

LIGHTNING ROUND

August / September 2020

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Cyber intrusion featured at Fall Planning Summit

An expensive horror story recounted by Tennessee city administrator

Insisting that “it truly is government’s worst nightmare” Spring Hill, TN City Administrator, Victor Lay, recounted for KPP members a tragic cyber intrusion eventually costing the City more than \$100,000 in recovery cost. Speaking in the virtual format of the Fall Planning Summit on September 18th, Mr. Lay explained that even after “immense” training of employees on the selective opening of emails, his communication system was infected with ransomware.



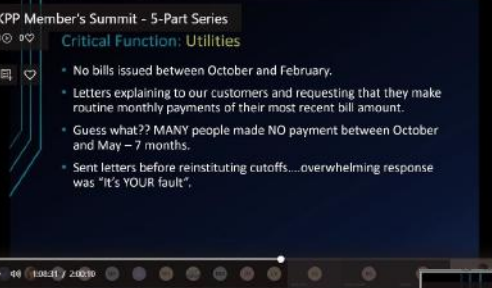
Despite training, an employee clicked on a link shown in an email message from a shopping site already familiar to her. She received a disturbing message prompting her to call IT. Remarkably, an examination of her own computer showed no threatening activity. However, that innocent click allowed

the intrusion which took down all City servers – including servers housing backups.

It was at first discovered that the 911 Call Center could not access call logs nor could programming be opened to



log incoming calls. The intrusion disabled all capability for email, financial records and all other records. Mr. Lay reported that utility billing data and records could not be accessed nor customer accounts, history of payments or records of payments due.



Emphasizing that the intrusion was not a “hack”, but rather, a self-inflicted wound, seemed to pacify customers who knew the city servers stored customer information including bank and credit card numbers.



Refusing to pay the \$250,000 ransom demanded, Mr. Lay described the extraordinary time and difficulty endured to rebuild from this 2017 incident. Even today, the remnants of information needed for recovery are still being finalized. Various forensics experts, the FBI and both third-party

computer lab and software experts were called in to assist. Although the financial cost was tallied at about \$100,000 the employee morale and stress remain inestimable.

Urging the implementation of cyber emergency response plans, Mr. Lay concluded with what he called the “Top 10 Lessons Learned”.



Board of Director Seats Opening

Elections in December; Nomination considerations to begin soon

The 9-member Board of Directors will be slightly reorganized when KPP members meet in December at the Annual Membership Meeting. Elections by the entire membership are among formal business items to be considered on December 11th in McPherson.



File photo of a 2019 Board Meeting

When term limitations began to take effect in recent years, new faces on the Board, but not new to KPP members, began to change the look of KPP's governing body. If persons from your City are interested in being considered for service, or if you would like to encourage consideration, please

make it known to either Mark Chesney (mchesney@kpp.agency) or to Brooke Carroll (bcarroll@kpp.agency)

The KPP Staff reports that there have been more inquiries in the past 12 months concerning eligibility than in the past 5 years. There is a Board-adopted policy statement requiring that achieving an appropriate blend of background and experience is desired. The only other remaining requirement is that Board members are specifically selected from KPP's "Membership Committee". Years ago, that group was called the Operating Committee and sometimes the Pool Committee.

Eligibility to serve on the Membership Committee is simply done by formal action of the utility's governing body. Specifically, there are no special requirements – only that Committee members "shall be directly selected by, and subject to removal at will, by the members of the governing bodies of the member and voting member cities." Director of Administrative Services, Brooke Carroll, is currently working to assure that all KPP members' designations are valid and current.



File photo of 2018 meeting agenda

The Agreement Creating KPP, to which all voting members are a Party, states that, "(t)he Board of Directors shall be selected from the voting representatives of the individual cities." Further, that "a nominating committee (is) appointed by the (Board) President", who is also the chairman



File photo of 2019 annual membership meeting

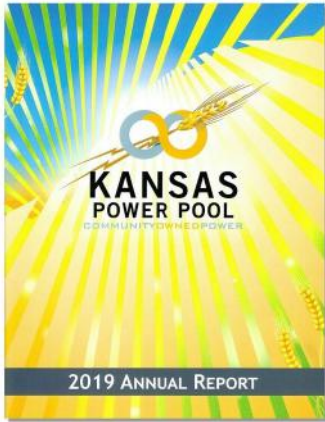
of the Membership Committee. Board President, Gus Collins, reported on September 17th that he plans to soon assemble the nominating committee. KPP's tradition has been to present nominations to the entire membership for vote and acceptance.

Some current Board members are expected to again be elected as they are eligible for such. These include Brad Modlin of Mulvane and Lou Thurston of Hillsboro. Lou is currently filling the 6 months of what was the remaining term of Larry Paine. Stan Luke, Burlington, is not eligible for re-election having served two full terms. Also, there is 1 currently vacant seat which is expected to be filled when elections are held in December.

