

KPP LIGHTNING ROUND

October 2022

KPP Energy Rate Forum & Generating Cities Meeting This Friday, November 4th

The KPP Energy Rate Forum will be held this Friday, November 4. In addition to the Rate Forum, KPP is requesting that KPP member cities that operate electric generation attend a meeting prior to the Rate Forum to discuss new Southwest Power Pool (SPP) requirements and winter weather preparedness.

The KPP Energy Rate Forum will provide a detailed explanation of the assumptions and forecasts used to develop the preliminary 2023 budget and rates, as well as budget and rate forecasts for the years 2024 through 2032. Members are encouraged to ask questions and provide feedback both during the forum and after.

Prior to the KPP Annual Meeting on December 9, the budget and rates will be updated to reflect the latest energy price forecasts and to incorporate corrections and other approved changes. The final 2023 budget and rates will be presented for consideration and approval by the KPP Energy Board of Directors and Membership Committee at the Annual Meeting.

The KPP Rate Forum will be held at the KMU Training Center in McPherson starting at 1 p.m. Lunch is provided prior to the meeting at 12 noon.

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FRIDAY, NOVEMBER 4TH, 2022

**KPP GENERATING
CITIES MEETING**



**KPP RATE
FORUM**

10 AM - 12 NOON

1 PM - 3 PM

**KMU TRAINING CENTER
McPherson, Kansas**

Lunch provided for both
meetings @ 12 Noon

KPP Energy Rate Forum, Generating Cities Meetings

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Prior to the Rate Forum, KPP is strongly encouraging KPP members with electric generation to attend a meeting to discuss new SPP requirements and winter weather preparedness. The KPP Generating Cities Meeting begins at 10 a.m. and will last until lunch is provided at 12 noon.

Regarding winter preparedness, KPP generating cities will be provided information regarding diesel fuel supply

for dual fuel units, winterization, and outage scheduling for market registered units. The SPP topics to be covered include new performance-based accreditation requirements and status reporting for non-market units.

If you would like to attend but have not yet registered, please email Brooke Carroll at bcarroll@kpp.agency so that we might make appropriate arrangements.

KPP Energy, KMU & KMEA Visit Capitol Hill

Each Fall, leadership from Kansas Municipal Utilities (KMU), Kansas Municipal Energy Agency (KMEA) and KPP Energy travel to Washington, D.C. to meet with the Kansas Congressional delegation. The purpose of the Hill visits is to discuss issues and concerns of common interest to the Kansas municipal utility community.

On October 25, Colin Hansen (KPP Energy), Paul Mahlberg (KMEA), Brad Mears (KMU), and Kimberly



Brad Mears (KMU), Colin Hansen (KPP Energy) and Paul Mahlberg (KMEA).

Svaty (Gencur Svaty Public Affairs) met with five of the six Kansas Congressional offices.

The municipal utility delegation discussed several key issues with Congressional staff, including supply chain concerns, energy tax provisions in the recently passed “Inflation Reduction Act”, difficulties in accessing infrastructure funding, and workforce development. Supply chain issues – particularly with distribution transformers – remain a key concern for public power systems in Kansas.

In addition, the group communicated difficulties that municipal utilities are experiencing in regards to the vast amount of new federal grants and funding via infrastructure bills. These anticipated concerns are particularly acute for smaller systems.



Brad Mears (KMU) and Kimberly Gencur Svaty (Gencur Svaty Public Affairs).



October Board Meeting Review

COLIN HANSEN, CEO / GENERAL MANAGER

The KPP Energy Board of Directors held their regular monthly meeting on October 20, 2022 at KPP's offices in downtown Wichita. A summary of meeting highlights is provided here.

September 2022 ECA Analysis

KPP Director of Engineering Services James Ging presented the monthly update relating to the September energy cost adjustment (ECA) calculation. Due primarily to the ongoing high cost of natural gas, energy costs were above budget by \$628,799. However, the additional cost was countered by good margin on KPP resources. Transmission costs were above budget \$14,830 while capacity costs were below budget \$43,472. Energy sales were down in September coming in at 4% below budget. Overall, the calculated September ECA came in at \$0.00642 per kilowatt-hour (kWh).

Each year, KPP estimates monthly natural gas costs by utilizing NYMEX gas futures. Budgeted gas costs last month were projected to be \$3.82 / MMBtu while the actual cost of gas for the month more than doubled to \$7.88 / MMBtu. Similarly, load LMPs in the SPP market were estimated to be \$30.51 per megawatt-hour (MWh), but the actual settlement cost for KPP loads was \$56.70/ MWh. September gas and LMP costs decreased from August.

