

THE KANSAS POWER POOL, A MUNICIPAL ENERGY AGENCY

General

The Kansas Power Pool, A Municipal Energy Agency (the “KPP”) is a municipal energy agency created under the laws of the State of Kansas. The KPP was created by an Agreement executed by the original Members in October and November of 2004. The KPP was created for the purpose of permitting cities within the State of Kansas that own and operate retail electric utility systems and that become parties to such contract (the “Members”) to secure, by joint action among themselves, or by contract with other utilities, an adequate, reliable and economical supply of electric power and energy. The KPP provides its Members with a pooling of resources and collective resource planning for current asset operations and future resources to meet system growth. The Members are served by a Network Integrated Transmission Service that enhances capabilities between the Members and available network resources.

Established by six charter Members, the KPP grew to a membership of 41 municipally-owned retail electric systems by 2011 ranging in size from approximately 151 meters to approximately 7,651 meters. Of those 41 Members, 32 Members received wholesale energy services from the KPP-through an Amended Operating Agreement with the KPP, which also gave them voting privileges in the KPP. A 33rd Member entered into a transmission-only agreement with the KPP. The remaining 8 Members do not take services from the KPP. Of the 33 Members receiving services, 21 Member cities signed twenty-year power purchase contracts with the KPP in 2012 for all of their wholesale energy needs. During 2012, the KPP added two member cities, the Cities of Mulvane and Waterville, Kansas. Both of these new Members have signed twenty-year power purchase contracts with the KPP to begin taking wholesale energy in June 2013, bringing the number of long-term power purchase contracts to 23. From 2010 to 2012, twelve Members gave notice of their intent to terminate their membership in the KPP. With a requirement of two years’ notice, the terminations were completed by the end of the first quarter 2014. At the time of this report, KPP Membership stands at 31 cities, 23 of which take full energy services from the KPP under twenty-year power purchase contracts. The KPP’s financial forecasts provided herein reflect these membership changes. The KPP is constantly analyzing services that will add value to the KPP Membership profile. The KPP’s current service territory is spread throughout the eastern two-thirds of Kansas.

Prior to April 2012, the KPP had exclusively used purchased power contracts and Member-owned generation under contract to provide the electric power and energy requirements of certain of its Members. In order to obtain a diversified portfolio of cost-based, reliable resources on a long-term basis to meet its Members’ growing load requirements and to replace power and energy that previously had been purchased under long- and short-term contracts, the KPP purchased, in April 2012, a 7.00% undivided interest in the Dogwood Energy Facility located at 2511 East 175th Street near Pleasant Hill, Missouri financed with the proceeds of the Series A, 2012 Bonds. The Dogwood Energy Facility is a Combined Cycle Unit, a modern and efficient clean generating source, and is currently the lowest cost energy resource available to buy and to operate. The facility is a 2x2x1 combined-cycle power generation plant consisting of two (2) Siemens 501F-D2 combustion turbine generators, two (2) Toshiba heat recovery steam generators, one (1) Toshiba steam turbine generator and ancillary facilities. The capacity of the facility is 650 MW. Natural gas is supplied to the facility by Panhandle Eastern Pipe Line Company, LP and Southern Star Central Gas Pipeline, Inc.

Organization and Management

A Board of Directors (the “Board”), consisting of nine Directors, directs the business affairs of the KPP. Annual elections for the members of the Board and officers are held in December of each year. The Board members and Officers at the time of this report are listed below:

Board Position	Name	City Title	City	Board Term Expires
President	Stan Luke	Mayor	Burlington	2017
1 st Vice President	James Ging	Director of Electric & Water Utilities	Winfield	2018

2 nd Vice President	Brad Modlin	Utility Director	Mulvane	2017
Secretary/Treasurer	Larry Paine	City Administrator	Hillsboro	2017
Member	Rex Reynolds	City Council Member	Mount Hope	2020
Member	Barry Hodges	City Administrator/Clerk	Minneapolis	2018
Member	Jim Sutton	Production Superintendent	Augusta	2020
Member	Bill Callaway	Superintendent of Utilities	Clay Center Public Utilities	2018
Member	Robert Peter	City Attorney	Ellinwood	2018

The management of the KPP is under the direction of its General Manager and Chief Executive Officer. The following are the members of the KPP's management staff and their backgrounds.

Mark Chesney joined the Kansas Power Pool as General Manager and CEO on October 31, 2012. Mark is responsible for the administration and overall management of the KPP. Before joining the KPP, Mark served as General Manager for the Tahlequah Public Works Authority in northeast Oklahoma, Operations Manager for the Utah Municipal Power Agency headquartered in Provo, Utah, and Assistant General Manager for Energy Marketing and Development for the Grand River Dam Authority in Oklahoma. He earned a Masters in Business Administration, with Honors, from Oklahoma City University and a Bachelor of Science in Business Administration from the University of Central Oklahoma.

Larry Holloway joined the Kansas Power Pool in 2009 as Operations Manager and was promoted to Assistant General Manager for Operations in 2014. Larry is responsible for managing the operations of the KPP, including the coordination of KPP load and resources in the Southwest Power Pool Integrated Market, acquisition of generation resources and transmission service, cost and load forecasting for the KPP budget, annual development of the KPP budget and member rates, KPP member capacity accreditation testing and compliance, and participation in the Southwest Power Pool. Prior to joining the KPP, Larry was employed by the Kansas Corporation Commission as Chief of Energy Operations where he primarily served as the KCC's electric utility policy expert. Larry holds engineering undergraduate degrees in Mechanical and Civil Engineering and a Masters in Mechanical Engineering from the University of Kansas as well as a Masters of Engineering Management from Washington State University. Larry is also a registered Civil and Mechanical Engineer in the State of Oregon.

Ahmad Khan (AK), who joined the Kansas Power Pool in 2014, is Senior Director of Wholesale Electric, Origination and Resource Planning. He is responsible for power operation functions. AK has more than 27 years of experience in the power marketing industry including MISO, PJM and CAISO. Before joining the KPP, he served for nearly 23 years at Xcel Energy Company where he held various positions. At Xcel Energy he served as trading analyst, portfolio manager and market pricing consultant and was responsible for MISO portfolio of 9,800 MW's and all Xcel Energy generation assets. His primary functions included managing long-term power purchase agreements, day-ahead and wholesale markets. He also has extensive experience in high pressure natural gas pipelines, compressor stations, and in gas supply. AK earned Bachelor of Science Degrees in Civil Engineering Technology and in Energy Management from University of South Dakota and Minnesota State University.

Carl Myers joined the Kansas Power Pool staff in 2011 as Director of Member Services. He is responsible for member outreach, financial reviews, electric distribution system assessment, continuing disclosure reporting,

bond issue tracking, and website administration. Prior to joining the KPP, Carl served as finance director for the City of Hutchinson, city manager in Wellington and Hoisington, and in other public administration positions in New Mexico and Nebraska spanning 34 years. Carl holds a Bachelor of Arts degree in anthropology and a Master of Urban Affairs degree, both from Wichita State University.

Vickie Matney joined the Kansas Power Pool in 2008 and currently serves as Controller. Vickie is responsible for all accounting functions, including accounts receivable, accounts payable, financial statements, bank reconciliations, payroll, billing, bond reconciliations, Dogwood Energy Plant accounting, insurance, and overseeing the annual financial audit. For 18 years prior to coming to the KPP, Vickie was employed by the Wichita Eagle. Vickie has attended Wichita State University and has an Associate Degree in Liberal Arts from Butler County Community College. Vickie will complete a degree in accounting through Friends University in July with highest honors.

