

LIGHTNING ROUND

January 2020

In this issue:

- *KPP Board Elects New Officers*
- *Site Selection Narrows for Future Generation Project*
- *Plans for AMI Technical Conference Announced*
- *KPP on Track for a Second Advanced Refunding*
- *December 2019 Distribution of Energy Resources*

KPP Board Elects New Officers

Gus Collins Elected Board President

When the KPP Board of Directors met in their monthly meeting on January 16th, the first item of new business was the election of new officers. Gus Collins, Director of Utilities for Winfield, was elected as president with John Wheeler, Marion, as first vice president and Scott Glaves, Clay Center Public Utilities Commission Superintendent, as second vice president. Also elected was Jason Newberry, Wellington, as Secretary. Officers are anticipated to serve in these positions for the remainder of the calendar year.

Board officers are elected by the Board at the beginning of each year following the election of Board members generally by all KPP members at the December Annual Membership Meeting. Except for the re-election of Rex Reynolds, Mount Hope, to a additional four-year term, new Board members were elected in December 2019.



Gus Collins, Board President



Gus Collins, Board President and John Wheeler, Board First Vice President

In commencing as president, Gus was appropriately generous in his expression of appreciation for immediate past president Larry Paine, Hillsboro, and for Jim Sutton, Augusta, who completed his second four-year term in December 2019. Gus noted Larry Paine's absence due to his attending to City business in Hillsboro but acknowledged that not only had Larry served two consecutive years as Board President of KPP but also that he did so while serving in 2019 as Board President of Kansas Municipal Utilities (KMU).

Two Board seats become vacant at the end of 2020. Limited terms occupied by Larry Paine and Stan Luke, Burlington, reach their end on December 31st. At that point they will both have served on the KPP Board since 2010. It is anticipated that those seats will be duly filled by KPP Members at the Annual Meeting to be held in McPherson on December 11, 2020.

**NEXT BOARD MEETING: THURSDAY,
FEBRUARY 20, 2020, 11:30 AM**

**KANSAS POWER POOL OFFICES 100 N.
BROADWAY, LOWER LEVEL, WICHITA**

Site Selection Narrows for Future Generation Project

Top Two Preferred Sites identified by Pool's consulting engineer

Following up to the Burns & McDonnell consulting engineer's recommendation from December, KPP Staff advised the Board last week on the timing needed for site selection of the Pool's future generation project.



Vickie Matney, Mark Chesney & Larry Holloway

Working alongside KPP's General Counsel to acquire control of land needed is foremost. Directing Burns & McDonnell, the Pool's consulting engineer, is also critical. The engineer will represent the Pool in making the generator interconnection study application before the Southwest Power Pool.

That is needed by April of this year. Assistant General Manager, Larry Holloway, described the timing sensitivity associated with maintaining appropriate control of the project. Future reports are anticipated in the February Board meeting.



James Ging

For many months KPP Members have been apprised of plans to eventually install quick-start reciprocating internal combustion engines. Not only as a replacement for needed capacity, but also to support strategic action in the day-ahead integrated market. Both of the preferred sites are located in or near Winfield. One will be selected. The Board granted flexibility to the Staff in taking the necessary next steps.



Scott Glaves and Jason Newberry

Other operations discussion included an engineering update given by James Ging, KPP Director of Engineering Services. James reported on mapping documentation efforts among Members and an Evergy transmission upgrade to benefit both Haven and Mount Hope.

Plans for AMI Technical Conference Announced

Event to Assist KPP Members Considering AMI

Tentative plans for a KPP-hosted Automated Metering Infrastructure (AMI) technical conference were detailed in the most recent KPP Board of Directors meeting. Director of Administrative Services, Brooke Carroll, joined by James Ging, Director of Engineering Services, described a two-month lead time needed to prepare and assist KPP Members who wish to continue considering AMI installation in their Cities.

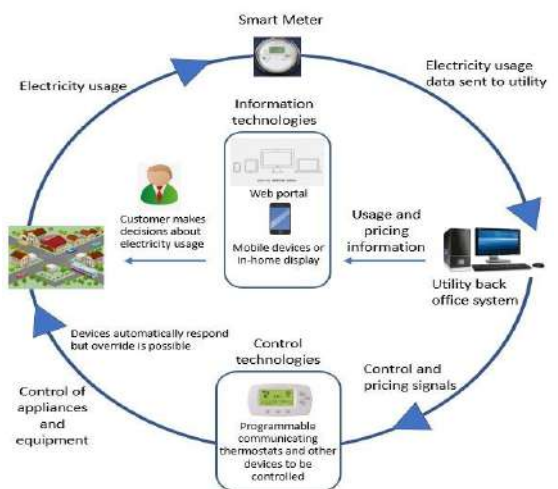
AMI is described as an integrated system of smart meters, communications networks and data management systems to enable two-way communications between utilities and their customers. Once considered a luxury in assisting ratepayers with customer service, testimonials continue to accumulate showing operational urgency for installations.

In preparation for the event, KPP Staff will be seeking commitments from Members regarding attendance at the event where a potential installation contractor, vetted by a team of KPP Members and Staff, will present a project overview and details. In response to questioning, James noted that such an installation may include water and gas services in addition to electric. Compatibility with existing billing software is another project detail to be explained.

Brooke noted that it is intended Members alone bear the installation and operation costs although the Board will later consider the extent to which the Pool may provide financing as with other projects where Pool financing has been extended.

The timing of the event is meant to amply precede the City's budget preparation season.

AMI Sample Illustration



KPP on Track for a Second Advanced Refunding

Savings on Board Indebtedness Anticipated to Exceed \$300,000

A direct placement refunding of some of KPP bond indebtedness was the subject for discussion at the January meeting of the Board of Directors. Approval was formally given to move ahead with active plans.



KPP Members may recall that with the most recent changes in federal law, tax-exempt advanced refundings are now disallowed by the tax code. However, taxable refundings are still allowed and might occur if the interest rates and savings are sufficiently attractive.

For the third time in four months bond underwriter Greg Vahrenberg, of Raymond James, was invited to address the Board pertinent to the prospect of refunding portions of the Series 2012 A bonds. These bonds were originally issued for the first partial ownership in the Dogwood Energy Center.

Greg reported last September that international economic activity had been impacting bond interest rates. KPP Staff and Counsel readied themselves to begin preparations on an Official Statement and a request for a review by KPP's rating agencies Moodys and Fitch. At the time of the September meeting, rates were projecting a potential savings to KPP of more than \$400,000. However, rapidly ensuing volatility changed the economic landscape and seemed to frustrate refunding plans.



In the December Board meeting, Greg reported on opportunities to pursue a "Cinderella" direct placement. Under direct placement, there would be one purchaser of the bonds – typically a bank – and no need for a bond rating. The proposal under consideration is from Intrust Bank.

A "Cinderella" approach is described as funding having a taxable interest rate that is nevertheless more attractive than the original debt. That rate would be in place until the refunded bonds become callable. In this case, on December 1, 2022. At that time, the interest rate on the refunding bonds declines to a lower tax-exempt rate. Greg points out that it is important to understand that such an approach maintains the same repayment schedule of the original bonds. Funds received on the refunding are escrowed until such time as bonds are callable and may be redeemed or retired.

With advice and involvement of Bond Counsel, J.T. Klaus, Staff was directed to return to the February meeting with preparations to finalize Board action.

December 2019 Distribution of Energy Resources

