



# LIGHTNING ROUND

March 2018

## CALENDAR OF EVENTS

### APRIL 19

Capacity Payment Task Force Meeting 9:00 a.m.  
McPherson, KS

### APRIL 19

KPP Board Meeting 10:00 a.m.  
McPherson, KS

### APRIL 19

Membership Committee Meeting 11:00 a.m.  
McPherson, 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

### JULY 19

KPP Board Meeting  
Wichita, KS

### August 16

KPP Board Meeting  
Wichita, KS

## Important Membership Meeting Called

All members of KPP are being asked to assemble on April 19 in McPherson to vote on the proposition to exempt KPP from Kansas Corporation Commission (KCC) regulation. A resolution calling for such a vote was adopted by the KPP Board of Directors in their regular meeting held on the 8<sup>th</sup>.

Although the KCC has asserted no jurisdiction for decades, previously existing statute held that full jurisdictional authority is in place. On January 9<sup>th</sup> the issue was amped up when the Commission issued an affirmative order following a general investigation. Both KPP and KMEA saw an opportunity to appeal to the state legislature to permit agencies to exempt themselves from KCC jurisdiction by a vote of their respective members. Effective language was adopted into law along with the recent municipal service territory measure.

See **MEMBERSHIP MEETING** on page 4

## Power Supply Discussion Upcoming on April 19

The anticipated details of a new power supply acquisition was the principal topic for discussion on March 16<sup>th</sup> when members of the KPP Board assembled in the 2018 strategy session. Noting the upcoming membership meeting on April 19<sup>th</sup> in McPherson, the KPP staff laid out plans to address the Jeffrey Energy Center resource that expires at the end of 2022.



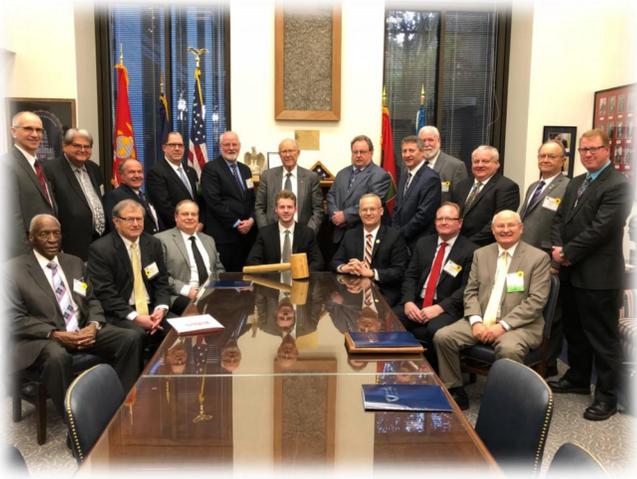
See **POWER SUPPLY** on page 4

## Small Transmission Users (like KPP) Get a Victory

The Federal Energy Regulatory Commission (FERC) last Thursday handed down a ruling that came as good news to the likes of KPP and other small transmission users potentially developing transmission of their own. The ruling was a culmination effectively denying an attempt by larger entities to block such development.

See **TRANSMISSION VICTORY** on page 4

## Kansas Represented on “Capitol Hill”



A strong Kansas contingency recently made between February 26 and 28 to the state’s entire Congressional delegation. Kansas attendees at the annual Public Power Legislative Rally of the American Public Power Association (APPA) were 17 representatives from KPP, KMEA and KMU. Time was taken during 2 days of the Rally to make visits on Capitol Hill.

The preservation of tax-exempt financing was the topic of utmost importance at this year’s event along with the protection of ownership in the federal power marketing agencies (PMAs). The urgency to keep distribution generation decisions a local matter was accompanied by a call for common sense reform in environmental regulation.

Representatives expressed gratitude to both Senators Moran and Roberts for their support in the recent tax reform measure which saved

tax-exempt financing from possible elimination. The reminder of local government’s vital use of such financing for infrastructure development was well received. Similar messages were also taken to each Congressional member from Kansas on the House side.

President Trump’s budget calls for the sale of transmission assets owned by the PMAs including both the Western Area Power Administration (WAPA) and the Southwest Power Administration (SWPA). It is not currently clear whether this proposal, opposed by all of Public Power, will get traction in Congress.

