

# KPP LIGHTNING ROUND

**January 2023**

## KPP Names 2024 Officers

### Jason Newberry to Serve as KPP President

The new officers of KPP Energy were appointed at the agency's regular Board of Directors meeting on January 18th. Jason Newberry, Assistant City Manager for Utilities and IT for the City of Wellington, steps into the role of KPP President. Newberry takes the gavel from Scott Glaves, Superintendent of Utilities for Clay Center Public Utilities who served as KPP President in 2022 and 2023.

Hillsboro Mayor Lou Thurston was named 1<sup>st</sup> Vice President of the agency and Tim Johnson, Director of Public Utilities for City of Augusta was named 2<sup>nd</sup> Vice President. In addition, Chris Komarek, City Administrator for the City of Ellinwood, was newly appointed to the role of KPP Secretary / Treasurer.

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KPP 2024 President Jason Newberry (Wellington)



1<sup>st</sup> Vice President  
Lou Thurston (Hillsboro)



2<sup>nd</sup> Vice President  
Tim Johnson (Augusta)



Secretary / Treasurer  
Chris Komarek (Ellinwood)

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## January Board Meeting Review

COLIN HANSEN, CEO / GENERAL MANAGER



The KPP Energy Board of Directors held their regular monthly meeting on January 18, 2024, at the KPP offices in Wichita. A summary of meeting highlights is provided here.

### December 2023 ECA Analysis

KPP Director of Engineering Services James Ging presented the monthly update relating to the December 2023 ECA calculation. The ECA for the month was a negative 0.774 cents per kilowatt-hour (kWh), considerably lower than the budgeted ECA of negative .485 cents per kWh.

### November 2023 Financial Statements

KPP Energy Controller Vickie Matney presented written financial statements for the period ending November 30, 2023, showing a negative net position due to Dogwood and a net position before DAI of \$9.4 million. She reminded the board that the net position before DAI for 2023 needs to get to \$9.8 million for the period ending December 31, 2023.

### Election of Officers

President Scott Glaves presented the following nominations for Board officers:

- Jason Newberry (Wellington) for President
- Lou Thurston (Hillsboro) for 1st Vice President
- Tim Johnson (Augusta) for 2nd Vice President
- Chris Komarek (Ellinwood) for Secretary / Treasurer

The nominations were unanimously approved by the Board. After thanking Rex Reynolds for his service to KPP, Glaves presented the President's gavel to Jason Newberry.

### Winter Storm Gerri

James Ging, KPP Director of Engineering Services, recapped the effects of Winter Storm Gerri covering January 9, 2024, to present, noting SPP-issued advisories, KPP-initiated update calls with members, KDHE communication regarding emergency, and operation of RICE engines. Larry Holloway provided detail on KPP generation during that period as well as efforts to mitigate LMP prices. Over the coldest part of the weekend, James Ging noted, Dogwood broke even but did perform well during the cold.

### 2024 Work Plan for Strategic Plan

Colin Hansen presented the Board with an aggressive and ambitious 2024 Work Plan outlining tasks for progressing each of the three high-level objectives emphasized in the 2024-2028 Strategic Plan. The Board unanimously adopted the 2024 Work Plan as presented.

### Dogwood Gas Prepay Contract Background

Larry Holloway presented background on the proposed Dogwood Gas Prepay Contract. Gas prepay contracts typically generate savings of 5 – 7% of the forward price of natural gas, and in the case of KPP Energy and other municipal partners of Dogwood, those savings would result in larger profits from Dogwood generation. He estimated the annual savings to KPP because of a gas prepay contract to be \$101,828 for the months June through September. The risks of entering a thirty-year natural gas prepay contract were also discussed. While General Counsel, J.T. Klaus, has completed initial review

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## January Board Meeting Review

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and submitted comments on the proposed contract and municipal parties hope to approve the contract by the end of February, the earliest KPP Board approval would be sought is the February 15, 2024, meeting. Hansen encouraged Board members to submit questions they have about the prepay contract as the process seems to be moving along quickly.

