

LIGHTNING ROUND

November 2019

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Board Approves Amended GridLiance Agreement

Amendment Offers Greater Flexibility for Both Parties

The KPP Board of Directors recently approved amending the 2016 co-development agreement with GridLiance. The amended agreement seeks to provide flexibility for both parties in the continued prospect to develop needed transmission projects within the Southwest Power Pool footprint.

Noting that the original agreement carried a 30-year term with an option to terminate after 10 years, KPP CEO/General Manager advised the Board that GridLiance is agreeable to shortening the term to 2 years with provision for continuation.

Mark added that the parties have agreed that KPP will continue to participate in the local planning process as described in the agreement and that KPP has the continued option to participate in the development and ownership of competitive transmission projects to be constructed within the SPP region.



Brett Hooton, President of GridLiance High Plains, LLC

Brett Hooton, President of GridLiance High Plains, who was in attendance on separate business, spoke of the process by which SPP determines that additional transmission projects are needed for construction satisfying its requirements and criteria as a regional transmission operator (RTO). Brett indicated during the meeting that SPP will issue a Request for Proposal (RFP) on transmission projects necessary and for which it is determined that competitive bids are needed. He added that an RFP is open to parties that SPP have determined are “Qualified Request for Proposal Participants.” GridLiance is one of the 10-12 such participants.

Hooton spoke more directly of 2 potential projects in which KPP may join in support of a bid by GridLiance. One projects is to be in eastern Kansas and another in Oklahoma. Question and answered ensued concerning what details are known at this point. KPP Assistant General Manager, Larry Holloway, noted that in Kansas precise siting of construction is determined by the Kansas Corporation Commission.

As KPP’s co-development agreement with GridLiance offers the opportunity for the Pool to join in such projects throughout the entire SPP region, Hooton’s early description of the process is timely. It was mentioned these may be 2026 projects. As many details of these particular projects are still in early planning stages, KPP members will be informed more fully in the future when Pool-wide discussions can be more meaningful.



Larry Holloway delivers Operations Report at the November Board Meeting

Summarizing the discussion, Mark Chesney, stated that these prospective projects illustrate the reasons why KPP signed the co-development agreement. Where KPP knows it will be paying transmission costs, the Pool can join with GridLiance in the anticipation of proportionally collecting transmission revenues.

Annual Membership Meeting December 13th

Business items and approval of proposed rates to be on the agenda

A projected rate reduction of a little more than \$4 per mWh (\$0.004 per kWh) was the main takeaway at the November 1st Rate Forum. Members assembled at the KMU Training Center in McPherson for the annual event. KPP Members are urgently invited to the Annual Membership Meeting on December 13th at the same location. Business items will include the election of at least one new member of the KPP Board of Directors and a proposal to approve electric rates for 2020.



Requiring a majority of Members present at the meeting, the Pool's Amended Operating Agreement, unanimously accepted by all KPP Members, provides that "authorized representatives or alternates present from a majority of Voting Members... shall constitute a quorum." In recent weeks KPP has taken extra steps to determine that all such delegates are duly authorized in assurance of a proper vote taken.



Speaking of a projected reduction in rates, Larry Holloway, KPP Assistant General Manager, spoke at length during the Rate Forum concerning the task of calculating estimated costs. Speaking of the timeframe within which estimates are considered, he made clear that previous transmission and energy cost estimates were higher than those actually discov-

ered. These, together with downwardly adjusted capacity cost estimates significantly influenced final calculations.



Although actual power costs are estimated to increase in 2020 by about \$0.17 kW/month, these are overwhelmed by a \$0.65 kW/month reduction on transmission demand rates as compared to 2019. Other components contribute to the overall rates including RICE costs and A&G costs inclusive of debt service.

On the Home page of the KPP website, www.kpp.agency Members are urged to click the Meeting banner and register promptly for the Annual Membership Meeting. Lunch will be served. Attendance at the meeting will be documented as was the Rate Forum. Some photography is found in this edition of the *Lightning Round*



Annual Membership Meeting
Friday, December 13 - 11:00 a.m.
KMU Training Center, McPherson

[Register Here](#)

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on Social Media



Benefits of Public Power

Benefits for retail customers to get more focus in 2020

Earlier this month, KPP members were asked to think harder about the benefits of Public Power. In fact, you were challenge to consider how to state such an example in less than 20 seconds. That challenge was made when Members received a recent email from Mark Chesney.

“The next time any of the KPP staff comes to your city, we want to make a very short video (no more than about 20 seconds) where we listen to you name or describe an attribute of Public Power that retail customers should keep in mind.” That was the request from Mark on November 13th. We realize this may be daunting for some. Maybe there is even some camera shyness. It’s understandable.

