

KPP LIGHTNING ROUND

July 2023

New Burlington Engine Addresses Future Generation Needs

ALAN SCHNEIDER, BURLINGTON ELECTRIC UTILITY SUPT. & BROOKE CARROLL, KPP DIRECTOR OF MEMBER SERVICES

In the early 1980s, the City of Burlington had visions of the future when they made upgrades to their power plant by adding additional space to accommodate a 4,800 KW Cooper Bessemer generator along with adding an area west of the power plant for future generation needs. Now, in 2023, that additional space is newly occupied by a 5,000 KW Cooper Bessemer Dual Fuel Clean Burn Engine.

Through a long-term and trusted relationship between Burlington City Staff and Larry Wheeler of Wheeler World, Inc. an opportunity was presented to the city. Larry had worked with the city for many years on a number of items related to the power plant and was aware that Burlington had explored the option of adding new generation when the time seemed appropriate.



Larry also worked with a power plant in Rensselaer, Indiana and was aware that they were going to decommission their power plant and sell their generating units. Larry saw this as a win-win opportunity that would benefit both cities.

In early 2022, a presentation was made to the Burlington City Council by City Staff regarding the available unit. The 5,000 KW Cooper Bessemer Dual Fuel Clean Burn Engine, Model LSCB-

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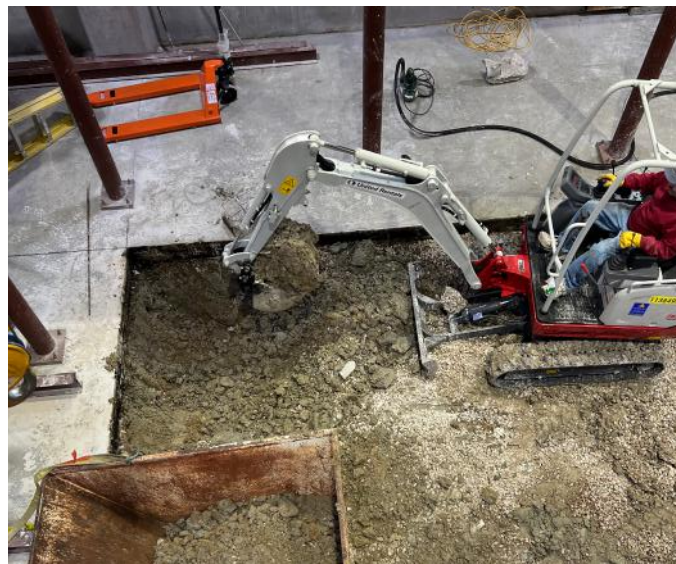
Burlington Engine Addresses Future Generation Needs

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16-GDC, had a price tag of \$3,000,000 and would replace an older Superior 1,000 KW generating unit. The unit available for purchase had low operating hours and many years of useful life remaining. The project was presented as a preemptive solution to potential problems. The generator would be used for grid support as needed and provide the City of Burlington an additional resource in the event that power was not available from the grid.

The city opened this idea of additional generation for community comment and provided tours of the power plant. This allowed for discussion among City leaders and citizens. With overwhelming support from both sides, it was decided to move forward with the purchase of the unit utilizing both cash on hand and bonds.

Transporting this enormous engine from Indiana to Kansas was no small accomplishment. The unit was transported from Rensselaer to Burlington on a tractor-trailer combination unit. The unit, along with the generator, was so large it took a special trailer with separate steering axles on the back end of the trailer to