Membership

The Agreement pursuant to which the KPP was created (the “Agreement Creating”) contains provisions permitting additional cities of the State of Kansas that own and operate retail electric utility systems to become Members of the KPP, subject to satisfaction of the requirements for membership set forth therein. In order to become a Member, any qualified city must execute and deliver an ordinance of the governing body of the City expressing its intent to become a member of the KPP. The governing body of the City shall also adopt a resolution consenting to an amendment to the Agreement Creating adding the City as a Member. The Board of Directors of the KPP must consent to the addition of the City as a Member by a majority vote. Under the Amended Agreement Creating and the Amended Operating Agreement, any such additional Member having also signed the Amended Operating Agreement will be entitled to appoint a voting member to the Operating Committee and will be eligible to participate in all activities undertaken by the KPP on behalf of its Members.

Annual Budgets

Upon review and recommendation of the KPP Board of Directors, the Operating Committee approves an annual budget (the “Annual Budget”) prior to the commencement of each fiscal year. The Annual Budget includes all projected expenses of the KPP. The Operating Committee also approves wholesale rates calculated to generate revenue to cover all financial obligations of the KPP for the following fiscal year.

Member City Loads

The KPP’s Members are varied in population and energy needs. The annual peak demand of each of the Members for the calendar year 2015 is as follows:

KPP Peak Demand (MW’s)		
Member Cities Served	Non-Coincident Peak Demand (MW’s)	Percent of Total
Attica	2.060	0.99
Augusta	22.231	10.68
Burlington	9.085	4.37
Clay Center	12.825	6.16
Ellinwood	4.997	2.40
Erie	3.430	1.65
Greensburg	3.067	1.47
Haven	3.506	1.69
Hillsboro	7.140	3.43
Holyrood	1.142	0.55
Kingman	10.663	5.12
Lucas	1.721	0.83
Luray	0.671	0.32
Marion	5.385	2.59

Minneapolis	5.632	2.71
Mount Hope	1.654	0.79
Mulvane	12.050	5.79
Oxford	2.405	1.16
St. Marys	5.433	2.61
Udall	1.565	0.75
Waterville	1.306	0.63
Wellington	28.761	13.82
Winfield	61.340	29.48

Rates and Charges

The rates established and approved by the KPP Operating Committee for services to Members are based on recovery of all of the KPP's expenses, including all amounts required to satisfy any rate covenants of the KPP. Rates are established so as to charge each Member its proportionate share of all costs associated with the KPP's performance under the Operating Agreement. The costs of certain projects financed by the KPP under the terms of the Power Purchase Contracts are charged only to specific members. Therefore, rates for some members are increased to cover such project financing costs. Charges based on all rates are assessed and billed monthly. Each Member is required to pay all such charges when due, as provided in the Operating Agreement. Rates are established annually. To recognize the variances between budgeted and actual revenues, the KPP employs a monthly Energy Cost Adjustment to recover necessary revenue to meet budgeted revenue objectives. In the event that the KPP Operating Committee fails to establish rates in accordance with the Operating Agreement, rates may be adjusted as deemed necessary to prevent an event of default under any bond indenture, lease or loan agreement.

The table below shows the system average combined cost per MWh for all energy delivered during the last five calendar years. Costs include all pooled fixed and variable costs. System average rates include average bill credits for the use of Member Capacity.

Average Combined Cost of Delivered Energy

Year	Cost/MWh
2011	\$54.47
2012	\$56.82
2013	\$59.19
2014	\$69.92
2015	\$62.15

Current Power Supply Operations

To meet the power and energy requirements of the Members in 2015, the KPP obtained power and energy from the following resources: (i) power purchased under long-term firm energy contracts, unit-contingent energy contracts and interruptible contracts; (ii) Member Capacity; (iii) market purchases; and (iv) power delivered pursuant to the KPP's ownership interest in the Dogwood Energy Facility. In 2015, the KPP purchased 871,740 MWh's of energy, in 2014, the KPP purchased 892,985 MWh's of energy; in 2013, the KPP purchased 1,194,786 MWh's of energy; in 2012, the KPP purchased 1,269,529 MWh's of energy; and in 2011, the KPP purchased 1,261,132 MWh's of energy.

When a KPP Member signs the Operating Agreement, the Member agrees to pool its generation resources to serve all of the membership. These pooled resources include purchase power agreements that Members have made with various entities. The only exception is for five Members having a power purchase agreement with the Western Area Power Administration, which does not allow its energy contracts to be pooled. The KPP pays the costs of pooled resources and incorporates them into its power supply portfolio. In addition, the Members agree to pledge the use of member-owned municipal generation to serve the pool, while the KPP pays the fuel and variable operating expenses if these units are called upon to serve the pool.

In addition to pooled resources, the KPP also has power purchase agreements with suppliers, including a 59 MW participation power contract with Westar Energy and an agreement to purchase output from the Greensburg wind farm. With the acquisition of an additional 20 MW's of capacity in July 2015, the KPP now has 62 MW's of generation from its ownership in the Dogwood Facility and contracts with Tenaska Power Services to supply short term market energy. With the additional Dogwood acquisition, KPP Members with pooled power purchase agreements with the Kansas City Board of Public Utilities for 15.5 MW's of energy from its higher cost coal-fired Nearman plant terminated those agreements effective December 31, 2015.

To provide transmission of its wholesale services to its Members, the KPP has obtained Network Integrated Transmission Service ("NITS") through the regional transmission operator, the Southwest Power Pool ("SPP"). The KPP also has an agreement with the Tenaska Power Services Co. ("Tenaska") for scheduling services. Tenaska arranges and schedules power deliveries and makes the associated transmission service requests for the KPP's resources and market purchases. Tenaska provides this service through its 24-hour, 7-day a week market and scheduling desk.

Power Purchase Contracts

The KPP's existing long-term firm power purchase contracts include: (i) contract with Westar Energy for 59 MW of baseload power from the Jeffrey Energy Center, which will terminate January 2023 (with expected extensions beyond that); (ii) a 12.5 MW contract with the Greensburg Wind Farm that expires in 2030.

