



LIGHTNING ROUND

November 2017

CALENDAR OF EVENTS

DECEMBER 15

KPP Board Meeting
McPherson, KS

DECEMBER 15

KPP Annual Meeting
McPherson, KS

JANUARY 12

KPP Board Meeting
Wichita, KS

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

APRIL 19

KPP Board Meeting



Slight Rate Decrease Projected for 2018



KPP members were given a deep look at rate formulation methods on Thursday, November 2nd in Wichita. KPP Staff announced during your annual Rate Forum that a “very slight” decrease in rates is currently projected for 2018.

Assistant General Manager, Larry Holloway, led most of the discussion which carefully examined all metrics used in the design for 2018. Transmission charges from the Southwest Power Pool (SPP) continue to be the cost component of rates predicted to stay on a trajectory of increases. Budgeted transmission charges to KPP in 2017 were \$9.7 million with a budgeted figure in 2018 of \$12.2 million – slightly more than a 25% increase. Careful explanations of these recurring increases are explained throughout the year at various KPP gatherings and on the monthly member telephone conference call.

Although transmission will continue to be a concern, natural gas prices continue to look stable. Energy prices for 2018 are expected to be volatile due mostly to massive amounts of wind energy which increasingly dot the SPP footprint. As a result of the maturing of the SPP Integrated Market, the most interesting fact is possibly that a utility need not own or contract for wind energies in order to achieve the price benefits. This is true now-

See **RATE DECREASE** on page 3

KPP Prepares for PURPA Filing at FERC

With much having been said concerning the requirements of the Public Utility Regulatory Policy Act (PURPA), the KPP Board adopted a Resolution calling upon Staff and Counsel to follow through with a filing at the Federal Energy Regulatory Commission (FERC).

The Resolution, adopted during the November monthly meeting of the Board, brings the process near to completion following member cities’ action to adopt Ordinances of their own supportive of a FERC filing.

See **PURPA FILING** on page 3

General Manager Message



In Praise of Retiring KPP Board Members

By Mark Chesney, KPP CEO/GM

From the headline of this article, you know where I am going. Please bear with me momentarily for a factual illustration which will help me make my point with sincerity.

Have you ever sat down to lunch in public place just wanting to be alone with your thoughts for awhile? That happened to me last summer while I attended the National Conference of the American Public Power Association. Picture this: there were 8 tables and chairs in a straight-line row against the wall. They were occupied by no one. I seated myself near one end and was truly alone until a man walks up holding a tray of food and asks, “May I join you?” I couldn’t believe it.

Turns out he was a Board member of the Sacramento Municipal Utilities District. He admitted he had come to the conference to compare his organization’s structure to others in the country. In no time flat he was asking me about how the Kansas Power Pool Board of Directors is comprised, how are they elected and why. Those questions had easy answers.

“So, what about you?” I asked. He explained that Board members are elected by citizens of Sacramento. I told him that sounds like a full-blown campaign with yard signs and door-knocking. “Yes”, he conceded. I added that it surely requires some level of financial investment in order to secure a seat. “Yes”, he said. “So, tell me, what was your motivation for wanting to be on the SMUD Board?” In an instant, he was less talkative but assured me that he wanted simply to help make sure the organization “stays the course”.

Staying the course may be a noble motive but it is surpassed by a desire to see an organization improve and become better at addressing the multitude of challenges that continually beset our industry. “You can’t stand still,” I have been wont to say.

Some may remember, before 2010, KPP operated with an “Executive Committee” whose actions were not binding until approved by the “Pool Committee”. This was problematic as it occasionally occurred that a quorum of the Pool Committee could not be achieved resulting in a delay or an unintended frustration in advancing the business of KPP. In 2010, the KPP Board of Directors governing body was created in hopes of making the entire structure more nimble and focused.

