



ANNUAL REPORT 2021

CONTENTS

A Message from KMEA’s President and General Manager 1

KMEA Board of Directors2

KMEA Member Cities Summary..... 4

KMEA Financials5

Winter Storm Uri.....6

KMEA Highlights.....7

KMEA Market Review9

KMEA Projects and Resources10

KMEA Historical Message.....15

A Message from KMGAs President and General Manager 16

KMGAs Board of Directors.....17

KMGAs Member Cities Summary.....18

KMGAs Financials.....19

KMGAs Natural Gas Industry Review20

KMGAs Highlights.....23

KMEA/KMGAs Executive Committees, Joint Board for Administration and Business Associates.....24

KMEA Staff..... 25

MISSION

KMEA provides solutions for reliable and cost effective energy for its members.

VISION

KMEA is committed to adding value and helping our members navigate the rapidly evolving and complex energy industry. Our agency will be engaged and responsive to our members’ needs with innovative solutions. KMEA will be at the forefront of emerging technology and industry developments that could impact our members and their customers.

KMEA is a member driven agency where every employee’s goal is to provide each member with the information, solutions, and services they need. We will maintain a member-centric approach; one of continuous improvement, so that we remain the energy solution provider of choice.



A MESSAGE FROM KMEA'S PRESIDENT AND GENERAL MANAGER

JON QUINDAY AND PAUL MAHLBERG

Looking back on this past year, we will all remember the winter storm of February. Winter Storm Uri brought the gas and electric industries to its knees across the entire Midwest region from Canada to the Gulf of Mexico. Driven by unprecedented natural gas prices, the wholesale electric prices blew past the Southwest Power Pool "soft" cap of \$1,000 per megawatt-hour to levels over \$4,000 per megawatt-hour for six consecutive days. Not only was the industry faced with this incredible financial burden, the Southwest Power Pool called on the first ever rolling blackouts in the region.

But hopefully, 2021 will be remembered for our perseverance. By keeping to our core mission, we all worked together to navigate through these significant challenges. Our members ran their power plants in incredibly difficult conditions. Stories of local farmers using their tankers to deliver fuel to the City's power plants, operators working around the clock to keep the power flowing were not just told but were all so true. The resilience and commitment of our folks never shined any brighter. We could not be prouder of the KMEA staff and more importantly our members over this past year!

2021 will also be remembered for the continued growth of the agency and provided services. Just to highlight a few:

- Two new cities came on board to our Energy Management Projects, the cities of Herington (EMP3) and Oberlin (EMP2) bringing the total number to 43 cities that are receiving full energy management services.
- KMEA's first-ever line crew continues to provide valuable line maintenance services to the City of Dighton and neighboring cities. In 2022, KMEA will add a second line crew in the eastern part of the state to provide these same services to Osage City and Pomona as well as neighboring cities.
- We celebrated the first anniversary of the acquisition of Mid-States Energy Works and the results of the integration of the services provided by KMEA Mid-States have exceeded our expectations. This group has expanded with the addition of several new employees to assist with the significant work load requested from our members, but also to provide additional services such as the newly implemented preventive maintenance program for members.
- The KMEA Board of Directors approved adding our first-ever in-house attorney to the KMEA staff. With the coming addition of this position, KMEA will be able to more effectively manage increasing regulatory demands of the agency and the members.

As we all know, the electric industry is full of challenges, including the more recent ones of supply chain constraints, sustained high natural gas prices and extreme volatility in energy pricing. This past year proved how joint action - members working better together - can succeed through the most difficult challenges. We have never felt stronger that the Agency is ready and posed to take on these and future challenges.

Thank you for allowing us to serve you over this past year!



Jon Quinday
KMEA President

A stylized, handwritten signature of Jon Quinday in black ink.

A handwritten signature of Paul Mahlberg in black ink.



Paul Mahlberg
KMEA General Manager

Alma

1. Michael Slobodnik
 2. Trent Viergever
- A. Sherry Smith

Altamont

1. LeaAnn Myers
 2. Brad Myers
- A. Louis Joe Carson

Anthony

1. Larry Berry
 2. Cyndra Kastens
- A.

Arcadia

- 1.
 - 2.
- A.

Arma

1. Rob Lessen
 2. Mary Lou Peace
- A. Travis Wood

Ashland

1. Richard Foster
 2. Doug Roberts
- A. Rock Hill

Augusta

1. Jim Sutton
 2. Tim Johnson
- A. Josh Shaw

Baldwin City

1. Julie Costantinescu
 2. Glenn Rodden
- A. Jeff Winkler

Belleville

1. Adam Anderson
 2. Russ Piroutek
- A. Brian Phillips

Beloit

1. Jason Rabe
 2. Manny Milbers
- A. Steve Krier

Blue Mound

1. Max Krull
 2. Donnie Rhyneron
- A. Byron Coats

Bronson

- 1.
 - 2.
- A.

