



# LIGHTNING ROUND

January 2018

## CALENDAR OF EVENTS

### 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

### MARCH 16

KPP Board Strategic Planning  
Wichita, KS

### APRIL 19

KPP Board Meeting  
Wichita, KS

### MAY 2

Member Appreciation Dinner  
Wichita, KS

### MAY 17

KPP Board Meeting  
Wichita, KS

### JUNE 15 - 20

APPA Conference  
New Orleans, LA

### JUNE 21

KPP Board Meeting  
Wichita, KS

## ***KPP Board Officers Elected for 2018***

On January 12<sup>th</sup> the KPP Board of Directors took up the customary January business of electing officers for the present year.

Following well established precedent of rotation, officers unanimously elected by the Board were:

Larry Paine, Hillsboro, President

Rex Reynolds, 1<sup>st</sup> Vice President

Gus Collins, Winfield, 2<sup>nd</sup> Vice President

John Wheeler, Marion, who was newly elected to the Board of Directors in December, was unanimously elected by the Board as Secretary/Treasurer. Barring unforeseen circumstances, it is expected these officers will serve until January 2019 when new officers will be elected.

Outgoing President, Brad Modlin, Mulvane, was commended for his service and leadership in helping to guide KPP activities during 2017 centered on securing the possibility of future transmission resources, power purchase contracts as well as litigation and regulation matters.

Absent from the meeting were Barry Hodges, Minneapolis, Bob Peter, Ellinwood and Bill Callaway of Clay Center. These three former Board members' terms expired in December. They had each served the KPP members since the Board was first organized in 2010. Appreciation for their service had previously express by members in the December meeting. ■

## ***Stan Luke Re-appointed to APPA Council***



Mayor Stan Luke, Burlington, has been appointed to a 3-year term on the Policy Makers Council (PMC) of the American Public Power Association (APPA). The appointment was made in December and announced by letter from Sue Kelly, APPA President/CEO. Stan had previously served as an at-large member for a 1-year term.

See **LUKE APPOINTMENT** on page 3

## Legislative Bill Introduced to Harm Municipal Electric Utilities



As was a topic for discussion at the KPP annual meeting in December, a bill was finally introduced by the statewide trade association of the rural electric cooperatives. The bill, bluntly speaking, will harm the development prospects of municipal electric utilities in Kansas.

Insisting that the bill is not about annexation, cooperatives are seeking to take decisions about annexation and development out of the jurisdiction of the municipal governing bodies and into the jurisdiction of the Kansas Corporation Commission. There are other elements of the bill equally troubling.

Although a bill number was not available at the time of the *Lightning Round* publication, the bill is styled as “an act concerning electricity; relating to the service rights of retail electric suppliers”. It is expected first to be heard in the House Committee indicated below.

See **LEGISLATIVE BILL** on page 3

## KCC Regulation Over Municipal Energy Agencies?

The Kansas Corporation Commission issued an order on January 9<sup>th</sup> stating that its jurisdiction over municipal energy agencies – like KPP – is unchanged from the jurisdiction set forth in statute. That statute, decades old, had never been asserted by the KCC when claiming jurisdiction. Although the statute specifies that agencies are “subject to the jurisdiction of the state corporation commission in the same manner as a public utility”, the assertion of such jurisdiction has never been an issue.

A general investigation was opened by the Commission late last year inviting “all-comers” to comment. The timing was peculiar given the Southern Pioneer complaint against KPP at the KCC, and immediately thereafter a complaint filed against the Kansas Municipal Energy Agency by the City of Pratt. In that process KPP learned that KCC’s Staff recommendation was to delay an order by 120 days. That recommendation did not make it into the order. A 120-day delay would have been convenient given the KPP intention to ask the legislature to clarify jurisdiction (Senate Bill 293). Regardless, the KCC order places KPP and KMEA in exactly the same position as before the order.

See **KCC REGULATION** on page 4

## An Update on the PURPA Ordinances Adopted

Contrary to previous anticipation, a filing at the Federal Energy Regulatory Commission (FERC) is being delayed. At the January meeting of the KPP Board, and with the guidance of Counsel, the KPP Staff recommended an indefinite filing postponement.

In the latter part of 2017 nearly all KPP members’ governing bodies adopted an Ordinance addressing the Public Utilities Regulatory Policies Act (PURPA). At issue was the transferring of the PURPA-mandated obligation to purchase energy from any “qualified facility” producing energy with the utility’s service territory. It had been planned that KPP would make the filing on behalf of cities seeking the waiver as provided for in law. If approved by FERC as expected, the must-purchase obligation would be transferred to KPP.

In light of recent uncertainty in jurisdiction over municipal energy agencies, Counsel and Staff have determined to delay the filing until more assurance is received concerning jurisdiction. ■

**LUKE APPOINTMENT** (continued from page 1)

The PMC is made up of 45 locally elected and appointed officials from public power communities across the country. Its mission is to assist APPA in moving legislation forward that is important to the public power electric utilities nationwide.

Appointees to the Council are nominated and selected from each of the 10 regions throughout the U.S. Mayor Luke, who is also a Past President of the KPP Board of Directors. KPP Staff and Board express not only congratulations to Stan but also appreciation for advocating the cause of Public Power. ■

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**LEGISLATIVE BILL** (continued from page 2)

As KPP members have been informed, KPP, the Kansas Municipal Energy Agency and the Kansas Municipal Utilities are agreeably and aggressively aligned to fight the passage of this bill. This alignment of entities has engaged additional legislative affairs specialists in the effort.