### Office Space

Colin Hansen addressed the Board about relocating KPP Energy's offices when the Ruffin lease expires. He covered issues with current space, priorities with new space, and information about properties he has recently viewed. This included 151 South Laura, a two-level, 11,500 square foot, shell building with exposed brick walls, concrete floors, indoor parking for 2 – 3 vehicles, and secured outdoor parking. Colin Hansen estimated the total investment in the property to cost around \$1.55 million, including funds for renovation. He also noted the annual and estimated 20-year cost of leasing space both in the current location and several other Wichita locations.

To look further into the property, he asked the Board to consider approving a purchase contract. This would require a deposit and would give KPP adequate time to exercise due diligence on the property, including such items as a survey, appraisal, and inspection. Within that period, if the property was determined to be unfeasible, the deposit would be refunded and contract voided. The Board unanimously approved signing a purchase contract, including funds for the deposit as well as allowance for staff discretion on expenditures for due diligence.

### PACE Loan Application Update

The PACE Loan Application process continues. James Ging went over the PACE Portfolio PVSyst Report, providing numerous metrics resulting from a comprehensive simulation of the proposed solar project across the nine selected locations. Those metrics were mostly favorable. KPP Director of Member Services Brooke Carroll presented

the latest financial model for the PACE project. Total project cost is estimated to be \$48 million dollars, funded initially by a twenty-five year construction bond, which will then partially be covered by a USDA Loan of \$35 million, though \$7 million of that is projected to be forgiven by USDA. Once the projected tax credit is considered, the resulting net capital spent on the project is estimated to be negative \$516,939. The proposed project timeline presented estimated the solar installations in operation during the first quarter of 2025.

### Rex Reynolds Recognized for Contributions to KPP

At their January meeting, the KPP Energy Board of Directors and staff recognized Rex Reynolds for his outstanding contributions to KPP. Rex has been a vital member of the KPP Energy Board of Directors since 2015. His expertise in business and finance has helped shape the strategic direction and vision of KPP. Rex's board term expired at the end of 2023.



At the January Board meeting, KPP 2022-2023 President Scott Glaves presented Reynolds with a plaque thanking him for his service to KPP Energy.



## 2024 Mid-January Winter Storm

LARRY HOLLOWAY, ASSISTANT GENERAL MANAGER, OPERATIONS

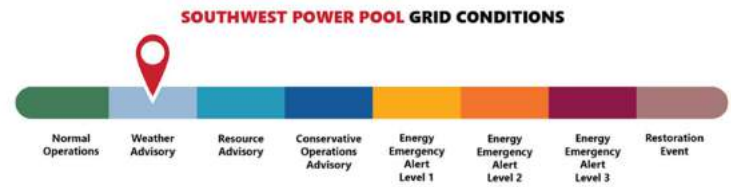
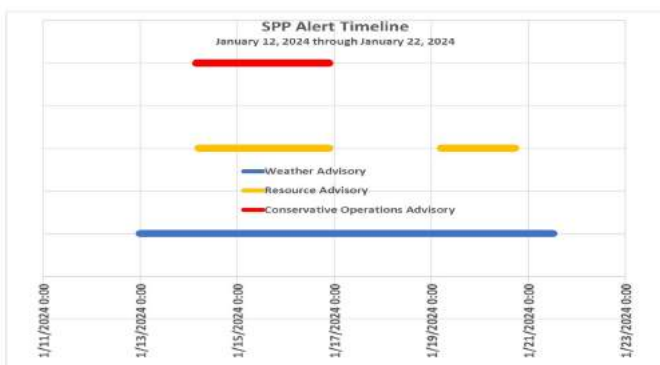


This winter began relatively mild and then took a dramatic turn for the worse the second week of January.

Anyone who has been outside in the last two weeks has experienced the bitter cold from a significant winter storm and weather pattern that blasted

the midsection of the country. Here at KPP Energy we are particularly sensitive to winter events after the failure of the natural gas market and electric price spikes in 2021 during Winter Storm Uri. Fortunately, actions taken by the Southwest Power Pool (SPP) and our partners and members during the last few weeks have kept any impacts from this event minimal.