Burlingame

1. Leslie Holman
 2. David Punches
- A. Patty Atchison

Burlington

1. Alan Schneider
 2. R. Standley Luke
- A.

Cawker City

1. Barbara Wise
 2. Drew Duskie
- A. Doug Bader

Centralia

1. Jay Gibbs
 2. Ryan Allen
- A. Dustin Walters

Chanute

1. Brandon Westerman
 2. Mike Finley
- A. Todd Newman

Chapman

1. Elizabeth Berg
 2. Mark Campbell
- A. Tim Jury

Chetopa

1. Ashley Brown
 2. Debra Darnell
- A. Toni Crumrine

Cimarron

1. Jeff Acton
 2. Shannon Hoskinson
- A. Mike Coast

Coffeyville

1. Mark Hall
 2. Mike Shook
- A. Tony Lawson

Colby

1. Patt Mallory
 2. Tyson McGreer
- A. Gary Adrian

Dighton

1. Craig Collins
 2. Matthew McClure
- A. Austin Bretz

Enterprise

1. Paul Froelich
 2. Deana Payne
- A. Jeff Meahl

Erie

1. Darrell Bauer
 2. Jason Thompson
- A.

Eudora

1. Branden Boyd
 2. James Eldon Brown
- A. Mark Landry

Fredonia

1. Carolyn Anderson
 2. Jordan Lawrence
- A. Bill Jones

Garden City

1. Mike Muirhead
 2. Jennifer Cunningham
- A. Kent Pottorf

Gardner

1. Matt Ponzer
 2. Gonzalo Garcia
- A. Bruce Baldwin

Garnett

1. Travis Wilson
 2. Joe Owens
- A. Troy Hart

Girard

1. Cliff Scales
 2. Jess Murphy
- A. Johanna O'Brien

Glasco

1. Clark Coco
 2. Dan Darnall
- A. Doug Berndt

Glen Elder

1. Jerri Senger
 2. Eldon Behymer
- A. Ryan Duskie

Goodland

1. Dustin Bedore
 2. Chris Douglass
- A. Lukas Wolak

Herington

1. David Kahle
 2. Branden Dross
- A. Curtis Hartman

Hill City

1. Scott Roberts
 2. Dennis Mersch
- A. Greg Deines

Hoisington

1. Jonathan Mitchell
 2. Cecelia Conrad
- A. Ray Byers

Holton

1. Kerwin McKee
 2. Ira Harrison
- A. Scott Fredrickson

Horton

1. Wade Edwards
 2. Bryan Stirtion
- A. Rex West

Hugoton

1. Logan Frederick
 2. Richard Barnes
- A. Thomas Frederick

Iola

1. Mike Phillips
 2. Matt Rehder
- A. Corey Schinstock

Jetmore

1. Michael Ort
 2. Derek Olson
- A. Brian Beil

Johnson City

1. Tyce McMillan
 2. Seth Nelson
- A. Bret Kendrick

Kansas City BPU

1. Dong Quach
 2. Jerry Ohmes, Sr.
- A. Jerin Purtee

Kiowa

1. Sam Demel
 2. John Duvall
- A. Bill Watson

La Crosse

1. Duane Moeder
 2. Matt Mongeau
- A. Rolie Holopirek

La Harpe

1. Sharlyn Thompson
 2. Ron Knavel
- A.

Lakin

1. Robbie McCombs
 2. Kevin Fearnro
- A. Amanda Riedl

Larned

1. Bradley Eilts
2. Ralph Streit
- A. Harry Zielke

Lincoln Center

1. Elijah Keever
2. Jeff Ahring
- A. Melodee Larsen

Lindsborg

1. Gregory DuMars
2. Lucas Neece
- A. Becky Anderson

Mankato

- 1.
2. Barry Parsons
- A. Hunter Kohler

Meade

1. Brian Kroth
2. J.D. Hegwood
- A. Dean Cordes

Minneapolis

- 1.
- 2.
- A.