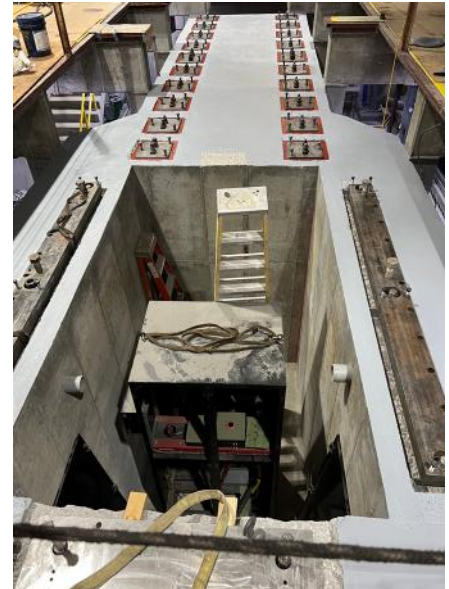


make the turns. It was escorted through each state by Highway Patrol. Once on the road, it took three days of travel to arrive in Burlington. Due to the weight of the generator, special precautions were made for stability of

the generator and to protect the asphalt surface where it would sit until it was ready to move into the power plant. An opening was made in the north wall of the power plant to allow access into the building. The generator was moved into the plant using hydraulic jacks and metal rails.

Larry Wheeler and his team at Wheeler World, Inc. assisted with the installation of unit. In addition, the City of Burlington Electric Utility Department installed and terminated the 15KV conductors from the breaker cabinet in the power plant to the grid in the substation.

The previous leaders of Burlington had the foresight to see many years down the road in their capital improvement planning for the electric utility. These ideas came to life 40 years later when the best opportunity became available. These decisions will benefit the Burlington community for many years to come, providing critical reliability and resiliency to the Burlington electric utility and its utility customers.



Hodges Receives APPA Seven Hats Award

Barry Hodges, City Clerk/ Administrator of the City of Minneapolis was recently honored by the American Public Power Association (APPA) with the association’s Larry Hobart Seven Hats Award. The national award recognizes exemplary managers of small public power systems serving fewer than 2,500 meters. Given the limited resources of small systems, these successful public power managers wear numerous “hats” and assume multiple important community and utility roles.

Hodges was one of twenty individuals recognized for service to the American Public Power Association (APPA) and the public power industry during APPA’s National Conference in Seattle, Washington on June 20.

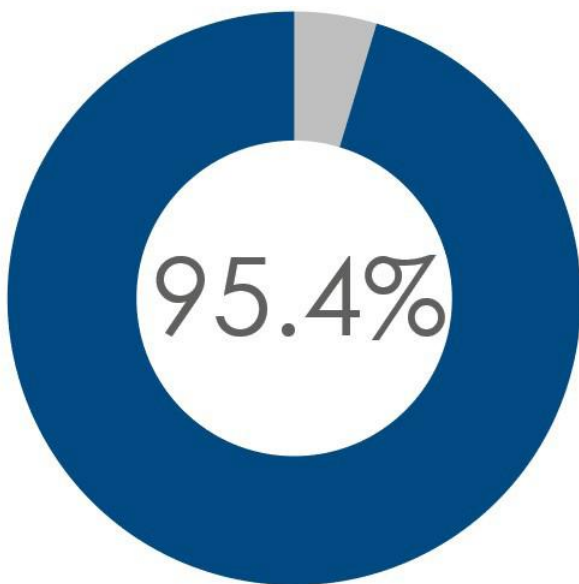
Barry has served as City Clerk / Administrator for the City of Minneapolis since 2005. A longtime leader for KPP Energy, Hodges served on the KPP Board of Directors from 2010 to 2018 and was elected KPP President in 2013. In addition, Hodges also serves on KMU’s Board of Directors and served as KMU President from 2021-2022.



Barry Hodges is pictured with Dave Osburn, APPA Awards Committee Chair and General Manager of Oklahoma Municipal Power Authority in Edmond, Oklahoma (L), and Tony Cannon, APPA Board of Directors Chair and General Manager/CEO of Greenville Utilities Commission in North Carolina (R).

