

Sept 2022

New Look for KPP

NAME CHANGE TO KPP ENERGY INITIATED

The “Kansas Power Pool, a Municipal Energy Agency” is now “KPP Energy.” At the KPP 2022 Conference on September 15, KPP members for the first time were able to view the new agency logo and learn more about formally changing the name of the agency to “KPP Energy.”



KPP CEO & General Manager Colin Hansen presented the new logo to the membership and discussed the steps necessary to formally implement it at the annual

conference. In July, the KPP Board of Directors approved the new branding and name change during their regular meeting. The previous logo had been in place for 14 years and was thought in need of a modern refresh.

Regarding the name change, Hansen noted at the conference that the use of the word “pool” in KPP’s name often created a great amount of confusion within member communities and the utility industry. Staff often receives phone calls from Wichita pool owners seeking help finding pool supplies, covers, chemicals and more. He also noted a general trend in the public power community to simplify agency names.

For instance, “Heartland Consumer Power District” recently became “Heartland Energy” and “The Missouri Joint Municipal Electric Utility Commission” or MJMEUC has become “Missouri Electric Commission” or MEC. Similar name changes occurred in Nebraska and Wisconsin with NMPP Energy and WPPI Energy. Finally, confusion between the “Southwest Power Pool” and

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**COMMUNITY
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POWER**

Kingman Transmission Project Energized

CULMINATION OF 12-YEAR PROJECT

September 7th may well be remembered as a historic day for the City of Kingman and KPP Energy. For it was on that day – after twelve years of hard work by the city, KPP staff and several others – that the Kingman to Cunningham Direct Connect transmission line was completed and put into service.

This project includes 4 ½ miles of 34,500-volt electric lines and a 115,000/34,500-volt substation. The substation is an entirely new facility built one mile west of the Pratt Kingman County line. The 4 ½ miles of line will connect the substation to a 34,500-volt electric line approximately two miles north of Cunningham built and owned by the City of Kingman.

KPP estimates the new facilities will cost the KPP membership around \$400,000 a year, but will save those members \$500,000 a year in avoided transmission service costs and full provision of services to Kingman. In addition, KPP estimates that the city of Kingman will save over \$100,000 a year in generation costs (an estimate made when natural gas costs were approximately

1/3 of what they are today). Furthermore, Kingman, as a member of KPP, will also share in KPP's savings.

This project, combined with recent upgrades Kingman has made to its electric facilities in town, will allow Kingman's generation to be fully utilized by the wholesale electric market. Furthermore, as an added benefit, other nearby communities will benefit by having this important local source of generation available to provide wholesale generation service when other resources are not available or limited. Finally, for the first time in its history Kingman is fully interconnected with the transmission grid and has the capability of providing electric service to all its current customers and to meet the needs of future development opportunities as they arise.

Background

Historically, many KPP cities have had only limited transmission access. Until only a few years ago, for example, Clay Center, Burlington, Erie, Wellington, Winfield, Oxford, Ellinwood, Minneapolis and Kingman all struggled with limited transmission access. While transmission upgrades allowed these other cities to have full transmission access, Kingman's transmission access issues have historically been unique and even more severe.

As background, Kingman County has historically been in a kind of electric transmission desert. This is because it is on the border of two larger electric utilities that owned and operated the higher voltage transmission lines. To the east, Evergy Central Kansas (formerly Westar) and to the west Sunflower (formerly Aquila). Kingman itself was weakly served by an old undersized 34,500-volt transmission line that ran from Harper north through the east side of Kingman.

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Kingman Transmission Project

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Because this Harper line was already heavily loaded for its size and length, Kingman was only allowed to use its interconnection with the line for less than 20% of its load. This meant that for years Kingman basically used the interconnection to “synchronize” its system but generated all of its electricity.

2005 Transmission Line Project

In 2005, Kingman constructed about 26 miles of 34,500-volt line to connect to another 34,500-volt line that ran from Pratt to Cunningham. This new transmission interconnection at Cunningham allowed Kingman to import power to meet about half of its peak electric demand, which was a vast improvement but still did not provide complete transmission access. While Kingman was able to idle its generators at times during the year, the newer Cunningham interconnection did not allow Kingman full import capability and did not provide Kingman the electric capability to export generation from its generators and sell that generation into the SPP market.

When the Aquila System was sold to the electric cooperative members of Sunflower Electric Company in 2006, the 34,500-volt Pratt to Cunningham line ownership was spun down to Southern Pioneer Electric Company (SPEC), a corporation formed by Sunflower member Pioneer Electric Cooperative to operate former Aquila properties.