For nearly 12 months there has been talk in Washington to entirely tip the scales in favor of distributed generation developers by federalizing rate design. Public Power believes rates should be set at the state and local level.

Many in Public Power have taken satisfaction knowing the EPA has started repealing both the Clean Power Plan and the burdensome Waters of the U.S. Rule. Supporting these efforts by EPA, Public Power is working to make clear that municipal utilities are environmentally responsible while caring for their communities. ■

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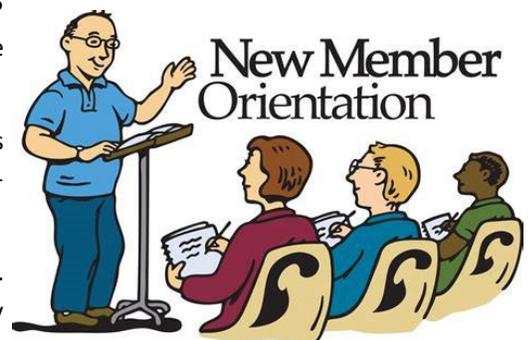
## KPP Orientation for New Governing Body Members

KPP is calendaring orientation sessions for new governing body members of KPP cities. The suggestion to provide orientation emerged as an action item from the annual Fall Planning Retreat last September, The first is to begin in May, 2018.

Topics will include overviews of KPP’s organizational structure, the range of services provided to members, item of strategy planning and a review of important elements to the City’s contracts with KPP and how they are administered.

It has been noted that a participant need not be a new governing body member. All city officials and staff are welcome. Orientations are planned and conducted by KPP staff. Orientations will be held in the member City and should last approximately 2 hours with catered lunch and refreshments. An option can be hold the meeting at another agreeable time of day.

KPP Staff be in touch with your City Clerk concerning an anticipated planning schedule. ■



# General Manager Message



## What's next?

By Mark Chesney, KPP CEO/GM

The painful experience at the Statehouse this winter has left me continually wondering, 'what's next'? What will the next issue be where Public Power has to defend itself against forces wanting to disrupt the best ways of bringing value to our communities?

Not that the concept of challenge is all bad. Some in Public Power are predicting that the more imminent wave of challenge is coming from those we serve – and not from those with whom we compete. Some good questions are arising within our own segment of the electric industry. For example: What will Public Power look like in 25 years? How will we conduct ourselves? What will our operating philosophies be? Are we now vulnerable in our use or neglect of technologies? Are there cautions to take now? Is there something important we are overlooking that will harm us in the future? What will our customers expect of us? What should we do now in advance of those expectations? And so on.

Obviously I don't know the answers to all of those questions. I doubt anyone does. But I believe we have to ask the questions. Here's another good question: Do we leave finding the answers to these questions to another generation? If so, is there a cost?

I'll give you my opinion: Public Power is better prepared and better positioned to bring value to a local community and economy than any other segment of the electric industry. We are more readily responsive and our closeness to the customer makes for the best form of governance. I say "hats off" to the men and women who keep the lights on whether they are in the field or in the office.

But then what about tomorrow? Well, recently I asked 5 select KPP members 9 questions in a survey-type format. Actually they were statements – not questions – giving the responder a chance to answer with a four-step range from "Strongly disagree" to "Strongly agree". Here are the survey statements:

*Economics, or cost, is the ONLY consideration when pursuing new power supply.*

*I believe local utilities sufficiently practice good cyber hygiene.*

*KPP has a role, beyond cost of power, in assisting with utility competitiveness.*

*The present time is right for KPP to consider embracing more alternative resources.*

*For individual members, KPP may likely minimize the overall cost of researching and experimenting with new ways and methods of both training and advancing the role of public power in society.*

*It is strictly the City's place to research and experiment with new ways and methods of both training and advancing the role of public power in society.*

*Public Power's influence in state government is probably as good or strong as it is ever going to be.*

*We are now in an age when KPP should consider whether it should move even further beyond its original mission concerning power supply.*

*I believe that "social media" is not yet influential in most Kansas communities belonging to KPP.*

The survey is simply a means to an end. The answers have to be examined and re-examined. Sometimes follow-up questions have to be asked again later and preferences have to be challenged or tested. All of this should inspire our decisions about running an organization and achieving excellence.