Tuesday, January 9<sup>th</sup> was a slightly cold day in Kansas with some areas getting a little rain and a very wet snow. While the weather was mild for a January snowstorm, the weather forecast for the upcoming weekend looked more foreboding. SPP forecasts showed a major polar air front moving across the region and deep into Texas by Saturday and Sunday. Beginning on January 9<sup>th</sup> SPP issued a series of advisories.



To prepare our members for the event, we began by notifying all our generating members that we believed they could be called upon to generate over the next week and obtained up to date emergency contacts for all member generation. In addition, we advised our members to contact their fuel suppliers, and if they used diesel, to make sure they could get diesel deliveries over the weekend. Finally, we held daily member updates on Saturday January 13<sup>th</sup> through Wednesday January 17<sup>th</sup>.

Over the next few days SPP began new processes it has implemented since winter storm URI. One of those that affected our members with generation in the market was an earlier notice of market commitment. For example, the idea is to notify members many days in advance that their unit will likely be called on in the market. Tenaska, our market facilitator, KPP Energy and members worked through questions and issues related to this unusual unit commitment protocol.

Dogwood management committee began discussions to assure Dogwood could procure gas and properly reflect fuel costs in its market offer. As a related fuel procurement precaution, after discussions with Tenaska, we advised our members with dual fuel units to offer their units into the market on an all-diesel pricing basis to avoid natural gas price spikes and curtailments. This approach proved to be beneficial as many of these units were dispatched on an all-diesel basis and would not have been able to procure gas during the coldest days.

We also began discussions with Tenaska about expected peak market prices for electricity. As a result, we asked

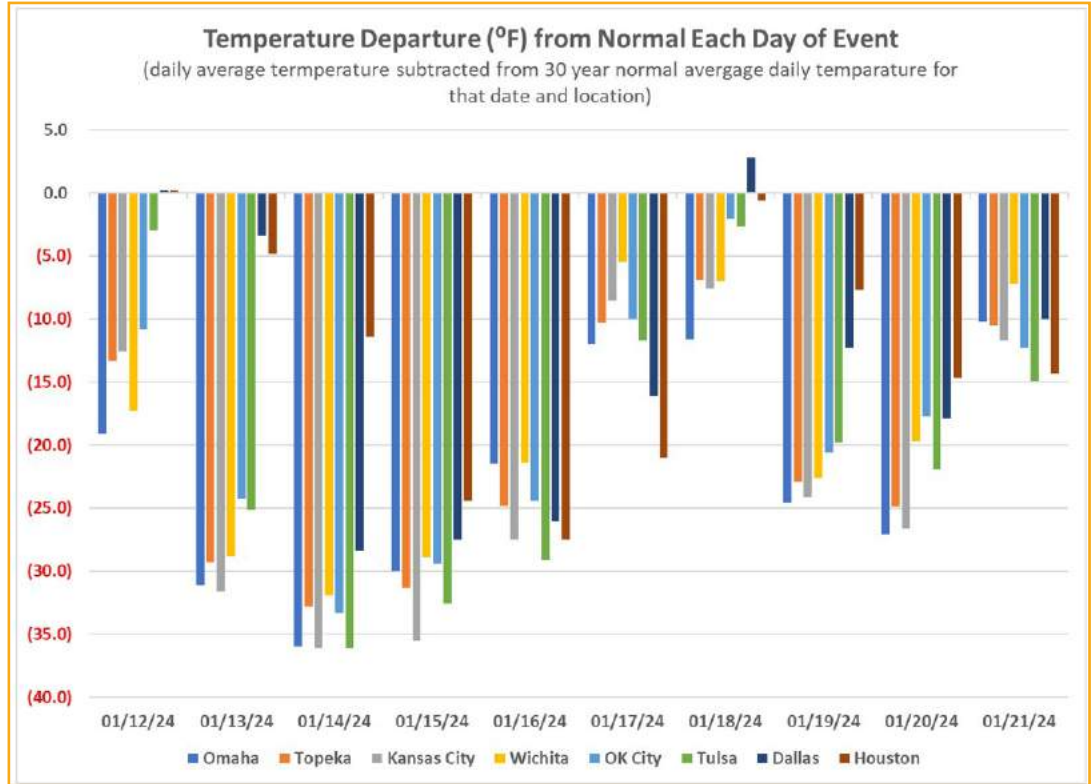
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Ellinwood, Mulvane, Burlington, and Minneapolis to generate using diesel on Sunday evening, January 14<sup>th</sup>, and Monday morning, January 15<sup>th</sup>. While the settlement information isn't available yet, we believe that this gave us some protection from price spikes and at the very least paid for itself by avoiding higher market prices.