KCC Interventions

In 2009, Southern Pioneer Electric Company adopted a separate tariff for use of its Pratt to Cunningham 34,500 kV line. This created an additional cost for wholesale transmission service because they now had to pay an additional cost to use the 34,500-volt system to reach and connect with the rest of the transmission grid.

While KPP and others protested this filing at the Kansas Corporation Commission (KCC), eventually the KCC approved the new tariff. This change meant that the cost for using the transmission service on this line increased dramatically and kept increasing each year. Not only did the City of Kingman have limited transmission service, but the cost to KPP members to provide this service increased each year. As part of its mandate to lower costs to all of its members and to obtain full transmission service to all of its members, KPP began searching for a solution.

KPP identified a 115,000-volt line that Ninescah Rural Electric Cooperative (“Ninescah”) had built from north of Pratt going east to connect to an ethanol plant and eventually ending at a large Northern Natural Gas compressor station north and west of Cunningham. In 2010, KPP began discussions with Ninescah to inquire about the possibility of interconnecting with that line to serve Kingman. Ninescah at that time was not interested in becoming a wholesale transmission service provider.



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Kingman Transmission Project

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At the same time, KPP was in litigation with Sunflower regarding excessive costs for transmission service to a wind farm near Greensburg. As part of settling that litigation, KPP asked Sunflower to purchase the line from Ninnescah and use it to provide wholesale transmission service. KPP worked with Ninnescah and Sunflower to achieve that sale and to support the necessary regulatory approvals over the next few years to place this 115,000-volt line into wholesale transmission service in 2016.

In 2016, KPP filed a request for transmission service with Sunflower. Over the next few months, it became clear that SPEC did not want to lose the money it was receiving from KPP for the limited transmission service it provided the city of Kingman over the Pratt Cunningham line. In September of 2017, SPEC asked the KCC to rule that KPP could not interconnect with the superior 115,000-volt Sunflower Pratt to Northern Natural line and instead must keep taking service from SPEC.

KCC Rules in Favor of KPP

In 2018, the KCC dismissed the complaint and ruled in favor of KPP. Later that year, KPP filed at the KCC for a certificate to build the line to interconnect Kingman's 34,500-volt line north of Cunningham to a new substation being built on the Sunflower high voltage line. SPEC litigated the filing. In 2019, the KCC ruled in favor of KPP's certificate request, and the ruling was held up when appealed.

At the beginning of 2020, KPP had received all the regulatory approvals needed to begin constructing the new substation and begin negotiating right-of-way with landowners and designing the new facilities. Overall, the process took KPP twelve years and involved litigation in over eight different regulatory dockets at the Kansas Corporation Commission.



KPP Public Power Week Competition Reset for 2022

PUBLIC POWER WEEK - OCTOBER 2-8, 2022

Public power systems across the U.S. celebrate Public Power Week the first full week in October of every year to help customers and stakeholders understand how they can better engage with their community-owned utility. KPP encourages member cities to participate in Public Power Week and offers ideas and resources. KPP will once again hold its annual KPP Public Power Week competition with chances to win prizes and the opportunity to be awarded the “Public Power Week Grand Champion”. The winner will receive a check for \$500 to their electric utility department and their name on the the coveted KPP Traveling Trophy (see more about the new trophy on page 11).

2022  PUBLIC POWER WEEK

**COMMUNITY
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Earn Points...

10

We want to encourage Community Service during Public Power Week. Host a Food Drive at your City Hall or Utility Department. KPP will provide you with Public Power Week Buttons to hand out for those who donate food items. (Donate the food to your local food pantry or church.)

10

Have your Governing Body adopt the Public Power Week Proclamation.

10

Organize an event at your local school to promote public power. There are resources available for younger kids on the American Public Power Association website at <https://www.publicpower.org/event/public-power-week>.

5

Provide an appreciation breakfast or luncheon for your staff during Public Power Week. KPP will reimburse you for the costs.

5

Send three pictures of City Staff, Utility Workers, or Governing Body with a statement on why Public Power is important to them.

2

Email names of your utility crew and staff to bcarroll@kpp.agency. We will put those names in our Friday drawing for Amazon gift cards.

2

Creative Public Power Spirit Events - This is up to you on how to promote Public Power in your community. Your city will receive two points for every time you organize these creative and unique events. Please submit your list of events by end of day Thursday, October 6th!