Montezuma

1. Dwight Watson
2. DJ Koehn
- A. Chris Olsen

Moran

1. William Bigelow
2. Kristofor Smith
- A. Corliss Lynes

Morrill

1. Roger Price
2. Todd Gruber
- A. Kevin Wikle

Moundridge

1. Kevin Schmidt
2. Jeremy Moore
- A. Murray McGee

Neodesha

1. Brandon Hearn
2. Ed Truelove
- A. Stephanie Fyfe

Norton

1. James Moreau
2. Jerry Jones
- A. Dan Sisk

Oberlin

1. Halley Roberson
2. Garret McDougal
- A. David Sporn

Osage City

1. Rod Willis
- 2.
- A.

Osawatomie

1. Terry Upshaw
2. Michael Scanlon
- A. L. Mark Govea

Osborne

1. Michael LeiVan
2. Ronald Lynn, Jr.
- A. Eric Standley

Ottawa

1. Sara Caylor
2. Dennis Tharp
- A. Jeff Oleson

Pomona

1. Dean Wineinger
- 2.
- A.

Pratt

1. Bruce Pinkall
2. Jamie Huber
- A. Evan Hance

Prescott

1. Rolland Grigsby
2. Kevin Wood
- A. Kathy Wood

Robinson

1. Mark Lieneman
2. Steve Brown
- A. David Taylor

Russell

1. Jon Quinday
2. Duane Banks
- A. Jim Cross

St. Francis

1. Scott Schultz
2. J.R. Landenberger
- A. Kale Dankenbring

St. John

1. Jeff Williamson
2. Marshal Sanders
- A. Kyle Bunker

Seneca

1. Jim Mitchell
2. Tami Haverkamp
- A.

Sharon Springs

1. Donald Henderson
2. Kriss Wahlmeier
- A. Patrick Gibbs

Stafford

- 1.
2. Jami Downing
- A. Andy Holmes

Sterling

1. John Wagerle
2. Craig Crossette
- A. David Fankhauser

Stockton

1. Jeff Scott
2. Courtney Flower
- A. Robert Becker

Troy

1. William Ruhnke
2. Tim Hanlan
- A. Sarah Boeh-Cerra

Wamego

1. Stacie Eichem
2. Casey Frisbie
- A.

Washington

1. Richard Applegarth
2. Don Imhoff
- A. Carl Chalfant

Wellington

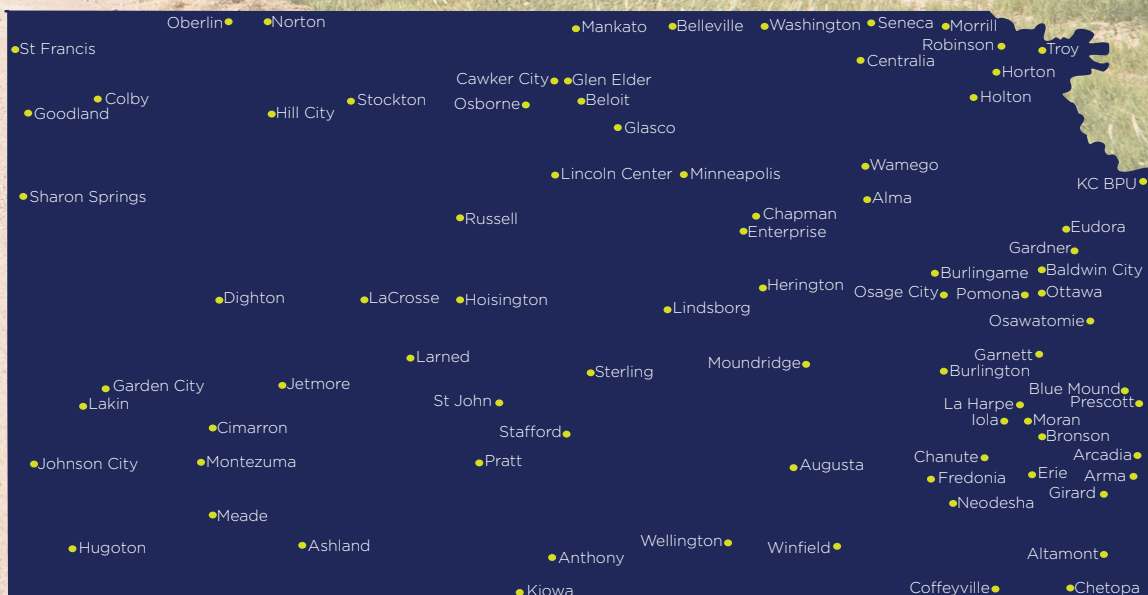
1. Jason Newberry
2. Roger Estes
- A. Shane Shields

Winfield

1. Gus Collins
2. Taggart Wall
- A. Gregory Thompson

Data as of September 2021

1. Director No. 1 2. Director No. 2 A. Alternate



KMEA MEMBER CITIES SUMMARY

City	Population	kWhs Sold	Peak kW
Alma	850	13,901,361	3,197
Altamont	1,080	7,295,265	2,500
Anthony	2,100	34,188,955	7,962
Arcadia	310	1,200,000	300
Arma	1,445	8,743,512	3,200
Ashland	779	12,210,794	4,200
Augusta	9,368	69,975,847	22,008
Baldwin City	4,752	32,968,009	10,200
Belleville	2,007	20,805,204	6,125
Beloit	3,452	43,013,654.97	13,537
Blue Mound	270	1,818,590	500
Burlingame	971	7,652,758	2,500
Burlington	2,558	32,328,661	9,233
Cawker City	430	5,191,244	1,400
Centraillia	500	3,781,600	1,110
Chanute	8,722	195,823,228	56,356
Chapman	1,367	11,307,609	3,600
Chetopa	1,050	8,088,870	2,348
Cimarron	2,000	15,054,880	4,735
Coffeyville	8,900	775,119,398	115,041
Colby	5,371	57,478,965	16,800
Dighton	1,038	8,524,972	1,900
Enterprise	850	4,368,934	1,571
Erie	1,085	9,207,021	3,223
Eudora	6,384	40,224,830	12,550
Fredonia	2,372	25,630,866	7,790
Garden City	34,437	290,651,172	73,461
Gardner	23,865	149,396,000	41,900
Garnett	3,234	27,410,633	9,200
Girard	2,707	27,288,868	9,200
Glasco	459	3,084,283	1,139
Glen Elder	420	3,973,588	1,194
Goodland	4,315	45,378,963	12,600
Herington	2,304	20,024,003	5,681
Hill City	1,575	13,268,778	4,725
Hoisington	2,586	22,309,000	6,699
Holton	3,401	50,905,000	12,987
Horton	1,688	13,404,222	3,800
Hugoton	3,794	37,609,351	10,818
Iola	5,312	93,955,724	23,439
Jetmore	822	7,928,499	2,600