Fortunately, these efforts appear to have prevented SPP from issuing Energy Emergency alerts or the experiencing another winter storm URI market blowout. Our preliminary indication is peak market prices occurred only on 1 day and were about 1/12 of the levels seen during URI. While SPP will eventually prepare a detailed report of the event, lessons learned and things that could be improved, we believe the actions of KPP members during this event helped us mitigate any market impacts.

So, what makes this weather event different than a typical cold spell? The answer is really a couple of factors. First, the SPP region, and in fact the electric markets in Texas and east of SPP are increasingly dependent on renewable generation and gas generation. Winter storms often create problems with wind turbine blade icing causing the units to shutdown. Low winds



create a generation shortage gas generation needs to fill. Increasingly there is a shortage of gas for generation during cold weather because the pipelines are near capacity to provide fuel for heating. Finally, if the cold front goes far enough south gas supplies become an issue because natural gas wells freeze off at the wellhead affecting gas supply. This winter event had all those possibilities as the temperature effect went far south into the gas producing regions of Texas.

The chart above demonstrates the temperature departure from normal temperatures across the major load centers in SPP, as well as Dallas and Houston Texas during the event.

In conclusion, this storm had every possibility of creating the natural gas issues experienced in winter storm Uri. Fortunately, SPP's actions prevented a regional issue and our members' diesel generation helped minimize the market effect on KPP Energy. If anything, this event certainly emphasizes the need to have more flexible and dispatchable generation in our portfolio, such as the dual fuel Walnut Energy Center engines.



## KPP Energy Projects Update

JAMES GING, DIRECTOR OF ENGINEERING SERVICES



### Waterville Substation Project

The Waterville substation project is in the final stages of completion. Electricomm crews have installed all the equipment and are ready to terminate the underground cables that will connect the

substation to the Evergy 34.5 KV system as well as the Waterville distribution system. The project is expected to be finished by the end of February and will provide reliable and efficient electricity to the Waterville area.

The project faced some delays due to supply chain issues that affected the delivery of some equipment. The final equipment arrived in late December, after several weeks of waiting. Electricomm crews worked hard to make up for the lost time and ensure the quality and safety of the installation.

The next step in the Waterville substation project is to coordinate with Evergy, the local Transmission provider, for the installation of a new 34.5 KV Primary Meter. Evergy is working with Electricomm to schedule the meter installation as soon as the weather permits requiring a temporary power interruption for the city of Waterville. Once the meter is installed and tested, Electricomm crews will begin the transfer process to switch the power supply from the old substation to the new one. Electricomm will work with the city on a transfer schedule.

### Mount Hope Voltage Conversion

The Mount Hope voltage conversion project is progressing smoothly and on schedule. The project aims to convert the existing last remaining 4,160 volt distribution system to 12,470 volts, which will improve the power quality and reliability for the customers in the area. Kilian Power, the contractor hired by KPP Energy for the project, mobilized one crew to begin the conversion work on December 11<sup>th</sup>. The crew started with the last remaining 4160V circuit, which serves about 200 customers in the west part of Mount Hope. The crew has been working diligently to replace the transformers and poles along the circuit, while minimizing the impact on the customers. The crew expects to complete the circuit conversion by the end of March.

