Citizen Comments: Brent Schondelmeyer

IPL Capacity Request for Proposal
Public Utilities Advisory Board
April 18, 2019

Please accept these written comments on the IPL Power Supply RFP.

My name is Brent Schondelmeyer. I live at 3704 S. Grand and am a member of Indy Energy, a citizen group that has promoted broader community engagement and understanding about the opportunities and responsibilities for providing public power to over 55,000 customers in our community.

The comments will be brief.

We support the closure of the city-owned Blue Valley power plant.

We understand the need to obtain sufficient capacity to meet the 12% in excess of demand.

The staff analysis and evaluation report identifies the Oneta options – 10, 15 or 20-years capacity only or capacity and energy – represent the most cost effective way to secure capacity.

The Oneta Option

There are some questions I would raise about the Oneta option.

Public presentations on the Power Supply RFP Evaluation said one of the "pros" for the Oneta proposal is:

> "IPL would be able to annually adjust the contract capacity to match its load requirements as it experiences changes in peak demand."

It would be helpful to have a fuller understanding how adjustable an Oneta contract actually would be.

- Is the 45 MW an annual requirement for the length of the contract?
- Is it possible to reduce the contract capacity below the 45 MW in any given year?
- Is the flexibility limited to the amounts between 45 MW (annual minimum) and 75 (annual maximum)?
- Is there a cancellation penalty for early termination of the agreement

The proposed ordinance on the April 15 City Council agenda is for 45 MW and includes some general summary of the contract provisions; an actual contract is not yet available.

These questions become important relative to the length of the Oneta contract. There appears to be little cost differential in capacity only pricing based on figures in Table 2 of the evaluation report. **(See Table 2)**

While there is a value in having fixed predictable pricing, long-term fixed pricing limits the opportunity to take advantage of over-the-horizon opportunities to provide firm deliverable capacity through options such as wind energy with battery storage.

There is tremendous wind capacity within the Southwest Power Pool which will become deliverable firm capacity with the industrial development of battery storage.

Table 2 – Proposal Summary

Proposals	Location	Product(s)	Size (MW)	Term	Capacity Pricing ($/kW-year)	Energy Pricing	Notes
Dogwood Purchase	Pleasant Hill, MO	SPP Capacity and Energy	50-70	Life	$44	$1.40/MWh + $2,618/start + 6.88 MMBtu/MWh * ($Southern Star/MMBtu + $0.17/MMBtu)	$525/kW
Able Grid Storage PPA	Blue Valley 161 kV Substation	SPP Capacity Only	12.5	2021 - 2040	$100	N/A	Also offered 5 and 10-year terms at slightly higher cost
				2022 - 2041	$80		
				2023 - 2042	$64		
			25	2021 - 2040	$102		
				2022 - 2041	$88		
				2023 - 2042	$77		
			50	2021 - 2040	$129		
				2022 - 2041	$117		
				2023 - 2042	$108		
NextEra PPA	SPP	SPP Capacity Only	25 - 50	2020	$10	N/A	Capacity sourced from renewable resources
				2020 - 2024	$23		
				2020 - 2029	$33		
NextEra 3x0 Recips Purchase + Storage PPA	Blue Valley 161 kV Substation	SPP Capacity and Energy (Paper Capacity 2020-2021)	54	2022 +	$172	$7.18/MWh + 8.65 MMBtu/MWh * ($Southern Star/MMBtu + $Spire/MMBtu)	Recips $1,996/kW
			15	2025 - 2044	$122	$18.41/MWh	Storage
NextEra 4x0 Recips Purchase			73	2022 +	$157	$7.18/MWh + 8.65 MMBtu/MWh * ($Southern Star/MMBtu + $Spire/MMBtu)	Recips $1,807/kW
The City of Lincoln, NE PPA	Lincoln, NE	SPP Capacity Only	50	2020	$11	N/A	
			13	2021	$15		
			3	2022	$17		
Morgan Stanley PPA	SPP South Hub	SPP Capacity and Energy	25-50	2020 - 2024	$42	$21.70/MWh	7x24 Must Take Energy
			25-50	2020 - 2029	$132	$23.00/MWh	
			25-50	2020 - 2034	$132	$24.25/MWh	
Oneta Power PPA	Coweta, OK	SPP Capacity and "Look-Back" Energy	50 - 70	2020 - 2029	$24 - $69	$1.05/MWh + $2,522/start + 7.15 MMBtu/MWh * ($ Panhandle/MMbtu + $0.48/MMBtu)	Years 1-3 Capacity Only
				2020 - 2034	$24 - $73		
				2020 - 2039	$24 - $78		
		SPP Capacity Only		2020 - 2024	$27 - $30	N/A	
				2020 - 2029	$27 - $34		
				2020 - 2034	$25 - $34		
				2020 - 2039	$23 - $35		
Tenaska PPA	Longview, TX	SPP Capacity	50	2020 - 2024	$24 - $29	N/A	
		SPP Capacity and Call Option Energy			$33 - $39	11.25 MMBtu/MWh * ($ Henry Hub/MMBtu + $0.15/MMBtu)	

Here's a headline from just last month

Renewables 'have won the race' against coal and are starting to beat natural gas
Mar 29, 2019
The rapidly dropping cost of renewable energy has upended energy economics in recent years, with new solar and wind plants now significantly cheaper than coal power.

But new research shows another major change is afoot: The cost of batteries has been declining so unexpectedly **rapidly that renewables plus battery storage are now cheaper than even natural gas plants in many applications**, according to a report released this week by Bloomberg New Energy Finance (BNEF).

BNEF analyzed pricing data from almost 7,000 power projects in 46 countries that span 20 energy technologies, including coal, gas, nuclear, battery storage, solar photovoltaics (PV), and wind.

They report that electricity prices "for onshore wind, solar PV and offshore wind have fallen by 49 percent, 84 percent and 56 percent respectively since 2010." Costs for lithium-ion battery storage have dropped 76 percent since 2012 — and plunged 35 percent in the past year alone.