City	Population	kWhs Sold	Peak kW
Johnson City	1,447	15,095,429	3,692
KCBPU	182,000	2,314,178,000	462,000
Kiowa	1,026	11,270,808	3,414
La Crosse	1,300	15,808,640	3,700
La Harpe	528	2,892,000	800
Lakin	2,180	16,294,000	4,725
Larned	3,353	36,820,693	11,704
Lincoln Center	1,153	11,197,705	4,283
Lindsborg	3,776	25,170,987	8,600
Mankato	807	8,279,840	2,520
Meade	1,505	14,726,046	5,224
Minneapolis	1,946	17,316,783	5,625
Montezuma	975	10,347,160	1,133
Moran	514	4,180,926	1,200
Morrill	225	1,017,962	367
Moundridge	1,974	30,550,534	7,200
Neodesha	2,142	37,526,246	10,700
Norton	2,652	24,190,511	7,274
Oberlin	1,850	14,070,202	4,881
Osage City	2,785	32,751,663	8,400
Osawatomie	4,883	29,820,412	8,500
Osborne	1,291	13,889,354	4,600
Ottawa	12,653	153,640,100	37,300
Pomona	850	7,182,682	2,100
Pratt	6,703	96,353,234	23,439
Prescott	260	1,120,305	400
Robinson	222	1,073,979	352
Russell	4,413	105,073,998	22,158
St. Francis	2,170	38,511,546	9,500
St. John	764	7,366,143	2,277
Seneca	1,263	10,545,297	3,818
Sharon Springs	1,200	11,101,524	1,349
Stafford	964	8,296,725	2,690
Sterling	2,209	21,250,775	7,154
Stockton	1,525	12,201,000	3,944
Troy	1,010	6,654,646	2,162
Wamego	5,000	54,079,560	13,500
Washington	1,033	10,944,609	4,012
Wellington	7,715	101,163,035	28,106
Winfield	11,676	245,211,706	62,890

Combined City Data **442,872** **5,831,659,877** **1,331,022**

KMEA FINANCIALS

CONDENSED STATEMENT OF NET POSITION (IN THOUSANDS)

DECEMBER 31	2021	2020	2019
Assets And Deferred Outflows			
Utility plant, net	\$1,081	\$1,204	\$805
Restricted funds	6,961	11,164	11,138
Current assets	26,057	16,445	14,283
Noncurrent assets	69,428	65,221	67,215
Deferred outflows of resources	1,374	992	295
Total Assets And Deferred Outflows	104,901	95,026	93,736
Liabilities And Deferred Inflows			
Long-term obligations, less current portion	77,019	74,574	75,641
Current liabilities	25,168	18,325	16,017
Deferred inflows of resources	677	66	79
Total Liabilities And Deferred Inflows	102,864	92,965	91,737
Ending Net Position	\$2,037	\$2,061	\$1,999

*Information taken from Table 1, page 7 of KMEA Audited Financial Statements December 31, 2021.
Complete Audit Report can be found at www.kmea.com.

CONDENSED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (IN THOUSANDS)

DECEMBER 31	2021	2020	2019
Revenues			
Operating revenues	\$120,610	\$80,090	\$75,374
Interest on investments	3,126	3,610	3,706
Other revenues	-	-	-
Total Revenues	123,736	83,700	79,080
Expenses			
Purchased power	98,340	65,048	63,990
Other expenses	25,420	18,590	15,064
Total Expenses	123,760	83,638	79,054
Change In Net Position	(24)	62	26
Net Position - Beginning Of Year	2,061	1,999	1,973
Net Position - End Of Year	\$2,037	\$2,061	\$1,999

