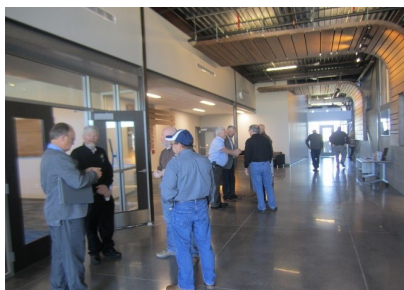
A very slight increase of the overall rate was projected for 2019 on November 1st when KPP members assembled in McPherson for the annual KPP Rate Forum. Assistant General Manager, Larry Holloway, stepped members through a careful explanation of the various drivers influencing the rate projection. Noting that the overall “all-in” cost is currently projected to be an increase of

approximately .28%, Larry reminded everyone that it is always typical for the numbers to be refreshed each year prior to the December meeting in order to reflect the most recent forecasts on fuel and transmission pricing components among others.

Generation capacity costs, transmission costs and energy costs again combine to account for the giant share of the total power cost – 88%. Debt service bond payments and the debt service coverage ratio contribute an additional 8%. As is the case with nearly all utilities, only a small percentage of the total represents the portion over which the utility has some discretionary control.



Larry Holloway, Assistant General Manager-Operations, presents to members in McPherson



Members gathered at the KMU Training Center for the KPP 2018 Rate Forum

Larry reminded members that December 14th, again in McPherson, is the date for the gathering of the Annual Membership Meeting at which time formal approval of the rates will be considered. A thorough Power Point presentation has been uploaded to the KPP website. Found in the Members Only section, members must log in to view. KPP members are encouraged to carefully review the presentation prior to meeting in December. Comments or questions may be directed to

Larry Holloway at: lholloway@kpp.agency

Annual Membership Meeting in December

2019 Rates to be Formally Considered

The Training Center of the Kansas Municipal Utilities (KMU) in McPherson will again be the site for 2018 Annual Membership Meeting. The date is December 14th at 11:00. Lunch will be served afterward. KPP members are asked to place the date on the calendar in preparation for this important annual event. As the Membership is the approving body for rate setting, KPP members should assure that their governing bodies have duly appointed voting delegates (or alternates) from their City.

The all-inclusive rate presented at the KPP Rate Forum represented a negligible increase over 2018 of approximately .28%. Members are encouraged to go to www.kpp.agency to review the rate presentation.

KCC Approves Transmission Certificate Application

Following years of counter-posturing by electric cooperatives, the Kansas Corporation Commission (KCC) accepted KPP's application for a certificate to construct the long talked-about transmission line near Kingman. The order was given on November 1, 2018. KPP attorneys Amy Cline and J.T. Klaus made the announcement on the same day at the 2018 Rate Forum held in McPherson.



Attorneys Amy Cline, left and J.T. Klaus address KPP members

A formal complaint had been brought to the KCC by Southern Pioneer Electric Company, whose inadequate 34.5 kV line is currently and expensively accessed by KPP for limited use in and out of Kingman for the benefit of all KPP members. KPP has long sought to eliminate the expensive cost and dramatically improve the capacity of energy flows by constructing its own line.

The complaint was dismissed by the KCC. Southern Pioneer subsequently challenged KPP's application for a certificate of transmission rights only. Noting the KCC obligation to consider multiple factors required by law, KPP Counsel explained that the Commission order confirmed that the approval was granted for each and every factor independently.

KPP Staff will continue to advance engineering and financial plans to construct the line with hopes to complete the project in early 2020.

Cyber Academy Promoted

Initiatives to Strengthen Value in your community-owned utility

The upcoming launch of the KPP Cyber Academy was promoted at the 2018 KPP Rate Forum. Following months of curriculum development, the Academy is expected to be rolled out beginning in the first quarter of 2019. Five training dates are planned. KPP Staff expects to aggressively promote participation and support by top leaders within each City. Accommodations for building City Staff members is well underway.

An assessment of cyber security readiness is the first engagement to be explored as part of



KPP's commitment to the Scorecard initiative of the American Public Power Association (APPA). Five separate training modules then follow. KPP has budgeted for per diem, mileage reimbursement and incidentals to make attendance by City staffs easily done. Exact dates and training location are yet to be announced.

KPP Staff notes that nowadays the issue and deliberation of cyber security has a commanding presence at all industry gatherings including legislation at both the State and Federal levels. The previous perceptions of an "out-of-sight-out-of-mind" nuisance are increasingly being replaced with stories of expensive but avoidable disruptions to systems and applications.

#CommunityPowered Promoted

Initiatives to Strengthen Value in your community-owned utility

A new initiative got some promotion at the Rate Retreat when reminders were given that #CommunityPowered banners are in production for each city. Members are asked to prominently display the banner at their upcoming holiday events.



The banner is the first wave of attention to be given in support of KPP members' utilities. Other tactics are to unfold during the next several months causing a dramatic expansion to October's Public Power Week. KPP's intention is to give full support to members. As plans develop, #CommunityPowered, with the strategic social media hashtag, will evolve into a well-considered marketing plan to elevate the Public Power brand.

At last year's Annual Membership Meeting in December, it was reported to members that survey results had been gathered by the American Public Power Association (APPA). Those results were then abbreviated to KPP members. Mostly notably, it has been measured that only 1 in 5 residents of a Public Power community below the age of 55 are aware that their utility is a not-for-profit. Strikingly, it would appear that each municipal electric utility provides enormous benefits to the community. However, sometimes those benefits are not clearly or repeatedly communicated.