These price drops have been global game changers.

> *"SPP dispatches the most reliable and lowest-cost generation to meet load, remaining agnostic to fuel sources (i.e., SPP doesn't favor fossil fuels, renewables or any other particular generation type over another)," the release states.*

Wind is a growing part of that. The release notes:

> *"In 2008, wind energy made up just 3 percent of SPP's annual energy production: about six gigawatt-hours (GWh) of the 176 GWh produced that year. In 2018, SPP produced 276 GWh of energy, of which wind made up 23 percent or 65 GWh. At a given moment, SPP has reliably met as much as 69 percent of its load with renewable resources and 64 percent with wind alone: a level that would have been unthinkable just a few years ago."*

Over the past decade, SPP has invested $10 billion in transmission infrastructure to move wind and solar energy to where it is needed.

We believe the further development of wind (combined with industrial development of battery storage) will occur early on in a 20-year capacity contract with a natural gas fired plant.

Recommendation: Enter into a five-year capacity only contact with Oneta at $27/kw year (Table 2) which is the same as the 10-year rate.

A 20-year contract seems too long. Just seven years ago, IPL was looking to buy into or build a coal-power plant.

The Dogwood Option

There has been some discussion about expanding IPL's ownership interest in the Dogwood Energy Center in Pleasant Hills.

For the same reasons cited above, this would be a poor if not imprudent choice.

In 2012, IPL decided to pay $45.8 million for 75 MW which was a 12.3% ownership interest in the power plant. IPL's purchase was funded through a bond issue. By virtue of its ownership interest, IPL has a seat on an operating committee.

As of June 30, 2018, there is a balance of $33.1 million left on the 2012 bond issue which has a maturity date of June 2037. The bonds are callable in 2021 which would provide an opportunity to restructure the debt at that time.

This option would require a more thorough review of Dogwood's current financial performance and due diligence relative to assuming expanded risks and opportunity for expanded ownership.

Attached is a copy of the approved 2019 Dogwood Energy Facility annual budget and 2020-23 forecasts obtained through an open records request.

The forecast (next page) shows project net cash flow for the five-year period 2019-2023.

DOGWOOD ENERGY FACILITY -- BUDGET 2019 Approved Page 2

CASH FLOW STATEMENT FORMAT

($000)

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	2019	2020	2021	2022	2023
Generation (GWh)	136	96	62	143	173	208	257	231	150	140	82	214	**1,893**	1,959	1,962	1,908	1,859
Revenues																	
Day-Ahead Energy Sales	4,790	3,224	1,954	4,458	5,401	6,954	8,971	7,873	4,986	4,460	2,419	7,015	**62,504**	63,193	63,082	62,757	63,210
Real Time Energy Optimization	-	-	-	-	-	-	-	-	-	-	-	-	**-**	-	-	-	-
Ancillary Services	96	64	39	89	108	139	179	157	100	89	48	140	**1,250**	1,264	1,262	1,255	1,264
Total Revenues	**4,886**	**3,288**	**1,993**	**4,547**	**5,509**	**7,093**	**9,151**	**8,030**	**5,085**	**4,549**	**2,467**	**7,156**	**63,754**	**64,457**	**64,343**	**64,013**	**64,474**
Variable Operating Expense																	
Fuel	3,306	2,308	1,416	2,890	3,462	4,213	5,240	4,742	3,075	2,855	1,704	4,653	**39,865**	39,098	38,261	37,629	37,658
VOM Consumables	160	113	73	169	239	352	410	379	177	165	97	253	**2,587**	2,732	2,791	2,767	2,751
LTSA Variable Charge (Cash Basis)	-	302	-	-	248	-	-	918	-	-	1,332	-	**2,800**	3,894	3,883	3,864	3,834
Fuel Variable Transport	11	7	5	11	14	16	20	18	12	11	6	17	**148**	153	154	149	146
Total Variable Operating Expense	**3,477**	**2,730**	**1,494**	**3,070**	**3,963**	**4,581**	**5,670**	**6,057**	**3,265**	**3,031**	**3,139**	**4,922**	**45,400**	**45,877**	**45,088**	**44,409**	**44,388**
Energy Gross Margin	**1,409**	**558**	**499**	**1,477**	**1,547**	**2,511**	**3,481**	**1,973**	**1,821**	**1,518**	**(672)**	**2,233**	**18,354**	**18,580**	**19,256**	**19,603**	**20,087**
Fixed Operating Expense																	
Plant Labor	311	771	307	352	312	313	312	308	312	354	317	322	**4,291**	4,377	4,465	4,554	4,645
Planned Projects	9	228	30	27	1,400	114	210	210	58	25	579	30	**2,920**	2,700	2,754	2,809	2,865
Recurring Maintenance & Services	157	280	164	162	476	160	208	180	161	158	434	154	**2,693**	2,747	2,802	2,858	2,915
Water (Fixed)	28	28	28	28	28	28	28	28	28	28	28	28	**338**	338	338	338	-
Purchased Electricty	46	46	46	46	46	46	46	46	46	46	46	46	**550**	561	572	584	595
Fixed Fuel Transportation Expense	359	324	292	203	272	311	322	322	263	210	203	359	**3,441**	3,441	3,441	3,441	3,441
Insurance Costs	150	-	-	850	-	-	-	-	-	-	-	-	**1,000**	1,020	1,040	1,061	1,082
EMA Fixed Fee	36	36	36	36	36	36	36	36	36	36	36	36	**435**	444	453	462	471
DPM & Professional Support	44	215	40	40	250	29	32	210	29	29	210	29	**1,157**	1,180	1,203	1,227	1,252
Total Fixed Operating Expenses	**1,141**	**1,930**	**942**	**1,743**	**2,821**	**1,038**	**1,193**	**1,339**	**933**	**886**	**1,854**	**1,005**	**16,825**	**16,808**	**17,068**	**17,334**	**17,267**
Capital Expenditures	-	1,132	-	314	-	-	100	-	-	568	1,290	-	**$3,403**	1,376	2,685	2,610	500
Net Cash Flow	**267**	**(2,503)**	**(443)**	**(580)**	**(1,275)**	**1,473**	**2,188**	**634**	**887**	**64**	**(3,816)**	**1,229**	**(1,873)**	**396**	**(498)**	**(341)**	**2,319**

Here's a summary for the five-year period shows **a net cash flow of $3.**=

2019	-$1,873
2020	$396
2021	-$498
2022	-$341
2023	$2,319
5-year Total	$3

The Dogwood Q4 2018 Report contains significant operating detail but also this sobering financial assessment:

> *"For the full year 2018, Dogwood ended with $2.3 million of positive cash flow. This is the first year in Dogwood's joint-ownership period that ended in a positive cash flow position." (Page 11)*

In short, Dogwood is far too risky.