Another benefit of the Mount Hope voltage conversion project is that it will allow the retirement of the old 4160V substation, decreasing the dependency on antiquated equipment. The old equipment has been in service for over 50 years and has reached the end of its useful life. By retiring the old equipment, Mount Hope will reduce the risks of failures that could affect the customers' service quality. The old equipment's retirement is scheduled to take place after the circuit conversion and after ensuring that all customers have been switched to the new 12,470V system.

### Mulvane Substation Project

The Mulvane substation project is an initiative to enhance the electric service for the city of Mulvane. The project involves building a new 115/12KV substation that will increase the distribution system's capacity and reliability. The new substation will also provide redundant access to the Evergy transmission system.

The project is in the engineering and design phase. Evergy and Electricomm are collaborating to determine the substation equipment and layout. The project site is on a parcel of land

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## KPP Energy Projects Update

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near the existing Mulvane power plant, north of Mulvane. The equipment will include a 15 MVA transformer, four distribution feeders, a feeder for the current generation, a control building, and protection and communication devices. The project completion is expected by the end of 2026. The timeline depends on the delivery of the equipment as well as the Evergy construction of the 115KV transmission line.

The project will bring significant benefits to Mulvane and its customers. The project will improve the voltage stability and the power quality of the system, enable future load growth and economic development, and enhance the operational flexibility and the contingency planning of the system.

## Walnut Energy Center Update

KPP Energy continues to push forward on the Walnut Energy Center (WEC) project, a new 54 megawatt (MW) power plant to be constructed in Winfield. Recent activities related to the project are summarized below.

- KPP continues to wait on the Southwest Power Pool (SPP) Generation Interconnection Process, which involves estimating the upgrade costs of the transmission interconnection and the Winfield East Plant Substation, the 69 kV substation that will interconnect with the Winfield east power plant. KPP worked with Gridliance and Winfield, our transmission service provider, to provide this information to SPP. The preliminary estimated costs are \$1.25 million.
- We have completed field visits of other 18 megawatt (MW) dual fuel units. We have made a field trip to look at the 18 MW Wartsila dual fuel units in Palmer, AK and the Stillwater, OK 18 MW gas fired units. These visits helped us gain valuable insights into the operation and maintenance of the Wartsila engines.
- KPP holds regular coordination meetings with Winfield to discuss the site layout, gas supply options, and the construction timeline. We appreciate the cooperation and support from Winfield.
- We have engaged a gas purchasing expert, Advanced Energy Experts, to assist KPP Energy as we go forward with our gas supply for the power plant. We are focused

on a Southern Star connection and are working with Winfield and others to get there.

- We have had multiple meetings with Burns and McDonnell, our owner's engineer, regarding the Project Definition Report (PDR). The PDR will provide a detailed design and cost estimate for the WEC project. We have finalized the site layout and have done a preliminary look at the Process and Instrumentation Diagrams (P&IDs).

### Next Steps

We are excited about the progress we have made on the WEC project and look forward to sharing more updates with you in the future. Some of the next steps we are working on include:

- Reviewing the draft PDR and providing comments.
- Securing the gas supply contract and pipeline interconnection agreement.
- Obtaining the environmental permits and approvals from the KDHE (Kansas Department of Health and Environment).
- Financing and contracting arrangements for the WEC project.

Thank you for your interest and support for the WEC project. If you have any questions or comments, please feel free to contact Colin, Larry or James.



## KPP Names 2024 Officers

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Lou Thurston is a native Kansan. He received a degree in Public Affairs from Emporia State University. Early in his career he served in the City Manager's office in Emporia. Called away from public service to work in his family's manufacturing business, he has held numerous sales, marketing, and management positions. Currently he is employed in the label and packaging industry as an Account Executive for Grace Label, Inc. Lou has served the community of Hillsboro for many years, serving for 14 years as a board member on the Hillsboro Development Corporation and currently serving a third term as Mayor of Hillsboro.