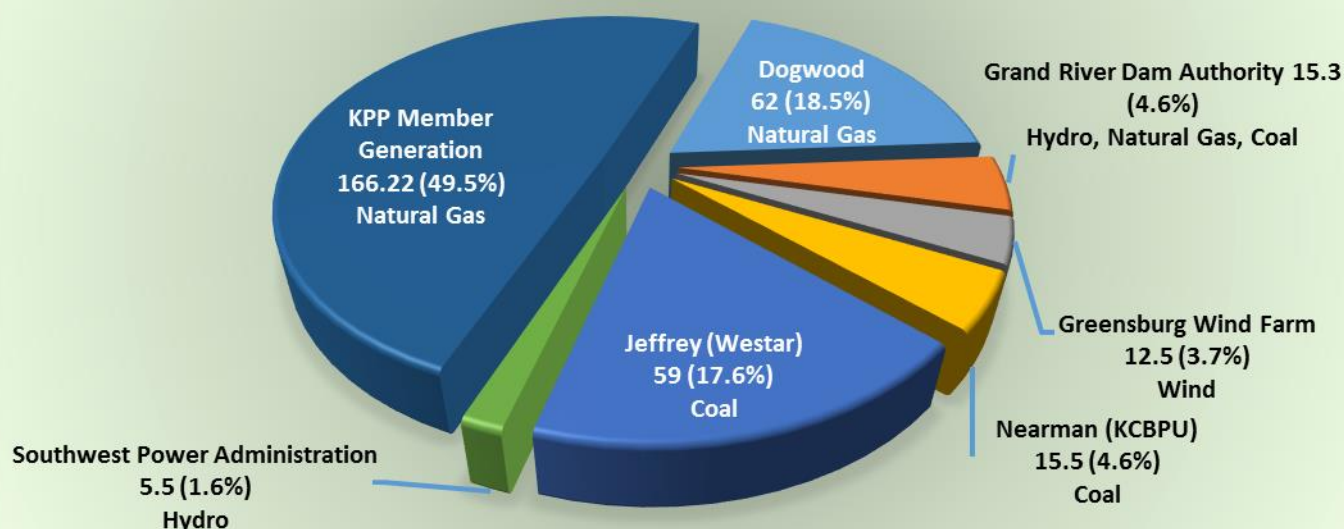
Member Generating Capacity

In 2015, the KPP has accepted 30 units with a total capacity of approximately 166.22 MW's of Member Capacity. Members that own Member Capacity receive a capacity payment for the KPP's use of Member Capacity. The capacity payment represents the KPP membership determined value for the capacity and energy. Most of the units dedicated to the KPP are less than 10 MW's and are principally older, diesel or dual fuel generators which are rarely dispatched.

KPP Member Capacity		
<u>Network Resources of KPP</u>		Capacity
<u>Member Cities</u>	<u>Fuel Type</u>	<u>(MW)</u>
Augusta (4 generators)	dual fuel	20.720
Burlington (2 generators)	dual fuel, diesel	5.300
Clay Center (6 generators)	dual fuel	20.800
Ellinwood (2 generators)	dual fuel	5.600
Kingman (3 generators)	dual fuel	12.300
Minneapolis (1 generator)	dual fuel	3.000
Mulvane (2 generators)	dual fuel	8.200
Oxford (2 generators)	diesel	3.000
Wellington (4 generators)	dual fuel, diesel, gas	45.500
Winfield (4 generators)	dual fuel, diesel, gas	<u>41.800</u>
Total Member Capacity		166.220

The owners of Member Capacity are responsible for providing fuel and for keeping the units in good working order. All Member generating facilities have had and continue to receive proper maintenance and regularly scheduled overhauls. Since their initial in-service dates, many of the generating facilities have been refurbished, upgraded or expanded. The owners also are responsible for ensuring the units are in compliance with the existing requirements of the federal Clean Air Act covering fuel consumption restrictions.

2015 KPP CAPACITY SOURCES IN MW'S IN 2015



Historical and Projected Energy Requirements

The KPP's energy requirements have grown significantly since the KPP commenced operations. Average annual growth has been approximately two percent over the last two years. By the end of January 2014, the remaining three terminating Members had withdrawn from the KPP. The KPP added two new Members in 2013 to bring the long-term membership total to twenty-three. The biggest impact of the expected withdrawals occurred from 2013 to 2014 and reduced the KPP's projected energy requirements as demonstrated below.

HISTORICAL AND PROJECTED KPP ENERGY REQUIREMENTS

Historical Energy Requirements		Projected Energy Requirements	
<u>Year</u>	<u>(MWh)</u>	<u>Year</u>	<u>(MWh)</u>
2011	1,126,132	2016	902,120
2012	1,269,529	2017	920,328
2013	1,194,786	2018	997,786
2014	892,985	2019	1,059,466
2015	871,740	2020	1,101,021

Future KPP Power Supply Resources

Based upon projections, the KPP needed to secure additional capacity and energy by as early as 2016 to replace the Nearman resource that ended on December 31, 2015. The KPP issued revenue bonds on July 29, 2015 to acquire an additional 20 MW ownership in the Dogwood facility. The KPP also signed a power purchase agreement from a new wind farm to be constructed in Marshall County, Kansas. Beginning in June 2016, the KPP will take 25 MW's of this renewable energy source from the Marshall Wind Project, which is owned and operated by BHE Wind. This power purchase contract runs for twenty years.

Historical and Projected KPP Loads and Resources

The KPP previously has met the Members' power and energy requirements through a combination of purchased power and the use of Member Capacity. As the table below indicates, the KPP expects to utilize direct ownership interests

in baseload generating facilities and unit contingent purchased power contracts to meet a substantial portion of its future obligations to the Members.

HISTORICAL AND PROJECTED KPP LOADS AND RESOURCES (MW)

Fiscal Year Ending December 31	Annual Peak Load	Peak Capacity Requirement	Dedicated Member Capacity	Contract Purchases	KPP Owned Capacity	Total Capacity	Surplus/ (Deficit)
Historical:							
2008	295	334	299	89	0	388	54
2009	266	301	299	89	0	388	87
2010	376	426	299	161	0	460	34
2011	383	434	299	161	0	460	26
2012	380	432	295	167	42	504	72
2013	342	389	295	159	42	496	107
2014	213	242	166	101	42	309	67
2015	212	241	166	92	62	320	79
Projected:							
2016	216	246	166	117	62	345	99
2017	221	252	166	117	62	345	93
2018	225	256	166	117	62	345	89

Transmission

The KPP currently provides transmission services for all Members through the regional transmission organization (Southwest Power Pool). All KPP Members' load is provided transmission service as part of KPP's Network Integrated Transmission Service.

In preparation for the Southwest Power Pool's implementation of an integrated market in 2014, the Kansas Power Pool secured firm transmission and congestion rights for all generation resources transmission paths necessary to serve KPP's member city loads. This firm transmission provides the ability to serve KPP's load from any one or combination of all of KPP generation resources. KPP has also made the necessary arrangements with the Southwest Power Pool to secure a firm transmission path for the 10.3% participation in the Dogwood Energy Facility.

Lines of Credit

The KPP has maintained a \$6,000,000 Line of Credit with Bank of the West since 2014. No draws on lines of credit have been made by the KPP since 2012. The Line of Credit is collateralized by a security interest in the KPP's accounts, inventory, instruments, and general intangibles and matures annually. In addition, the Line of Credit may be terminated by either the KPP or the lender upon thirty days prior written notice.

Financial Condition

The Statement of Revenues, Expenses and Changes in Net Position below has been prepared by the KPP based upon audited financial statements for fiscal years 2012 through 2015. The KPP's audited financial statements for the fiscal years ended December 31, 2015 and December 31, 2014 accompany this report. The information set forth in the table below should be read in conjunction with such financial statements.

Reporting Events

The Knasas Power Pool experienced one Reporting Event during 2015 and a Reporting Event in 2016 to date. The 2015 Reporting Event was an upgrade of the bond rating for the Kansas Power Pool from Baa1 to A3 issued by Moody's Investors Service dated July 2, 2015, in conjunction with the 2015 Series A revenue bond issue. Moody's noted in its rating report that the rating outlook for the KPP is stable and commented on KPP "management's demonstrated willingness and ability to implement changes to strengthen financial performance through rate increases and improve liquidity". The KPP improved its 90.7 days cash on hand at the end of 2014 to 103.1 days cash on hand at the end of 2015 and expects to maintain a DSCR increase from 1.25 in 2015 to 1.3 beginning in 2016. In addition to the Moody's rating, the KPP received an A-rating from Fitch Ratings for the same bond issue. This was the first bond issue for which the KPP requested a rating from Fitch Ratings.

