



LIGHTNING ROUND

April 2018

CALENDAR OF EVENTS

MAY 2

Member Appreciation Dinner
Wichita, KS

MAY 17

KPP Board Meeting
Wichita, KS

JUNE 15 - 20

APPA Conference
New Orleans, LA

JUNE 18

KPP Board Meeting
Wichita, KS

JULY 19

KPP Board Meeting
Wichita, KS

August 16

KPP Board Meeting
Wichita, KS

Members Vote to Exempt from the KCC

Member Cities voted to exempt the Kansas Power Pool from the jurisdiction of the Kansas Corporation. Twenty-two of KPP's twenty-four Cities were present to cast unanimous votes in response to the election requirements set forth in S.B. 323 enacted in March.

Described as "an opportunity to hit the reset button on history", General Counsel J.T. Klaus explained the chronology of KCC's regulatory authority. He went on to present the reasoning and manner by which KPP may become exempt under the newly enacted law.

See KCC EXEMPTION on page 4

KMU's Colin Hansen to Speak to KPP Members



Colin Hansen, Executive Director of Kansas Municipal Utilities, is the featured speaker at this year's KPP Member Appreciation Dinner. This annual gathering continues to be a relaxed opportunity for KPP members to come together informally during the KMU Annual Conference.

Having climbed Mount Kilimanjaro last fall, the largest point in Africa, an unofficial report of Colin's exploits are sure to entertain. Colin, who reported has climbed each of the 14,000 summits in Colorado and others elsewhere, has been a friend to KPP members for more than 15 years. Overseeing a comprehensive program to provide job safety and training and well as timely governmental affairs, KMU membership now totals 179 member cities in Kansas. All KPP member cities are KMU members.

This year's Member Appreciation Dinner kicks off on May 2nd with a reception at 6:30 PM followed by dinner at 7:00.



Renewed Focus on Distribution Maintenance

The following feature article traces KPP efforts in bringing a solution to maintenance challenges

Timely and careful maintenance of a utility’s electric distribution system is a challenge for small cities all over the country. Kansas is no exception. For some, the problem is found in unsuccessfully keeping skilled and trained line workers. For others, the rate of personal compensation is the challenge. Regardless of the issue, KPP Staff and Board members have observed the recurring frustration felt in several KPP Cities. What to do about it has long been on the minds of managers far and near.



Ponder this question: why should KPP, as a collective entity, care about giving assistance to an individual member? There are good answers to that question. But none of them are soothing. And the answers will produce yet other questions. Your patience is invited as this important issue is examined.

The crafting of a workable solution overcomes numerous “X factors”. Cost is one, politics is another. Still another is the hesitancy to rearrange priorities. But in the end, the desire to have continued viability and competitiveness for electric utilities seems always to be a “given”. There are numerous examples to illustrate the point. Today, it is suggested that the point be illustrated, and then it is suggested we collectively consider why everyone should assist “the one”.



Illustration Number 1: Four years ago a KPP member City lost a line worker who moved to Oklahoma to take a job with a rural electric cooperative. The hole that was left in their organization was not easily filled. His duties were not simply absorbed by the remainder of a large crew. No, this is a small City. The duties of that worker were eventually assumed by a new hire who subsequently quit not long thereafter. Then, another was hired to step in. Remarkably, he resigned his job just last month. In these types of situations, the employee will typically take another job paying more. Who can blame them? But for the City, there is great discouragement to make a training investment in someone who may soon leave.

Illustration Number 2: A young man in a small KPP member City went through the 4-year apprentice program to become a journeyman lineman. Following the coursework, there was the need to work alongside a more veteran worker who can “pass off” or “certify” the apprentice on required skill demonstration. For this young man, the final certification has never happened because in his city there is no such veteran to assist. It has been thought the apprentice might spend the needed time in another City where the final requirements could be satisfied. Curiously, this has never happened because of the subsequent realization that doing so would lead to the expectation of a pay raise. More specifically, a journeyman lineman commands a pay scale that, in this case, would be greater than his immediate supervisor. Consequently, this “apprentice” is underpaid and underutilized in light of his formal training.



