

# LIGHTNING ROUND

*September 2021*

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## GRDA Costs From February Storm Now Known

*After Seven-Month Lapse, KPP portion of costs total more than \$1.3 million*

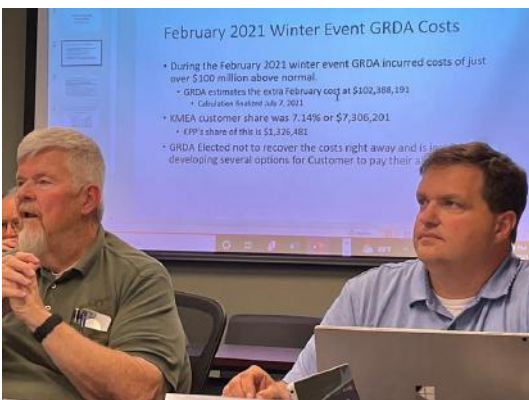
Winter Storm “Uri” apparently imposed its extraordinary costs upon the Grand River Dam Authority to the tune of more than \$100 million. As various KPP Cities have pooled their entitlement to that resource, KPP’s portion totals slightly more than \$1.3 million.

Although the announcement of the costs was delayed by GRDA, Assistant General Manager, Larry Holloway explained that there were options offered by GRDA for the repayment. He added further that GRDA is requiring that a KPP decision is needed by September 24<sup>th</sup>.

CEO/General Manager, Mark Chesney, noted that at this point in the year, any additional February cost feels much like “piling on.” He pointed out however that KPP Staff is recommending a modified approach for repayment over 12 months (at no interest) which will satisfy GRDA while hopefully minimizing the burden felt by KPP Members. That repayment amount would be approximately \$110,000 per month.



Indicating that a repayment plan will unavoidably impact 2022 energy costs, Larry said that at this point 2022 costs look to be higher than normal. There is concern about those higher costs occurring at a time when Members are already paying the February storm surcharge.



On behalf of the Staff, Larry proposed that KPP not pass the GRDA repayment cost through to Members. Instead, it was proposed to decrease the amount of monthly repayment on the \$18 million State loan by the monthly payment amount to GRDA. There is flexibility to do so in KPP’s obligation to the State Treasurer. Further, such a decrease could be accommodated by either providing for an extension of the surcharge timeframe or by including the additional amount in the overall budget.

With the proposal having been approved, the Board requested future discussion over time concerning surcharge revenue and the timing involved in meeting obligations.

## Interns Join KPP Staff



Two Wichita State University students joined the KPP Staff earlier this month. Delaney Hirst, who joined on the 13<sup>th</sup> was introduced in the September Board meeting. She is an accounting undergraduate anticipating graduation in 2022.



Joining KPP on September 20<sup>th</sup> is Alex Chiem. Alex is an electrical engineering major. He also expects to graduate from WSU in 2022.

# KPP and Burlington Make Plans for New Resource

One-half of \$3 million turnkey RICE resource to be prospectively financed by KPP

Following the failure of a turbo charger during the February event, Burlington has continued to internally discuss its desires to own sufficient redundancy of resource to carry its city’s electric load. Most recently, the City has its eye on a 5-MW Cooper Bessemer RICE engine that they report can be acquired at a turnkey installation cost of \$3 million. The City’s initial work in acquiring the resource, if successful, involves a plan to eventually include it in KPP’s portfolio of Designated Network Resource(s).

Intentions are that the City would cover one-half of the cost provided KPP is agreeable to financing the remaining one-half. After consulting with representatives of the Southwest Power Pool (SPP) concerning interconnection, Staff recommended that the Board approve advancing steps to lead on financing.

Assistant General Manager, Larry Holloway, spoke of the complexities of the SPP generator interconnection (GI) study queue and the time frame within which a new resource may be connected to the grid. KPP’s inquiry to SPP on behalf of Burlington was whether the unit can be used in the short term while longer term planning is under consideration. Interaction with SPP ultimately produced the understanding that the installation could be allowed, without entering the GI queue, if the facility’s energy is consumed only by the interconnection customer. Stated differently, it will be understood that the energy will not be pushed out onto the transmission grid.



Larry Holloway explains the SPP interconnection study process. Also seen here is Burlington City Council President, Lewis Lenard.