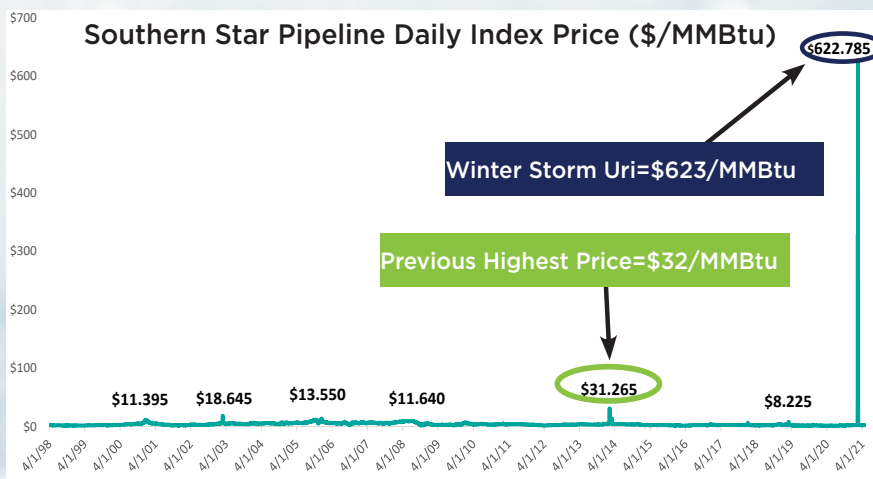
*Information taken from Table 2, page 8 of KMEA Audited Financial Statements December 31, 2021.
Complete Audit Report can be found at www.kmea.com.

WINTER STORM URI

Unprecedented. That's the word that was used to describe the winter storm event of February 2021, dubbed Winter Storm Uri. Winter Storm Uri blanketed the entire central United States bringing record cold temperatures from the Canadian border to the Gulf of Mexico. Over 3,000 daily record cold temperatures were reported and over 79 all-time cold records were set over the central United States. Kansas City had 10 straight days where the temperature never exceeded 15 degrees - an all-time record.

This extreme cold weather wreaked havoc on the natural gas and electricity industries. Gas wellheads in Kansas, Oklahoma, Texas, and Louisiana froze up causing a supply issue. Record natural gas consumption occurred as homeowners and businesses consumed natural gas to heat their homes and run their businesses. This brought on never-before-seen record natural gas prices. Daily gas price indexes began to rise going from \$4 to \$9 to over \$44/MMBtu on February 11. The previous high on the Southern Star pipeline was \$31/MMBtu that was reached in 2014. On Friday, February 12, the Southern Star Daily Index for the upcoming 4-day weekend hit \$330/MMBtu followed by an index price of \$623/MMBtu price for gas delivered on February 16 - over 200 times the previous historical high price.

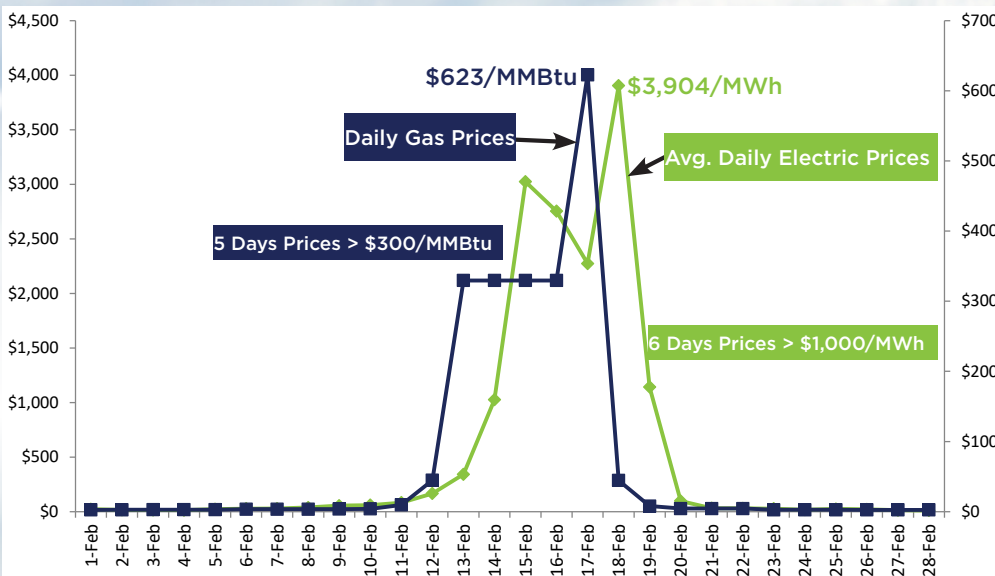
Due to the extreme natural gas prices, the daily electricity prices in the Southwest Power Pool reached over \$4,000/MWh, blowing through the SPP soft cap price of \$1,000/MWh. In addition, record winter demands, icing issues for wind farms, freezing problems at power plants, lack of gas supply all led to rolling blackouts in the



Southwest Power Pool region. These were the first rolling blackouts called for by SPP in its history.

These created many challenges for our members of KMEA and KMG. The #1 priority was keeping the gas and the electricity flowing. We did not have the option of saying "not today". We had to find any supply that was available and pay that market index price. Fortunately, gas continued to flow to our members. Unlike what was experienced in Texas where life was lost, we were able to avoid any severe human needs issues.

The financial impact of Winter Storm Uri is still being felt throughout the industry. These unprecedented prices will affect all homeowners in Kansas (and neighboring states) for years. Kansas gas companies including our KMG



members have spread out the costs of Winter Storm Uri over years to lessen the impact on the retail customers.