Winter Storm Uri Progress

PERCENTAGE OF EXPENSES RECOVERED THROUGH JUNE 2023



Winter Storm Uri Total Expenses

\$21,063,883

Surcharge Recovered

\$20,087,514

Balance Remaining

\$976,369



July Board Meeting Review

COLIN HANSEN, CEO / GENERAL MANAGER

The KPP Energy Board of Directors held their regular monthly meeting on July 20, 2023 at the KPP offices in Wichita. A summary of meeting highlights is provided here.

June 2023 ECA Analysis

James Ging presented the monthly update relating to the June 2023 energy cost adjustment (ECA) calculation. Total cost was below budget \$1,078,952. Energy costs were below budget \$1,041,594, transmission costs were below budget \$175,197, and capacity costs were above budget \$141,989. Energy sales were below budget by 18%. In total, the ECA for the month was a negative 0.905 cents per kilowatt-hour (kWH), well below the budget estimate.

May 2023 Financial Statements

Vickie Matney, KPP Controller, presented the financial statements for the period ending May 31, 2023. Before moving to the update on Winter Storm Uri, Matney announced that Delaney Hirst is leaving KPP in early August. Delaney graduated in May and has gotten a full-time accounting position elsewhere. Matney thanked her for her dedication over the last two years.

Winter Storm Uri Surcharge

After collecting \$759,312 and applying the full amount to the state loan, KPP staff currently estimates that the agency will be slightly short to pay off the full amount in July due to lower energy sales. Staff recommended to the Board that the remaining amount of Winter Storm Uri costs be rolled into the July ECA which was agreed to unanimously.

Resolution to Increase KPP Line of Credit

An increase in KPP's line of credit was previously discussed in the June Board meeting. Staff returned at the July Board meeting with the necessary documentation to

proceed in increasing the agency's line of credit from \$12 million to \$18 million with BMO/Bank of the West. The motion to increase the line of credit passed unanimously.

Generation Task Force

KPP CEO & General Manager Colin Hansen presented a proposal to create a new task force made up of KPP members to deal with ongoing training and operations issues in our municipal power plants. The Board discussed challenges in training power plant operators due to fuel and other related costs and whether it might be appropriate for KPP to contribute to paying those costs to keep the agency's municipal generation fleet in top condition. Hansen noted that KPP staff's vision is formulating a task force with fairly narrow goals at the outset, focusing first on the issue of compensating cities for exercising and training in their power plants. Following Board discussion, it was determined that staff will present concept information at the next meeting on the goals and makeup of such a task force.



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July Board Meeting Review

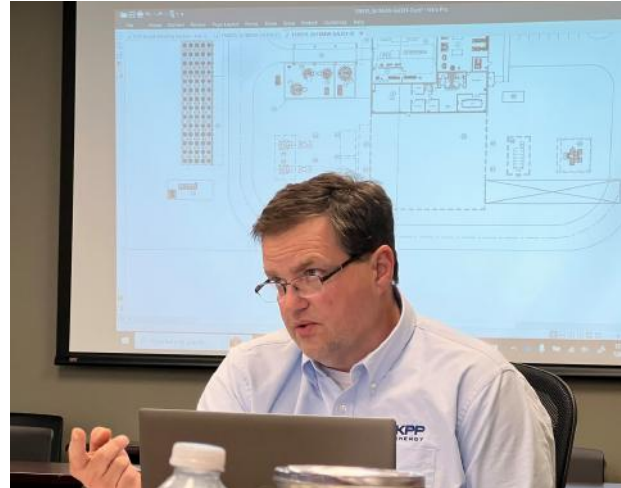
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Walnut Energy Center Update

Colin Hansen provided an update on site visits staff has made to several Wärtsilä plants in order to learn best practices and design flaws to avoid. James Ging presented updated drawings of the design for the new plant and detailed the layout for the Board. He noted that this design gives us an opportunity to add two additional engines in the future.