If the PUAB does not recommend that the City purchase the capacity from Dogwood, and if the City Council decides to buy an expanded Dogwood ownership, the PUAB, acting pursuant to City Charter Section 3.18, should request that the City Council communicate to the PUAB the reasons the City Council voted to expand the City's ownership in Dogwood.

This is not the time to expand IPL's natural gas generation mix given the changing energy market, the associated risks of ownership (generator failure, decommissioning, etc.) and does not warrant the assuming these risks on the off chance of realizing potential "profits" by selling energy in the Southwest Power Pool Integrated market.

Thanks for your voluntary service and commitment to this challenging work.

Dogwood Energy Facility Annual Budget for 2019 and 2020-2023 Forecast

Approved

2019 Budget Revision History	
Rev 0	August 10, 2018
Rev 1	August 14, 2018
Rev 2	October 5, 2018
Rev 3	November 8, 2018
For Approval	November 14, 2018
Approved	November 15, 2019

Dogwood Energy Facility Annual Budget for 2019 and 2020-2023 Forecast

SUMMARY POINTS

Approved

			2019	2018		2019 BUDGET vs. 2018 ACTUAL		
1	**Metrics Changes from Prior Year**		**BUDGET**	**BUDGET**	**EST'D ACTUAL**	**Increase (Decrease)**	**Change %**	**Comments**
	Generation	MWh	1,892,628	1,370,195	1,900,000	(7,372)	0%	expecting 2019 similar to 2018
	Annual Capacity Factor		34.8%	25.2%	34.9%	0%	0%	expecting 2019 similar to 2018
	Plant Starts		148	134	155	-7	-5%	
	Equiv. Availability Factor		90.5%	90.5%	90.0%	1%	1%	
	Consumable VO&M Cost	$/MWh	$1.37	$1.23	$1.29	$0.1	6%	moved all wastewater costs to VOM
	Expected Avg Gas Price	$/MMBtu	$2.82	$2.99	$2.75	$0.1	3%	
	Base Load Production Cost	$/MWh	$21.5	$22.6	$21.0	$0.6	3%	
	Energy Gross Margin	$MM	$18.4	$10.8	$18.5	($0.1)	-1%	
	Fixed O&M Cost	$MM	$16.8	$15.7	$16.0	$0.8	5%	
	CapEx Budget	$MM	$3.4	$1.1	$1.0	$2.4	240%	added LTP end-of-contract true-ups
	Net Cash Flow	$MM	($1.9)	($5.4)	$1.5	($3.4)	-223%	trending for positive NCF for 2018
	4-Yr (common) Fixed Ops + CapEx	$MM	$78.1	$69.8	na	$8.3	12%	added LTP true-ups and CT majors
	4-Yr (common) Net Cash Flow	$MM	($2.3)	($23.6)	na	$21.3	90%	Gross Margin improved by $6+ MM/y
								. + improved CT LTSA pricing

2 **Business Factors Affecting 2019+**

- ➔ 2019 represents a $7 million positive step-change for Dogwood vs.2018 budget in terms of energy margin, plus higher generation MWh
- ➔ Positive factors include: Dogwood LMP now on par with (or above) SPP average; longer duration coal outages; SPP load growth
- ➔ Higher wind dependence, lower coal availability continue to cause significant energy price volatility (high and low)
- ➔ LTSA pricing (applicable beginning in 2019) is based on actionable written offer from qualified vendor
- ➔ 5-yr CapEx plan reflects the two CT major inspections in 2021 and 2022 including owners' associated costs
- ➔ Gas transport cost has increased due to: additional 7,700 dth/d SoStar FT; released capacity pricing has increased

3 **Dogwood is Positioned for Reliable Performance and Self-Sustaining Cash Flow**

- ➔ Stable, competitive cost structure
  - + Variable Production Cost is competitive with other CCCTs and higher-cost coal units
  - + At Energy Gross Margin of $18-$19 MM/yr, Dogwood is covering operating & CapEx costs
- ➔ Track record of reliable, predictable operations -- 7-yr average EFOF = 1.7%

DOGWOOD ENERGY FACILITY -- BUDGET 2019

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CASH FLOW STATEMENT FORMAT

($000)

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Real Time Energy Optimization	-	-	-	-	-	-	-	-	-	-	-	-	**-**	-	-	-	-
Ancillary Services	96	64	39	89	108	139	179	157	100	89	48	140	**1,250**	1,264	1,262	1,255	1,264
Total Revenues	**4,886**	**3,288**	**1,993**	**4,547**	**5,509**	**7,093**	**9,151**	**8,030**	**5,085**	**4,549**	**2,467**	**7,156**	**63,754**	**64,457**	**64,343**	**64,013**	**64,474**
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Insurance Costs	150	-	-	850	-	-	-	-	-	-	-	-	**1,000**	1,020	1,040	1,061	1,082
EMA Fixed Fee	36	36	36	36	36	36	36	36	36	36	36	36	**435**	444	453	462	471
DPM & Professional Support	44	215	40	40	250	29	32	210	29	29	210	29	**1,157**	1,180	1,203	1,227	1,252
Total Fixed Operating Expenses	**1,141**	**1,930**	**942**	**1,743**	**2,821**	**1,038**	**1,193**	**1,339**	**933**	**886**	**1,854**	**1,005**	**16,825**	**16,808**	**17,068**	**17,334**	**17,267**
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DOGWOOD ENERGY FACILITY -- BUDGET 2019