The Reporting Event noted for 2016 involves the defeasance of principal and interest for the 2013 Series A revenue bond issue. This defeasance became necessary when one of the projects for which bonds were issued was unexpectedly to be delayed beyond the three-year deadline for project expenditures. This resulted in a project fund balance of \$1,330,000, which is slightly greater than twenty percent of the total project cost. In April 2016, the KPP Board of Directors approved the creation of a defeasance escrow into which the project balance was deposited. That money is now held by the escrow trustee and invested by the trustee in State and Local Government Securities and will be used to defease bond principal in the amount of \$1,145,000 and interest in the amount of \$274,800 when the bond call date arrives on December 1, 2021. Additional interest savings over the life of the bonds is estimated to be \$449,800.

THE KANSAS POWER POOL

Statements of Revenues, Expenses and Changes in Net Position

	<u>2012*</u>	<u>2013*</u>	<u>2014*</u>	<u>2015*</u>
Operating Revenues	\$75,259,767	\$74,219,464	\$63,665,316	\$55,199,423
Operating Expenses				
Purchased Power	52,425,241	52,888,653	44,140,119	36,989,035
Transmission Expense	13,322,403	13,487,058	10,956,526	11,117,430
Depreciation Expense	586,280	826,051	848,570	1,010,743
Amortization of Unrecovered				
Development Costs	0	468,893	648,096	670,876
Dogwood Operating Expense	<u>842,945</u>	<u>982,153</u>	<u>1,018,220</u>	<u>1,106,602</u>
Total Operating Expenses	67,173,369	68,652,808	57,611,531	50,894,686
Administrative and General Expenses				
Salaries and benefits	506,901	662,954	736,522	864,039
Legal expenses	330,558	166,238	216,497	171,736
Consulting fees	92,838	79,773	93,716	41,649
		236,930	213,813	187,780
Outside services	506,815			
Insurance	17,419	78,407	94,152	105,113
Dues and memberships	215,932	191,775	129,098	143,527
Miscellaneous	145,790	212,886	258,605	261,070
Rent	30,897	30,889	27,863	32,525
Gain on Sale of Equipment	<u>(3,700)</u>	=	<u>8,905</u>	<u>0</u>
Total Admin & General Expenses	1,843,450	1,659,852	1,779,171	2,000,503
Operating Income (Loss)	6,242,948	3,906,804	4,274,614	2,304,234
Non-Operating Revenue (Expense)				
Interest Income	7,424	11,234	9,332	33,253
Interest Expense on Debt & Payables	(948,034)	(1,771,938)	(1,759,522)	(1,929,168)
Amortization of bond prem. & disc., net		105,105	104,518	113,943
Net costs recoverable		(49,442)	(51,213)	(56,941)
Total Non-Operating	(940,610)	(1,705,041)	(1,696,885)	(1,838,913)
Deferred Inflows (Rate Stabilization)		(2,000,000)	(1,560,000)	0
Change in Net Position	5,302,338	201,763	1,017,729	465,321
Net Position, Beginning of Year	5,608,030	10,910,368	11,112,131	11,738,878
Net Position, End of Year	\$10,910,368	\$11,112,131	\$12,129,860	\$12,204,199

*Summaries are based on Audited Financials of the KPP for the years 2012, 2013, 2014, and 2015.

Policy Results

From a financial perspective, the KPP Board has a fund reserve policy that establishes a 90-day average daily expense minimum for the ending net position. In addition, the Board created a rate stabilization fund to offset extraordinary expenses or loss of revenue to hedge against wholesale rate spikes for its Member utilities. Net position in excess of the 1.25 debt service coverage ratio objective is made part of this fund, which remains part of the KPP operating fund, but is segregated for rate stabilization purposes. The rate stabilization fund is currently at \$3,560,000. Pursuant to Board policy objectives, KPP expense days covered by unrestricted cash increased from 50.9 at the end of 2012 to 103.1 at the end of 2015. KPP's current ratio also improved from 3.84 in 2012 to 4.14 in 2015.

THE MEMBER CITIES

General

The Members are incorporated cities located in Kansas or Boards of Public Utility organized by a city located in Kansas. The location of the Members are illustrated on the map below.



Each Participant owns and operates an electric distribution system for the sale of electric power and energy to customers located within its corporate boundaries and adjacent areas. A City Council or City Commission governs each Participant's electric system, except that the Clay Center Board of Public Utilities is operated by the Board of Public Utilities. Rates and charges for electric service are set by the authority vested in each City Council, City Commission or Board of Public Utilities, and are not subject to regulation by any federal authority (see "REGULATION OF THE KPP AND THE POWER PURCHASERS" herein). Distribution of electricity is provided through distribution systems that have been owned and operated by the respective Members, in many cases, for more than 100 years. Supply of electric power and energy is provided by means of city-owned generating units and/or by power purchase contracts with electric suppliers.

The Members have diverse economic bases, comprised of various sectors including health care, education, agriculture, service industries, commercial retail businesses and light and heavy manufacturing. Certain information regarding the Cities of Augusta, Burlington, Clay Center, Hillsboro, Kingman, Mulvane, Wellington and Winfield (the "Large Participants") is set forth in **APPENDIX B** hereto. The information contained in **APPENDIX B** hereto has been prepared by the KPP from data provided by the Large Participants as appropriate and is based on audited financial information when available.

The Power Purchase Contracts

As of December 31, 2015, all twenty-three (23) Members have executed a Power Purchase Contract with KPP. The term of the Power Purchase Contract for fourteen Members is a period of twenty (20) years from January 10, 2012. The Power Purchase Contract for the remaining nine Members has a term ending on the later of twenty years or the date on which the principal and interest on all bonds are paid in full and the bonds are retired. No Power Purchase Contracts are subject to cancellation or termination prior to the end of the contract term.

The Power Purchase Contracts require the KPP to sell, and the Participants to purchase, all of the Participants' required electrical power from the KPP. The Participants agree to pay the Costs of Power, which is defined to include the following:

(A) all costs of producing and delivering to the Participant electric power and energy from time to time under the Power Purchase Contract (including, but not limited to, costs which vary with the amount of electric power produced or delivered, general and administrative expenses, engineering expenses, legal and financial advisory expenses and other costs not otherwise set forth herein);

(B) an equitably allocated portion of monthly costs of operating the KPP (including internal personnel costs, rents, administrative and general expenses and working capital, engineering expenses, capital equipment expenses, legal and financial advisory expenses, required payments to pension, retirement, health and hospitalization funds, insurance premiums and taxes or payments in lieu of thereof) all to the extent not directly attributable or traceable to supplying power and energy and other services to the Participants or any other Members, and not included in the costs specified in the other items of this definition;

(C) any and all charges or tariffs for electric power set by any Governmental Authority multiplied by the amount of electric power subject to such charges or tariffs provided to the Participant; and

(D) an equitably allocated portion of any additional amount not specified in the other items of this definition which must be paid by the KPP.