Power Affordable Clean Energy (PACE) Letter of Interest

KPP Director of Member Services Brooke Carroll provided a presentation on a Letter of Interest submitted to Rural Utilities Service (RUS)/USDA on July 10th applying for the Powering Affordable Clean Energy (PACE) program. KPP and KMEA submitted a Joint Letter of Interest with two separate solar projects (with a max amount of \$100 million), listing nine potential solar sites ranging from 1KW to 5KW for a total of 20MW. Net cost of the project,



including loan forgiveness and tax credits, would be approximately \$18.7 million. KPP Energy is under no obligation to move forward in submitting the letter of interest. However, the PACE program could potentially provide a very beneficial means for adding solar energy to the agency's portfolio.

KPP ENERGY

SAVE THE DATE

2023 KPP CONFERENCE

SEPTEMBER 28 & 29, 2023

HYATT WICHITA, KS

REGISTRATION OPENS SOON!

CONTACT: Brooke Carroll
bcarroll@kpp.agency

A promotional graphic for the 2023 KPP Conference. It features the KPP Energy logo at the top left. The main text reads "SAVE THE DATE" followed by "2023 KPP CONFERENCE" in large, bold letters. To the right, the dates "SEPTEMBER 28 & 29, 2023" and location "HYATT WICHITA, KS" are displayed. A yellow button says "REGISTRATION OPENS SOON!". At the bottom right, contact information for Brooke Carroll is provided: "CONTACT: Brooke Carroll" and "bcarroll@kpp.agency". The background is dark blue with yellow and white geometric shapes.

KPP Membership Appreciation Meeting - Wellington

JULY 26, 2023

KPP held a membership appreciation meeting in Wellington on July 26, 2023. 35 individuals representing seven KPP member communities attended the dinner and meeting at the Wellington Golf Course. In addition to networking and sharing information, attendees heard an update on KPP activities by CEO & General Manager Colin Hansen. Our thanks to the City of Wellington for hosting the event!



KPP Membership Appreciation Meeting - Minneapolis

JULY 27, 2023



KPP also held a membership appreciation meeting in Minneapolis on July 27, 2023. 37 individuals representing seven KPP member communities attended the dinner and meeting at the The Farm in Minneapolis. Attendees once again heard an update on KPP activities by CEO & General Manager Colin Hansen. Our thanks to the City of Minneapolis for hosting the event!



Is Your City Computing Sales Tax Correctly on Solar Customers?

BROOKE CARROLL, DIRECTOR OF MEMBER SERVICES

Recently, a KPP member city asked the question, “How should our billing staff compute sales tax on our solar customers? Is it computed on the energy sold/ consumed or after the credit for energy received?” We felt this was an excellent question and sensed there were probably other KPP members out there wondering the same thing. KPP Staff reached out to our General Counsel at Triplett Woolf Garretson, LLC (TWG) for an official answer to this question. TWG researched the issue with the Kansas Corporation Commission and the Kansas Department of Revenue and provided the following guidance:

Short Answer

When a net metering billing method is being used, sales tax should be computed using the final net reading, after applying the credit of customer-generated energy. However, with the parallel generation billing method, sales tax should be applied to the gross of all delivered energy without deduction or credit for customer-generated energy.

Parallel Generation vs. Net Metering

There are two different types of billing methods for retail customers, net metering and parallel generation. Both methods look at two specific meter readings, delivered and received. Delivered energy is the amount of electricity delivered to the customer and received energy is the amount of customer-generated electricity received by the utility company.

Under K.S.A. 66-1,184, all Kansas utilities must offer

a parallel generation accommodation; however, currently, only investor-owned utilities are required to offer net metering, although rural electric cooperatives and municipally owned/operated utilities may also offer net metering, but they are not currently required to offer net metering. To determine when/how sales tax should be determined for its customer generators, the utility provider must first determine which billing method is being used for the customer in question. Most KPP members only offer parallel generation, but the method does need to be confirmed by each member, and each member should consult with its City Attorney to make sure it is collecting and remitting the correct sales tax.

