

LIGHTNING ROUND

December 2018

In this issue:

- Rate Decrease Approved for 2019
- Did You Know?
- Updates on Power Supply Planning
- Elevating the Public Power Brand
- KPP Social Media Effort Well Underway
- Municipal Cyber Academy

Rate Decrease Approved for 2019

Members Gather in McPherson for Annual Membership Committee Meeting

A decrease of slightly more than 2% was approved for 2019 by the KPP Membership Committee when members gathered in McPherson on December 14th.

The decrease is shown when comparing the all-inclusive rate for power and energy of \$69.96 per mWh to the actual costs known for 2018. When Members gathered on November 1st for the annual Rate Forum, Cities were shown a projected rate of \$69.48. However, a bump in the forecast for natural gas prices resulted in an upward adjustment to \$69.96.



Assistant General Manager Larry Holloway indicated that the increase in the natural gas forecast is largely driven by historic low gas storage quantities. Although this placed upward pressure on energy costs, the O&M budget costs for Dogwood have decreased resulting in a lowering for 2019. Changes in forecasted capital improvements and service contracts drove this change. KPP administrative costs were also downwardly adjusted making for a total decrease as compared to actual costs for 2018.

Typically, generation capacity costs, transmission costs and energy costs will combine to account for the giant share of the total power cost. It has typically accounted for 88% of the total cost for power and energy. Debt service bond payments and the debt service coverage ratio also typically contribute an additional 8%. 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.

Larry reminded members that the presentation will appear for Members on the KPP website found at www.kpp.agency. Further questions or comments can be directed to Larry at: lholloway@kpp.agency



Did you know?

- The initial KPP Cyber Academy kicks off on Wednesday, February 13, 2019. There is no cost to KPP members. Plus, mileage reimbursement will be paid. This professionally designed training will comprise 15 modules on 5 dates and is intended to help attendees to thoroughly assess and manage cyber risk. Registration is done at www.kpp.agency.
- The first computer hacker is said to now be a computer security consultant. After a well-publicized pursuit, Kevin Mitnick was arrested on February 15, 1995 on offenses of computer hacking and wire fraud. He served 46 months in prison. Today, KPP alone gets several hundred hacks attempts every day.
- LED lights are 80% more efficient than incandescent bulbs. Besides the electric industry, this statistic is accounting for more LED applications in agriculture, automotive and other industries.
- The Electric Power Research Institute (EPRI) says that if nothing is done to address the effects of energy efficiency, electric utilities in 2025 will serve 8% less load than today. This is good for retail customers – not so good for utilities managing and relying on a budget.
- According to the U.S. Department of Energy Alternative Fuels Data Center, General Motors estimates the annual energy use of the Chevy Volt (electric vehicle) is about 2,520 kWhs. They add that if electricity cost \$0.11 per kWh and the vehicle consumes 34 kWh to travel 100 miles, the cost per mile is about \$0.04.

Updates on Power Supply Planning

Power resource planning continues to remain on track according to reports given to members last week. KPP Staff reported being poised now to sign and soon engage the Brattle Group for evaluation of Wartsila technology already selected for use.

KPP CEO/General Manager Mark Chesney indicated that previous prospects of placing Pool-owned assets in a southern Oklahoma site, selected by Southern Power, appear to have waned due to project incompatibility. Instead, a formal study by the Brattle Group is hoped to validate sites and market values for resource replacement needed before the peak season of 2023.

Members were told of the “state-of-art” technology offered by Wartsila providing approximately 11 MWs of name plate capacity at extremely low heat rates. Only 2 such models are known to have been installed thus far in the U.S. KPP hopes to get at least one engine on the ground as soon as possible in order to begin soon becoming familiar with its market performance. A larger order for more units is expected to be placed sufficiently ahead of the time frame coinciding with the expiration of KPP’s Jeffrey Energy Center (coal) resource. The Wartsila technology, and 5 Kansas site, are intended to be requested for thorough evaluation. Study results are expected in 90-120 days thereafter.



Wartsila engines boast flexible capacity and quick-start capability

KPP to Assist in Elevating the Public Power Brand

Cities are very good at providing their citizens with the special benefits of Public Power. That was the message during one presentation at the Annual Membership Meeting in McPherson on December 14th. Continually keeping those benefits in the front of retail customers' minds is a larger challenge.

An impressive list of benefits to citizens was provided during the presentation. This came as the KPP CEO/General Manager urged member Cities to utilize KPP as a valued resource for elevating the Public Power brand. Chesney had previously invited list suggestions earlier in the week. Some of those are the following:

- The expedient restoration of power after inclement weather events
- Having someone from the utility on staff 24 hours a day and 365 days per year
- Hanging Christmas lights, banners and celebration signage
- The availability of utility personnel to work actively and also help fund other city departments
- Providing “free community power” for street lighting, ball parks and community events
- Knowing that responsive utility personnel are the friends and neighbors of the customers
- The providing of repair services and instruction around the clock 24/7/365
- The avoidance of even higher property taxes
- The indispensable transfers from the utility into the general fund to help with the swimming pool, community buildings, the ball field, fire department, ambulance service and parks



1 in 5 people under the age of 55 know that their utility is owned by the community

It was noted last week that continually showing retail customers the value of Public Power is influential to legislation. Community pride also helps customers understand and appreciate the bottom line of an electric bill. Good messaging from the utility grows more important each year. More discussion is expected in an upcoming strategic planning exercise. The

exercise hopes to set forth action points where KPP may assist member cities.

KPP Social Media Effort Well Underway

Members Gather in McPherson for Annual Membership Committee Meeting

A steady increase in social media impressions are making for a successful launch of the KPP presence on Facebook and Twitter. When KPP Members gathered in McPherson recently, examples were shown of messaging efforts to have the benefits of Public Power among KPP Cities.

CEO/General Manager Mark Chesney drew attention to the effort encouraging Members to elevate their presence. “We have our eyes open”, he commented. Although there are perceived downsides to this kind of participation, utilities’ presence has now been tested and proven for more than 10 years.” Chesney remarked that there is now a known upside clearly overshadowing any downside.

KPP has urged Members to see the agency as a resource to assist not only in establishing a presence, but also in elevating existing efforts. “This is how communication occurs in a modern society. There is much good messaging concerning the value of Public Power that can occur here”, he said.



Augusta and crews were recently picked up APPA and featured in the Public Power Daily



Municipal Cyber Academy

Offered jointly by APPA and KPP

Join us at the KMU Training Center,

2090 E. Avenue A, McPherson, KS

from 9 a.m. to 3 p.m. on the following dates:

Must attend all dates to complete

Wednesday, February 13, 2019

Wednesday, February 20, 2019

Wednesday, February 27, 2019

Wednesday, March 13, 2019

Wednesday, March 20, 2019

TOPICS:

0. What is the APPA Scorecard?
1. Cyber Asset Inventory
2. Configuration Baseline
3. Access Control
4. Vulnerability Management
5. Threat Management
6. Cyber Risk Management
7. Cyber Event Detection
8. Cyber Incident Response
9. Operational Resiliency
10. Monitoring Cyber System Activity
11. Cyber Threat & Event Information Sharing
12. Supply Chain Risk
13. Workforce Management & Cyber Security Training

Lunch will be provided.

**Register on our website www.kpp.agency
by Friday, February 1, 2019**



Merry Christmas!

Happy Holidays!

Happy New Year!

KPP STAFF