Would you like to take the survey? If so, just let me know. Although I am keeping all the individual responses confidential, I will show the collective answers at our membership meeting on April 19<sup>th</sup> in McPherson. We hope to see you there. And let us know if you are coming. ■

**MEMBERSHIP MEETING** (continued from page 1)

The exemption specifically asked that municipal energy agencies (MEAs), enjoy the same, minimal extent of regulatory oversight as the electric cooperative generation and transmission utilities. KCC authority will still apply to wire stringing standards and transmission siting.

The bill was signed into law on March 5, 2018 allowing MEAs the ability to present the exemption question to members according to prescribed procedure.

The resolution adopted by the KPP Board calls for a meeting of the entire KPP membership to occur on April 19<sup>th</sup>. That meeting will be held at 11:00 in McPherson at the KMU Training Center. Members will receive a separate encouragement for attendance by email with a request for an indication of meeting attendance plans. ■

**(Please contact Carl Myers at [cmyers@kpp.agency](mailto:cmyers@kpp.agency) or 316.295.2312 if you plan to attend)**

**POWER SUPPLY** (continued from page 1)

Plans include arranging for a combined resource portfolio of both an asset acquisition and a power purchase contract. Staff noted that “time is on our side” as KPP moves along a timeframe which is expected to be marked by careful study and calculation. It was stated that the expectations on cost are emerging as favorable to the Pool.

The power supply discussion culminated in an unofficial consensus (without a vote) on the details of a tentative plan to be presented to the entire membership. That meeting will take place at the KMU Training Center at 11:00 on April 19<sup>th</sup>. ■

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**TRANSMISSION VICTORY** (continued from page 1)

After failing in a bid to accomplish a block at the Southwest Power Pool (SPP), Kansas City Power and Light (KCPL) and others including Sunflower Electric Power Corporation (Sunflower) took the matter to FERC late last summer. At issue was the SPP’s Zonal



Placement policy which potentially allows a local transmission system to be rolled into an SPP-member zone causing investments to be partially recovered from users throughout the entire zone. The move to block appeared to have started after the City of Independence (MO) and the Kansas City Board of Public Utilities requested to place their systems into the KCPL zone.

By interpretation, it appears also that opponents fear the presence of GridLiance in the SPP footprint. KPP has a co-development agreement with GridLiance with plans to develop solutions particularly needed for various KPP members.

Opposition to KCPL at FERC were KPP, KMEA, Independence, Missouri River Energy Services and West Texas Municipal Power Agency. ■



**Glasco Electric Crew**  
John Griffin & Mark Ernsbarger



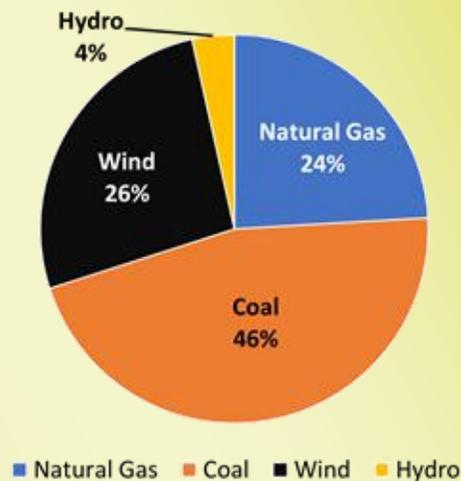
**Attica Electric Crew**  
Lyle Redgate—Kyle Asper—Buck Smith & Steve Jaeger



**Greensburg Electric Crew**  
Thayne Muntz & Mick Kendall

## Things You Might Like to Know:

Fuel Source of KPP Resources in February, 2018



Mulvane Electric Distribution & Power Plant Crew



Case Walker | Spencer Walker | Bill Reekie  
Mark Boden | Loren Duncan | Shon Largent

Not pictured: Chris Thoman & Jerry Ward

### 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  
and Resource Planning*

**CARL MYERS**

*Director of Member Services*

**IVAN SEWARD**

*Senior Accountant*

**JAMES GING**

*Director of Engineering Services*



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