Illustration Number 3: There are small KPP member Cities whose workers, of necessity, give attention to water distribution, waste water collection, street repair, street maintenance, park maintenance, meter reading and, yes, electric distribution system maintenance. It is difficult to believe that all Cities have properly maintained systems, thoughtfully prepared capital replacement programs as well as adequately skilled and job-satisfied line workers. At least, that couldn’t be true where those Cities, of necessity, require workers to wear many hats. On the other hand, a system doesn’t fall into disrepair overnight. It occurs over many election cycles. Not to be misled, the state and status of many electric systems are understandably sub-par where officials and workers try hopelessly to grapple with the problems described in the illustrations above. There is no criticism to level. There might, however, be a solution if the necessary amount of brain-power can be brought to the forefront. And it just might be that the solution is both affordable for the City and rewarding for the ones tasked with the maintenance duties.

See DISTRIBUTION MAINTENANCE on page 3



A Survey is Coming.

KPP Staff has a desire to learn more about the particulars of member systems and the details of your challenges. City managers/administrators (or City Clerks) will soon receive a link to a 6-question survey. Please consider this subject and respond when you can. This information will help us more fully determine what, if anything, the Pool can do to help or respond.

The whole matter begs this question: why should one City care about the condition of the other? Well, the impulse for the moment might be to set aside the strength and beauty of the Pool concept – the concept that convinced so many that they could do greater things by acting in unison than they could do by acting alone. It was the concept that eventually showed that it wasn't enough for only one City to have that belief. The one City needed others to also agree and act. Cities, indeed, needed each other – perhaps desperately. In fact, the desperation was so great that it became apparent recently that all Cities needed to sign the same contract, with the same terms and for the same duration, in order to secure the same future for all. Somewhere in that process someone was heard to say that if City A needs reassurance from City B, then City B is entitled to expect reassurance from City A.

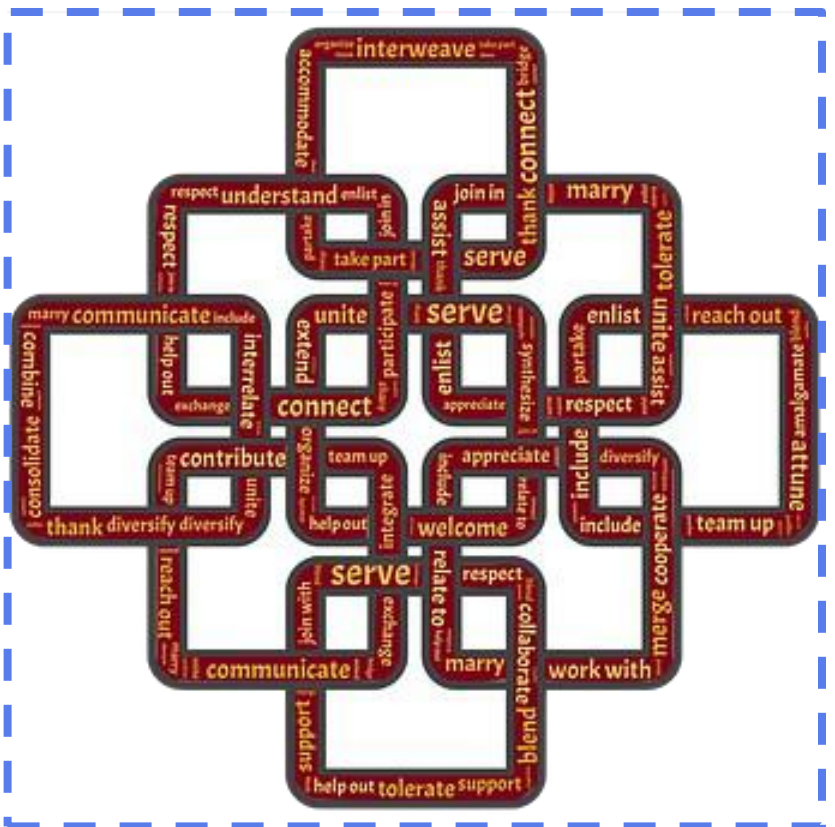
Can this be done without placing a burden on a few? The answer is likely, yes. Those who benefit should pay their own way. But giving a little boost in launching may be needed. Here's a reminder: the value of the Dogwood Energy facility has now become self-evident many times over. But the truth is no KPP member could have acquired a position in that facility without the help of others.

So, there it is. All of this says nothing of the recurring challenge to show legislators and policy makers that Public Power not only has a united voice, but also has strong members who are strong in number. They are systems who have the endurance and ability to provide their citizenry with needed services at a competitive cost.

Reconsidering What Makes KPP Strong

For years we have published in our Annual Report the statement that the “strength of KPP is found in the strength of individual member cities. KPP can provide power supply, financial products and *other needed services* to member systems less expensively and more reliably.”