Net Metering

If the utility provider provides one-for-one net metering, the sales tax should be applied to the net of energy used after the customer-generated “credit” is applied. Following the net metering system, at the end of each billing cycle, the utility company should look at the kWh delivered and received. These delivered and received numbers are then subtracted from each other resulting in a charge (delivered > received) or a credit (delivered < received) for the difference. If the received kWh is higher, the excess is credited and appears as such within the billing details section of the customer’s bill. If the customer has a negative balance, that balance can sometimes roll over to the following month. If the delivered and received charges are combined into only one line item, only the final figure of that line item should be taxed. Because,

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Is Your City Computing Sales Tax Correctly on Solar Customers?

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under this billing method, the utility company combines the delivered and received kWh figures into only one end-of-the-month received kWh net reading, sales tax should only be applied to this final net reading.

Parallel Generation

The other billing method offered to customers is parallel generation. In this situation, the delivered and received readings do not offset each other. In parallel generation, two single electric meters or a special bilateral meter are installed at the customer-generator's site. One meter records electricity drawn from the grid, and the other records excess electricity generated by the customer-generator and fed back onto the grid. The customer-generator pays the retail rate for the electricity drawn from the grid. The local electric utility purchases the excess electricity at a rate based on the utility's avoided cost (the monthly system average cost of energy per kilowatt hour).

Here, all electricity the customer draws off the grid is billed at the customer rate and should be charged sales

tax. Then, on a separate line item on the customer's bill, the customer is credited, at the established rate, for any excess customer-generated energy received by the utility company. It should be made very clear that if the delivered energy and the received energy are on two separate line items, then each item should be treated like a separate transaction and should be taxed accordingly. Thus, under this billing method, the delivered "gross" energy drawn from the grid should be taxed before the credit of the customer-generated received energy is applied.

KPP Energy hopes this information helps our members with the evolving and growing issues related to the increased number of customers with customer-owned generation. If your city needs assistance with distributed generation policies and procedures, please contact Brooke Carroll at bcarroll@kpp.agency. Every member city should always consult with its own City Attorney or Tax Advisor to make sure it is collecting and remitting sales tax correctly.



GridEx VII

THE LARGEST GRID SECURITY EXERCISE IN NORTH AMERICA

NOV. 14 & 15, 2023

KMU TRAINING FACILITY, MCPHERSON, KS



KPP is bringing the most extensive, realistic, and valuable emergency grid response exercise to Kansas Municipals.

DO YOU HAVE A PLAN for an emergency or an attack on your electric grid?

What will you do if your emergency response personnel are overwhelmed assisting calls about substation fires? Do you know the proper protocols for responding to good and bad social media posts and news crews? At what point should supervisors get the City Managers involved about questionable events? What if you have witnessed strange or unauthorized people around your electric assets? What if your line workers are targeted personally at their own homes? Should you contact the FBI? So many things can go wrong!

WHAT IS GridEx VII

The North American Electric Reliability Corporation's (NERC) Electricity Information Sharing and Analysis Center (E-ISAC) will facilitate its seventh biennial grid security exercise, GridEx VII, on November 14 and 15, 2023. GridEx VII provides the electricity industry, government agencies, and other relevant organizations the opportunity to exercise emergency response and recovery plans in the event of simulated cyber and physical security attacks and other contingencies that may affect North America's electricity system.

WWW.KPP.AGENCY

SIGN-UP TODAY!

TO MAKE SURE THIS EVENT IS A SUCCESS, WE NEED YOU!

GOALS & OBJECTIVES

The goal of GridEx VII is to exercise the resilience of the North American electricity system in the face of a coordinated attack from a nation-state adversary.