Tim Johnson is the Director of Public Utilities in Augusta. With almost 30 years of experience in local government, Tim has served in numerous cities throughout Kansas in areas of city management, budget and finance, community development as well as in water and wastewater utility

administration. Tim earned a Bachelor of Arts and a Master of Public Administration – both from Wichita State University. He also earned a Master of Arts from Gonzaga University in Organizational Leadership.

Chris Komarek has served as City Administrator in Ellinwood, KS since 2016 and has been employed by the City for more than 4 decades. His administration duties are preceded by his electrical experience. For 36 years, Chris worked in the City's electrical distribution department – 9 years as its Superintendent. Chris recently retired from the volunteer fire department after serving for 40 years, 26 years as Fire Chief.

Our thanks to our new leadership team and to Past President Scott Glaves for their service to the KPP Energy membership.

## Stacy Barnes & Alan Schneider Join KPP Board

Greensburg City Administrator Stacy Barnes and Burlington Electric Utilities Superintendent Alan Schneider are the two newest additions to the KPP Board of Directors. Both attended the January Board meeting – the first meeting for Schneider and the second for Barnes.

Stacy Barnes has served as City Administrator of Greensburg since 2018. Raised in Greensburg and a graduate of Greensburg High School, Stacy earned a Bachelor of Fine Arts from Kansas State University in 2005 and a Master's in Public Administration from Wichita State University in 2022. She moved back to Greensburg following the May 4, 2007, tornado that devastated her hometown. She has worked as administrative assistant to the City Administrator and served as Greensburg Tourism/Big Well Museum Director for 11 years. She is on the Board of Directors of the 5.4.7 Arts Center in Greensburg, teaches arts classes, participates in PowerUp Greensburg, a community engagement group, serves on the

Kansas Sampler Foundation Board of Directors and is proud to live rural by choice.

Alan Schneider is the Electric Utilities Superintendent in Burlington. In 1988, Alan Schneider graduated from Pratt Community College with certification in Electrical Power and Distribution. That same year he began his career as an Apprentice Lineman with the City of Burlington and served for a decade before shifting roles to work for Sprint for eleven years. In 2009, Alan Schneider returned to City of Burlington as the Electric Utilities Superintendent, where he remains today. For many years, he served as a volunteer firefighter with the Coffey County Fire District, and in his spare time, he enjoys spending time with his wife, two children, and son-in-law, camping, fishing, and riding ATVs.

Welcome to the KPP Board of Directors, Stacy & Alan!





## KPP Energy Member Services to Offer APPA RP3 Assistance and Working Group in 2024

**BROOKE CARROLL, DIRECTOR OF MEMBER SERVICES**



KPP Energy is excited to announce the initiation of the RP3 Working Group, a collaborative endeavor aimed at securing the esteemed Reliable Public Power Provider (RP3) status for KPP Members in 2024. The RP3 designation, certified by the American

(APPA), signifies excellence in reliability, safety, workforce development, and system improvement. Attaining RP3 status will emphasize our members' firm commitment to delivering outstanding public power services to their communities.

So, what exactly is RP3? RP3 is the routine operational check-up your utility requires in four critical areas:

1. **Reliability:** Showcase your consistent day-to-day service by collecting and analyzing reliability data, establishing mutual aid agreements, implementing a comprehensive disaster management plan, and ensuring robust cyber and physical security measures.
2. **Safety:** Cultivate a safety culture that begins at the leadership level and permeates through all personnel and services. Benchmark safety metrics, prioritize frontline workers, and institute rigorous safety training. Demonstrate adherence to an accepted safety manual and the consistent application of safe work practices throughout your utility.

3. **Workforce Development:** Provide staff training through workshops, college courses, and in-house programs. Offer team members opportunities to network with peers nationwide, learn from experts, and encourage participation in state, regional, and national committees.
4. **System Improvements:** Exhibit stewardship of utility assets to maintain system integrity. Launch programs for system improvement and future proofing, engage in research and development, implement systematic planning, and focus on the long-term financial health of the utility.

