



KPP LIGHTNING ROUND

APRIL 2022

KPP Member Appreciation Dinner

The annual Kansas Power Pool Member Appreciation Dinner will be held on Wednesday, April 27th in Wichita. Traditionally held in conjunction with the KMU Conference, the Member Appreciation Dinner is an opportunity for KPP members to come together for a relaxing evening of great food, entertainment, and door prizes. KPP Board of Directors and Staff want to recognize and offer gratitude to its members and acknowledge another year of success. Additionally, for some members, this will be the first time to officially meet and greet KPP's new CEO/General Manager, Colin Hansen.



The dinner will be held in a new location this year. The Boathouse, located at 515 South Wichita, is a beautiful and unique venue directly across the from the Hyatt and will begin accepting guests at 5:30 p.m. for a reception followed by dinner at 6:30. Guests will have access to explore the Kansas

Sports Hall of Fame, located on the first floor. If you have any questions about this event, please contact Brooke Carroll at bcarroll@kpp.agency.

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KPP Member Appreciation Dinner

April 27, 2022

Reception - 5:30 p.m.

Dinner - 6:30 p.m.

620.241.1423

WWW.KMUNET.ORG

KMU 2022 | **APRIL 27-29**
CONFERENCE | **HYATT REGENCY**
WICHITA, KS

REGISTER TODAY

KMU 2022 CONFERENCE

April Board Meeting Update

COLIN HANSEN, CEO / GENERAL MANAGER

The KPP Board of Directors held their regular monthly meeting on April 21 at the KPP offices in Wichita. During the meeting, the Board heard numerous reports from staff and outside consultants. A few highlights are included below.

Board Accepts 2021 Audit

James Gripka from BKD CPAs & Auditors provided a presentation to the Board regarding KPP's 2021 financial audit. KPP conducts an audit each calendar year in which the agency's financial operations are reviewed comprehensively. The BKD audit presented to the Board reviewed KPP's financial statements for the years ending December 31, 2021 and 2020.

BKD issued an unmodified or "clean" opinion. "In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of KPP, as of December 31, 2021 and 2020, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America," read the independent auditor's report.

ARRs - "Auction Revenue Rights"

Larry Holloway updated the Board about KPP's decision process in regards to nomination of congestion paths in the Southwest Power Pool (SPP) annual ARR allocation. ARR refers to "Auction Revenue Right", a financial right that is awarded during the Annual ARR Allocation Process that entitles the holder to a share of the auction revenues generated in the applicable Transmission Congestion Rights (TCR) Auction(s) and/or entitles the holder to self-covert the ARRs into TCRs. While a difficult concept to grasp, it is an important tool used by KPP to better serve the membership.

Engineering Report

James Ging provided a presentation to the Board regarding Evergy's new load shed policy. A summary of the load shed policy and its impact on selected KPP members is provided on page 4. He also provided an update on the AMI project in Erie, Waterville, and Winfield as well as the Marion Distribution System Project and the transmission line and substation in Kingman.

Member Services Report

A brief update regarding member services was provided by Brooke Carroll. In addition to providing information about the upcoming annual report, member appreciation dinner, cybersecurity seminars and electric vehicle charging, she gave an overview of the updated "Electric Utility Analysis Report" that is available to KPP member cities. The report is an expansion and revision of the KPP Financial Scorecard and focuses on a number of financial and operating ratios to help members manage and operate their public power systems more efficiently.

Cybersecurity Report

Gavin Rose of Custom Internet Services provided a report on the cybersecurity posture of KPP both in March and during the first quarter of 2022.

CEO Report

KPP CEO / General Manager Colin Hansen provided a report to the Board on a variety of subjects. He noted a recent Kansas Attorney General announcement regarding Winter Storm Uri investigating potential price gouging and activities at the American Public Power Association (APPA) regarding potential policy changes. He also discussed activities currently in play at APPA, the Federal Energy Regulatory Commission (FERC), and the Transmission Access Policy Study (TAPS) Group that could have an impact on KPP members.