GridEx VII objectives include the following:

- Exercise incident, operating, communications, mutual assistance, and crisis management response plans
- Respond to imminent cyber, physical, and other threats with the potential to affect the reliable operation of the grid
- Enhance coordination with state/provincial and local governments, suppliers supporting critical operations, and industry partners to facilitate restoration
- Manage interdependencies with natural gas sector, telecommunications sector, and other critical infrastructure sectors
- Exercise response to IT and communications systems failures
- Respond to emergency events in a remote or hybrid environment with reduced staff availability and limited access to resources

PARTICIPATING IN GridEx VII

GridEx VII is a de-centralized exercise, designed for all electricity organizations across North America. KPP Planning Team have prepared all year to bring this coordinated two-day activity to Kansas Municipalities. This event is not just a cyber security event, but a complete simulated attack on a municipal electric grid. This year's event also incorporates municipal gas and water utilities attacks as well. Participants have the choice at registration to register as part of their own municipal organization or grouped with others. The exercise events escalate, and participants will have the opportunity to react and determine how to manage situations. At the conclusion, you should be able to begin creating or re-evaluating your own emergency response plans for your organization. All city staff are encouraged to attend and participate.

SIGN-UP TODAY!

TO MAKE SURE THIS EVENT IS A SUCCESS, WE NEED YOU!

ALL KANSAS MUNICIPALITIES ARE INVITED

City Managers, IT Staff, City Clerks, Utility Workers, Supervisors, Police, Fire, Billing Staff, Mayors, City Council, Etc.

REGISTER

WWW.KPP.AGENCY

Continue below to learn more about the GridEx VII Presenters



GridEx VII Presenters

- **Sam Alva, KCEM - Cybersecurity Advisor**

U.S. Department of Homeland Security Cybersecurity and Infrastructure Security Agency

Presentation – “Federal Cybersecurity Resources Available to Municipalities”

Sam will discuss who CISA is and what physical and cyber resources they can offer to State, Local, Tribal, and Territorial members for free. He will also explain how to prepare for an incident and how CISA can help if one occurs.

Samuel Alva serves as the Cybersecurity Advisor for Region IIV. As a CSA, Samuel contributes to the development of the national risk picture by assisting with the identification, assessment, monitoring, and minimizing of risk to critical infrastructure. Samuel engages as a physical and cyber technical security advisor with Federal, State, local, tribal, and territorial government mission partners and members of the private sector stakeholder communities. CSAs serve as the link to Department of Homeland Security (DHS) infrastructure protection resources; coordinate security and resiliency assessments, training, and provide a vital link for information sharing in steady-state and during incident response.

- **Allie Denning - Director of Public Affairs**

Office of Information Technology Services

Presentation – “Addressing the Press and the Public During a Crisis”

Allie will discuss and train on crisis communication. Communicating with stakeholders and the press is critical to managing a crisis. In this presentation, participants will learn some key basics for how to communicate when faced with an emergency.

Allie joined the Office of Information Technology Services (OITS) in January 2022 as the Director of Public Affairs. Allie came to OITS after serving as the Public Information Officer for the Kansas Department of Administration. In her role, Allie is responsible for working with the Kansas legislature to ensure support for the agency’s budget and legislative agenda. She’s also responsible for agency communications and providing support on special projects. Administration from Kansas State University and a Mini MBA for Tech Executives from Boston University.

- **Valerie Larson-Holmes - Director of Communications**

Missouri River Energy Services, Cybersecurity and Infrastructure Security Agency

Presentation – “How to Put Together a Crisis Communication Plan”

Valerie will explain what defines a crisis, the components of an effective communication plan, and how to develop, test, and refine the plan.”

Valerie Larson-Holmes is Director of Communications for Missouri River Energy Services (MRES). She joined MRES in 2001 and is responsible for managing member and public relations, communications, branding, advertising campaigns, websites, reports, newsletters, and other internal and external publications. Valerie has more than 30 years of experience in communications and marketing for utilities, land-grant universities, and advertising agencies. She graduated with a bachelor’s in agricultural journalism and economics from Iowa State University in Ames. She is currently Vice Chair of the American Public Power Association’s Communications Section and is a member of the Public Relations Society of America and the South Dakota Advertising Federation. Valerie also serves on the Public Affairs Committee of the National Hydropower Association.