KPP 2022 Conference a Success

SEPTEMBER 15 & 16, 2022 - DRURY PLAZA HOTEL BROADVIEW

The KPP 2022 Conference is in the books! Many thanks to all the KPP members, speakers and other participants that joined us for a great event on September 15 & 16 in Wichita. The conference featured numerous great speakers from across the country – California to Washington, D.C. and everywhere in between.

The conference kicked off on Thursday afternoon with a keynote session featuring two top electric industry experts. Lanny Nickell, Executive Vice President & Chief Operating Officer for the Southwest Power Pool (SPP) started the keynote session with an update on the many activities and changes currently underway in the utility industry. Nickell was followed by American Public Power Association (APPA) Vice President of Government

Relations Desmarie Waterhouse who offered insights into far-reaching Congressional and Presidential activity impacting the utility industry out of Washington, D.C.

The conference continued with nearly two dozen excellent speakers and sessions over the next day – covering topics from ratemaking and infrastructure funding to energy storage and hydrogen. The event even included a wonderful evening event with dinner and music from recording artist Harrison Steele.

If you have topics or speakers you would like to see at next year's conference, please share your ideas with Colin Hansen at chansen@kpp.agency. Thanks again to all of those who attended.



KPP President Scott Glaves (Clay Center) providing the KPP President's Report.



Josh Shaw (Augusta), Leslie Atherton (Haven) and Taggart Wall (Winfield) discussing best practices in utility ratemaking..



SPP Executive Vice President & Chief Operating Officer Lanny Nickell kicking off the keynote session.



KPP 2022 Conference (continued)



APPA Vice President of Government Relations and General Counsel Desmarie Waterhouse.



Kansas Municipal Utilities (KMU) Executive Director Brad Mears provides updates on infrastructure funding and legislative activities.



KPP Senior Accounting Ivan Seward receiving the ten-year service award from KPP CEO & General Manager Colin Hansen.



California Municipal Utilities Association (CMUA) Executive Director Barry Moline discusses how to build a culture of teamwork and achieve high performance.



Matthew Lind, Burns & McDonnell, provides a presentation on future generation options.



Minneapolis City Administrator/City Clerk Barry Hodges gives an update on the City of Minneapolis during the Member Spotlight.

Franeek Hasiuk, Associate Scientist of Energy Resources at the Kansas Geological Survey, describing the possibility of Kansas utilizing hydrogen as a new fuel source.



Mike Chapman, Kelson Energy, assists KPP Assistant General Manager of Operations Larry Holloway in presenting an update on the Solomon Energy Storage Center project.



September Board Meeting Update

COLIN HANSEN, CEO / GENERAL MANAGER

The KPP Board of Directors held their regular monthly meeting on September 15, 2022 at the Drury Plaza Hotel Broadview immediately prior to the KPP 2022 Conference. The meeting included updates from KPP staff and General Counsel on various ongoing projects and activities. A summary of meeting highlights is provided here.

August 2022 ECA Analysis

The August 2022 ECA Analysis was presented by KPP Director of Engineering James Ging. During the presentation, Ging discussed the driving factors behind the \$0.01019 energy cost adjustment charged for August KPP billing. Natural gas and Southwest Power Pool (SPP) integrated market electricity costs remained extremely high in August. As such, energy costs for the agency were \$1.8 million higher than budgeted.

Each year, KPP estimates monthly natural gas costs by utilizing NYMEX gas futures. Gas costs last month were estimated to be \$3.85 / MMBtu while the actual cost of gas for the month more than doubled to \$8.81 / MMBtu. Similarly, load LMPs in the SPP market were estimated to be \$34.82 per megawatt-hour (MWh), but the actual settlement cost for KPP loads was \$83.76/MWh. Once again, KPP's investments in Dogwood Energy Center and other agency resources helped defray nearly \$3 million in the high cost of energy for KPP members.

Financial Statements

KPP Controller Vickie Matney presented the financial statements for the period ending July 31, 2022 and discussed the income statement, balance sheet, and an in-depth review of where KPP stands in regards to Winter Storm Uri debt. The financial position of the agency remains strong amidst the challenging energy

cost environment. An important financial metric for KPP is the agency's "Net Position Before DAI." To meet bond requirements, KPP's Net Position Before DAI should be \$12.2 million at the end of the calendar year. At the end of July, that number stood at \$7.6 million which is on track with projections.

Operations Report

KPP Assistant General Manager of Operations Larry Holloway provided a report to the Board that included updates about the many activities currently in play at the Federal Energy Regulatory Commission (FERC), Kansas Corporation Commission (KCC) and the Southwest Power Pool (SPP). He noted that SPP Supply Adequacy Working Group (SAWG) is considering a change in status reporting for generating units that are used as designated network resources (DNRs) and are behind the meter (BTM) and are not registered in the market. This would impact several KPP generating cities.