KPP Investigates Transmission Rates with KMEA, KEPCo

LARRY HOLLOWAY, ASSISTANT GENERAL MANAGER, OPERATIONS

Recently, KPP joined with the Kansas Municipal Energy Agency (KMEA) and Kansas Electric Power Cooperative (KEPCo) to investigate the cost of transmission at the Federal Energy Regulatory Commission (FERC).

The three agencies – KPP, KMEA & KEPCo – have several things in common. First, all are publicly owned organizations that provide wholesale power and transmission services for their members. KPP and KMEA does so for their member municipal electric cities and KEPCo for its member electric rural cooperatives. Second, all three depend on large transmission owning utilities to provide transmission services. In Kansas, the two biggest transmission owners are Sunflower in the western half of

the state and Evergy in the eastern half. KPP, KMEA, and KEPCo represent the largest group of Transmission Dependent Utilities (TDUs) in Kansas. Third, all three have seen the cost for transmission service increase dramatically over the past few years. Finally, KPP, KMEA, and KEPCo all are affected by “formula-based transmission rates” that allow Evergy and Sunflower to automatically increase their charges for transmission service based on data entered into a very complex formula every year.



Under Federal Energy Regulatory Commission (FERC) rules, TDUs have a limited amount of time to audit the numbers filed in these formula-based rates each year and, if necessary, request additional information. This information discovery and auditing requires a high level of expertise and consultants that understand the process can become expensive.

Recently KPP, KMEA and KEPCo joined forces to investigate proposed transmission rates by Sunflower and Evergy. By working together, the three agencies can afford to hire experts and attempt to lower these rate increases at the FERC. The agencies have recently identified concerns with formulas used by Evergy and a proposed depreciation rate by Sunflower and are working together to protest both of these rate increases at the FERC. Taken together, and considering the savings by sharing consultant costs, we expect our unified actions at FERC to result in transmission savings for members.



Energy Load Shed Policy Updated

JAMES GING, DIRECTOR OF ENGINEERING SERVICES

Some members on the Energy transmission system recently received the EKC Load Shed Policy in your inbox from the Energy Customer Service Representative. This is in effort to communicate the company's load shed policy with KPP members who are connected to their transmission system.

During Winter Storm Uri, some KPP members experienced outages due to implementation of this policy. In simple terms, while operating an electric system you cannot have more load than generation. When generation is not available or does not come online – such as during Winter Storm Uri – SPP must direct Transmission Operators to shed load to maintain the stability of the grid.

Members likely watched news reports about massive outages in Texas during the storm. Most of that was from load exceeding generation output causing cascading outages. When large-scale transmission outages occur, it takes a lot of time and money to restore substations and transmission systems.

Southwest Power Pool (SPP) establishes what Emergency Energy Level (EEA) the SPP system is in. It can range from 0 to 3. How do these levels effect you?

EEA level 0 is normal operation and the SPP is monitoring the system.

EEA level 1 means the system is experiencing conditions where all available resources are committed to meet forecasted or actual firm load and is concerned about sustaining contingency reserves. [KPP member generation will be asked to come online regardless of cost.](#)

EEA Level 2 means the system is no longer capable of providing its expected energy requirements and is now energy deficient. [KPP member generation is online regardless of cost.](#) If any member city has interruptible contracts with customers, they should initiate their load shed protocols.



EEA Level 3 means the SPP is unable to meet minimum contingency reserve requirements. As an energy deficient system in an EEA 3, SPP will initiate all steps available including issuing operating instructions to participating entities for firm load interruption. The SPP will take these actions regardless of cost. Maximum emergency generation should be online until further notice. Load shedding will be initiated as needed from Energy to reach the designated amount as needed.

During any potential event, KPP Staff will be working closely with Energy representatives. We will communicate the state of our generation and how much generation we are providing. KPP will be working on policy to establish who we are communicating with in your community and steps we as a Pool can take to mitigate any extended outages. If you have any questions, please do not hesitate to reach out to KPP staff. We will do our best to answer any questions that you might have.