Financial Statements

Vickie Matney, KPP Controller, presented the financial statements for the period ending August 31, 2022. In her report, Matney presented the income statement, balance sheet, and an in-depth review of where KPP stands in regards to Winter Storm Uri debt. The finances of the agency remain strong, even in light of the challenging energy cost environment. She presented a new monthly report to the Board that illustrates in detail the collection and disbursement of the Winter Storm Uri surcharge. One hundred percent of the proceeds from the surcharge are used to pay off the extraordinary costs of the February 2021 winter weather event. Through September 2022, 69.4% of those costs have been repaid.

Conversion of Series B, 2020 Bonds

KPP CEO & General Manager Colin Hansen and General Counsel J.T. Klaus notified the Board that the Series B, 2020 Bonds were converted from taxable to non-taxable status. The move will save the agency money in interest. The conversion was executed by KPP Energy President Scott Glaves on October 13 and ratified unanimously by the Board.

Marion Project Bond Request

The Board discussed an inquiry by the City of Marion about potentially utilizing dollars remaining in bond

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October Board Meeting Update (continued)

proceeds to fund an expansion of their distribution system replacement project. Other projects in that particular bond issuance have come in under budget leaving approximately \$150,000 to \$200,000 that can potentially be utilized by those projects specifically included in the original bond covenants. A motion was approved that it is the Board's desire that remaining funds be utilized and instructed staff to bring back additional information at a future meeting.

Mulvane Transmission Project

KPP Assistant General Manager Larry Holloway discussed a recent meeting between the City of Mulvane, Evergy, KPP Energy and Professional Engineering Consultants (PEC) to look at enhanced transmission service to the city. Currently, Mulvane connects to the El Paso substation in Derby via a 69 kilovolt (kV) radial line. Evergy has proposed a new 138 kilovolt (kV) double circuit line. No action was requested or taken by the Board.

Winter Storm Uri Surcharge

In July, the KPP Board of Directors heard a presentation from staff discussing three possible options for the Winter Storm Uri surcharge in calendar year 2023. An updated version of that presentation was provided by Matney in which the options were narrowed to two – 1) continue the one cent surcharge until fully paid off or 2) incorporate the cost remaining at the end of 2022 into 2023 rates. It is currently estimated that the remaining amount owed on Winter Storm Uri at the end of 2022 will be approximately \$4.5 million. Following discussion, President Glaves called for a roll call vote of the Board. The Board voted 8-1 to continue the one-cent Winter Storm Uri surcharge until the costs are fully paid off.

Operations Report

Holloway provided the Operations Report to the Board that included updates about Federal Energy Regulatory Commission (FERC), Kansas Corporation Commission (KCC) and Southwest Power Pool (SPP) activities. He noted that the SPP Market and Operations Policy Committee (MOPC) recently passed a Planning Reserve Margin (PRM) exemption process that will next go before the full SPP Board of Directors and Regional State Committee (RSC).

The proposed process allows Load Serving Entities (LREs) that do not have enough resources to meet the PRM to be exempt from penalties for two years if the PRM is increased, provided that:

- There is not available capacity to purchase;
- The LRE has enough capacity to meet the PRM before the increase; and
- The LRE has a non-deferrable retirement of a resource.

Member Services Report

Director of Administrative Services Brooke Carroll noted that many KPP members were utilizing the agency's rate study services. In addition, she discussed the numerous ways that KPP members celebrated 2022 Public Power Week and congratulated the City of Hillsboro for being named "Public Power Week Grand Champion."

Cybersecurity Report

Gavin Rose, KPP Cybersecurity Analyst, provided the Q3 KPP Quarterly Cybersecurity Report. Rose indicated that KPP will begin using a new, expanded cybersecurity compliance score in the near future.