Holloway also provided an update regarding the Walnut Energy Center project. In August, KPP was notified by SPP that a change in the Generation Interconnection (GI) application process required the agency to update our application and provide an additional \$116,000 to remain in the queue. KPP staff worked with Burns & McDonnell to update the Walnut Energy Center application and the additional funding was submitted. The new requirements are part of the overall changes SPP is making to speed up the GI queue.

The 3rd quarter Dogwood Energy Facility Management Committee meeting was held in late August and Holloway noted some of the highlights of the meeting. In the second

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September Board Meeting Update (continued)

COLIN HANSEN, CEO / GENERAL MANAGER

quarter of 2022, Dogwood produced \$10.9 million in profits on energy sales (over costs of fuel and variable O&M). While the numbers are not final, it appears that margins for July and August will also be strong. High gas prices often increase Dogwood energy margins because other gas units set the market price and Dogwood is more efficient.

KPP Director of Engineering James Ging provided a report on the Kingman Direct Connect project. The transformer was energized on September 6 and the Kingman load was transferred to the line on September 7 (see more in separate article).

Member Services Report

Brooke Carroll, Director of Administrative Services, provided an update to the Board regarding KPP's plans for celebrating 2022 Public Power Week. KPP planning for the 2022 Public Power Week is well underway. All members have received their Public Power Week Proclamations and KPP Competition Information sheet. KPP is encouraging members to participate

in this fun and friendly spirit week. We will once again award the winner with the title of "Public Power Week Grand Champion," a check for \$500 to their electric utility department and presented with the KPP Traveling Trophy, recently given an incredible facelift by the City of Augusta.

General Counsel Report

KPP General Counsel J.T. Klaus reported on a number of regulatory and legal matters, including the drafting of a new records retention policy for the agency and activities at the Kansas Corporation Commission (KCC). He also discussed the city council or city commission resolution and second amendment to the agreement creating the agency that were necessary to formally proceed with the name change from "Kansas Power Pool" to "KPP Energy."

CEO Report

Finally, KPP CEO & General Manager Colin Hansen reported to the Board on a number of different topics including the agency name change, KPP 2022 Conference, Congressional activity on potential interregional transmission interconnection legislation, the Manchin energy permitting bill, NERC Extreme Cold Weather Proposed Standards, and the Light Up Navajo IV planning meeting.

New Look for KPP

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and "Kansas Power Pool" often complicated communications with policymakers and other stakeholders.

To formally accomplish the name change, the KPP Board and staff are asking every KPP member to pass a resolution approving the name change as well as the second amendment to the agreement creating the agency. Both are needed to formally accomplish the name change. KPP members should have

received correspondence from Triplett Woolf Garretson with the necessary documents. Hansen emphasized at the conference that the name change in no way changes the agency, the projects or the services provided to KPP members.

The KPP Board and staff are very excited for the new look and feel of KPP Energy. If you have any questions or would like more information, please contact Colin Hansen at chansen@kpp.agency.



KPP Generating Cities Meeting - November 4

IMPORTANT SPP INFORMATION & WINTER PREPAREDNESS

KPP is encouraging members with generation units to please attend a KPP meeting on November 4 to discuss several important topics relating to new SPP requirements and winter preparedness. The meeting is designed for power plant managers and personnel that will be involved in complying with new SPP recording requirements. The meeting will immediately precede the KPP Rate Forum that will also be held on November 4 immediately following lunch. Both meetings will be at the KMU Training Center in McPherson.

KPP Members generation units have always been an important part of KPP's overall generation resource strategy. The availability of these units to perform when needed is increasingly important as the regional power markets try to incorporate thousands of megawatts of intermittent renewable generation such as solar and wind. Furthermore, weather events such as Winter Storm Uri clearly demonstrated just how vulnerable power markets are to natural gas supplies and generation winterization.

Recently, the Southwest Power Pool (SPP) instituted several important changes designed to increase reliability of the regional electric system. Many of these changes focus on firm or standby fuel supplies. Other new requirements are related to the availability of units and will require generating cities to track and report equipment problems and outages, something we have not had to do in the past. Furthermore, several of our cities have generators that are not registered in the SPP market, but are used to meet KPP resource adequacy requirements in SPP. In the future, SPP will want to always know the status and availability of these generators.

