

LIGHTNING ROUND

December 2021

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Solomon Energy Storage Center Officially Online

Ribbon Cutting Ceremony Marked by Heavy Winds Across Kansas

"It first started with a need of the City of Minneapolis that the Kansas Power Pool could help address." Those were among the opening remarks by KPP Board Secretary/Treasurer, Lou Thurston, who spoke during an extremely windy day on December 15th. It was the occasion of the official ribbon cutting at the site of the Solomon Energy Storage Center (SESC) in Minneapolis.

Lou, who is the Mayor of Hillsboro, also referenced the advantage of being able to become more familiar with the technology and its future benefits for all KPP members. He thanked all those, including Kelson Energy, FlexGen, the City of Minneapolis and KPP, who had worked to bring the facility online.



Pictured (L-R): Alan Grosse, FlexGen; Mike Chapman, Kelson Energy; KPP Board member Tim Johnson; Barry Hodges, Minneapolis; KPP Board member Lou Thurston and KPP Board member John Wheeler.

blowing and then dispatch it when it is not (blowing) and prices are higher. It is also going to help Minneapolis black start their generators with quicker response time and to help address local voltage issues," he said. Each of these have financial and operating benefits accruing to all KPP members.

Mike Chapman of Kelson Energy and Alan Grosse with FlexGen also contributed remarks of appreciation for KPP and the opportunity



to be part of the project. Mike spoke of KPP's long-running partnership at Dogwood. KPP Staff have previously noted that Mike was vital in screening potential contractors and in providing project management for the SESC project. The construction contractor, FlexGen, is the "second largest energy integration firm in the U.S. behind Tesla," as Alan indicated in his remarks. He added that next year they are "doing the world's largest battery project in California."

Before officially cutting the ribbon, Minneapolis City Administrator Barry Hodges, summarized the thought



process that culminated in the project. In offering concluding thanks, Barry admitted his dislike for "being a guinea pig for anything." But this project was amazingly smooth," he said. "Everybody was great to work with and we're just really appreciative for the work put into it – and for KPP in having the foresight to move forward with it."

The capacity of the project is sized at 1 MW. A typical configuration will be to discharge the facility over 4 hours. Originally budgeted at a cost of \$3.1 million, actual costs are approximately \$2.4 million.



Electric Rates Approved by Membership for 2022

Rate Approval Among Business Items of Annual Membership Meeting

Following up on presentations made to KPP members in November, electric rates proposed and approved by the members were among business items at the 2021 annual meeting. As indicated in November, rates were anticipated to reflect upward pressure on energy costs in the Southwest Power Pool (SPP). Proposed rates were also reflective of transmission service and debt service costs.

Prior to an official vote being taken, Assistant General Manager, Larry Holloway, briefed members on updates needed since the time of the November Rate Forum. These included slight changes in the Dogwood budget and in the SPP Integrated Market forecast. He mentioned that although the forward price for natural gas has dipped slightly since November, that change would mostly affect future years – and not 2022.

Larry also gave members the very positive reminder of a dramatically lowered cost structure as anticipated at the beginning of 2023. This is

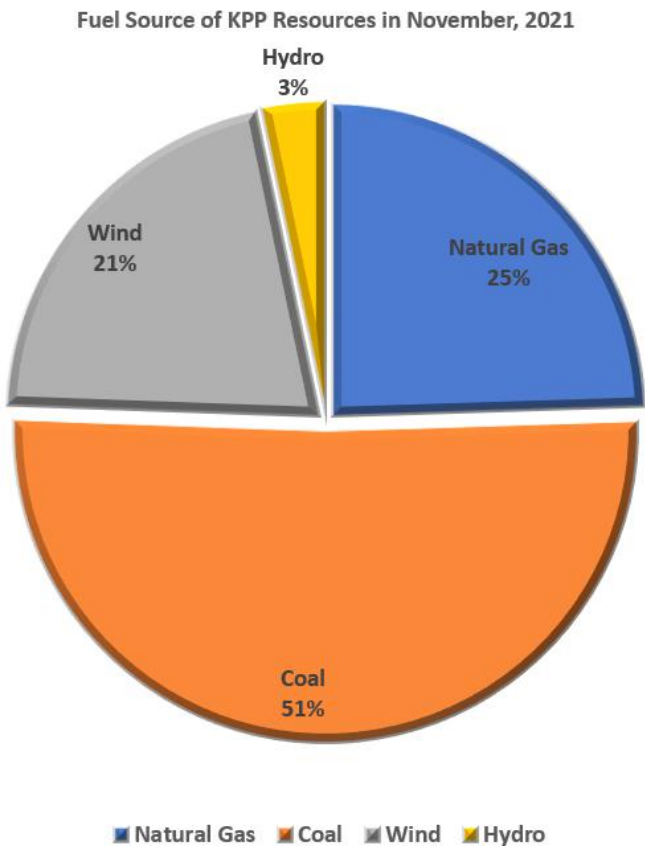
due to the expensive Jeffrey Energy Center contract expiring in December 2022. At the time of its signing in 2012, that contract represented KPP's least expensive resource. Members have been continually updated on resource planning and timing to replace capacity from that contract.