In alphabetical order, Bill Callaway, Barry Hodges and Bob Peter were members of that first Board. Soon, they will have each served 2 consecutive, 4-year terms as provided for (and limited by) the Agreement Creating the Kansas Power Pool – the governing document requiring unanimous approval by all Pool members as well as by the Kansas State Attorney General.

These 3 men never knocked on a door, planted a yard sign or otherwise campaigned for a seat. They made themselves available and then rolled up their sleeves. Nor are they compensated. Each in his own way has brought a recurring desire to establish sensible operating policy. Each has sounded a warning voice occasionally. Each has accurately predicted the future at times. Each has brought a well-received fraternal fellowship calculated to ensure good feelings while effectively grappling with troubling issues thrust upon the industry and the Pool.

It should be said that the Board is comprised of 9 members – not 3. The chemistry is admirable as individuals from varying backgrounds come together. And just look at what has happened in the past 7 years – nearly 8. KPP owns assets, has charted a course to resolve past differences among former members, has continually improved the Pool’s credit rating and has taken giant strides toward capturing other real market value, where it is found in the industry, to be imported into our own financial statements. These things don’t happen on accident or without guidance.

Staring reality in the face, there are others of the original “9” whose retirement from the Board will occur in the coming years. Theirs will be equally worthy of praise. In the meantime, a standard for excellence has been set with KPP’s future in mind.

Many thanks.

RATE DECREASE (continued from page 1)

On December 15, 2017, all KPP members will again meet in the Annual Membership Meeting in McPherson at the KMU Training Center. At this meeting, members will formally consider approval of the proposed rates. The full Rate Forum *PowerPoint* explanation of the rates may be found in the Members section of the KPP website. All members have been invited to carefully examine the presentation and offer comment.

The Annual Membership Meeting will start at 11:00 on December 15th. An accurate head count is needed to accommodate lunch. To register, please go to the www.kpp.agency and click the banner found at the header of our site. See you next month! ■

PURPA FILING (continued from page 1)

In July of this year KPP CEO/GM Mark Chesney wrote a letter to all KPP member cities asking for their consideration of an Ordinance to address PURPA. In that letter, it was explained that requirements of the Act mandate an incumbent utility to purchase energy produced from what the Act describes as a “Qualifying Facility” (QF). By 2017, QF’s are generally understood to be renewable facilities. Other conditions are also found in the PURPA Act.

Both the Ordinances and the subsequent FERC filing are intended to secure a waiver of the purchase obligation by moving the must-purchase mandate away from the City and onto KPP where more consistent and thorough contract negotiation may take place.

The FERC filing is expected to occur before the end of 2017. ■

Cybersecurity Training



Two KPP staff members accompanied by Steve Strom, KPP’s IT consultant, participated in the cybersecurity training exercise hosted by KMU, KPP, and KMEA at McPherson. Nine KPP member cities also participated. In the morning session, presenters from Witt-O'Brien facilitated a discussion on external cyber threats using the cyber attack on an electric generating station in the Ukraine a few years ago as a case study. The team then directed the group’s attention to communication issues surrounding a potential cybersecurity breach and the need for a written plan to guide decision makers through various threat levels.

The afternoon session, led by presenters from AESI, focused on risk management and privacy concerns using a simulation exercise to identify problem areas in managing a cybersecurity situation as well as bringing attention to the need for prudent cybersecurity policies and practices for employees and contractors. It is safe to say that all of the public power utilities present understood that they need to make better preparations for the eventuality that their utility network will be targeted for an attack by someone trying to gain access to their customer data or using their cybersecurity weaknesses to gain access to other utilities. A simultaneous afternoon exercise for IT professionals used the same simulation to address matters from the perspective of the IT manager.