This meeting is for KPP generating cities that currently receive capacity payments for their city generation. In this meeting we will talk about winter preparedness, outage and status reporting, and backup fuel supplies. KPP staff will explain the new outage data collection requirements and we will discuss how we need to collect and present the data for unit availability. Additionally, we will discuss how we can expect to communicate and help each other in the case of emergency operations.

KPP Generating Cities Meeting

FRIDAY, NOVEMBER 4, 2022

10 A.M. - 12 NOON

lunch provided @ 12 noon for both meetings

KPP Rate Forum

FRIDAY, NOVEMBER 4, 2022

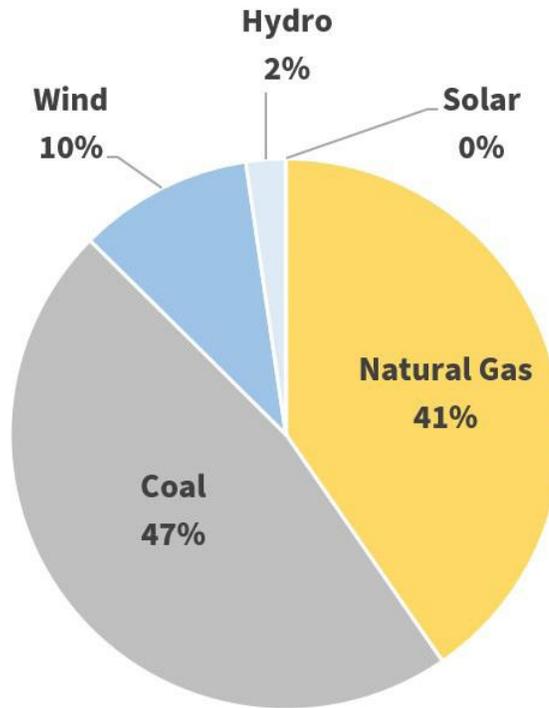
1 P.M. - 3 P.M.

KMU Training Center
McPherson, Kansas



KPP Resources by Fuel Source

AUGUST 2022



Winter Storm Uri

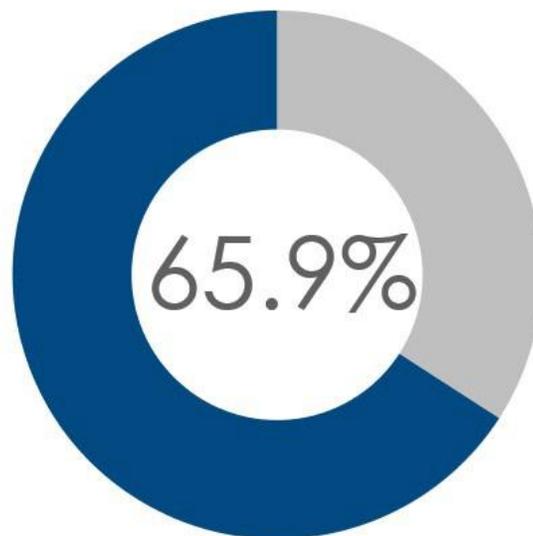
PERCENTAGE OF EXPENSES RECOVERED THROUGH AUGUST 2022

Winter Storm Uri Total Expenses

\$21,063,883

Surcharge Recovered

\$13,874,557



Augusta Creates New KPP Public Power Week Trophy

COVETED TROPHY INCLUDES WORKING "JACOB'S LADDER"

After being awarded the 2021 KPP "Public Power Week Grand Champion", the City of Augusta took a look at the KPP-provided traveling trophy and decided that they could perhaps do a little better. The previous trophy (shown right) featured a small, non-working incandescent light bulb and a plaque reading "Public Power Champion Week Champion." The new version is three tiered, emblazoned with the new KPP Energy logo and - most impressively - boasts a working Jacob's Ladder traveling electric arc. Our sincere thanks and admiration goes to Augusta for the great new trophy!



The new KPP Energy Public Power Week Champion trophy was developed by the City of Augusta by R.B. Wilkinson (left) and Marc Cain (right) and features a Jacob's Ladder travelling electric arc.



The City of Augusta's Jim Sutton, Tim Johnson and Josh Shaw demonstrate the new (and much improved) KPP Energy Public Power Week Champions Trophy.

Event Calender

DATES TO REMEMBER - 2022

OCTOBER 20, 2022

KPP Board Meeting

NOVEMBER 4, 2022

KPP Generating Cities Meeting

McPherson

NOVEMBER 4, 2022

KPP Rate Forum

McPherson

NOVEMBER 17, 2022

KPP Board Meeting

DECEMBER 9, 2022

KPP Board Meeting

DECEMBER 9, 2022

Annual Membership Meeting

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