Approved

PROJECT MGMT AGREEMENT FORMAT

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	2019	2020	2021	2022	2023	Comments
Generation (MWh)	135,886	95,509	61,979	142,866	172,943	208,478	257,400	231,017	150,256	139,690	82,205	214,399	**1,892,628**	1,959,475	1,962,109	1,907,519	1,859,117	*see 5-yr forecast*
Variable Operating Expense																		
VOM Consumables	160,444	112,770	73,181	168,686	239,459	351,936	409,699	378,548	177,411	164,935	97,062	253,146	**2,587,276**	2,732,230	2,790,622	2,767,240	2,750,963	*$1.37/MWh escl @ 2.0% per year*
LTSA Variable Charge (Cash Basis)		302,198			247,523			918,127			1,332,100		**2,799,948**	3,893,534	3,882,780	3,863,884	3,833,542	*ref: extension pricing bids (Nov 2)*
Fuel Variable Transport	10,638	7,477	4,852	11,185	13,540	16,322	20,152	18,086	11,764	10,936	6,436	16,785	**148,174**	153,407	153,614	149,340	145,550	*@ $0.01/MMBtu*
Total Variable Operating Expense	171,082	422,445	78,033	179,871	500,521	368,258	429,851	1,314,761	189,174	175,871	1,435,597	269,931	**5,535,397**	**6,779,171**	**6,827,015**	**6,780,463**	**6,730,055**	
Fixed Operating Expense																		
Plant Labor	311,401	771,396	307,000	351,647	312,172	313,024	311,925	307,524	311,925	353,531	317,358	322,349	**4,291,251**	4,377,076	4,464,618	4,553,910	4,644,989	*escl at 2.0%*
Planned Projects	9,000	228,394	30,000	26,600	1,400,275	114,000	210,000	210,000	57,500	25,000	578,930	30,000	**2,919,699**	2,700,000	2,754,000	2,809,080	2,865,262	*escl at 2.0%*
Recurring Maintenance & Services	157,465	280,249	163,590	161,832	476,007	160,057	207,632	179,507	161,057	158,115	434,065	153,890	**2,693,465**	2,747,335	2,802,281	2,858,327	2,915,493	*escl at 2.0%*
Water (Fixed)	28,167	28,167	28,167	28,167	28,167	28,167	28,167	28,167	28,167	28,167	28,167	28,167	**338,000**	338,000	338,000	338,000	-	*fixed payment; expires 2022*
Purchased Electricty	45,833	45,833	45,833	45,833	45,833	45,833	45,833	45,833	45,833	45,833	45,833	45,833	**550,000**	561,000	572,220	583,664	595,338	*escl at 2.0%*
Fixed Fuel Transportation Expense	358,950	324,213	291,525	203,371	272,150	311,371	321,750	321,750	263,371	210,150	203,371	358,950	**3,440,921**	3,440,921	3,440,921	3,440,921	3,440,921	*mostly fixed Demand Payments*
Insurance Costs	150,000	-	-	850,000	-	-	-	-	-	-	-	-	**1,000,000**	1,020,000	1,040,400	1,061,208	1,082,432	*escl at 2.0%*
EMA Fixed Fee	36,250	36,250	36,250	36,250	36,250	36,250	36,250	36,250	36,250	36,250	36,250	36,250	**435,000**	443,700	452,574	461,625	470,858	*escl at 2.0%*
DPM & Professional Support	44,300	215,100	39,600	39,600	250,400	29,100	31,600	209,800	29,100	29,100	209,700	29,100	**1,156,500**	1,179,630	1,203,223	1,227,287	1,251,833	*escl at 2.0%*
Total Fixed Operating Expenses	**1,141,366**	**1,929,602**	**941,965**	**1,743,300**	**2,821,253**	**1,037,802**	**1,193,156**	**1,338,830**	**933,202**	**886,146**	**1,853,674**	**1,004,539**	**16,824,836**	**16,807,662**	**17,068,237**	**17,334,023**	**17,267,125**	
Capital Expenditures	$0	$1,131,600	$0	$313,500	$0	$0	$100,000	$0	$0	$567,600	$1,290,000	$0	**$3,402,700**	1,376,000	2,685,000	2,610,000	500,000	*see CapEx schedule*
Approved Contingency Amount													**2,022,754**	**1,818,366**	**1,975,324**	**1,994,402**	**1,776,712**	*% x [Total Fixed Expenses + CapEx]*
10%																		
													27,785,687	**26,781,199**	**28,555,575**	**28,718,888**	**26,273,893**	

COMPARISON OF 2019 BUDGET vs. 2018

TABLE A. COST COMPARISON 2019 vs. 2018

($000)	2018 Budget	2019	Change	Change %	Explanation
Generation (GWh)	1,370	1,893	522	38.1%	see cover page
Variable Operating Expense					
VOM Consumables	1,691	2,587	896	53.0%	incr MWh; moved all WW costs to VOM
LTSA Variable Charge	3,314	2,800	(514)	-15.5%	f <incr starts>
Fuel Commodity	107	148	41	38.1%	f <incr MWh>
Total Variable Operating Expense	5,112	5,535	423	8.3%	
Fixed Operating Expense					
Labor	4,077	4,291	214	5.3%	3% normal escl; add I&C tech
Planned Projects	3,011	2,920	(91)	-3.0%	
Recurring Maint	2,385	2,693	309	12.9%	5-yr PMs on transformers, CT torque conv.
KCMO Water	338	338	-	0.0%	no change in fixed component
Purchased Electricity	600	550	(50)	-8.3%	more self-gen = less purch power
Fixed Fuel Transportation Expense	2,749	3,441	692	25.2%	higher release capacity pricing for 2019+
Insurance Costs	1,000	1,000	-	0.0%	expect similar pricing
EMA Costs	435	435	-	0.0%	
DPM & Professional Costs	1,137	1,157	20	1.7%	add'l legal for new LTP agmt
Total Fixed Operating Expenses	**15,732**	**16,825**	**1,093**	6.9%	
Capital Expenditures	1,068	3,403	2,335	218.6%	added LTP true-up payments ($1.8MM) +other
Approved Contingency Amount	1,680	2,023	343	20.4%	calc
10%					
	23,592	**27,786**	**4,194**	17.8%	

