



LIGHTNING ROUND

November 2017

CALENDAR OF EVENTS

JANUARY 12

KPP Board Meeting
Wichita, KS

JANUARY 17

KMU Day at the Capitol
Topeka, KS

FEBRUARY 15

KPP Board Meeting
Wichita, KS

FEB 26—March 1

APPA Legislative Rally
Washington, D.C.

MARCH 15

KPP Board Meeting
Wichita, KS

APRIL 19

KPP Board Meeting
Wichita, KS



Membership Committee Gathers in McPherson

With 21 of 24 Members in attendance, a rate decrease of \$1.95 per MWH was approved for 2018. The approved rate for 2017 of \$71.23 has now been reduced to \$69.28 for 2018. This all-inclusive rate is subject to the monthly Energy Cost Adjustment (ECA). Just since the Rate Forum last month, new forecasts for fuel prices and updated market forecasts have combined for an overall decrease in energy costs of about \$1.6 million for 2018. Other minor decreases were also updated since the Rate Forum. Approved rates will be reflected on the January bill to member cities.

See **MEMBERSHIP COMMITTEE** on page 3

KPP Welcomes Chairman Joe Seiwert

Reminding us that there are 93 state agencies, State Representative Joe Seiwert, chairman of the House Energy, Utilities and Telecommunications Committee, indicated that he routinely urges understanding. The Chairman, who was the keynote speaker at the annual membership meeting held in McPherson, noted that numerous parties have priorities for government action of personal or institutional interest. Appreciation for the large and multifaceted process is important he said. Chairman Seiwert touched on numerous themes in preparation for the 2018 legislative session commencing early next year.

The Chairman renewed the discussion about last year's efforts to fund public education through surcharges on electric, water and natural gas bills to consumers. Although that proposal did not advance last year, the Chairman strongly hinted the discussion is not over. The Chairman also touched on the REC's desire for restrictive legislation addressing service territories of municipal electric utilities. The Chairman gave no indication of his views concerning the matter.

Other state legislators present were Rep. Susie Swanson, of Clay Center and Sen. Rick Wilborn, of McPherson – who also represents Hillsboro. Inviting legislators to meetings of KPP represents the commencement of new traditions where closer friendships with elected officials are desirable and beneficial. ■

MEMBERSHIP COMMITTEE (continued from page 1)

In other business, three individuals from the KPP Membership Committee were newly elected to 4-year terms on the KPP Board of Directors. John Wheeler, a member of the Marion City Council, Kyler Ludwig, Greensburg City Administrator and Scott Glaves, superintendent of the Clay Center Public Utilities Commission were elected by unanimous acclamation. Gus Collins of Winfield, who was previously on the Board filling an unexpired term, was also elected to a 4-year term. In recent years, KPP members have acquired a nuanced understanding that Board members represent the entire Pool and not their respective hometowns. These 4, together with the currently serving members, will gather in January to elect officers for 2018.

Following a formal approval to raise capacity payments from \$7.48 to \$7.50 per kW-year, formal approval was also given to require capacity testing every 5 years – not 3. This change coincides with modified requirements of the Southwest Power Pool. Other presentations to members included legislative updates and a new emphasis on Public Power Week, local brand awareness and the need for additional strategic planning. ■

General Manager Message



Electric Municipal Service Territories

By Mark Chesney, KPP CEO/GM

Protecting service territories of the (rural) electric cooperatives was the subject of an editorial appearing in the December 2017 issue of *Kansas Country Living*. Perhaps you saw it. Following up to comments I have personally made on the subject during meetings of various governing bodies, I wanted today to draw attention to this matter again in somewhat of a “count-down” before this matter is placed in the laps of Kansas lawmakers.

Could you today indulge my own editorial? Legislation will soon be pending in Kansas which, if adopted satisfactory to the cooperatives, could effectively stop a City from serving new electric load through annexation. In your own mind, you may not be able to imagine a time in the near future when annexation is a prospective request from a business or neighborhood. This legislation would effectively end the prospect during any kind of future – near or otherwise. Now, that isn’t precisely what the draft language will say. Of course not. Nor is that what the proponents will advocate. But, let’s be clear, municipals are about to be harmed by this legislative proposal.

How?