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Hillsboro Crowned KPP Public Power Week Champion

BROOKE CARROLL, DIRECTOR OF ADMINISTRATIVE SERVICES

Congratulations to the City of Hillsboro for winning the Public Power Week Championship! On October 7th, it was officially announced that Hillsboro excelled beyond other KPP Members to become the holder of the newly renovated KPP Traveling Trophy and check for \$500 designated to be used by their electric utility department. During the week Hillsboro did the following to score the winning points:

- Hosted a Food Drive
- Adopted the Public Power Week Proclamation
- Hosted a Presentation on the Value of Public Power, Public Power Careers, and Electric Vehicles to the Local High School Government Class
- Held a Grade School Coloring Contest
- Held a “A Day Without Power” Middle School Essay Contest
- Provided Several Utility Staff Bios with Quotes on What Public Power Means to Them
- Promoted Public Power Week with Signs Around Town



Emma Hamm, 6th Grade Essay Winner

- Presented a Press Release to the Local Newspaper Recognizing Public Power Week
- Promoted Public Power Week on Facebook Throughout the Week
- Held Customer Appreciation Day Events
- Hosted Several Library Story Times Featuring the Utility Bucket Truck
- Held Community Drawing for Discount on their Electric Bill

Emma Hamm from Kyle Kroker’s 6th grade class was the winner of the middle school essay contest on her writings about “A Day Without Power.”

Colin Hansen and Brooke Carroll presented the trophy and check at the October 18th City Council meeting. Mayor Lou Thurston praised and recognized city staff for their contribution and efforts to promote Hillsboro’s Electric Utility during the week.



Matt Stiles, Hillsboro City Administrator and Danielle Bartel, Hillsboro City Clerk, receive the new and improved KPP Public Power Week Champion Award from Brooke Carroll and Colin Hansen, KPP Energy.



KPP Members Celebrate Public Power Week

BROOKE CARROLL, DIRECTOR OF ADMINISTRATIVE SERVICES

Recognition must also be given to other KPP Members who worked extremely hard to participate in the Public Power Week Championship. The City of Augusta came in second place followed by the City of Lucas in third. There were points on the board for Attica, Ellinwood, Glasco, Greensburg, Kingman, Luray, Marion, Mulvane, St. Marys, Udall, Wellington, and Winfield.

Members got highly creative in how they chose to celebrate public power week. The City of Augusta coordinated with the local grade school kids to write “Thank You” notes to the Augusta utility crew. They also awarded Marc Cain as the “Public Power Employee of

the Week.” The City of Lucas held two different customer drawings. One drawing was for an electric scooter and the other was for a programable thermostat. The City of Glasco provided cupcakes to the community store to recognize Public Power Week. The City of St. Marys made it a point to discuss Public Power Week with customers that came in during the week and presented a picture of Daisy the City Kitty caught “thanking God for public power to help keep her cat tree warm.” KPP is very pleased in the participation with this year’s competition. There is already talk among members on how they will steal the trophy away from Hillsboro next year.



Ellinwood Utility Department



Hillsboro High School Government Class



Josh Shaw, Augusta City Manager, shows off the new KPP Energy Public Power Week Champion trophy created by the Augusta Utility Department



Mulvane Utility Department

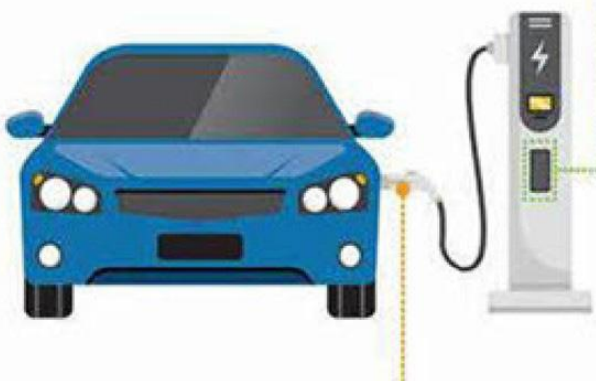


KPP, KMEA & KMU Joint Task Force Webinar on Infrastructure Funding - November 15

On November 15th at 11 a.m., the KPP/KMEA/KMU Joint Task Force will be holding their monthly webinar on potential IIJA/BIL funding. Amanda Wood, Senior Federal Advocacy Director with Becker & Poliakoff will report on recent updates from the IIJA and BIL funding opportunities.

In addition, Tami Alexander, Transportation Electrification Manager at the Kansas Department of Transportation will present information regarding a competitive grant for charging and fueling infrastructure and how to prepare for this funding opportunity. The three agencies are jointly working on a questionnaire to gauge member interest in being part of a collective grant project. We do not have all the details yet on this grant, but we estimate it will be 80/20 matching grant. The Joint Task Force is interested in applying for a collective grant with interested participants for Level 2 and Level 3 charging infrastructure.

We strongly encourage our members to attend these webinars to be prepared to apply for different funding resources. We also encourage you to prepare specific questions for the presenters on any inquiries you might have regarding potential projects.