GridEx VII Presenters Continued

- **Erin McGinnis, ACRP** - *Director of Statewide Cyber Collaboration & Preparedness*

Kansas Information Security Office (KISO)

Presentation – “Executive Level Response – How Managers and Governing Body Can Be Prepared to Respond to a Crisis or Disaster”

Erin will provide a discussion on how management and governing body members should plan to lead their staff during a crisis. She will give you tools to prepare staff to act in an efficient and effective way when time is of the essence.

Erin McGinnis serves as Director of Statewide Cyber Collaboration & Preparedness in the Kansas Information Security Office (KISO). In her role, she spends her days preparing people and organizations to expect the unexpected. In her time with the KISO, she has made significant progress in developing the business continuity program and posture of the State as well as developing partnerships that foster whole-of-state cybersecurity collaboration. The KISO provides cybersecurity services to the State of Kansas’ executive branch agencies, boards, and commissions to help maintain a secure information network that facilitates the business of the State, protects privacy, and reduces risk.

- **Rick E. Whitson, KCEM**

- *Montgomery County Director of Emergency Management, District Fire Chief, Deputy Corone*

Presentation – “County Emergency Management Resources – How the County Can Help”

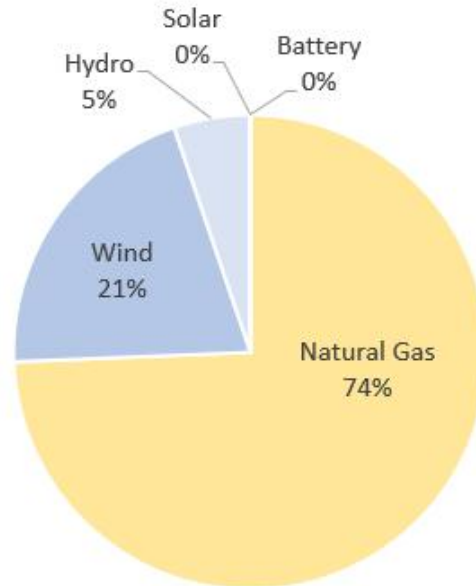
Rick will present on the services and resources available to counties and cities when a physical, cyber, or a weather-related crisis occurs through county collaboration efforts. He will explain how to call on those in your county equipped to help in the event strikes your city.

Rick Whitson is the County Director of Emergency Management for Montgomery County which is in Southeast Kansas. Rick has been in this position, as well as the District Fire Chief and Deputy Coroner for the past six years. Prior to this position, he was the Captain and Advanced EMT on a combination Fire/EMS department for 20 years. His department consisted of five fire apparatuses and five ambulances, averaging over 3,500 calls per year. Overall, Rick has been involved in emergency response, incident command, planning, preparing, and mitigating emergencies for over 26 years. Rick has resided in Independence, Kansas for nearly all his life and enjoys spending time with his wife Erica and two sons, Boston and Phoenix.



KPP Resources by Fuel Source

JUNE 2023



Event Calendar

2023 DATES TO REMEMBER

AUGUST 17, 2023

KPP Board Meeting

SEPT. 28, 2023

KPP Board Meeting

SEPT. 28-29, 2023

KPP 2023 Conference

OCTOBER 1-7, 2023

Public Power Week

OCTOBER 19, 2023

KPP Board Meeting

NOVEMBER 3, 2023

KPP Rate Forum
McPherson, Kansas

NOVEMBER 14-15, 2023

GridEx VII
McPherson, Kansas

NOVEMBER 16, 2023

KPP Board Meeting

DECEMBER 8, 2023

KPP Annual Members Meeting & Board Meeting
McPherson, Kansas