KPP ENERGY

Board of Directors Meeting
Official Minutes from October 23, 2025
Wichita, KS and Virtually

1. **Call to Order and Determination of a Quorum**

   With the determination of a quorum, Lou Thurston called the October 23, 2025, Board of Directors meeting to order at 10:00 AM.

   Board Members Present: Stacy Barnes, Greg Graffman, Tim Johnson, Chris Komarek, Jason Newberry, Alan Schneider, Scott Glaves, Gus Collins, and Lou Thurston.
   Board Member Absent: None.
   Others Present: Matt Stiles (Hillsboro).
   Others Present Virtually: J.T. Klaus (Spencer Fane), Angie Hicks (Augusta), Leslie Stephan (Mount Hope), Marc Cain (Augusta), Brian Wells (Marion).
   KPP Staff Present: Eric Alexander, Leslie Atherton, James Ging, Colin Hansen, Vickie Matney, Ivan Seward, Mike Shook, and Jessica Venters.

2. **October 2025 ECA Analysis** – *James Ging*

   Chief Operating Officer James Ging walked Board members through the September 2025 ECA presentation. He noted that the total costs were under budget by $490,561.19. Transmission costs were below budget $125,844.94; energy costs were below budget $416,517.05; and capacity costs were above budget $54,968.93 In terms of sales, demand and energy both were both below expected – 14% and 11%, respectively. Ultimately, this resulted in an actual ECA of negative $0.00210 versus budgeted negative $0.00272.

3. **Consent Agenda**

   a. **Minutes of the September 24, 2025, Board of Directors Meeting**
   b. **Monthly Invoices & Payment Schedule**
      Lou Thurston requested a motion to approve consent agenda items as listed above. Motion was made by Chris Komarek and seconded by Scott Glaves. Motion carried.

4. **Review & Closing of Agenda** – *Colin Hansen*

   CEO Colin Hansen provided an overview of the meeting's agenda. No revisions were made. Scott Glaves moved and Stacy Barnes seconded to close the agenda, and all members voted in favor of the same.

5. **CEO Report** – *Colin Hansen*

   General Manager and CEO, Colin Hansen, provided an industry update:
   - Senate voted to confirm two new Federal Energy Regulatory Commissioners – Laura Swett and David LaCerte.
   - The Department of Energy is making efforts and the Environmental Protection Agency is pushing to keep existing coal plants open.

6. **Financial Report** – *Vickie Matney*

Chief Financial Officer Vickie Matney presented written financial statements for the period ending August 31, 2025, showing a net position before DAI of $8.25 million for the year. Collection and Disbursement of Generation Resource ECA Funds totaled around $8.3 million as of August 2025. She also provided key financial metrics for the organization's current position. Scott Glaves moved and Gus Collins seconded to approve the financials as presented. Motion carried.

7. **Market Update** – *Eric Alexander*

Chief Strategy Officer Eric Alexander provided the market update, including weather outlooks, degree days, load prices, average energy prices, natural gas storage and prices.

8. **New Business**

   a. **PACE Funding Update** – *Colin Hansen*

   CEO & General Manager Colin Hansen advised it necessary to make sure KPP can extend the financing in place for PACE in the event the USDA loan forgiveness does not come through by December. The slowdowns that have already occurred as well as the current government shutdown have caused some anxiety about the timing.

   To fund the PACE project, $51.67 million of temporary financing was issued on December 30, 2024. The estimated completion date of the PACE project is May 2026. Once the projects have been online for 30 days, KPP can apply for the USDA loan. Hopefully, that is no more than a ninety-day process, but Hansen admitted that may be overly optimistic. On July 1, 2026, KPP would then apply for the Investment Tax Credits on the solar installations, and the government would have until December 15, 2026, to issue them.

   Because all of that may not line up, in a proactive approach, Hansen and Chief Financial Officer Vickie Matney asked Greg Vahrenburg to reach out to current lender to see if they would consider an extension. The lender said they were generally amenable to a short-term extension of the loan if needed in the spring but did attach some conditions.

   b. **Capitalization of Interest for PACE Project** – *Vickie Matney*

   Chief Financial Officer Vickie Matney discussed the capitalization of interest for the PACE project. She discussed the GASB 89 rules and GASB Statement 62 for this.