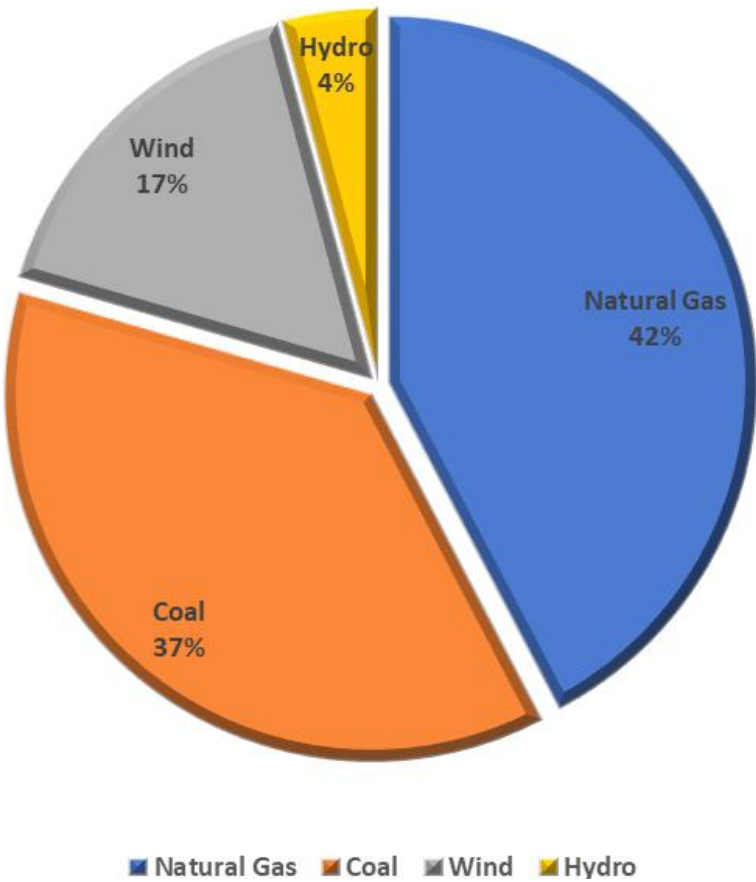
The assumption is that at some future point in time, the unit will be part of an SPP aggregate study before designating the unit as a network resource. However, even before that is accomplished, the unit will qualify for receiving capacity payments from KPP following successful testing.

The Board gave approval to advance steps in financing. As this would be a Burlington project, and not a Pool asset, the City will service debt in a manner similar to other City projects for which KPP has led on financing.

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## Distribution of Energy Resources

Fuel Source of KPP Resources in August, 2021





# Greg Graffman, Kingman, Appointed to KPP Board

## Kingman City Manager appointed to fill unexpired term of Brad Modlin

Upon nomination by Board President, Gus Collins, Kingman City Manager, Greg Graffman was unanimously approved by the Board for appointment to fill an unexpired term ending December, 2023.



Pointing out that Greg has been involved in current projects in and near Kingman, Gus noted that Greg has helped guide and coordinate the City’s role in the Kingman/Cunningham transmission project and also a substation addition in the City.

Subject to statute, KPP governing documents provide that KPP Members elect

Board Members and Board Members take action to fill unexpired terms.



Gus Collins nominates Greg Graffman, Kingman, to fill an unexpired term on the Board.

Greg has been a practicing attorney for 17 years. His law practice continues today which he balances with the management of City operations. Recently, he has led a more aggressive effort in seeing to power plant maintenance with upgraded controls and an engine rebuild. Also, he has completed the utility’s purchase of new equipment including a new digger/derrick and bucket trucks. Cross training within the utility and a revamp of billing policies are also among recent achievements.

Although Board members represent all KPP Members, no one from Kingman has served since 2013 (City Manager, Frank Soukup).

## Highlights of the Sept. 16th Board of Directors Meeting

- Operations Report:** Larry Holloway noted that the Kansas Corporation Commission has opened a docket regarding **the February 2021 Cold Weather Event Actions**. Also reminded was KPP Staff’s intervention on the **Sunflower/Mid-Kansas Formula Based Rate and Annual Local Access Charge** filing. KCC Staff has recommended approval. Regarding the **Solomon River Storage Center**, Larry reported that concrete has been poured. Some equipment is now in the U.S. and delivery on-site is expected to begin soon. The unit has been registered in the SPP market. Larry reported also on the progress of the **Waterville substation** construction. A significant report was also given on upgrades on turbines at **Dogwood**. That has resulted in improvements in efficiency and reduction in the BTUs needed to produce energy. James Ging reminded that **generator testing** results are still needed from some Cities.



KPP Board member, Rex Reynolds, comments concerning proposed financing options.

- Financials:** Controller, Vickie Matney, noted that August sales were more than budgeted. Consequently, KPP was able to apply an additional \$56,000 to the State Loan obtained in May. She noted also that the bond refunding which closed on September 1 yielded a cost savings over the life of the debt refunded in an amount slightly greater than \$457,000 – a present value savings of 5.2%.
- Monthly Member Conference Call:** James Ging, Director of Engineering Services reported on the Energy Cost Adjustment (ECA) for August. Total costs were above budget by approximately \$890,000. These included costs associated with transmission, energy and capacity. The budgeted ECA for the August bill was (\$0.00879), a negative number. The actual ECA for the month as billed was (\$0.00303).
- Bond Resolution:** Debt resolutions were approved by the Board to complete the authorizations for the refunding of revenue bonds accomplished late this summer.
- CEO/General Search:** It is anticipated that a special meeting will be called soon for commencing candidate interviews.



General Counsel, J.T. Klaus, explains debt resolutions.