Reflecting sequential updates, overall average energy costs and budgeted rates for 2022 changed from \$71.57 per MWh to \$72.22 per MWh.

The recorded vote appeared to be unanimous with no opposition or abstention. Also prior to the official vote, Larry indicated that the proposal carries a recommendation from the Board of Directors who had approved the 2022 budget in a prior meeting.



November 2021 Distribution of Energy Resources



Board Members Elected to New Terms

Nominations Among Business Items at Annual Membership Meeting

Four members of the KPP Board of Directors were re-elected by the Pool membership on December 15th. Elections were among the business items of KPP’s Annual Membership Meeting held at the KMU Training Center in McPherson.

Elected to new terms were Gus Collins, Winfield; Scott Glaves, Clay Center; Jason Newberry, Wellington and John Wheeler, Marion.

KPP’s founding documents, to which all KPP members taking electric service are a party, require governance by a Board of Directors. The creating agreement of the Pool requires that “the Board of Directors shall be selected from the voting membership of the individual cities.”

This year, Larry Paine of Hillsboro chaired the Nominating Committee. Along with Committee member Barry Hodges of Minneapolis, names for election were offered to the membership. As required, provision was made for nominations from the floor of the meeting before official votes were taken.

Founding documents provide that Board members may serve successive 4-year terms. Larry pointed out that in the case of Gus, Scott and John, they were eligible for re-election having already served terms concluding this year. Jason, who filled the unexpired term of Kyler Ludwig of Greensburg, was eligible to be elected to his first official 4-year term.

As customary, the Board will elect its own officers when they assemble for their January meeting next year.



Larry Paine, Hillsboro, Nominating Committee Chairman



Gus Collins, Winfield



Scott Glaves, Clay Center



Jason Newberry, Wellington



John Wheeler, Marion

Next Board of Directors Meeting

Thursday,
Jan. 20, 2022, 11:30am

In Person and Virtually through
Microsoft Teams

Mark Chesney to Retire in January 2022

Career Spans More Than 31 Years in Public Power

Kansas Power Pool CEO/General Manager Mark Chesney, who began his work at KPP more than nine years ago, is set to retire at the end of January next year. He will be succeeded by



Colin Hansen, current Executive Director of Kansas Municipal Utilities.

Continually professing a deep commitment to joint action and “the pool concept” Mark wanted his thanks and appreciation for KPP members to be known once again – this time through the KPP *Lightning Round*. “Although there



Mark is pictured in 2021 with Taggart Wall, Winfield City Manager

are occasionally tradeoffs in consequence, I believe the economic benefits and wisdom of our joint action are flatly undeniable”, he said recently. “Fortunately, we often have good opportunities to look into the ‘rear view mirror’ and see all that we have done together. I am so appreciative for the cooperation and collaboration among our members which have made our accomplishments so impressive.”



Mark confers with KPP Board President, Gus Collins in 2020

During a recent informal gathering, Mark was heard to comment that he had proudly spent almost all of his 44-year career associated with the providing of energy. Prior to his service in public power, Mark had a 7-year stint in the oil and gas exploration industry working as a petroleum landman. Earlier, while in college, he commenced a 5-year run in the land title industry.