Plans Underway for 2020 Annual Report

Calls for your help to look inside your City

Although there are many of us who do not share excitement about being photographed, the KPP 2019 Annual Report was well received throughout our membership. Containing memorable photographs of many of the City staffs, the 2019 report was meant to thoughtfully appreciate KPP's 24 member Cities.



In preparing to assemble the 2020 report, there is a strong desire to reach deeper into each community. KPP Staff is asking for your help. Along with a detailed reflection of KPP's financial and operations results, the 2020 report will be devoted to recognizing retail customers. Highlighting a customer or customer group thought to be supportive of the utility is the aim.

Whether it is an industrial customer, commercial, or even a residential neighborhood, these are representative of a constituency without whom there is no need for us to even exist as utilities.

KPP Staff will be working with you in the coming months to identify a customer or customer group that you feel are suitable for highlight. The KPP Annual Report is traditionally published in May of each year.



KPP Member Services Expands to Grant Writing

Recent success noted in accessing USDA funding

Noting recent efforts to enlarge benefits to KPP members, Director of Administrative Services Brooke Carroll included the possibility of USDA grant funding in her July report to KPP Board members. More recently, she reports success in applying for and writing USDA Community Facilities Grants for two KPP cities.

At the September 8th City Council Meeting in Glasco, the City was awarded \$31,900 towards a \$50,000 purchase of a backhoe for the Public Works Department. Also,



at a special meeting held on September 22nd in Ellinwood, the city was awarded \$4,000 towards an \$11,300 computer system upgrade. Within the last week, Brooke learned that another KPP member would be eligible for grant funding for assistance on a current park renovation project. Also in that city, ADA compliance and lighting costs could possibly receive funding. That member has not yet taken action.

Making clear to KPP cities that this addition to member services merely constitutes an offering – and not advice or direction – Brooke has reached out to the USDA district representative for each city to determine funding eligibility and matching requirements. Following up to those contacts, she reports that most KPP members are eligible and she will be in touch with members soon to see if they would be interested in pursuing a project.

In 2007, when member services were conceived by KPP for the purpose of adding value to membership, grant writing was not considered among possible service offerings. As community needs and challenges change and grow over time, a wider range of effort by KPP Staff has been found invaluable. The possibility of USDA funding comes as a recent and welcomed discovery.



A somewhat surprising and interesting fact learned is that USDA representatives seem optimistic in the possibility of funding electric vehicle charging stations as well. They communicated that this was something new on the horizon and would be impacting rural areas of Kansas.

Utilities Prepare to Celebrate Public Power Week

Cities prepare for the first full week of October

Public power utilities across Kansas and the U.S. will celebrate Public Power Week the first full week of October. Beginning October 4th, this event helps customers and others understand how they can better engage with their community-owned utility and benefit from all its offerings.

Several governing bodies among KPP members have already adopted proclamations recognizing Public Power Week 2020. KPP Staff is assisting those and other city utilities in plans to maximize exposure during this important event.

Among the significant benefits of Public Power are important local control in the making of operating policy and rates. Also, virtually all Public Power communities are witness to the rapid response when addressing outages caused by storm or technical failure.



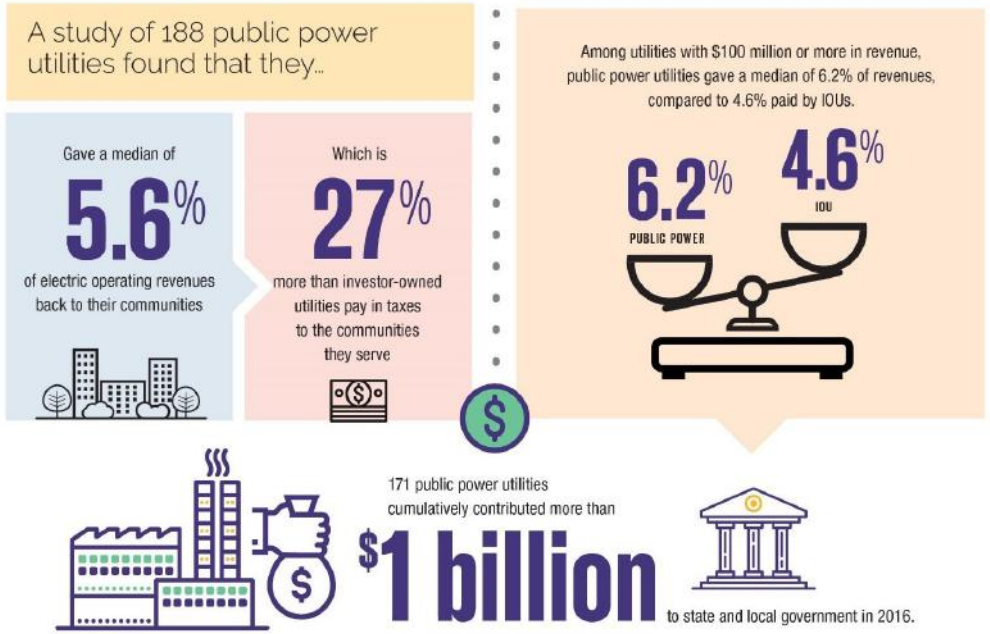
The most current statistics available nationally showed the average cost of power per kWh in Kansas at 12.1 cents for Public Power residential customers compared to 13.3 cents with private utilities and 14.1 cents for rural electric cooperatives. Comparisons for industrial customers reflected lower costs but the order of ranking was identical to residential.