Certain of the Power Purchase Contracts also require the Participant to pay the KPP a Debt Repayment charge in connection with any projects which the KPP has financed specifically for such Participant. The term "Debt Repayment" includes (to the extent not recovered by the KPP under another portion of the Costs of Power):

(A) the Participant's Allocable Portion of the amount necessary to pay the monthly debt service requirement on any Bonds issued to finance or refinance any Project so as to fully reimburse all actual costs of acquisition, construction and installation of any Project, including, but not limited to, Costs of Issuance, the cost of borrowing, financing costs, interest costs, and out-of-pocket administrative costs associated therewith;

(B) the Participant's Allocable Portion of any other amount which must be realized by the KPP in order to meet the requirement of any rate or tax compliance covenant made by the Participant or KPP in connection with the issuance of tax-exempt Bonds;

(C) prior to the issuance of such Bonds, the amount necessary to pay the monthly interest carrying costs of KPP for funds expended on the Project computed on the basis of the greater of the Carrying Interest Rate set forth on Schedule I for the applicable Project or the highest amount then being incurred by KPP for any borrowed funds; and

(D) the amount necessary to pay the monthly debt service requirement on any funds expended on any Project by the KPP amortized by the KPP so as to fully reimburse all actual costs of acquisition, construction and installation of any Project, including, but not limited to, Costs of Issuance, the cost of borrowing, financing costs, interest costs, and out-of-pocket administrative costs associated therewith.

Payments by the Participants constitute Operations and Maintenance Expenses of such Participants respective electric systems.

Transmission Arrangements

Under the Amended Operating Agreements and the Power Purchase Contracts, the KPP is obligated to deliver power and energy to the Participants at the interconnection point with the Participant. The KPP delivers power and energy to the Participants through a Network Integration Transmission Service agreement with the Southwest Power Pool.

DEBT SERVICE REQUIREMENTS

The following table sets forth the debt service requirements for the Series A, 2012 Bonds, the Series B, 2012 Bonds, the Series C, 2012 Bonds, the Series A, 2013 Bonds, and the Series A, 2015 Bonds on an accrual basis:

Year Ending December	<u>Series A, 2012 Bonds</u>		<u>Series B, 2012 Bonds</u>		<u>Series C, 2012 Bonds</u>		<u>Series A, 2013 Bonds</u>		<u>Series A, 2015 Bonds</u>		
<u>31</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	1,060,000	1,318,750	270,000	81,750	100,000	51,130	280,000	161,938	475,000	769,058	\$4,613,425
2017	1,105,000	1,276,350	280,000	73,650	100,000	48,380	285,000	153,537	680,000	560,150	\$4,607,868
2018	1,145,000	1,232,150	285,000	65,250	105,000	45,630	295,000	144,988	700,000	539,750	\$4,603,568
2019	1,205,000	1,174,900	295,000	56,700	110,000	41,430	305,000	136,137	725,000	518,750	\$4,613,718
2020	1,265,000	1,114,650	305,000	47,850	115,000	37,030	310,000	129,656	745,000	497,000	\$4,611,986
2021	1,325,000	1,051,400	315,000	38,700	120,000	32,430	325,000	117,256	770,000	474,650	\$4,615,236
2022	1,395,000	985,150	325,000	29,250	125,000	27,630	330,000	108,725	790,000	451,550	\$4,613,105
2023	1,465,000	915,400	650,000	19,500	215,000	22,630	340,000	99,650	815,000	427,850	\$4,608,158
2024	1,535,000	842,150	0	0	25,000	14,030	350,000	89,450	845,000	395,250	\$4,141,680
2025	1,615,000	765,400	0	0	30,000	12,880	360,000	78,950	880,000	361,450	\$4,149,480
2026	1,695,000	684,650	0	0	30,000	11,500	375,000	67,250	915,000	326,250	\$4,150,450
2027	1,780,000	599,900	0	0	30,000	10,120	385,000	54,594	960,000	280,500	\$4,145,914
2028	1,870,000	510,900	0	0	35,000	8,740	400,000	41,600	1,010,000	232,500	\$4,154,540
2029	1,950,000	426,750	0	0	35,000	7,130	415,000	25,600	1,060,000	182,000	\$4,147,280
2030	2,050,000	329,250	0	0	35,000	5,520	225,000	9,000	1,100,000	139,600	\$4,144,170
2031	4,535,000	226,750	0	0	85,000	3,910	0	0	2,390,000	95,600	\$4,151,880
Total	<u>\$26,995,000</u>	<u>\$13,454,500</u>	<u>\$2,725,000</u>	<u>\$412,650</u>	<u>\$1,295,000</u>	<u>\$380,120</u>	<u>\$4,980,000</u>	<u>\$1,418,331</u>	<u>\$14,860,000</u>	<u>\$6,251,908</u>	<u>\$72,772,509</u>

* See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS."

LITIGATION

At the time of delivery of the Bonds, the KPP will certify that there is no litigation or other proceeding pending or, to the knowledge of the KPP, threatened in any court, agency or other administrative body (either state or federal) restraining or enjoining the authorization, issuance, sale or delivery of the Bonds or the collection of Gross Revenues, or in any way questioning or affecting: (i) the proceedings under which the Bonds are to be issued, (ii) the validity of any provision of the Bonds or the Master Finance Resolution, (iii) the pledge by the KPP under the Master Finance Resolution, (iv) the validity or enforceability of the Asset Purchase Agreement, the Power Purchase Contracts or the Participation Agreement or (v) the legal existence of the KPP or the title to office of the officials of the KPP.

CITY OF	AUGUSTA	BURLINGTON	CLAY CENTER	HILLSBORO	KINGMAN	MULVANE	WELLINGTON	WINFIELD
CUSTOMER SALES (MWH'S)	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
FISCAL YEAR 2015								
PEAK LOAD (MW'S)	22.231	9.085	12.825	7.140	10.663	12.050	28.761	61.340
RESIDENTIAL	34,830	12,379	19,805	9,432	14,038	23,819	35,174	58,065
COMMERCIAL	18,853	13,517	10,628	12,133	7,033	14,298	33,641	25,379
INDUSTRIAL	8,005	2,714	15,886		20,621		18,961	200,790
OTHER		429		937			12,762	7,440
TOTAL SALES	61,688	29,040	46,319	22,502	41,692	38,117	100,537	291,673
FISCAL YEAR 2014								
PEAK LOAD (MW'S)	22.342	9.558	14.373	7.779	11.412	12.316	30.096	63.408
RESIDENTIAL	37,721	13,563	20,693	9,554	14,397	24,204	36,248	60,408
COMMERCIAL	19,576	16,940	10,746	13,094	7,327	14,084	32,802	25,009
INDUSTRIAL	10,380	2,235	16,010		20,125		19,425	216,059
OTHER				985			13,145	7,769
TOTAL SALES	67,677	32,738	47,449	23,633	41,849	38,288	101,620	309,246
FISCAL YEAR 2013								
PEAK LOAD (MW'S)	22.593	9.361	14.081	7.551	12.039	Unavailable	31.493	64.734
RESIDENTIAL	38,593	13,353	20,652	9,427	14,090	24,317	36,054	59,392
COMMERCIAL	20,532	19,068	26,306	12,483	7,304	13,794	29,759	22,643
INDUSTRIAL	7,269	673	603	973	22,572		23,055	215,467
OTHER		1,056		61	1,374		13,336	7,340
TOTAL SALES	66,394	34,150	47,561	22,944	45,340	38,111	102,204	304,843
FISCAL YEAR 2012								
PEAK LOAD (MW'S)	22.830	9.874	13.912	7.744	8.705	Unavailable	32.012	66.825
RESIDENTIAL	39,901	13,568	21,278	10,149	15,054	25,719	38,365	63,524
COMMERCIAL	20,809	18,825	10,424	12,853	7,693	13,527	29,993	23,733
INDUSTRIAL	7,170	662	17,764	958	24,799		23,032	197,537
OTHER	0	523	78	31	1,539		20,898	8,856
TOTAL SALES	67,880	33,578	49,544	23,991	49,085	39,246	112,288	293,650