Mark started his career in public power with the Grand River Dam Authority in his native Oklahoma. “When I started at GRDA, I didn’t know a kilowatt hour from a light switch!” he said recently. “I was hired as Marketing Director and I am so thankful to the CEO/General Manager, Ron Coker. He hired me at a time when there were surely many others better qualified.” He added, “in those days GRDA had about 400 employees and there were three or four assistant general managers who included me in almost every significant activity they were working on. This was an enormous career blessing but, from the very beginning, I was in many meetings where I clearly didn’t belong.”



At the 2019 Fall Planning Retreat, Mark visits with Stan Luke, Burlington

Working 10 years at GRDA, his first duties were economic development where he was a member of, and led, three commissions devoted to development in northeast Oklahoma. Later, he led GRDA staff in industrial key account management, purchase power contract negotiation/administration as well as media services management. Eventually, as Assistant General Manager of Energy Marketing and Development, he supervised market and transmission operations personnel at GRDA’s energy control center. Mark noted recently that among his final tasks at GRDA was his negotiation with KMEA in its first contract with GRDA.



At the 2018 KPP Rate Forum, Mark welcomes Glasco Mayor, Edd Bellows

In the year 2000 Mark was aggressively recruited by the Utah Municipal Power Agency to join them as their Operations Manager. Headquartered in Spanish Fork, Utah, UMPA is a joint action agency comprised of six Utah municipal electric utilities. “While trying to recruit me, they were patient to the point of disbelief,” Mark said recently. “We talked for six months before I said yes. I wasn’t looking for a job, but Julie and I decided that because we had three children in college in Utah, it was not a horrible idea.”



Mark greets APPA Vice President Ursula Schryver during the 2017 Fall Planning Retreat.

His 10 years in Utah included supervising personnel in the scheduling, trading and dispatching of energy. Mark says it was at UMPA where he had his first involvement in new power supply screening. Among his other duties were the management of the agency’s transmission-dependent relationship with PacifiCorp and the hydro allocation entitlements from the Colorado River Storage Projects of the Western Area Power Administration (WAPA). While at UMPA, he composed two comprehensive Integrated Resource Plans required by WAPA.

Returning to Oklahoma in 2010, Mark served just over 2 years as the General Manager of the Tahlequah Public Works Authority. “This was a very interesting move for us. Sometimes you feel the satisfaction of carrying out a well-orchestrated career plan and sometimes you just simply feel you are being led Providentially,” he commented. “My experience there was truly a paradox. I now know it was important that I go to Tahlequah but the experience was not totally positive. Regardless, I am grateful for my time there. Working for a retail utility was another important qualification I think I needed before hoping to manage a joint action agency.”



At the 2016 Fall Planning Retreat, Mark presents Bill Callaway, Clay Center, with the KPP Excellence in Public Power Advocacy award.

Since late 2012 Mark has served in his current position with KPP. His tenure has been marked by increases in the KPP resource portfolio, improved cash reserves and liquidity and an upgrade in the KPP bond rating. Achieving member city contract uniformity was also a notable KPP milestone. Mark believes that underlying those successes has been opportunities for members to gain greater familiarity with one another.



In Washington D.C., Mark is pictured in 2014 with former KPP Board members George Dick (L) of Mount Hope and Larry Paine of Hillsboro.

“This is what builds unity,” he says. As the end of his professional career began to approach, Mark was elected in 2018 to the Board of Directors of the American Public Power Association. Last summer, at AP-PA’s national conference, he received the James D. Donovan Individual Achievement Award.

He has recently fielded inquiries as to what is next in his life. In March of this year, Mark reported to the KPP Board that he and his wife Julie had purchased a home in American Fork, Utah (a bedroom community of Salt Lake City). “We’re moving there after retirement. It is where we lived from 2000 to 2010. Our oldest child lives in Dallas, but three of our four children live in Utah. And, perhaps most importantly, it’s where all of our grandchildren live!”



In 2015, Mark signs the Marshall County Wind contract with Steve Dryden, Principal with RPM Access



Mark is pictured in 2013 with Barry Hodges, City Administrator in Minneapolis, who was KPP Board President that year.

Holiday Greetings from KPP Board and Staff

Merry Christmas and Happy Holidays!

As the year begins to conclude, the KPP Board and Staff are once again appreciative to all and wish each of you the best of holiday seasons. With two consecutive years of challenge and anxiety mostly behind us, we are hopeful that each of you have abundant opportunity to gather with those dear to you and enjoy warm and safe holidays!