So, is it possible to bring the Pool concept to the challenge of maintaining distribution systems? Can it be done affordably? Can it be done without creating a burden on a few? Can it be done without disturbing political sensitivities? Well, 4 years ago when KPP Staff tried to organize only a thought process to take on the challenges – not a program, a thought process – the Oklahoma Municipal Power Authority surprised us by rolling out a thoroughly considered program geared to addressing vital needs in northwest Oklahoma. Their members were beset with the *same challenges* as described herein. OMPA did something about it. And so did the Missouri River Energy Services a few years earlier. Then, two years ago, the OMPA program expanded to yet other cities.



There are models to fix this problem! And we have a proven method ourselves. KPP Staff is urging a renewal in discussion. ■

KPP Board Approves Consideration on Solar Projects

A preliminary Staff proposal to allow cost sharing for installation of small scale solar units was considered in the KPP Board of Directors meeting on April 19th in McPherson. After having had thorough discussion, a parallel concept of installing 1 large scale unit was also introduced as part of the dialog.



Following up to the Board’s strategy meeting held in March, KPP Staff again outlined the fundamentals of the proposal doing so primarily the information of other Members in attendance. Noting that some Cities may hold an interest in proving the solar concept, it was suggested that Cities may also have the additional motivation and desire to create educational opportunities for students or other citizens. In such cases, it was preliminarily proposed that KPP bear the cost of installing a 25 -kilowatt unit conditioned on an interested City providing the land, covering the cost of meter communications and providing regular unit maintenance. Staff suggested that such an arrangement amounts to approximately a 50/50 cost split separate from the minimal cost of maintenance.

The City would get the generated energy, reflected on the monthly KPP bill, and the City would be free to sell project subscriptions to interested retail customers.

Noting the small size of such a project, it was suggested that 1 large scale unit be possibly situated in a City having the best solar production profile. A 25-kW project is thought to require approximately one-third acre. A 500-kW project would be larger proportionally.

KPP Staff is now taking non-binding expressions of interest for either small or large-scale projects. Contact Carl Myers at: cmyers@kpp.agency or Mark Chesney at: mchesney@kpp.agency. Although discussions may advance as quickly as individual Members see fit, more generalized information is expected in future gatherings of Pool members. Formal and final approval of the concept is not yet determined. ■

KPP EXEMPTION (continued from page 1)



J.T. referenced a general investigation ordered by the KCC last November. He went on to say that previously existing statute gave KPP “certain expressed powers”. Consequently, he explained, KPP had always previously understood that the Pool could take on wide range of activities “and do what we wanted to do and when we needed to do it without asking the KCC whether it was okay”. That thinking changed with the opening of the general investigation. The investigation culminated in a January order reaffirming regulatory authority.

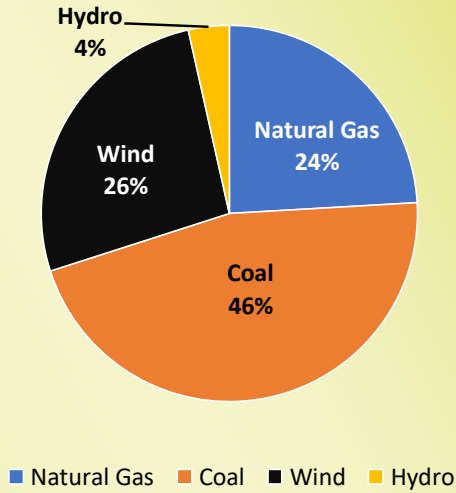
In the March edition of the *Lightning Round*, it was explained, however, that recent legislation was successfully advanced by KPP, the Kansas Municipal Energy Agency and the Kansas Municipal Utilities. That legislation specifically proposed that municipal energy agencies (MEAs), enjoy the same, minimal extent of regulatory oversight as the electric cooperative generation and transmission utilities. KCC authority will still apply to wire stringing standards and transmission siting.

In the membership committee meeting, J.T. expressed the importance of strictly following the points in the statute setting forth the appropriate manner by which exemption from legislation is achieved.

A Resolution calling for a membership vote was adopted by the KPP Board of Directors in March and formally published to all Members calling for a membership vote on April 19th. ■

Things You Might Like to Know:

Fuel Source of KPP Resources in March, 2018



- ◆ KPP staff will begin new governing body member orientation this month for member cities. Current governing body members and staff are also invited to attend.

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