By making a Governing Body’s deliberations and final decision subject to an automatic review by the Kansas Corporation Commission (KCC) – which review may conclude with approval or rejection of the City’s action

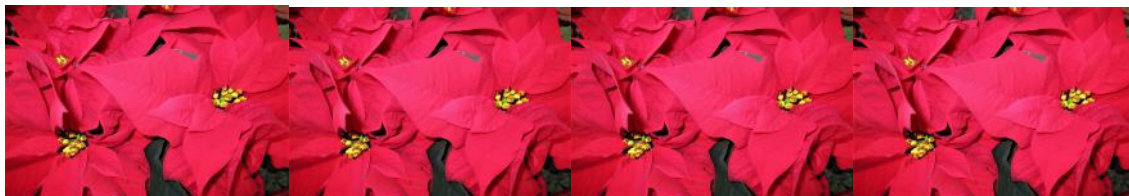
By requiring the Governing Body to publicly justify its decisions then appealable to the KCC

By requiring the City to pay exorbitantly for “bare ground” – even where no electric load currently exists

There’s more

So there it is – more regulation at a greater cost!

See **MANAGER MESSAGE** on page 3



MANAGER MESSAGE (continued from page 2)

While you will no doubt agree that these burdensome requirements are totally new to the City's electric utility, they provoke the image of a hopeless and helpless governing body wanting to accommodate a neighborhood or a business. Can you imagine the reaction of a prospective economic development project when the business realizes that they are wasting their time talking to the City? Worse, that they may wait months and months before an electric supplier is finally determined? Interestingly, this outcome is likely acceptable to the cooperative whose rates are higher in virtually every case compared to the City. In the strict example given here, nothing has been lost from the point of view of the (rural) electric cooperative. To the City, everything has been lost.

Remember when the Holcomb Power Station was all the talk? In 2009, exemption from regulation was sought, and received, applicable to cooperative generation and transmission utilities. Municipals made it known formally that they would not oppose the legislation by which this exemption was secured. And we didn't. Now, those same protagonists want to increase the regulation on Cities.

The headline of the *Kansas Country Living* article urges that service territory protection is vital to (rural) electric cooperatives. The article proceeds to do that in an innocuous, almost mundane, manner. The author takes time and space to advance the (rural) electric cooperative viewpoint with phrases like "a voice" or "fair and reasonable" or "opportunity to provide". Surely no one could take exception to these expressions in a deliberative process. But, that isn't what's happening here. To hear that author tell it, there is an unfair attack on their territory going on all over the state. Actually what has happened is there is a territory disagreement which has occurred in one city – one – in Kansas. Without any truly notable exception, that is the long and the short of it. Nor does the proposed legislation fix that one issue.

All municipal electric utilities need to be alert to this and to help raise their voice in support of those other cities who may be more harmfully affected than yours. It isn't too early to begin speaking to your legislator.

Members of the KPP family, and indeed other municipal electric utilities in Kansas, know that we work hard to prevent an erosion of the Public Power model. The chipping away of the model portends a gloomy future for Cities who are doing far better at keeping the lights on – affordably – than anyone else in the State.



Cybersecurity Training Grant Application

Steve Strom, Custom Internet Services, has written and submitted a grant proposal to the American Public Power Association (APPA) on behalf of the Kansas Power Pool to create a Municipal Cybersecurity Academy for the purpose of offering to our member cities cybersecurity assessments, training, tools and resources to assist with identifying cybersecurity

threats present in the work place and responding to the threats with immediate and low-cost policies and procedures. APPA currently has a grant from the Department of Energy to develop programs for this purpose.

Cybersecurity assessment will include an inventory of cyber assets, control of access to the assets, system vulnerabilities, cyber risk management, cyber incident detection and response, cyber resiliency, and ongoing monitoring. The second phase of the training will include cyber policy development and communication procedures. The third phase will present free tools and resources for the enhancement of a cybersecurity program.

To be sure, cybersecurity standards are likely to be set for the electric utility industry as cyber attacks intensify. Advance basic knowledge of cybersecurity issues will be critical to the success of our members as threats continue to grow. ■

Things You Might Like to Know:

- ⇒ KMU hosted KPP's annual Membership Meeting at its training facility in McPherson on December 15 with 20 of the 24 member KPP cities represented. In all, about 51 people participated. We greatly appreciate the KMU staff for helping make this a successful conclusion to our 2017 year of accomplishments.
- ⇒ The KPP annual Membership Meeting marked the completion of Ira Hart's career with the City of Kingman. Ira was recognized at the meeting for his contributions to Kingman and to the Kansas Power Pool. We all wish Ira all the best in his retirement.
- ⇒ It might not look inviting today, but when the weather



heats up, you can bet that Holyrood's new splash park will be used to the max!



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