CHARGING AND FUELING INFRASTRUCTURE GRANTS

Federal Agency: Department of Transportation

Funding Amount: \$1,250,000,000

Period of Availability: 4 Years

Funding Mechanism: Competitive Grant

New Program: Yes

Recipients: State or political subdivision of a State, Metropolitan Planning Organization, Local Government, Special Purpose District or Public Authority with a transportation function, Indian Tribe, or Territory.

Description: Program funds will be made available each fiscal year for Community Grants, to install electric vehicle charging and alternative fuel in locations on public roads, schools, parks, and in publicly accessible parking facilities. These grants will be prioritized for rural areas, low-and moderate-income neighborhoods, and communities with low ratios of private parking, or high ratios of multiunit dwellings.

Eligible Uses: Acquisition and installation of publicly accessible electric vehicle charging or alternative fueling infrastructure, operating assistance (for the first five years after installation), acquisition and installation of traffic control devices.

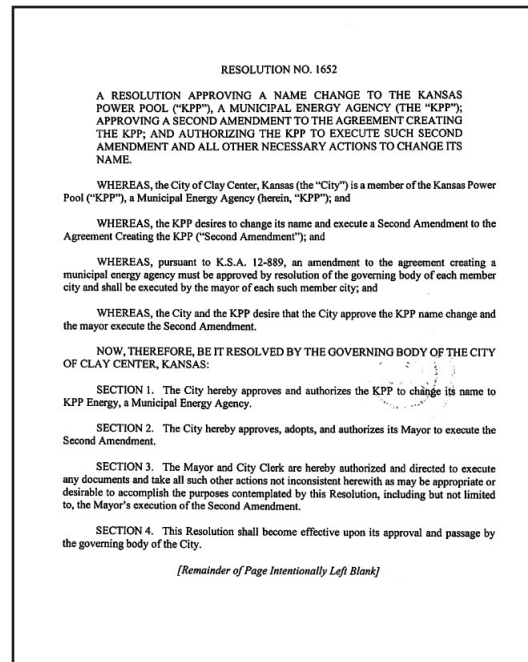
Next Milestone: Federal Highway Administration will publish a Notice of Funding Opportunity in 2022.



October Board Meeting Update (continued)

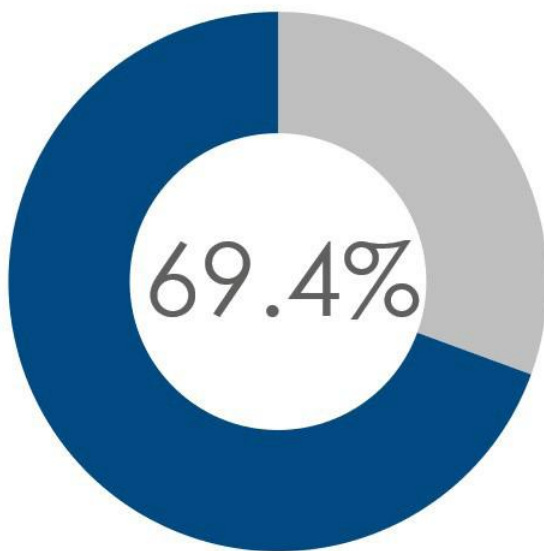
CEO Report

KPP CEO & General Manager Colin Hansen presented his report to the Board, beginning with an update on the formal process to change the name of the agency to KPP Energy. Of the 24 KPP member cities, 14 have already passed the resolution and second amendment to the agreement creating necessary to make the change. There are currently seven cities that are KPP members that do not receive power from the agency. Of those seven, three have submitted the resolution and second amendment. Hansen thanked KPP General Counsel J.T. Klaus and the staff of Triplett Woolf Garretson for their considerable assistance in the matter. Hansen and Klaus plan to meet in the near future to determine how to connect with the remaining members that have not yet passed the necessary documentation.



Winter Storm Uri

PERCENTAGE OF EXPENSES RECOVERED THROUGH SEPTEMBER 2022



Winter Storm Uri Total Expenses

\$21,063,883

Surcharge Recovered

\$14,621,055

Balance Remaining

\$6,442,828



Event Calender

DATES TO REMEMBER - 2022

NOVEMBER 4, 2022

KPP Generating Cities Meeting - 10 a.m.

McPherson

NOVEMBER 4, 2022

KPP Rate Forum - 12 noon

McPherson

NOVEMBER 17, 2022

KPP Board Meeting

DECEMBER 9, 2022

KPP Board Meeting

DECEMBER 9, 2022

Annual Membership Meeting

JANUARY 19, 2022

KPP Board Meeting

KPP Resources by Fuel Source

SEPTEMBER 2022

