

LIGHTNING ROUND

May/June 2021

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KPP Bond Rating Outlook Restored to “Stable”

Restored Outlook and Affirmed A3 Rating Came “Just in Time”

An updated credit opinion from Moody’s was released on June 23rd restoring the Agency’s bond rating outlook to “Stable.” The rating review came just days before KPP completed a long-anticipated bond issue on June 24th.

KPP Members recall news from earlier this year when Moody’s initiated a surveillance review immediately following winter storm “Uri.”

At that time, the ratings agency re-affirmed KPP’s A3 rating but changed the outlook to negative. This was due entirely to KPP’s having used cash reserves to pay extraordinary costs resulting from the storm.

Ahead of publishing the credit opinion, Moody’s analysts conferenced with KPP Staff on June 7th. During that telephone call, KPP-owned and City-owned generation resources were praised for mitigating the effects of the storm. The KPP Board was also praised for taking decisive action in setting about to recover cash and re-establish a strong liquidity position. In publishing the report, Moody’s commended KPP for “its prompt response to the recent weather-related event and (the



Pool’s) historical financial performance, which... supports KPP’s credit quality.”

They noted that the accessing of the State of Kansas low interest loan fund was directly responsible for the rapid restoration of liquidity. In a related article this month, the loan process is described.

On June 21st, Fitch Ratings also released its credit report ahead of the bond issue. Fitch reaffirmed KPP’s rating at A- (which is equivalent to Moody’s A3) with a Stable outlook. The most recent credit opinions for both Moody’s and Fitch can be seen in the Financial section of www.kpp.agency.

Mark Chesney Recognized

Individual achievement award presented during APPA National Conference

KPP CEO and General Manager, Mark Chesney, received the James D. Donovan Individual Achievement Award during the American Public Power Association’s National Conference. The award recognizes individuals who have made significant contributions to the electric utility industry and to public power.

Mark’s 31-year career in public power was highlighted in a special awards ceremony on June 22nd. His retirement from KPP is set for the end of January in 2022.



Receiving the award on June 22nd, Mark is pictured here alongside Jolene Thompson, APPA Board Chair and President/CEO of American Municipal Power and also Colin Hansen, Executive Director of KMU and incoming Board Chairman of APPA.

June Board Meeting Highlights

\$14 Million Bond Issue Leads June Meeting Discussion

The approval of a long-awaited debt resolution led action items taken during the June Meeting of the KPP Board of Directors. The final bond sale and issuance of approximately \$14,540,000 occurred on June 24th. Uses for this issuance have been reported on in previous editions of the *Lightning Round*.

Other Board meeting highlights were as follow:

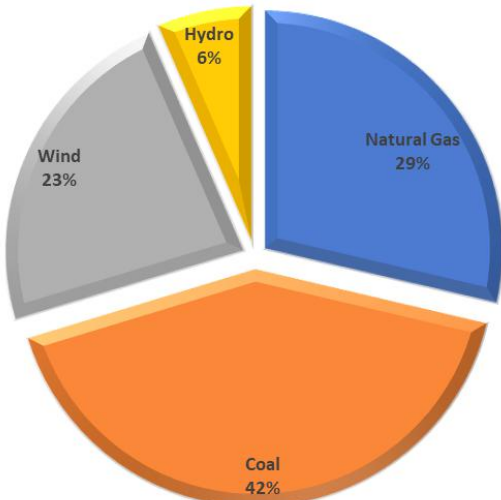
- Reaffirmation of the Board-approved policy statement on cash reserves from December 2012
- Review and approval of the Code of Conduct from the KPP employees' handbook
- Approval of incumbency resolution pertaining to Board appointments
- Approval of an electric utility interconnection agreement between KPP and Sunflower Electric Power Corporation
- The receiving of routine reports including Financials, Operations, Administrative, Market, General Counsel and General Manager

The next Board of Directors meeting will occur on July 15th. All KPP Members and others may attend personally or virtually. Details are found on www.kpp.agency.



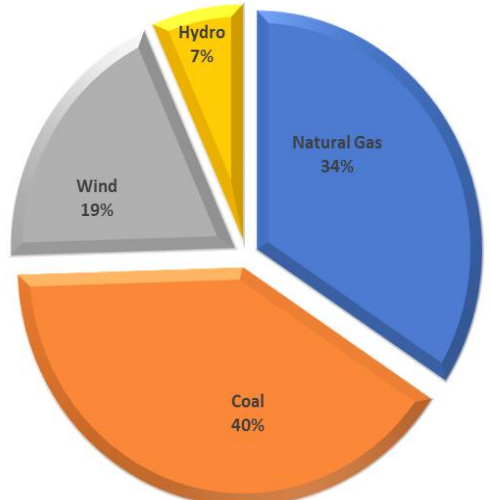
April & May 2021 Distribution of Energy Resources

Fuel Source of KPP Resources in April, 2021



■ Natural Gas ■ Coal ■ Wind ■ Hydro

Fuel Source of KPP Resources in May, 2021



■ Natural Gas ■ Coal ■ Wind ■ Hydro

NEXT BOARD MEETING

**THURSDAY,
JULY 15, 2021, 11:30am**
In Person and Virtually through
Microsoft Teams

KPP Secures Loan from State of Kansas

\$18 Million Loan Instrumental in Restoring Liquidity

Completing a lengthy process on the heels of landmark State legislation, KPP successfully obtained an \$18 million dollar loan from the State of Kansas through the Office of the State Treasurer. Funds were received in late May and were immediately used to replenish KPP's Emergency Stabilization Fund and money market accounts. Those had been tapped following the winter storm "Uri." The request of the State for \$18 million matched the dollar amount needed to restore cash used to pay those extraordinary costs in February.

As originally conceived, legislation was initially crafted to make use of State funds at a very low interest rate. To assist both gas and electric municipal utilities in recovering from the storm, loans were to be made at "2% below market" (but not below 0.2%).

Kansas drew much regional attention by pushing the legislation through both houses of the legislature in one day – actually 12 hours. Colin Hansen, Executive Director of KPP, and Kimberly Svaty, legislative liaison, were instrumental in getting the bill passed.



In what was described as a "trailer bill" the low interest State loan legislation was again proposed. Among other changes from the original was a revision to allow municipal energy agencies to make application. When passage was certain, making application for the loan was recommended to the KPP Board by the Staff. It was believed, and later confirmed, that such funding would restore KPP's bond rating outlook from negative to stable. Approval to make application was given by the Board in its May meeting.



Although the loan agreement reflects a term of 5 years, it has been proposed to the KPP Board that the loan be retired by payments essentially equal to revenue received through the recently implemented surcharge on the KPP monthly bill to Members.

In the March Board of Directors meeting, approval was given to implement a surcharge in the amount of \$0.01 per kilowatt hour. Based on historical annual kilowatt hour sales, surcharge revenue should allow for retiring the loan in early 2023.

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www.kpp.agency

**MARK YOUR CALENDARS!
FALL PLANNING SUMMIT
SEPTEMBER 17 AND 18, 2021**

**DRURY PLAZA HOTEL BROADVIEW
WICHITA, KANSAS**



KPP 2021 Member Appreciation Dinner / April 2021