TABLE C. REV TRACKING -- 4-YEAR TOTAL NET CASH FLOW ($000)

	NCF Value	Changes from Rev to Rev
Rev 1	(5,219)	added LTP true-ups; higher gas transport; incr. maint
revenue	-	
expenses	891	higher winter gas transport costs; add'l steam valve work
= Rev 2	(6,110)	and breaker replacement projects
revenue	-	model re-run produced deminimus changes
expenses	(2,681)	reduced CT2 true-up; reduced purch elec
= Rev 3	(3,429)	New LTP incl. no U1 pmts in Q1&2
revenue	-	
expenses	(1,114)	refects improved CT MM Offer 11/12
= Approval	(2,315)	

TABLE B. 4 YEAR COMPARISON ($000)

	2018 DPM Budget (OLD)					2019 DPM Budget (NEW)					4-yr Increase		
($000)	2019	2020	2021	2022	2019 - 2022	2019	2020	2021	2022	2019 - 2022	(Decrease)	Chg	Explanation
Generation (GWh)	1,362	1,332	1,310	1,191	5,195	1,893	1,959	1,962	1,908	7,722	2,527	49%	see Cover notes
Energy Gross Margin	11,100	11,400	11,700	12,000	46,200	18,354	18,580	19,256	19,603	75,793	29,593	64%	see Cover notes
Variable Operating Expense													
VOM Consumables	1,715	1,710	1,715	1,591	6,731	2,587	2,732	2,791	2,767	10,877	4,147	62%	incr MWh; moved WW costs to VOM; incr water cost
LTSA Variable Charge	3,518	4,048	4,387	4,434	16,388	2,800	3,894	3,883	3,864	14,440	(1,948)	-12%	new contract offsets incr. MWh & starts
Fuel Commodity	107	104	103	93	407	148	153	154	149	605	198	49%	f <incr MWh>
Total Variable Ops Expense	5,339	5,862	6,205	6,119	23,525	**5,535**	**6,779**	**6,827**	**6,780**	25,922	2,397	10%	
Fixed Operating Expense													
Labor	4,158	4,241	4,326	4,413	17,139	4,291	4,377	4,465	4,554	17,687	548	3%	3% normal escl; add I&C tech
Planned Projects	2,500	2,550	2,601	2,653	10,304	2,920	2,700	2,754	2,809	11,183	879	9%	
Recurring Maint	2,433	2,481	2,531	2,582	10,026	2,693	2,747	2,802	2,858	11,101	1,075	11%	incr. HRSG work; ZLD area; tank maint
KCMO Water	338	338	338	338	1,352	338	338	338	338	1,352	-	0%	no change in fixed component
Purchased Electricity	612	624	637	649	2,522	550	561	572	584	2,267	(256)	-10%	more self-gen = less purch power
Fixed Fuel Transportation Expense	2,749	2,749	2,749	2,749	10,998	3,441	3,441	3,441	3,441	13,764	2,766	25%	higher release capacity pricing for 2019+
Insurance Costs	1,025	1,051	1,077	1,104	4,256	1,000	1,020	1,040	1,061	4,122	(135)	-3%	expect similar pricing 2018-->2019
EMA Costs	435	435	435	435	1,740	435	444	453	462	1,793	53	3%	added CPI escalating price
DPM & Professional Costs	1,159	1,183	1,206	1,230	4,779	1,157	1,180	1,203	1,227	4,767	(12)	0%	expect steady state
Total Fixed Ops Expenses	**15,410**	**15,653**	**15,901**	**16,153**	63,116	**16,825**	**16,808**	**17,068**	**17,334**	68,035	4,918	8%	
Capital Expenditures	1,094	863	1,510	3,185	6,652	3,403	1,376	2,685	2,610	10,074	3,422	51%	LTP true ups; CT majors; breaker repl.
Approved Contingency Amount (A	1,650	1,652	1,741	1,934	6,977	2,023	1,818	1,975	1,994	7,811	834	12%	calc
10%													
Net Cash Flow (w/o Contingency)	**(5,404)**	**(5,116)**	**(5,711)**	**(7,338)**	**(23,568)**	**(1,873)**	**396**	**(498)**	**(341)**	**(2,315)**	**21,253**	90%	net cash result improves v. pre-2018
						3,531	***5,512***	***5,213***	***6,998***	*= Increase (decrease) from prior year budget*			

GENERATION & STARTS FORECAST

NOTE: Monthly generation and combustion turbine starts are provided by Energy Management.

Assumed Quarterly CT Starts for 4Q2017	40
Assumed Quarterly CT Hours for 4Q2017	817

	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Total
Base Capacity													
Generation (MWh)	122,238	85,980	55,486	126,960	152,906	183,961	226,797	203,556	133,011	124,308	73,638	193,136	1,681,978
Number of Plant Starts (2x1)	10	8	5	11	15	19	19	21	15	12	5	8	148
Average Capacity MW	565	565	545	545	535	515	515	515	535	545	545	565	541
Run Hours (2x1)	283	197	148	236	295	361	449	402	256	236	196	335	3,393
Avg Run per start	27	24	30	22	20	19	23	19	18	20	38	40	23
Duct Firing													
Generation (MWh)	13,648	9,529	6,494	15,906	20,037	24,518	30,603	27,461	17,244	15,381	8,567	21,263	210,650
Average Capacity MW	80	80	80	80	80	80	80	80	80	80	80	80	80
Run Hours	171	119	81	199	250	306	383	343	216	192	107	266	2,633
Combined Operation													
Generation (MWh)	135,886	95,509	61,979	142,866	172,943	208,478	257,400	231,017	150,256	139,690	82,205	214,399	1,892,628
Average Capacity MW (w/o PAG)	645	645	625	625	615	595	595	595	615	625	625	645	621