We believe that establishing the RP3 Working Group is a pivotal step in our pursuit of excellence. This group will harness the diverse expertise within each KPP Membership, fostering collaboration, innovation, and a shared commitment to not only meeting but surpassing the RP3 criteria. We extend an invitation to all KPP members passionate about elevating their utility's performance to join the RP3 Working Group. Your unique perspectives and insights are invaluable to our collective success.

Save the date for the RP3 Working Group Kickoff Virtual Meeting on February 1st. A meeting invite will soon be sent out to all members. During this session, we will explore the RP3 criteria, outline our action plan, and address any questions or concerns you may have. Your attendance and input are crucial to shaping our path forward.

For inquiries or to express your readiness to join the RP3 Working Group, please contact Brooke Carroll at [bcarroll@kpp.agency](mailto:bcarroll@kpp.agency).



## KPP Energy Cyber Summit Series- Register Today!

**BROOKE CARROLL, DIRECTOR OF MEMBER SERVICES**

### What is the KPP Energy Cyber Summit Series?

The KPP Energy Cyber Summit Series is a quarterly training program designed to enhance the cybersecurity skills and awareness of KPP members. The series will cover topics such as basic cyber hygiene, electric utility security, financial crimes, and preparing for cyber disasters. The series will be held at the KMU Training Center and facilitated by SkyHelm, a leading cybersecurity firm. Each session will last for a full day and include hands-on exercises, case studies, and interactive discussions.

The four-part series is part of KPP Energy's commitment to providing members with valuable resources and opportunities to improve their utility performance and resilience against cyber-attacks.

1. **March 12<sup>th</sup> - Basic Cyber Hygiene** - Equip participants with foundational knowledge and skills to practice and promote cyber hygiene within their municipality.
2. **May 14<sup>th</sup> - Electric Utility Security (SCADA Hacking Lab)** – Provide comprehensive training on securing utility systems, emphasizing SCADA system protection.
3. **August 13<sup>th</sup> - Financial Crimes** – Educate participants on detecting, preventing, and responding to financial crimes that specifically target municipal environments.
4. **October 15<sup>th</sup> - Preparing for Cyber Disasters** – Prepare participants to effectively respond to and recover from cyber disasters within municipal settings.

### Why Should You Attend?

Cybersecurity is a critical issue for public power utilities, as they face increasing threats from hackers, cybercriminals, and hostile actors. Cyberattacks can disrupt utility operations, compromise customer data, damage equipment, and cause financial losses.

By attending the Cyber Summit Series, you will learn how to protect your utility from these risks, as well as how to respond and recover in case of an incident. You will also benefit from networking with other KPP members, sharing best practices, and gaining insights from experts. The KPP Energy Cyber Summit Series will help you enhance your utility's reputation, reliability, and customer satisfaction.

### How Can You Register?

You can register by emailing Brooke Carroll, Director of Members Service at [bcarroll@kpp.agency](mailto:bcarroll@kpp.agency). Each day will begin at 9 a.m. and conclude around 3:30 p.m. Training materials, lunch, and certificate of completion will be provided to attendees. Please reach out if you have any questions.



## Event Calendar

### 2024 DATES TO REMEMBER

**JANUARY 31, 2024**

KMU Day at the Capitol

**FEBRUARY 1, 2024**

KPP RP3 Working Group

**FEBRUARY 15, 2024**

KPP Board Meeting

**FEBRUARY 25 - 28, 2024**

APPA Legislative Rally

**MARCH 12, 2024**

KPP Cyber Summit - Basic Cyber Hygiene

**MARCH 21, 2024**

KPP Board Meeting

**APRIL 18, 2024**

KPP Board Meeting

**APRIL 24-26, 2024**

KMU 2024 Conference  
Wichita Hyatt Regency

**APRIL 24, 2024**

KPP Member Appreciation Dinner  
Wichita, Kansas

**MAY 16, 2024**

KPP Board Meeting

**JUNE 9-12, 2024**

APPA National Conference  
San Diego, California

## KPP Resources by Fuel Source

DECEMBER 2023