   On the recommendation of Matney, Lou Thurston moved that the KPP Board of Directors authorize the establishment of a regulatory asset to record capitalized interest costs incurred during the construction of the PACE Solar Project, in accordance with GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance. The regulatory asset will capture interest costs incurred during construction that, under GASB Statement No. 89, would otherwise be recognized as period expenses. Because these costs are expected to be recovered through future rates, deferral as a regulatory asset is appropriate under the provisions for regulated operations established by GASB 62. Chris Komarek seconded, and the motion passed unanimously.

c. **Resolution of Intent to Refinance 2015A Bonds (Resolution 2025-10-23)** – *Vickie Matney*

Members were provided with a proposed resolution declaring intent to refinance 2015A bonds. Chief Financial Officer Vickie Matney provided the details on the original issuance of $14.86 million, noting the remaining amount as of December 1, 2025, is $7.4 million. Refinancing could potentially save $228,700 over six years if interest conditions are met. Tim Johnson moved to approve Resolution No. 2025-10-23, authorizing the refunding of KPP's series 2015A Bonds. Greg Graffman seconded, and the motion passed unanimously.

d. **Tenaska Contract Extension & Modifications** – *Eric Alexander*

Chief Strategy Officer Eric Alexander noted KPP's current contract with Tenaska expires in October of 2026, requesting a five-year extension with changes effective October 1, 2025. The additional contract does not increase the price. The extension provides additional value by a change in the ARR / TCR revenue-sharing agreement. The new agreement would increase KPP's share of the revenues though both would continue to equally split the downside risk. Depending on the ARR / TCR market, this could equate to a significant amount of dollars back to KPP Energy. Gus Collins asked if there were other providers of these services, and if so, if they had been vetted. Alexander spoke of his experience with another provider but acknowledged that an RFP for these services had not been put out. CEO Colin Hansen mentioned The Energy Authority (TEA) but noted they seem to work with much larger public power entities. Tim Johnson moved and Greg Graffman seconded to authorize staff to execute the terms as presented subject to approval of general counsel.

e. **SPP 2025 Integrated Transmission Plan (ITP)** – *James Ging & Eric Alexander*

Chief Operating Officer, James Ging, noted Southwest Power Pool is under increased pressure to connect large loads and adjusting policy to accommodate large loads, such as AX Process (Amended AQ), HILLS and CHILLS, and ERAS. The 2025 ITP is the largest portfolio presented in SPP history, and approval of it by TWG was narrow. Most agree on the need, but disagreement remains about affordability and cost allocation. Ging provided information on rate impacts if the load develops vs. if it does not develop. The SPP Board will vote on it November 1, 2025. He also noted that the 2026 ITP is likely to be large as well.

9. **Old Business**

a. **CAT Generation Purchase** – *Colin Hansen*

CEO and General Manager Colin Hansen provided information on the resource adequacy risk to the pool and mitigation. Next, Chief Operating Officer James Ging provided information on KPP's existing capacity position today:

Yearly Requirements Summary	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Net Peak Demand	193.33	195.68	196.00	196.61	197.41	197.99	199.48	200.46	201.48	202.66	203.75
SPP Planning Reserve Margin (%)(ACAP)	15%	7.0%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%
Resource Adequacy Requirement	222.33	209.38	212.66	213.32	214.19	214.82	216.44	217.50	218.61	219.89	221.04
Excess Capacity (Deficient Capacity)	17.10	30.05	26.76	26.10	25.23	19.60	17.98	16.93	15.81	14.54	13.38
EFORd Adjustment	0	25	25	25	25	25	25	25	25	25	25
EFOF Adjustment (Winter)	0	0	0	0	0	0	0	0	0	0	0
Capacity (Deficient Capacity) Adjusted	17.10	5.05	1.76	1.10	0.23	(5.40)	(7.02)	(8.07)	(9.19)	(10.46)	(11.62)
PPA 10 MW	5	5	5	5	5						
PPA 15 MW		10	10	10							
PPA 10 MW											
WEC					0	0	0	0	0	0	0
Erie Energy Center June 2030						0	0	0	0	0	0
CAT 4 MW Diesel Units				0	0	0	0	0	0	0	0
Cooper Refurbished Units							0	0	0	0	0
Dogwood Expansion 2033(worst Case)								0	0	0	0
10 MW Catalyst BMG		0	0	0	0	0	0	0	0	0	0
BTM Units		0	0	0	0	0	0	0	0	0	0
Resource Plan 26-35 (Current Position)	22.10	20.05	16.76	16.10	5.23	(5.40)	(7.02)	(8.07)	(9.19)	(10.46)	(11.62)

Next, he outlined KPP's position with risks:

Yearly Requirements Summary	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Capacity (Deficient Capacity) Adjusted	17.10	5.05	1.76	1.10	0.23	(5.40)	(7.02)	(8.07)	(9.19)	(10.46)	(11.62)
Chanute	5	5	5	5	5						
Heartland		10	10	10							
Future PPA											
Walnut Energy Center					0	0	0	0	0	0	0
Erie Energy Center June 2030						0	0	0	0	0	0
CAT 4 MW Diesel Units				0	0	0	0	0	0	0	0
Cooper Refurbished Units							0	0	0	0	0
Dogwood Expansion 2033(worst Case)								0	0	0	0
BTM Units		0	0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0	0
Resource Plan 26-35 (Current Position)	22.10	20.05	16.76	16.10	5.23	(5.40)	(7.02)	(8.07)	(9.19)	(10.46)	(11.62)
Risk to Consider											
Large unit failure	0	25	25	25	25	25	25	25	25	25	25
Growth		10	20	30	30	30	30	30	30	30	30
Performance adgustments		2	3	4	5	5	5	5	5	5	5
Balance	22.10	(16.95)	(31.24)	(42.90)	(54.77)	(65.40)	(67.02)	(68.07)	(69.19)	(70.46)	(71.62)

Potential capacity additions were listed as follows:

Yearly Requirements Summary	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Capacity (Deficient Capacity) Adjusted	17.10	5.05	1.76	1.10	0.23	(5.40)	(7.02)	(8.07)	(9.19)	(10.46)	(11.62)
Chanute	5	5	5	5	5						
Heartland		10	10	10							
Future PPA											
Walnut Energy Center					0	0	0	0	0	0	0
Erie Energy Center June 2030						16	16	16	16	16	16
CAT 4 MW Diesel Units				10	10	10	10	10	10	10	10
Cooper Refurbished Units							0	0	0	0	0
Dogwood Expansion 2033(worst Case)								0	0	0	0
BTM Units		9	9	9	9	9	9	9	9	9	9
		0	0	0	0	0	0	0	0	0	0
Resource Plan 26-35 (Current Position)	22.10	29.05	25.76	35.10	24.23	29.60	27.98	26.93	25.81	24.54	23.38
Risk to Consider											
Large unit failure	0	25	25	25	25	25	25	25	25	25	25
Growth		10	20	30	30	30	30	30	30	30	30
Performance adgustments		2	3	4	5	5	5	5	5	5	5
Balance	22.10	(7.95)	(22.24)	(23.90)	(35.77)	(30.40)	(32.02)	(33.07)	(34.19)	(35.46)	(36.62)

Director of Energy Services, Mike Shook, then presented information on a Capacity Addition Plan to continue pursuit of Dogwood Expansion for primary capacity addition, continued development of the Walnut Energy Center by maintaining spot in SPP GI Queue and to utilize as backup if the Dogwood expansion fell through, and finally, to begin working on installation of small generation.

Shook outlined the purchase options currently available -- four (4) new Caterpillar C175 Tier 4 3-MW diesel generators, three (3) re-manufactured Cooper Machinery 3 MW and 6 MW units, and a to-be-determined number of Kohler-Rehlko engine gensets (1.5 MW, 2.5 MW, and 3.5 MW).

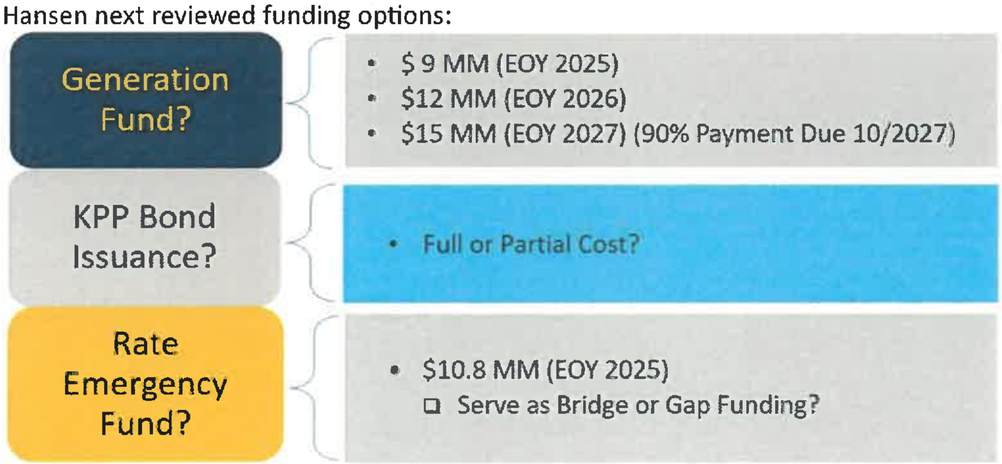
Details of the Caterpillar generation purchase option were provided by Shook, landing at a total of $11.6 million. The estimated completed project cost is estimated to be $13.488 million. Engineering, interconnection, and construction and catalyst would be additional costs of approximately $475,000. The current delivery schedule is Quarter 3 of 2027 at the latest. Should KPP sign the sales agreement and then decide to cancel, they must do so within 180 days and be subjected to a 25% restocking fee.