Our members remained strong as they worked through the challenges. Members requested and encouraged that quick action be taken by the State Legislature for financial assistance leading to the State City Utility loan program. Members called on conservation of their citizens and businesses. Incredible efforts were made by city staff to run power plants in extreme weather conditions. Rate recovery plans were implemented to lessen the impact on customers.

Absolutely "unprecedented" - but "resiliency" should also describe the event of February 2021.

KMEA HIGHLIGHTS

SPECIAL THANK YOU TO GILMORE & BELL!

Kansas Municipal Energy Agency (KMEA) was formed out of the Northwest Cities in 1980, and Gilmore & Bell, P.C. (G&B) was formed in 1979, so the two entities have grown up together.

G&B was instrumental in the efforts for new state legislation that allowed for the formation of municipal energy agencies. Don Bell, one of the founding partners of G&B, worked with Louie Stroup of Kansas Municipal Utilities on this new legislation and G&B was named KMEA's first General Counsel. In 1985, Joe Norton assumed responsibility after Don Bell was killed in a tragic airplane accident. In 1999, Sarah Steele joined G&B and Joe passed on the day-to-day responsibility.

G&B was involved in several revenue bond issues for KMEA in the early years, including financings for purchase of an interest in the Nearman Creek Power Station and Interconnection Agreements and more recently on financings for Jameson Energy Center in Garden City and KMEA's purchase of an interest in the Dogwood Energy Facility located in Pleasant Hill, Missouri.

KMGA's formation in 1990 was assisted by G&B, and in the mid-1990's, the firm worked extensively on a financing for a prepay agreement with Amoco that unfortunately never closed.

Joe and Sarah have worked together for KMEA and KMGA over the past 35+ years providing outstanding legal services as the agencies have grown over these years and, in recognition of the tremendous work, the members selected both Joe and Sarah to receive KMEA's Gil Hanson, Jr. award.

Due to the increasing needs of the agencies, KMEA will hire its first in-house attorney in 2022 to take over the general counsel function for the agencies. We cannot thank Gilmore & Bell and especially Don, Joe and Sarah for all that they have done for our agencies over these years!! And of course, we look forward to continuing our relationship with G&B on future financing needs.



Joe Norton



Sarah Steele



MID-STATES

MAJOR PROJECTS IN 2021



ANTHONY Added a 14MW transformer to the existing 138 kV substation and installed four 25 kV breakers



MOUNDRIDGE City substation and 115kV line were built



ARMA New substation project was completed

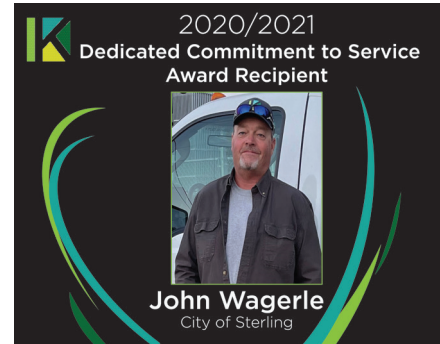
KMEA VIRTUAL BOARD OF DIRECTORS MEETINGS

The KMEA Board of Directors met virtually twice in 2021. During the May 27th meeting the board approved the addition of the city of Bronson to the membership, reviewed the preliminary 2022 annual budget, and approved the renewal of one Year Lines-of-Credit for EMP1, EMP2, and EMP3.

The board met virtually again on September 30th. They took action to approve the addition of the city of Minneapolis to the membership, reviewed and took action to approve the 2022 annual budget, and elected Officers, At-Large Executive Committee members and Joint Board Representatives. Tyson McGreer, from the city of Colby was elected as KMEA president replacing Greg DuMars from the city of Lindsborg.

Due to the cancellation of the 2021 Annual Conference the 2020 and 2021 KMEA awards were presented at this meeting and given in person to the recipients at their respective governing body meetings.

KMEA AWARD RECIPIENTS



RATE STUDIES

KMEA provides a broad range of services when it comes to assisting members with electric retail rates. These services include comprehensive financial reviews, fund balance forecasts, class cost-of-service analysis, retail rate design, special contract/economic development rate design, energy cost adjustment calculations, and other special tariffs.

In 2021, KMEA completed eight rate studies, ranging from quick reviews to full cost-of-service analyses with new rate designs. Heading into 2022, seven rate studies have been requested and KMEA is on track to complete all seven. Additionally, KMEA is providing more and more support on parallel generation policies and procedures as the penetration of residential and commercial solar installations increase.

CITIES OF BRONSON AND MINNEAPOLIS BECOME THE NEWEST KMEA MEMBERS

In 2021 the KMEA Board of Directors approved the addition of the cities of Bronson and Minneapolis to the membership, bringing the total number of full members to 82.