As with the bill pertaining to the jurisdiction of municipal energy agencies, KPP members will be apprised of the progressive status of the bill. However, your time in communicating with your Senator and Representative may be vital.

Members of the House Energy, Utilities and Telecommunications Committee are:

- Rep. Joe Seiwert – Pretty Prairie, Chairman
- Rep. Randy Garber – Sabetha, Vice Chairman
- Rep. Annie Kuether – Topeka, Ranking Minority Member
- Rep. Steve Alford – Ulysses
- Rep. John Carmichael – Wichita
- Rep. Ken Corbet – Topeka
- Rep. Tom Cox – Shawnee
- Rep. Erin Davis – Olathe
- Rep. Debbie Deere – Lansing
- Rep. Leo Delperdang – Wichita
- Rep. Blaine Finch – Ottawa
- Rep. Jim Gartner – Topeka
- Rep. Adam Lusker – Frontenac
- Rep. Patty Markley – Overland Park
- Rep. Les Mason – McPherson
- Rep. Mark Schreiber – Emporia
- Rep. Jack Thimesch – Spivey

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# General Manager Message



## Service Territories (yes, service territories - again)

By Mark Chesney, KPP CEO/GM

Okay, here we go again. Last month I wrote about the dangerous threat to the municipal electric utility's ability to develop its city. A better way to frame it is the idea of providing services to those who actually want it from the city (and not the other way around). Nothing much has changed except that now there is indeed a bill (an outrageous one!) officially introduced. You need to call your Senator or Representative as we also urge in other articles within this month's newsletter.

The electric cooperatives have grown their customer base by 91% in the last 35 years. The municipals have grown a little less than 5%. Who's kidding who?

I spent 2 days at the State Capitol this week. It really doesn't take long to realize that the RECs are out and about lobbying. It is also apparent that they have votes on their side. But our side has clearly the most compelling message – we just have to get it out.

Speaking of the RECs being out and about. Some legislators have understood that in a certain KPP member city, annexation (and the providing of electric service) occurred after – after – development outside the city limits was in place. I personally ran that story to ground (hat tip to the city manager and the utilities director). What actually happened is that the decision makers behind the development (in this case a family having residence in the city) asked to meet with city officials in the early planning stages. The desire was to annex and to construct high density housing. The housing project never materialized and a small community college decided to capitalize on the annexation – 7 years AFTER the annexation!

Well, who can blame the developers for wanting to be inside the city limits? The city's rates are lower than the REC. In fact, that is generally true throughout the entire state. I don't know about every single city, but the reality is that the overall cost per kWh for RECs is more than 11 cents while Public Power Utilities are less than 9 cents in Kansas. Heck, the RECs are also more expensive than investor owned utilities in Kansas.

So tell me, how does this bill help the prospect of economic development in Kansas? From what perspective does it make good sense to "take" territory from the lower priced utility and give it to the most expensive utility? Just breathe that in for a moment – and call your legislator. ■

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## KCC REGULATION (continued from page 2)

KPP members will be apprised of the status of SB 293 as the legislative session progresses. In the meantime, your time taken to call your Senator or Representative would be time well spent. We hope you will; if you do, the following are good point to make:

- Additional regulation only increases cost to utilities and workload at the KCC
- Municipal energy agencies fully answer to their municipal utility members
- In the case of KPP, members set the wholesale rates by which cities formulate their budget
- In the case of KPP, members oversee and influence all operating decisions

Members of the Senate Utilities Committee are:

Sen. Rob Olson – Olathe, Chairman

Sen. Mike Peterson – Wichita, Vice Chairman

Sen. Elaine Bowers – Concordia

Sen. Marci Francisco – Lawrence

Sen. Randall Hardy – Salina

Sen. Julia Lynn – Olathe

Sen. Ty Masterson – Andover

Sen. John Skubal – Overland Park

Sen. Gene Suellentrop – Wichita

Sen. Rick Wilborn – McPherson

## Things You Might Like to Know:

- ⇒ Leslie Stephan was appointed to the position of City Clerk for the City of Mount Hope replacing Charlie Beetch who resigned effective December 31, 2017.
- ⇒ Greg Gaffman was appointed to the position of City Manager for the City of Kingman replacing Emily Clouse who took a position with Garden City Community College.
- ⇒ The KPP pole tester is currently in Minneapolis. Hillsboro has it next. Contact James Ging to schedule it for your utility.
- ⇒ Several KPP member cities have newly-elected governing body members:

Augusta—Eric Birk and David Bates

Burlington—J.J. Jasper

Clay Center PUC—Aaron Floersch

Ellinwood—Jon Prescott

Glasco— Anita Bogner

Greensburg— Pamela Reves

Haven— Tricia Paramore

Hillsboro— Lou Thurston and Jonah Gehring

Kingman— Adrian Harrel

Lucas— Jean Stramel

Mount Hope— Alicia McCurry

Mulvane— Barry Fleming and Brent Allen

St. Marys— Richard Binsfeld

Waverille— Josh Stoudt and Rich Anderson

Wellington— Jennifer Heersche, Kevin Dodds, & Joe Soria

Winfield—Phil Jarvis

## KANSAS POWER POOL STAFF

**MARK CHESNEY**

*CEO/General Manager*

**LARRY HOLLOWAY**

*Assistant General Manager*

**VICKIE MATNEY**

*Controller*

**AHMAD KHAN**

*Senior Director of Wholesale*

*Electric Origination*

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