<i>CITY OF</i> <i>CUSTOMER REVENUES</i> <i>(\$\$)</i>	Augusta Unaudited	Burlington Unaudited	Clay Center Unaudited	Hillsboro Unaudited	Kingman Unaudited	Mulvane Unaudited	Wellington Unaudited	Winfield Unaudited
FISCAL YEAR 2015								
RESIDENTIAL	\$ 4,162,730	\$ 1,665,598	\$ 2,603,386	\$ 1,201,389	\$ 1,839,029	\$ 2,860,977	\$ 4,864,047	\$ 7,120,769
COMMERCIAL	\$ 1,903,948	\$ 2,005,700	\$ 1,467,562	\$ 1,403,273	\$ 908,471	\$ 1,706,917	\$ 4,111,057	\$ 2,699,611
INDUSTRIAL	\$ 743,939	\$ 295,496	\$ 1,752,076		\$ 1,991,268		\$ 1,897,778	\$ 15,206,746
OTHER				\$ 66,433			\$ 1,456,455	\$ 624,851
TOTAL SALES	\$ 6,810,617	\$ 3,966,794	\$ 5,823,024	\$ 2,671,095	\$ 4,738,768	\$ 4,567,894	\$ 12,329,337	\$ 25,651,977
FISCAL YEAR 2014								
RESIDENTIAL	\$ 4,209,000	\$ 1,664,152	\$ 2,745,629	\$ 1,163,301	\$ 1,861,254	\$ 2,949,808	\$ 5,223,793	\$ 10,234,348
COMMERCIAL	\$ 1,974,506	\$ 2,041,169	\$ 1,497,637	\$ 1,442,836	\$ 930,986	\$ 1,715,657	\$ 4,214,573	\$ 4,071,424
INDUSTRIAL	\$ 950,159	\$ 242,796	\$ 1,868,344		\$ 1,765,517		\$ 2,069,863	\$ 12,959,441
OTHER				\$ 68,863			\$ 1,608,223	\$ 818,683
TOTAL SALES	\$ 7,133,665	\$ 3,948,017	\$ 6,111,610	\$ 2,675,000	\$ 4,557,756	\$ 4,665,465	\$ 13,116,452	\$ 28,083,896
FISCAL YEAR 2013								
RESIDENTIAL	\$ 4,288,910	\$ 1,366,850	\$ 1,488,413	\$ 1,070,043	\$ 1,824,926	\$ 2,645,069	\$ 4,762,895	\$ 7,295,452
COMMERCIAL	\$ 2,055,327	\$ 1,869,800	\$ 1,673,025	\$ 1,274,592	\$ 929,560	\$ 1,494,214	\$ 3,438,175	\$ 2,604,196
INDUSTRIAL	\$ 663,950	\$ 57,427	\$ 68,073	\$ 64,753	\$ 1,873,388		\$ 2,259,164	\$ 13,935,178
OTHER		\$ 47,370		\$ 6,712	\$ 162,934		\$ 1,470,893	\$ 825,423
TOTAL SALES	\$ 7,008,187	\$ 3,341,447	\$ 3,229,511	\$ 2,416,100	\$ 4,790,808	\$ 4,139,283	\$ 11,931,127	\$ 24,660,249
FISCAL YEAR 2012								
RESIDENTIAL	\$ 4,416,727	\$ 1,338,369	\$ 2,306,667	\$ 1,142,462	\$ 1,939,269	\$ 2,515,542	\$ 4,967,125	\$ 5,261,138
COMMERCIAL	\$ 2,086,426	\$ 1,842,114	\$ 1,198,071	\$ 1,307,215	\$ 973,347	\$ 1,334,183	\$ 3,391,410	\$ 1,851,359
INDUSTRIAL	\$ 656,869	\$ 56,543	\$ 1,619,233	\$ 63,780	\$ 2,022,238		\$ 2,198,098	\$ 9,783,046
OTHER		\$ 64,868	\$ 85,084	\$ 6,891	\$ 182,246		\$ 1,475,146	\$ 7,931,195
TOTAL SALES	\$ 7,160,022	\$ 3,301,894	\$ 5,209,055	\$ 2,520,348	\$ 5,117,100	\$ 3,849,725	\$ 12,031,779	\$ 24,826,738

<i>City of</i>	<i>Augusta</i>	<i>Burlington</i>	<i>Clay Center</i>	<i>Hillsboro</i>	<i>Kingman</i>	<i>Mulvane</i>	<i>Wellington</i>	<i>Winfield</i>
<i>Last Audit Submitted</i>	<i>2014</i>	<i>2014</i>	<i>2014</i>	<i>2014</i>	<i>2014</i>	<i>2014</i>	<i>2014</i>	<i>2014</i>
<i>Basis of Accounting</i>	<i>Fund</i>	<i>Fund</i>	<i>Fund</i>	<i>Fund</i>	<i>Fund</i>	<i>Fund</i>	<i>Fund</i>	<i>Fund</i>
							<i>Combined Utility</i>	
<i>Fiscal Year 2014</i>	<i>Audited</i>	<i>Audited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
Customer Revenue	9,284,561	4,039,108	8,027,943	2,682,325	5,060,907	4,678,890	16,519,173	28,082,319
Other Revenue	186,014	20,132	1,157,501	19,447	218,721	109,662	150,805	1,457,250
Total Operating Revenue	9,470,575	4,059,240	9,185,444	2,701,772	5,279,628	4,788,552	16,669,978	29,539,571
Purchased Power Exp.			4,221,575	1,933,170		3,224,119		
Other Operating Expense	7,866,583	3,624,032	2,798,842	377,392	4,667,128	1,279,662	13,691,212	25,976,961
Total Operating Expense	7,866,583	3,624,032	7,020,417	2,310,561	4,667,128	4,503,781	13,691,212	25,976,961
Net Revenues	1,603,992	435,208	2,165,027	391,211	612,500	284,781	2,978,766	3,562,610
<i>Non-Operating Expense:</i>								
Depreciation + Amortization		341,727						
Transfers Out (In)	1,415,800	95,000	914,960	475,000	748,000	406,511	3,609,450	2,507,870
Other non-Operating Exp.	419,785		200,663	44,967	25,033	308,968	1,561,383	496,707
Total non-Operating Exp.	1,835,585	436,727	1,115,623	519,967	773,033	715,479	5,170,833	3,004,577
Net Income	(231,593)	(1,519)	1,049,404	(128,756)	(160,533)	(430,708)	(2,192,067)	558,033
Depreciation & Amortization		341,727						
Net Transfers Out	1,415,800	95,000	914,960	475,000	748,000	406,511	3,609,450	2,507,870
Capital Outlay	421,786		728,634		25,078		21,855	496,707
Debt Service or Transfer To			943,072	3,968	617,910	383,665	1,839,752	
Available for Debt Service	1,605,993	435,208	3,636,070	350,212	1,230,455	359,469	3,278,990	3,562,610
Debt Service	532,394		943,072	3,968	617,910	380,511	1,839,751	
Debt Service Coverage	3.02	NA	3.86	88.26	1.99	0.94	1.78	