LTP Payment Calculator

	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Total
Quarterly Billing Basis		starts			starts			starts			starts		
Quarterly CT Starts			47			88			110			51	296
Quarterly CT Hours			1,256			1,782			2,214			1,534	6,787
Quarterly Variable Fee		$302,198			$247,523			$918,127			$1,332,100		$2,799,948
Total Quarterly Fee		$302,198			$247,523			$918,127			$1,332,100		$2,799,948

Fuel Consumption Estimate

	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Total
Baseload Generation (MWh)	122,238	85,980	55,486	126,960	152,906	183,961	226,797	203,556	133,011	124,308	73,638	193,136	1,681,978
Baseload Avg Heat Rate (MMBtu/MWh)	7.150	7.150	7.150	7.150	7.150	7.150	7.150	7.150	7.150	7.150	7.150	7.150	7.150
Baseload Fuel Req't (MMBtu)	**874,004**	**614,754**	**396,723**	**907,767**	**1,093,277**	**1,315,318**	**1,621,598**	**1,455,428**	**951,031**	**888,804**	**526,514**	**1,380,922**	**12,026,141**
Starts (2x1)	10	8	5	11	15	19	19	21	15	12	5	8	148
Avg Fuel to Min Load (MMBtu/start)	5,000	5,000	3,000	2,500	2,500	2,200	2,200	2,200	2,500	2,500	3,000	5,000	3,133
Startup Fuel Req't (MMBtu)	**52,213**	**41,050**	**14,970**	**26,775**	**36,888**	**41,019**	**42,554**	**46,332**	**36,275**	**29,444**	**15,390**	**41,850**	**424,758**
DF Generation (MWh)	13,648	9,529	6,494	15,906	20,037	24,518	30,603	27,461	17,244	15,381	8,567	21,263	210,650
DF Avg Heat Rate (MMBtu/MWh)	8.800	8.800	8.800	8.800	8.800	8.800	8.800	8.800	8.800	8.800	8.800	8.800	8.800
DF Fuel Req't (MMBtu)	**120,098**	**83,859**	**57,144**	**139,971**	**176,329**	**215,757**	**269,307**	**241,654**	**151,749**	**135,355**	**75,387**	**187,112**	**1,853,723**
Total Fuel Req't (MMBtu)	**1,046,314**	**739,663**	**468,837**	**1,074,514**	**1,306,494**	**1,572,094**	**1,933,459**	**1,743,414**	**1,139,055**	**1,053,603**	**617,291**	**1,609,884**	**14,304,622**
Imputed Avg All-in HR (MMBtu/MWh)	7.700	7.744	7.564	7.521	7.554	7.541	7.511	7.547	7.581	7.542	7.509	7.509	7.558

Note: Heat rates are an approximation and incorporate rough estimates of part-load and ramp operation. "All-In" HR includes start-up fuel.

= inputs or import values from plant model

DOGWOOD 2019 CAPITAL PLAN AND CASH REQUIREMENT

Project	Jan-19	Feb-19	Mar-19	Q1	Apr-19	May-19	Jun-19	Q2	Jul-19	Aug-19	Sep-19	Q3	Oct-19	Nov-19	Dec-19	Q4	Totals - 2018
Unit 2 Combustion Inspection Crane & Support Service				$0				$0				$0	$198,000			$198,000	$198,000
Unit 2 Extra Work During Combustion Inspection				$0				$0				$0	$169,600			$169,600	$169,600
Unit 1 IGV Rotary Replacement & Tuning				$0	$99,500			$99,500				$0				$0	$99,500
Unit 1 LTP Combustion Inspection True Up		$1,131,600		$1,131,600				$0				$0				$0	$1,131,600
Unit 2 LTP Combustion Inspection True Up				$0				$0				$0		$700,000		$700,000	$700,000
STG Minor Inspection (Valve Overhauls; no LP)				$0				$0				$0		$590,000		$590,000	$590,000
Site Asphalt Repair				$0				$0	$100,000			$100,000				$0	$100,000
Add Access and Rails to Mechanical Packages for U1 / U2				$0	$24,000			$24,000				$0				$0	$24,000
Add devices to replace HIM Modules				$0	$100,000			$100,000				$0				$0	$100,000
Circuit breaker upgrade project								$0				$0	$200,000			$200,000	$200,000
Install ZLD Monoblock / Impeller				$0	$90,000			$90,000				$0				$0	$90,000
Capital Budget Cost	**$0**	**$1,131,600**	**$0**	**$1,131,600**	**$313,500**	**$0**	**$0**	**$313,500**	**$100,000**	**$0**	**$0**	**$100,000**	**$567,600**	**$1,290,000**	**$0**	**$1,857,600**	**$3,402,700**