In 2018, KPP will offer additional cybersecurity training for its members. Cybersecurity is gaining attention on a national level. It is prudent for all member cities to understand what they are facing and what they need to do in this field. It is very likely that federal regulations will be forthcoming to force compliance with future cybersecurity standards. It will be less difficult if cities have already taken steps to lessen the risk prior to the enactment of federal regulations. ■

TRIVIA

CHALLENGE

Below are the “official” answers to the KPP trivia quiz given at the Fall Planning Retreat dinner:

1. In 1973, the rock band Kansas rented a venue in what KPP city as a 'tryout show' for a New York record executive? **Ellinwood**
2. What city is the northern most among members in Sedgwick County? **Mount Hope**
3. Residents of which KPP city are most likely to answer the question: Where's Waldo? Waldo is located just west of **Luray**.
4. Each year, what KPP city is host to the Piotique Festival? **Clay Center**
5. What KPP city is home to the Kansas Museum of Military History? **Augusta**
6. A reverend pastor promised to build what KPP city a church in exchange for the right to name the town? **Winfield**
7. What KPP city is named for a region in Greece? **Attica**
8. What KPP city was the home to Clyde Cessna of Cessna Aircraft Corporation? **Kingman**
9. George Washington Carver lived in the vicinity of what KPP city for a brief period? **Minneapolis**
10. Beginning in 1874, Russian Mennonites of German extraction settled in what KPP city? **Hillsboro**
11. The largest hand dug well is found in what KPP city? **Greensburg**
12. What KPP city is located on the historic Smoky Hill Trail? **St. Marys**
13. Which 3 KPP cities have survived near total destruction by a tornado? **Greensburg—Udall—Erie**
14. Which KPP city's high school football team is listed in Ripley's Believe it or Not for defeating another team 250 – 0? **Haven**
15. What KPP city is widely recognized as the Grassroots Art Capital of Kansas? **Lucas**
16. What KPP city was the home of former Kansas governor George Docking? **Clay Center**
17. What KPP city is halfway between Paradise and the Garden of Eden? **Luray**
18. What KPP city was 1939 State Champion in Class B Kansas High School Track & Field? **Mount Hope**
19. In 1884 the AT&SF RR purchased land from the Osage Indian Tribe to make what KPP city the end of the line? **Attica**
20. The California gold rush initiated a prosperous era for a part of Kansas leading to the founding of what KPP city in 1869?
St. Marys
21. Name 3 KPP cities located along the famous Santa Fe Trail? **Marion—Hillsboro—Ellinwood**
22. What KPP city was originally called Dell Ray in 1870 before the Kansas legislature adopted the name from a city in Scotland?
Glasco
23. After the Missouri Pacific RR extended track to this town west of Atchison, the RR superintendent named what KPP city after his hometown in New York? **Waterville**
24. What KPP city is named after the founder's hometown in Vermont? **Burlington**
25. What KPP city is named after the wife of its founder? **Augusta**
26. What KPP city was named by the town's first Postmaster who took the name from his hometown in Ontario, Canada?
Holyrood
27. What KPP city is still famous today for its “Old Mill”? **Oxford**
28. What KPP city takes its name from a famous European military general? **Wellington**

Things You Might Like to Know:

⇒ KPP hosted its annual Rate Forum on November 2 in Wichita. Twenty-six individuals representing 17 member cities attended. Wholesale rates for 2018 will be considered for adoption at the Annual Membership Meeting on December 15 in McPherson.

⇒ The Haven Electric Utility recently made use of the pole test drill purchased by KPP. Out of 80+ poles tested on one circuit, they



found 6 poles that need to be replaced. This allows Haven to more easily and efficiently locate bad poles and to plan for replacements in their budget and their work schedule. Marion also just completed use of the drill and plan to continue using the drill to systematically test poles. To schedule use of the drill, contact James Ging or Carl Myers.

⇒ Emily Clouse, former Kingman city manager, has taken a position at Garden City Community College.

⇒ APPA and Hometown Connections are offering a webinar series on Customer Engagement. The two-part series presents digital tools and strategies for improving the customer experience with your utility and increasing customer participation/retention in utility programs. Speakers will also address how to create a web presence and digital strategy that will appeal to customers under 35. There is a discount if you register for both webinars in the series.

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