<i>City of</i>	<i>Augusta</i>	<i>Burlington</i>	<i>Clay Center</i>	<i>Hillsboro</i>	<i>Kingman</i>	<i>Mulvane</i>	<i>Wellington</i>	<i>Winfield</i>
<i>Last Audit Submitted</i>	<i>2014</i>	<i>2014</i>	<i>2014</i>	<i>2014</i>	<i>2014</i>	<i>2014</i>	<i>2014</i>	<i>2014</i>
<i>Basis of Accounting</i>	<i>Fund</i>	<i>Fund</i>	<i>Fund</i>	<i>Fund</i>	<i>Fund</i>	<i>Fund</i>	<i>Fund</i>	<i>Fund</i>
							<i>Combined Utility</i>	
<i>Fiscal Year 2013</i>	<i>Audited</i>	<i>Audited</i>	<i>Audited</i>	<i>Audited</i>	<i>Audited</i>	<i>Audited</i>	<i>Audited</i>	<i>Audited</i>
Customer Revenue	8,395,988	3,338,075	5,574,375	2,429,566	4,841,185	4,269,933	15,107,497	24,555,264
Other Revenue	161,969	17,240	436,527	41,505	224,135	68,109	328,359	216,691
Total Operating Revenue	8,557,957	3,355,315	6,010,902	2,471,071	5,065,320	4,338,042	15,435,856	24,771,955
Purchased Power Exp.				1,617,410				18,706,245
Other Operating Expense	6,763,663	3,454,410	5,463,558	379,384	4,497,491	3,639,242	12,403,136	6,283,959
Total Operating Expense	6,763,663	3,454,410	5,463,558	1,996,794	4,497,491	3,639,242	12,403,136	24,990,204
Net Revenues	1,794,294	(99,095)	547,344	474,277	567,829	698,800	3,032,720	(218,249)
<i>Non-Operating Expense:</i>								
Transfers Out (In)	1,322,700	95,000	145,813	565,628	849,250		2,939,034	786,330
Other non-Operating Exp.	321,819	352,498	753,450	4,115	253,404	382,405	1,648,180	496,872
Total non-Operating Exp.	1,644,519	447,498	899,263	569,743	1,102,654	382,405	4,587,214	1,283,202
Net Income	149,775	(546,593)	(351,919)	(95,466)	(534,825)	316,395	(1,554,494)	(1,501,451)
Depreciation & Amortization		352,498						
Net Transfers Out	1,322,700	95,000	145,813	565,628	849,250		2,939,034	786,330
Capital Outlay	323,819		423,622		253,763			512,459
Debt Service or Transfer To			343,165		415,000	230,153	1,849,468	
Available for Debt Service	1,796,294	(99,095)	560,681	470,162	205,548	546,548	3,234,008	(202,662)
Debt Service	530,594		343,165		620,548	230,153	1,849,468	
Debt Service Coverage	3.39		1.63		1.92	2.37	1.75	

<i>City of</i>	<i>Augusta</i>	<i>Burlington</i>	<i>Clay Center</i>	<i>Hillsboro</i>	<i>Kingman</i>	<i>Mulvane</i>	<i>Wellington</i>	<i>Winfield</i>
<i>Last Audit Submitted</i>	<i>2014</i>	<i>2014</i>	<i>2014</i>	<i>2014</i>	<i>2014</i>	<i>2014</i>	<i>2014</i>	<i>2014</i>
<i>Basis of Accounting</i>	<i>Fund</i>	<i>Fund</i>	<i>Fund</i>	<i>Fund</i>	<i>Fund</i>	<i>Fund</i>	<i>Fund</i>	<i>Fund</i>
							<i>Combined Utility</i>	
<i>Fiscal Year 2012</i>	<i>Audited</i>	<i>Audited</i>	<i>Audited</i>	<i>Audited</i>	<i>Audited</i>	<i>Audited</i>	<i>Audited</i>	<i>Audited</i>
Customer Revenue	8,250,453	3,347,996	5,523,011	2,523,700	5,081,716	4,011,776	14,884,423	26,172,915
Other Revenue	219,915	12,076	1,895,660	16,064	246,965	110,222	270,140	340,526
Total Operating Revenue	8,470,368	3,360,072	7,418,671	2,539,764	5,328,681	4,121,998	15,154,563	26,513,441
Purchased Power Exp.				1,603,329				17,588,264
Other Operating Expense	6,536,223	3,293,032	5,314,417	414,075	4,389,474	3,640,431	11,584,758	6,426,414
Total Operating Expense	6,536,223	3,293,032	5,314,417	2,017,404	4,389,474	3,640,431	11,584,758	24,014,678
Net Revenues	1,934,145	67,040	2,104,254	522,360	939,207	481,567	3,569,805	2,498,763
<i>Non-Operating Expense:</i>								
Transfers Out (In)	1,366,700	95,000	178,521	635,460	748,000	16,116	2,614,083	568,835
Other non-Operating Exp.	168,627	356,467	969,239	26,215	166,041	367,943	1,493,251	823,293
Total non-Operating Exp.	1,535,327	451,467	1,147,760	661,675	914,041	384,059	4,107,334	1,392,128
Net Income	398,818	(384,427)	956,494	(139,315)	25,166	97,508	(537,529)	1,106,635
Depreciation & Amortization		353,346						
Net Transfers Out	1,366,700	95,000	178,521	635,460	748,000	16,116	2,614,083	568,835
Capital Outlay	177,283		208,750	21,455	31,325			832,285
Debt Service or Transfer To			379,887		632,973	170,730	1,773,402	
Available for Debt Service	1,942,801	63,919	1,723,652	517,600	1,437,464	284,354	3,849,956	2,507,755
Debt Service	530,671		379,887		632,973	170,730	1,771,214	
Debt Service Coverage	3.66		4.54		2.27	1.67	2.17	

<i>City of</i>	<i>Augusta</i>	<i>Burlington</i>	<i>Clay Center</i>	<i>Hillsboro</i>	<i>Kingman</i>	<i>Mulvane</i>	<i>Wellington</i>	<i>Winfield</i>
<i>Last Audit Submitted</i>	<i>2014</i>	<i>2014</i>	<i>2014</i>	<i>2014</i>	<i>2014</i>	<i>2014</i>	<i>2014</i>	<i>2014</i>
<i>Basis of Accounting</i>	<i>Fund</i>	<i>Fund</i>	<i>Fund</i>	<i>Fund</i>	<i>Fund</i>	<i>Fund</i>	<i>Fund</i>	<i>Fund</i>
							<i>Combined Utility</i>	
<i>Fiscal Year 2011</i>	<i>Audited</i>	<i>Audited</i>	<i>Audited</i>	<i>Audited</i>	<i>Audited</i>	<i>Audited</i>	<i>Audited</i>	<i>Audited</i>
Customer Revenue	8,265,581	3,693,685	5,674,771	2,566,554	4,971,057	4,033,592	15,013,314	24,467,776
Other Revenue	221,975	19,092	1,404,916	7,251	151,149	87,484	402,691	197,678
Total Operating Revenue	8,487,556	3,127,649	7,079,687	2,573,805	5,122,206	4,121,076	15,416,005	24,665,454
Purchased Power Exp.	4,693,747	2,111,476		1,565,851	2,351,080			16,427,228
Other Operating Expense	1,659,205	1,016,173	5,430,167	367,944	1,863,381	3,650,864	11,680,064	4,598,187
Total Operating Expense	6,352,952	3,127,649	5,430,167	1,933,795	4,214,461	3,650,864	11,680,064	21,025,415
Net Revenues	2,134,604	585,128	1,649,520	640,010	907,745	470,212	3,735,941	3,640,039
<i>Non-Operating Expense:</i>								
Transfers Out (In)	612,100	95,000	151,236	583,474	748,000	234,899	2,379,625	1,789,299
Other non-Operating Exp.	662,776	387,986	1,413,715	79,911	154,989	708,152	2,144,114	1,246,003
Total non-Operating Exp.	1,274,876	482,986	1,564,951	663,385	902,989	943,051	4,523,739	3,035,302
Net Income	859,728	102,142	84,569	(23,375)	4,756	(472,839)	(787,798)	604,737
Depreciation & Amortization		362,128						1,245,070
Net Transfers Out	612,100	95,000	151,236	583,474	748,000	234,899	2,379,625	1,789,299
Capital Outlay	131,044		277,946	46,570	20,618			502,707
Debt Service or Transfer To	533,945	410,000	214,388		613,910	385,151	7,440,329	95,181
Available for Debt Service	2,136,817	969,270	728,139	606,669	1,387,284	147,211	9,032,156	4,236,994
Debt Service	351,940	446,770	214,388		613,910	385,151	7,405,606	95,181
Debt Service Coverage	6.07	2.17	3.40		2.26	0.38	1.22	44.52