KPP Cyber Seminar Held March 31

BROOKE CARROLL, DIRECTOR OF ADMINISTRATIVE SERVICES

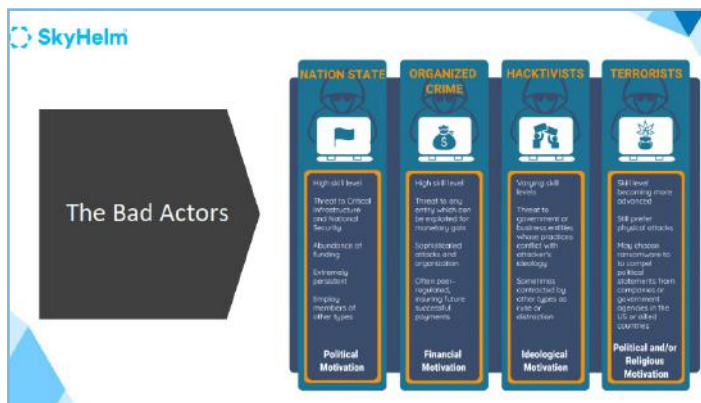


The first in the series of the virtual KPP Cyber Seminar was held on March 31st. Travis Cleek and Casey Davis of SkyHelm presented on the topics of “How to Protect Critical Infrastructure” and “Ransomware Prevention 101”. Travis and Casey have a combined 33 years

of experience working in System Engineering, IT, and Cyber Security, and specifically working with electric coops and municipalities.



In addition to in-house promotions, the KPP Cyber Seminars were highlighted and offered in the KMU Dispatch and approximately 25 members attended the seminar, including several from the City of Pratt. A recording and presenter slides have been prepared and sent to the membership and attendees.



The next seminar will be held on June 30th. The topics that will be covered include “Security is Only as Good as Your Weakest Link” and “Communicating the Need for Security Within the City to Leadership.” Each topic is about 45 minutes and will begin at noon. If you have any questions about this event or would like to register, please contact Brooke Carroll at bcarrroll@kpp.agency.

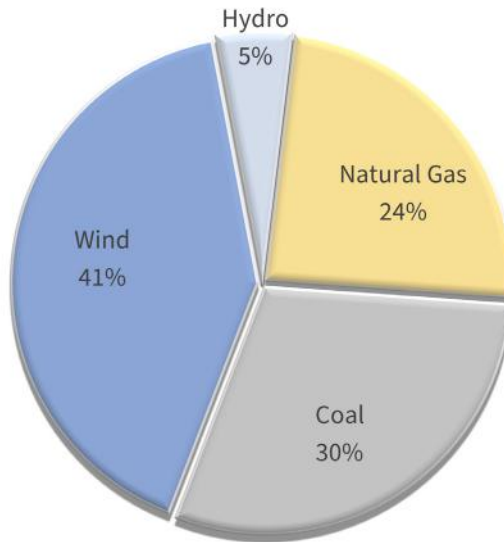
The goal for this session was to provide members with an understanding of the basis of cyber security, what an Internet Connection Sharing (ICS) network is, and how to protect it. SkyHelm offered free tools and services to secure your SCADA network. Members can access these tools at <https://skyhelm.com/ics-files/> Password: KPP2022



KPP Resources by Fuel Source

MARCH 2022

Wind - 41%
Coal - 30%
Natural Gas - 24%
Hydropower - 5%



Event Calendar

DATES TO REMEMBER - 2022

APRIL 27, 2022

KPP Appreciation Dinner

MAY 19, 2022

KPP Board Meeting

JUNE 11 - 15, 2022

APPA Natl. Conference
Nashville

JUNE 13, 2022

KPP Board Meeting

JUNE 30, 2022

KPP Cyber Seminar

JULY 21, 2022

KPP Board Meeting

AUGUST 18, 2022

KPP Board Meeting

SEPTEMBER 15, 2022

KPP Board Meeting

SEPTEMBER 15, 16, 2022

KPP Fall Planning Summit

SEPTEMBER 29, 2022

KPP Cyber Seminar

OCTOBER 20, 2022

KPP Board Meeting

NOVEMBER 4, 2022

KPP Rate Forum
McPherson

NOVEMBER 17, 2022

KPP Board Meeting

DECEMBER 9, 2022

KPP Board Meeting

DECEMBER 9, 2022

Annual Membership Meeting

DECEMBER 29, 2022

KPP Cyber Seminar