KMEA MARKET REVIEW

Energy Management Projects or EMPs are load and capacity aggregations of KMEA members. In 2021, EMP1, EMP2, and EMP3 had summer peaks of 108.3, 164.4 and 103.5 MW's respectively. Each city within the EMPs have their own unique portfolio of energy and capacity resources. However, many have similar resources that are contracted in aggregate due to timing and economic reasons. Prior to 2021, EMP costs had been decreasing slightly due to the influx of wind generation and a flat and non-volatile natural gas market. Winter storm Uri is primarily responsible for the rise in EMP energy costs. The extreme cold weather caused a dramatic increase in natural gas and energy prices.

HISTORICAL POWER SUPPLY COST BREAKDOWN BY EMP





KMEA PROJECTS AND RESOURCES

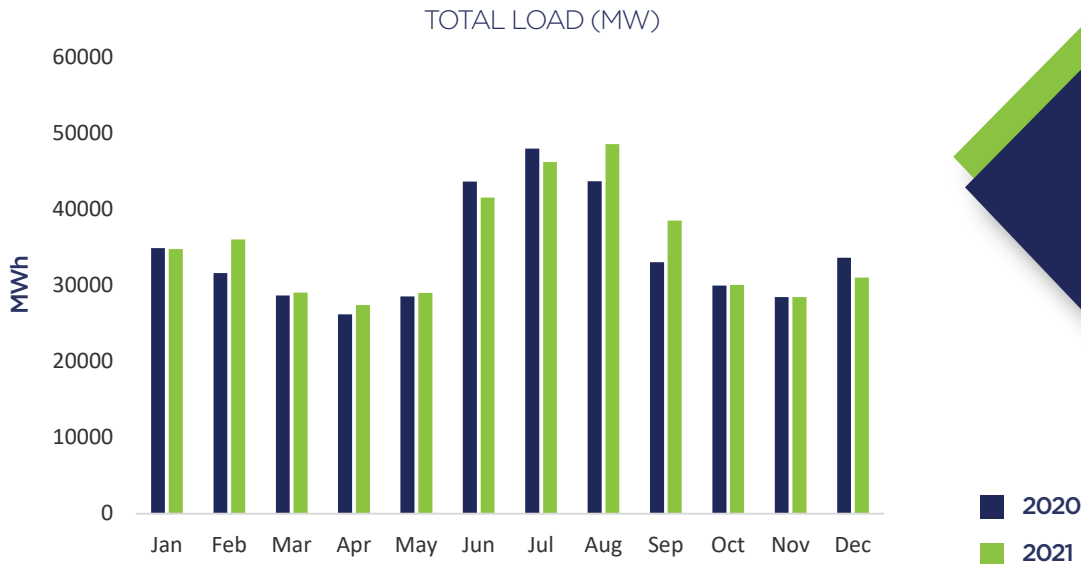
KMEA actively seeks power marketing arrangements that match member cities' short and long-term power supply and capacity needs with power supply alternatives. KMEA member cities benefit from a broad range of supply options and competitive supplier pricing because of the larger market presence that the joint action approach brings. KMEA has championed multiple energy and capacity sales between cities, providing them with opportunities to optimize their resources. Additionally, KMEA has enabling agreements in place with multiple suppliers allowing us to more quickly evaluate and act on proposals. KMEA, along with member cities, have developed strategies to best utilize transmission rights.

ENERGY MANAGEMENT PROJECTS

Energy Management Projects (EMPs) were created to build governance structures and establish common reliability with metering standards. They share capacity and exchange energy at agreed upon pricing, while jointly planning future electric power supplies. EMPs utilize KMEA operations central dispatch center. Under the EMP agreements, project cities' loads are forecasted and aggregated to a single load which is then submitted to the Southwest Power Pool (SPP) for clearing in the Integrated Marketplace (IM). Additionally, each city's resources, whether contracted or generation, are scheduled or offered in the IM. KMEA also manages transmission congestion hedges as specified by protocols developed by each EMP group.

ENERGY MANAGEMENT PROJECT NO.1 (EMP1)