Other measured statistics have shown that customers of Public Power utilities are likely to be without power for less time – 75 minutes a year, compared to 142 minutes a year for customers of private utilities. Outages from major adverse events show different numbers.

Contributors to calculating the “value of Public Power” include transfers to the general fund, payments in lieu of taxes, hometown jobs, offering free or reduced cost of electric services (such as street lights and decorations) and supporting local causes.

Almost unbelievably, a remarkable number of citizens in Kansas and the U.S. do not realize that their utility is “community-owned”. This is why “CommunityOwnedPower” is the tagline for KPP as it is also prominently emphasized in Public Power Week campaigns.

PUBLIC POWER SUPPORTS LOCAL ECONOMIES



#PublicPower

Source: Public Power Pays Back, American Public Power Association, March 2018

KPP Rate Forum Upcoming

In-person event to be safely held in McPherson on November 6th

Members are encouraged to mark calendars for the annual Rate Forum to be held again in McPherson at the KMU Training Center. An in-person 11:00 start will be followed by lunch. The Pool's website, www.kpp.agency will soon show a registration banner.



File photo of Larry Holloway presenting during the 2018 Rate Forum

This is the annual event which allows members to see a careful and deep look into how rate proposals will be shaping up for 2021. Generation capacity costs, transmission costs and energy costs are expected to again combine for the giant share of the total power cost. Bond debt service payments and the debt service coverage ratio will contribute a much smaller percentage. 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.

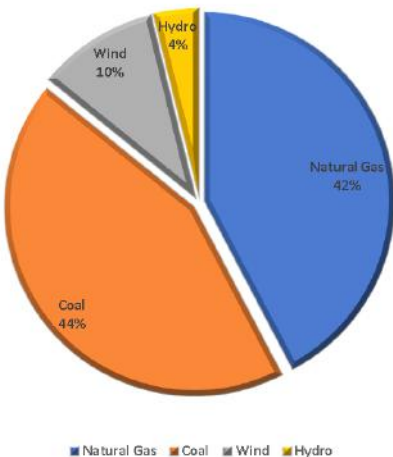
The Rate Forum is now a long-standing tradition meant to give ample time for review of budget and rate proposals ahead of the Pool's Annual Membership Meeting when formal business is conducted in December.

Did You Know?

- Before voting at the Annual Membership Meeting, it is important that KPP Staff first have the most recent documentation from your governing body authorizing a voting delegate. Your city clerk should have received a Voting Delegate form with the request to return it to the Kansas Power Pool Office no later than December 1, 2020. KPP Staff will report to both the KPP Board and General Counsel to assure that voting is authentic. If you are curious about your city's standing, get with Brooke Carroll.
- September 25th is the final session of the 2020 Annual Fall Planning Retreat. Battery storage, wind resources and quick-start RICE engines are among the discussion topics to be presented. The presentation format is "virtual". This last session is at 12:00 Noon on the 25th. If you or others from your city need an invitation, get with Brooke Carroll.
- September 29th is the date for the next AMI follow up meeting. The format will be "virtual". If you need an invitation, get with James Ging or Brooke Carroll.
- Level Two electric vehicle charging stations are soon being installed in Ellinwood, Marion and Winfield. A collaborative effort between the City and KPP, these chargers will be used by citizens and visitors alike as an economic development enhancement. KPP plans to budget for more installations in 2021. Speak to James Ging or Brooke Carroll about cost-sharing details.
- KPP is placing another order for the popular "Kansas Power Pool" face mask. Get with Brooke Carroll to place your own order.
- KPP Staff posts a new video to the KPP website and Facebook page almost every week. Check it out.
- KPP's annual Rate Forum is to be held in-person on November 6th at KMU's Training Center in McPherson. Start time is 11:00 AM followed by lunch. Watch for a registration link on www.kpp.agency
- The KPP Annual Membership Meeting is set for December 11th at the KMU Training Center in McPherson. The agenda for this meeting will provide for approval of rates as proposed during the Rate Forum with any updates needed before the 11th. Also, traditional business items including the election of Board members are planned. Start time is 11:00 followed by lunch. Watch for a registration link on www.kpp.agency

July and August 2020 Distribution of Energy Resources

Fuel Source of KPP Resources in July, 2020



Fuel Source of KPP Resources in August, 2020