Five Year Capital Budget

	2019	2020	2021	2022	2023	Five Year Total	Comments
Gas Turbine and Steam Turbine							
Unit 2 Combustion Inspection Crane & Support Service	$198,000					$198,000	Verified dollars and included scaffolding and insulation (escalated, based on current projections). See below (Cell A51) for
Unit 2 Extra Work During Combustion Inspection	$169,600					$169,600	Includes U2 IGV Rotary Replacement U2 Thrust Bearing Replacement Generator Drip Pan Inspection U2 TTMD (Bearing
Unit 1 IGV Rotary Replacement & Tuning	$99,500					$99,500	Complete during U2 Combustion Inspection
Unit 1 LTP Combustion Inspection True Up	$1,131,600					$1,131,600	Final calculation
Unit 2 LTP Combustion Inspection True Up	$700,000					$700,000	Actual True-Up will not be known until the U2 CI outage
Unit 1 Major --Crane & Support Service Costs			$920,000			$920,000	Estimated costs based on previous MI
Unit 1 Major --Life Extension Projects (RCIE)			$1,515,000			$1,515,000	In conjunction with CT1 Major Inspection. Scope under development.
Unit 2 Major --Crane & Support Service Costs				$920,000		$920,000	Estimated costs based on previous MI
Unit 2 Major --Life Extension Projects (RCIE)				$1,515,000		$1,515,000	In conjunction with CT2 Major Inspection. Scope under development.
STG Minor Inspection (Valve Overhauls; no LP)	$590,000					$590,000	OEM recommended 5 calendar year interval. Overall will include HP and HRH intecept valves during this outage and
Plant DCS Hardware/Software Update		$250,000				$250,000	
Duct Burner Controls Upgrade (Coincide with DCS		$250,000				$250,000	For both units
Upgrade U1/U2 Bypass System BLAC Hydaulic Controls		$100,000				$100,000	Move indoors and will become part Siemens T3K
						$0	
Sub Total	**$2,888,700**	**$600,000**	**$2,435,000**	**$2,435,000**	**$0**	**$8,358,700**	
Buildings & Grounds							
Site Asphalt Repair	$100,000					$100,000	
Add Stairs to Evaporative Cooler Grating both Units		$40,000				$40,000	Quote Received
Add Access and Rails to Mechanical Packages for U1 / U2	$24,000					$24,000	Quote received
Sub Total	**$124,000**	**$40,000**	**$0**	**$0**	**$0**	**$164,000**	
Mobile/Equipment							
SkyTrak/all terrain forklift		$150,000				$150,000	Based on estimate for used equipment with low operating hours. Does not include any trade in value
Articulated Battery Operated Man-Lift				$75,000		$60,000	Quote received
Sub Total	**$ -**	**$ 150,000**	**$ -**	**$ 75,000**	**$ -**	**$210,000**	
Balance of Plant							
SCR Catalyst Replacement					$ -	$ -	Testing shows catalyst in good condition. (was $617k based on quote)
Document Management System		$ 76,000				$ 76,000	Quote dated 11/5/14, Purchase hard drives. Continue research into viable options
Compressor Bleed to Plant Air Project - MOC		$ 40,000				$ 40,000	MOC not yet completed. Estimated based on concept.
Rerouting Gas line from T7 to Aux Boiler		$ 70,000		$ -	$ -	$ 70,000	CDI quote dated August 26, 2016
Add devices to replace HIM Modules	$ 100,000	$ 100,000	$ 50,000			$ 250,000	Multiyear project 2017 / 2018 / 2019. Added 2020 cost to cover additional HIM module work for temperature elements
Circuit breaker upgrade project	$ 200,000	$ 200,000	$ 100,000			$ 500,000	Upgrade obsolete breakers to include functionality to reduce Arc Flash Hazards
Install ZLD Monoblock / Impeller	$ 90,000					$ 90,000	To complete vapor compressor overhaul project
Future Capital Planning		$ 100,000	$ 100,000	$ 100,000	$ 500,000	$ 800,000	
Sub Total	**$ 390,000**	**$ 586,000**	**$ 250,000**	**$ 100,000**	**$ 500,000**	**$ 1,826,000**	
Total	**$ 3,402,700**	**$ 1,376,000**	**$ 2,685,000**	**$ 2,610,000**	**$ 500,000**	**$ 10,573,700**	

FIXED GAS TRANSPORT EXPENSE

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL	2020	2021	2022	2023
	31	*28*	*31*	*30*	*31*	*30*	*31*	*31*	*30*	*31*	*30*	*31*					
Year-Round Fixed Transport (Southern Star)																	
Fixed Fuel Transportation (MDQ)	42,716	42,716	42,716	42,716	42,716	42,716	42,716	42,716	42,716	42,716	42,716	42,716					
Fixed Demand Payment ($/MDQ-day)	$ 0.1587	$ 0.1587	$ 0.1587	$ 0.1587	$ 0.1587	$ 0.1587	$ 0.1587	$ 0.1587	$ 0.1587	$ 0.1587	$ 0.1587	$ 0.1587					
Subtotal Fixed Demand	**210,150**	**189,813**	**210,150**	**203,371**	**210,150**	**203,371**	**210,150**	**210,150**	**203,371**	**210,150**	**203,371**	**210,150**	**2,474,346**	**2,474,346**	**2,474,346**	**2,474,346**	**2,474,346**
Incremental Summer FT (non recallable)																	
Fixed Fuel Transportation (MDQ)						**30,000**	**30,000**	**30,000**									
Fixed Demand Payment ($/MDQ-day)						$ 0.1200	$ 0.1200	$ 0.1200									
Subtotal Incr. Summer FT						**108,000**	**111,600**	**111,600**					**331,200**	**331,200**	**331,200**	**331,200**	**331,200**
						108,000	111,600	111,600									
Incremental FT (recallable)																	
Fixed Fuel Transportation (MDQ)	17,500	17,500	17,500		**20,000**				**20,000**			17,500					
Fixed Demand Payment ($/MDQ-day)	$ 0.274	$ 0.274	$ 0.150		$ 0.100				$ 0.100			$ 0.274					
Subtotal Incr. FT (recallable)	**148,800**	**134,400**	**81,375**	**-**	**62,000**	**-**	**-**	**-**	**60,000**	**-**	**-**	**148,800**	**635,375**	**635,375**	**635,375**	**635,375**	**635,375**
Total Fixed Gas Transport	**358,950**	**324,213**	**291,525**	**203,371**	**272,150**	**311,371**	**321,750**	**321,750**	**263,371**	**210,150**	**203,371**	**358,950**	**3,440,921**	**3,440,921**	**3,440,921**	**3,440,921**	**3,440,921**
TOTAL Firm Transportation	**60,216**	**60,216**	**60,216**	**42,716**	**62,716**	**72,716**	**72,716**	**72,716**	**62,716**	**42,716**	**42,716**	**60,216**					
Southern Star FT	42,716	42,716	42,716	42,716	62,716	72,716	72,716	72,716	62,716	42,716	42,716	42,716					
Pan Handle FT	17,500	17,500	17,500									17,500					