Operating Expense Days Covered by Unrestricted Fund Balance

	Augusta	Burlington	Clay Center	Hillsboro	Kingman	Mulvane	Wellington	Winfield
FY 2014							<i>Combined Utility</i>	
Electric Fund Balance	\$ 2,995,862	\$ 1,424,213	\$ 166,907	\$ 312,397	\$ 31,342	\$ 924,241	\$ 2,482,826	\$ 5,895,966
Days Cash on Hand	139	143	9	49	2	77	66	41
Plus Unrestricted Reserve*	\$ 5,461,048				\$ 1,825,524		\$ 3,490,489	\$ 5,554,246
Days Cash on Hand*	253				143		93	
FY 2013								
Electric Fund Balance	\$ 3,227,455	\$ 1,416,804	\$ 74,547	\$ 441,603	\$ 191,875	\$ 783,327	\$ 9,897,743	\$ 2,577,009
Days Cash on Hand	174	150	18	81	16	79	291	38
Plus Unrestricted Reserve*	\$ 5,573,391				\$ 2,307,726		\$ 11,409,363	\$ 5,151,789
Days Cash on Hand*	301				187		336	75
FY 2012								
Electric Fund Balance	\$ 3,077,680	\$ 1,753,036	\$ 61,659	\$ 537,069	\$ 726,700	\$ 966,101	\$ 11,444,617	\$ 3,720,109
Days Cash on Hand	172	194	45	97	60	97	361	57
Plus Unrestricted Reserve*	\$ 5,304,284				\$ 3,334,823		\$ 12,391,991	\$ 6,466,872
Days Cash on Hand*	296				277		390	98
FY 2011								
Electric Fund Balance	\$ 5,101,560	\$ 1,370,733	\$ 70,743	\$ 676,384	\$ 701,534	\$ 743,793	\$ 12,630,371	\$ 2,615,737
Days Cash on Hand	293	160	5	128	61	74	374	45
Plus Unrestricted Reserve*					\$ 3,149,458		\$ 12,942,683	\$ 5,019,369
Days Cash on Hand*					273		404	87

* Denotes the addition of the unrestricted balance of another electric fund (e.g., electric operating reserve or electric surplus) for the Days Cash on Hand calculation.

Note: Wellington has a combined utility fund comprised of electric, water, and wastewater utilities.

**rge Pool Power Purchasers
2014 Top Ten Customers by Revenue**

Customer	Industry	% of Revenues
<i>Augusta</i>		
DJ Engineering	Manufacturing	7.94%
City of Augusta	Government	6.75%
USD 402	Education	5.34%
Wal-Mart	Retail	3.02%
Dillons	Grocery	2.29%
Lakepoint Nursing Home	Health Care	1.38%
Global Parts	Manufacturing	1.30%
McDonald's	Restaurant	1.05%
Liberty Machining, Inc.	Manufacturing	0.77%
STM Botanica	Manufacturing	0.77%
<i>Burlington</i>		
USD 244	Education	10.94%
Charloma	Manufacturing	7.49%
Coffey County Hospital	Health Care	7.35%
Hoover's Thriftway	Grocery	3.23%
Coffey County Courthouse	Government	2.45%
Recreation Commission	Government	2.21%
Life Care Center of Burlington	Health Care	1.87%
Wal-Mart	Retail	1.63%
Century Link	Telecommunication	1.43%
Casey's General Store	Fuel/Food	0.86%
<i>Clay Center</i>		
Clay County Medical Center	Health Care	5.70%
Hutchinson/Mayrath	Manufacturing	5.11%
USD 379	Education	3.84%
Ray's Apple Market	Grocery	2.44%
Farmway Coop Inc.	Agribusiness	1.65%
Presbyterian Manor	Health Care	1.15%
Kier Enterprises	Grocery	1.12%
Cedar Court Motel	Hotel	1.02%
Appolo Towers	Housing	1.01%
Medicalodge	Health Care	0.96%
<i>Hillsboro</i>		
Tabor College	Education	10.60%
USD 410	Education	4.97%
Parkside Homes	Health Care	4.46%
Salem Home	Health Care	3.81%
CO-OP Grain & Supply	Agribusiness	2.79%
Hillsboro MB Church	Religious	1.63%
Dale's Supermarket	Grocery	1.56%
Sunset Equities dba Wendy's	Restaurant	1.49%
Casey's General Store	Fuel/Food	0.96%
Sonic	Restaurant	0.83%

Kingman

Fabpro Synthetic Fibers (Twine)	Manufacturing	23.48%
Fabpro Synthetic Fibers (Netwrap)	Education	6.13%
USD 331	Manufacturing	5.63%
Kingman Hospital	Health Care	2.78%
White's IGA	Grocery	2.26%
Wheatlands Nursing Home	Health Care	1.39%
Caseys General Store	Fuel/Food	1.03%
McDonalds's	Restaurant	0.98%
Pizza Hut	Restaurant	0.51%
Dollar General	Retail	0.42%

Mulvane

USD 263	Education	8.64%
City of Mulvane	Government	4.88%
Dillons	Grocery	1.63%
Maria Court	Health Care	1.25%
Villa Maria	Health Care	1.19%
Wolfe Machine	Manufacturing	1.18%
Buffco	Manufacturing	1.15%
Stroot's Locker	Retail/Food	0.85%
Casey's General Store	Fuel/Food	0.73%
Sonic	Restaurant	0.60%

Wellington

GKN	Manufacturing	8.92%
Tect	Manufacturing	7.80%
Wal-Mart	Retail	3.41%
Elkhorn Valley Packing	Food Processing	3.36%
USD 353	Education	2.70%
Sumner Regional Medical Center	Health Care	2.57%
Triumph Accessory	Manufacturing	2.38%
Dillons	Grocery	1.62%
Sumner County Law Enforcement	Government	1.34%
Metal Improvement	Manufacturing	1.14%

Winfield

Rubbermaid	Manufacturing	14.57%
General Electric	Manufacturing	5.85%
Westrock Calmar	Manufacturing	5.74%
KSQ	Manufacturing	3.29%
Winfield Correctional Facility	Government	2.97%
Wal-Mart	Retail	1.52%
Galaxy Technologies	Manufacturing	1.47%
Wm. Newton Hospital	Health Care	1.44%
Winfield Consumer Products	Manufacturing	1.41%
Magellan Pipeline Co	Oil & Gas	0.32%