CEO and General Manager Colin Hansen provided the details on execution of the Caterpillar generation sales agreement, noting the following schedule:
No payment due at time of execution.
Milestone 1 – 90% payment due: October 2027 $10.44 million
Milestone 2 – 10% payment due: After start-up $1.6 million
Delivery is estimated at Quarter 3 2027.

Next, Hansen went over Ownership Structure Options:

Chief Strategy Officer Eric Alexander then provided an example of the city rate impact for reciprocating engine purchase at the 70 / 30 hybrid option, showing the monthly payment (over 20 years at 5% interest) for one 3-MW unit would be around $6,700.

Hansen next reviewed funding options:



He also shared with the Board information on the impact to days of cash on-hand as provided to him by CFO Vickie Matney.

Shook covered location determinations for siting units – CAT & Kohler, which could largely be based on N-1 Reliability Assessment. This would include scoring criteria for historical transmission reliability metrics (if available), transmission supply, transformation, and current local generation capability.

He also covered location determinations for siting units – Cooper, noting commitment from generation member, available "open bays," and ability to secure transmission with limited upgrade costs. Additional benefits of siting Cooper units at generating cities were discussed – revenue stream, experienced staff.

Jason Newberry and Tim Johnson spoke to the inequity of a hybrid option for this project versus cities who currently own generation and are left holding 100% of the expenses for their generating units. Hansen commented that staff are trying to ease the burden by way of offering the generation repair fund and working into the upcoming budget the establishment of an availability payment.

Hansen advised the staff recommendation is to purchase the four build slots for Caterpillar 3-MW units but acknowledged it is without knowing fully where they will go or how they will be paid for.

After discussion about location, off-ramps, ownership structure, portfolio diversity, and funding options, ultimately, Greg Graffman moved and Tim Johnson seconded to execute the $11.6 million sales agreement from Foley Equipment as presented with siting, ownership structure, and funding mechanism to be determined. Motion carried with seven "yes" votes; Jason Newberry and Scott Glaves voted in opposition.

Chris Komarek moved that the meeting be recessed for twenty minutes for lunch. Tim Johnson seconded, and the motion passed unanimously.

At 12:53 PM, the meeting resumed.

b. Walnut Energy Center – *Mike Shook*

Director of Energy Services, Mike Shook, provided the following updates on the Walnut Energy Center project:

- Staff drafted a letter to KDHE to notify them of our intent to not seek issuance of a Major Source PSD Permit and plans to file for a new construction air permit upon determination of technology.
- The GIA is complete and has been submitted to FERC for approval. After fees to SPP and Gridliance are paid, there will be a credit balance of $58,000.

c. PACE Solar Project Updates – *James Ging*

Ging provided the following PACE project updates:

- Progress on civil engineering and electrical engineering, geotechnical reports, and site milestones was noted.

- Construction timeline remains the same – starting in December 2025 and ending in May 2026.

10. Operations Report – *James Ging*

COO James Ging submitted his written report.

11. Energy Services Report – *Mike Shook*

The Energy Services Report was submitted as written by Mike Shook.

12. Member Services Report – *Leslie Atherton*

Leslie Atherton, Director of Member Services, submitted her written report to the Board and provided additional information on Conference success and Public Power Week results.

13. General Counsel Report – *J.T. Klaus*

Members were provided with J.T. Klaus's General Counsel Report in written form.

14. Special Announcements

CEO Colin Hansen reminded Board members to register for the upcoming Rate Forum on November 7^{th} and the Annual Membership Meeting on December 12^{th}.

15. Adjourn

At 1:22 PM, President Thurston declared the meeting adjourned.

Respectfully submitted by KPP Energy Board Secretary:

Stacy Barnes, Secretary — Date: 11/20/25

Approved by KPP Energy Board President:

Lou Thurston, President — Date: 11/20/25