Notes:

Fixed demand payments calculated as : MDQ x $/MDQ x days = *input quantities / pricies*

MDQ = Maximum Daily Quantity (Dth)

PROFESSIONAL SUPPORT

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
Legal Support (Acct: 6311-0001 -- FERC 923)													
Crowell & Moring (NERC support, FERC)	$1,000	$1,000	$3,000	$3,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$16,000
Environmental Counsel	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Project Transaction Support (PO's, Contracts)	$10,000	$10,000	$10,000	$10,000	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$52,000
NERC Transition	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Subtotal Legal	**$11,000**	**$11,000**	**$13,000**	**$13,000**	**$2,500**	**$2,500**	**$2,500**	**$2,500**	**$2,500**	**$2,500**	**$2,500**	**$2,500**	**$68,000**
Technical Consultants (Acct: 6328-0001 -- FERC 923)													
Outside Engineering / Tech	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Environmental	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
NAES Tech/Envr/NERC support (see #4127.0200,0400)	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$18,000
Subtotal Technical	**$1,500**	**$1,500**	**$1,500**	**$1,500**	**$1,500**	**$1,500**	**$1,500**	**$1,500**	**$1,500**	**$1,500**	**$1,500**	**$1,500**	**$18,000**
Audit (Acct:6314-0001 -- FERC 923)													
Acctg Procedures Review	$0	$0	$0	$0	$40,000	$0	$0	$0	$0	$0	$0	$0	$40,000
Other	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Subtotal Accounting	**$0**	**$0**	**$0**	**$0**	**$40,000**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$40,000**
Bank Fees													
Project Account (Capital One)	$100	$100	$100	$100	$100	$100	$100	$100	$100	$100	$100	$100	$1,200
Bond Fee		$2,500					$2,500						$5,000
Local Account	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Subtotal Bank Fees	**$100**	**$2,600**	**$100**	**$100**	**$100**	**$100**	**$2,600**	**$100**	**$100**	**$100**	**$100**	**$100**	**$6,200**
Total Professional Support	**$12,600**	**$15,100**	**$14,600**	**$14,600**	**$44,100**	**$4,100**	**$6,600**	**$4,100**	**$4,100**	**$4,100**	**$4,100**	**$4,100**	**$132,200**

DPM COSTS

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
DPM Labor & Fee (Acct: 6817-0000 -- FERC 923)													
Monthly Fixed Fee	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$300,000
Labor	$0	$165,000	$0	$0	$165,000	$0	$0	$165,000	$0	$0	$165,000	$0	$660,000
Other	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Subtotal DPM Labor & Fee	**$25,000**	**$190,000**	**$25,000**	**$25,000**	**$190,000**	**$25,000**	**$25,000**	**$190,000**	**$25,000**	**$25,000**	**$190,000**	**$25,000**	**$960,000**
DPM Travel (Acct: 6324-0003 -- FERC 923)													
NAES EH&S + NERC Conferences	$2,500	$0	$0	$0	$0	$0	$0	$2,500	$0	$0	$0	$0	$5,000
NERC Conferences (2)	$0	$0	$0	$2,500	$0	$0	$0	$0	$0	$0	$2,500	$0	$5,000
Vendor User Groups (e.g., Siemens)	$2,500	$0	$0	$2,500	$0	$0	$0	$0	$0	$0	$0	$0	$5,000
MO DNR Conference	$0	$0	$0	$0	$0	$0	$0	$2,500	$0	$0	$0	$0	$2,500
MRO RE NERC Workshop	$0	$2,500	$0	$0	$0	$0	$0	$0	$0	$0	$2,500	$0	$5,000
SPP Meetings	$0	$0	$1,500	$0	$0	$0	$0	$0	$1,500	$0	$0	$0	$3,000
Management Committee Meetings	$0	$3,400	$0	$0	$3,400	$0	$0	$3,400	$0	$0	$5,100	$0	$15,300
Plant Trips / Meetings	$1,700	$0	$1,700	$3,400	$0	$0	$3,400	$0	$1,700	$1,700	$0	$0	$13,600
Westar Meetings	$0	$0	$0	$3,400	$0	$0	$0	$0	$0	$0	$0	$0	$3,400
Subtotal Travel	**$6,700**	**$5,900**	**$3,200**	**$11,800**	**$3,400**	**$0**	**$3,400**	**$8,400**	**$3,200**	**$1,700**	**$10,100**	**$0**	**$57,800**
Photocopy, FedEx (Acct: 6324-0000 -- FERC 923)													
Photocopy/Q Report Production	$0	$250	$0	$0	$250	$0	$0	$300	$0	$0	$400	$0	$1,200
Other	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Subtotal Photocopy, FedEx	**$0**	**$250**	**$0**	**$0**	**$250**	**$0**	**$0**	**$300**	**$0**	**$0**	**$400**	**$0**	**$1,200**
Total DPM Costs	**$31,700**	**$196,150**	**$28,200**	**$36,800**	**$193,650**	**$25,000**	**$28,400**	**$198,700**	**$28,200**	**$26,700**	**$200,500**	**$25,000**	**$1,019,000**
Monthly Cash Flow for Budget													
Monthly Fee	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$ 300,000
Labor, Travel, Other	$6,700	$171,150	$3,200	$11,800	$168,650	$0	$3,400	$173,700	$3,200	$1,700	$175,500	$0	$ 719,000
Photocopy	$0	$250	$0	$0	$250	$0	$0	$300	$0	$0	$400	$0	
Monthly Cash Req't (ref for summary	**$31,700**	**$200,000**	**$25,000**	**$25,000**	**$206,300**	**$25,000**	**$25,000**	**$205,700**	**$25,000**	**$25,000**	**$205,600**	**$25,000**	**$1,024,300**
		Est'd 4Q2018			From 1Q			From 2Q			From 3Q		