But on the other hand, can you name a benefit and reduce it to an “elevator speech”? With some forethought, can you name more – maybe even 3 benefits?



Roger Holter, City Administrator, Marion

Don’t your customers need to hear it from you or other leaders in your City? If you practice it, you’ll discover confidence – and maybe even persuasion!

Recently Roger Holter, City Administrator from Marion, didn’t even wait to be

asked. Roger noted there are many things that often go unnoticed and perhaps even unappreciated.

And that is the real point to be made.

Roger offered these well-said comments: *“Because of the City’s relationship with KPP, Marion instituted an Energy Cost Adjustment mechanism which is shown on the monthly retail electric bill. It provides for credits to the customer when credits are warranted. In 2019, those credits have amounted to \$105,000. During the past 3 years, the credits have totaled more than \$250,000. Such credits are not found on the bills of investor owned utilities or rural electric cooperatives. So, this is the Public Power model at work.”*



Your Community Owned Electrical Utility has been able to give back \$105,517 so far this year directly to retail customers.

This comes from the savings achieved from the cost of power savings from our membership to the Kansas Power Pool.

Your City Council set up policies to pass these savings directly back to you, our customers and owners of the municipal utilities.

He went on to point out that a communication piece, shown here, was posted to the City’s website, was referenced in the City newsletter and was also presented as a billing insert. Well done, Roger! This is only one example of a communication angle from which other City leaders – and customers – can benefit.

DON’T FORGET TO REGISTER FOR OUR ANNUAL MEMBERSHIP MEETING FRI., DEC. 13TH—11 AM AT KMU TRAINING FACILITY, McPHERSON, KS! LUNCH WILL BE SERVED. REGISTER AT www.kpp.agency

In Praise of Jim Sutton

Completing Two Consecutive Four-year Terms on the KPP Board



December will mark the final KPP Board of Directors meeting where Jim Sutton will be attending in his official capacity. Jim has served the entire time limited by the Pool's governing document structured under the Municipal Energy Agency Act. As such, he will not be eligible for re-election when the KPP membership assembles at its Annual Meeting in McPherson.

Representing the entire KPP membership, including his home city of Augusta, Jim was installed in 2010 as a member of the original KPP Board of Directors. Initially, various Board member terms were intentionally staggered so that all terms did not eventually expire in the same year.



With all the achievements of the agency occurring in the past 9 years, Jim has naturally been at the very center of it. In 2015, the year of KPP's 10-year anniversary, Jim was the President of the Board. That year, Jim presided over KPP's second acquisition of Dogwood and also the Pool's contract for wind resource from the Marshall County wind project. Co-authoring the management message for the agency's Annual Report, Jim noted:



"There is something about a 10-year mark that just seems monumental more so than 8 or 9 years. For example, in year 8, KPP was quantitatively analyzing the prospect of buying into a highly efficient combined cycle power plant. And of course, we did. By year 10 – even slightly before, actually – we realized that making even more equity investments in a generating resource is both operationally wise and affordable."

Indeed KPP has discovered needs along the way and has set about to find solutions. During his time on the Board, Jim was a part of that at every step.

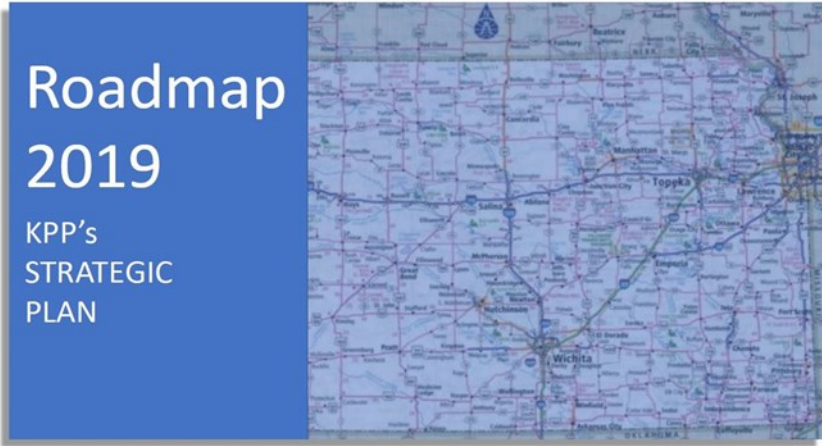
Many thanks, Jim.



Did You Know?

KPP Strategic Plan

In November the KPP Board of Directors reaffirmed strategic objectives for KPP that had been under deliberation since April of this year. A formal Strategic Plan document will be distributed at the December 13th Annual Membership Meeting.



October 2019 Distribution of Energy Resources

Fuel Source of KPP Resources in October, 2019