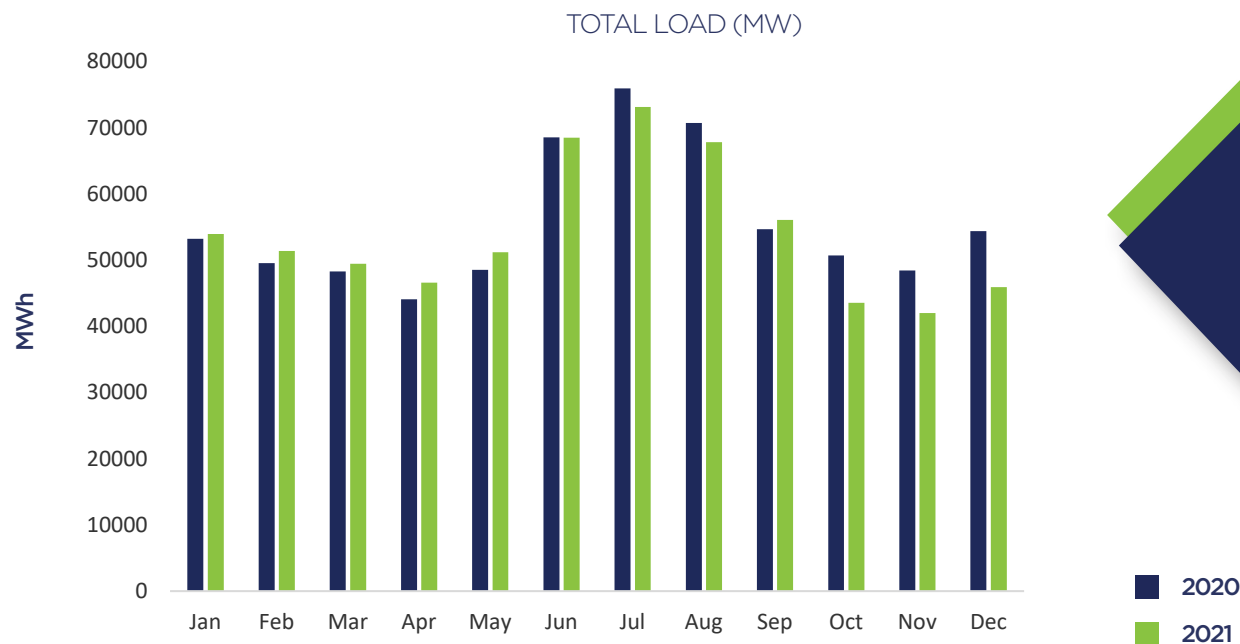
EMP1 began delivering electricity on June 1, 2006 to five cities. The City of Pomona joined in 2015 and the City of Prescott joined in 2017.



Baldwin City
Gardner
Garnett
Osawatomie
Ottawa
Pomona
Prescott

ENERGY MANAGEMENT PROJECT NO.2 (EMP2)

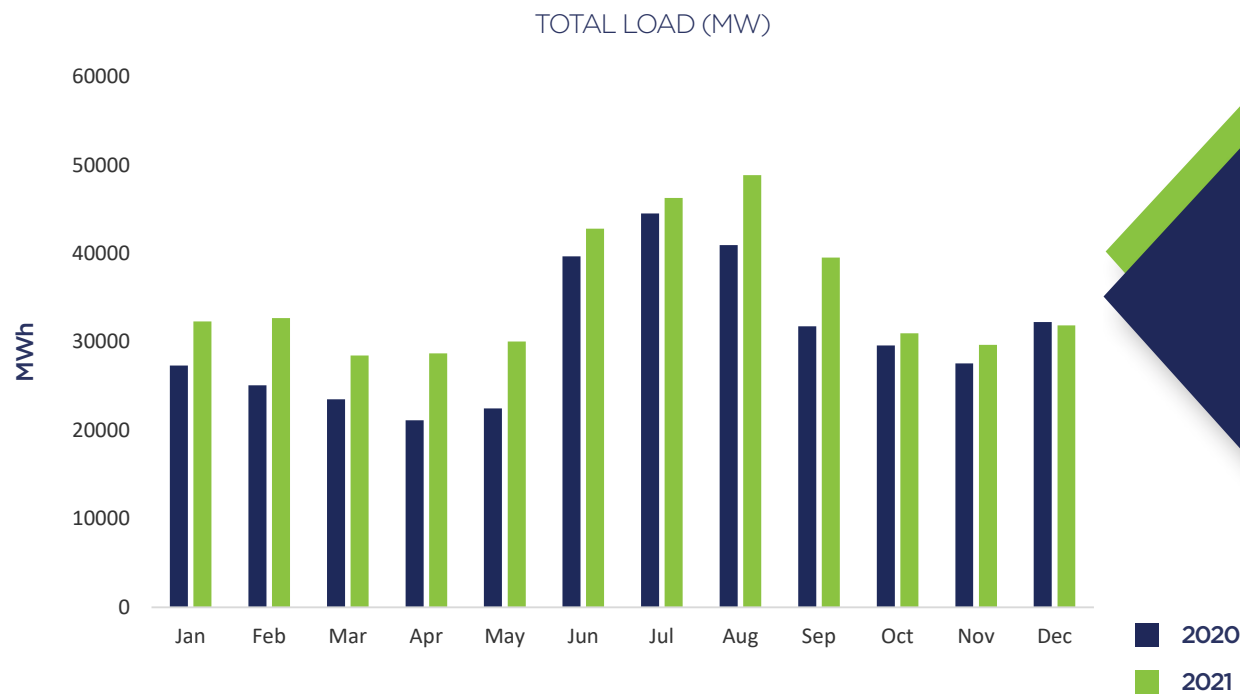
EMP2 began delivering electricity on November 1, 2007 to nine cities. Additionally, Anthony, Cimarron, Garden City, Mankato, Meade, and Oberlin have joined since EMP2's inception. The City of Oberlin will start to take power on January of 2022.



Anthony
Ashland
Beloit
Cimarron
Garden City
Hoisington
Lincoln Center
Mankato
Meade
Oberlin
Osborne
Russell
Sharon Springs
Stockton
Washington

ENERGY MANAGEMENT PROJECT NO.3 (EMP3)

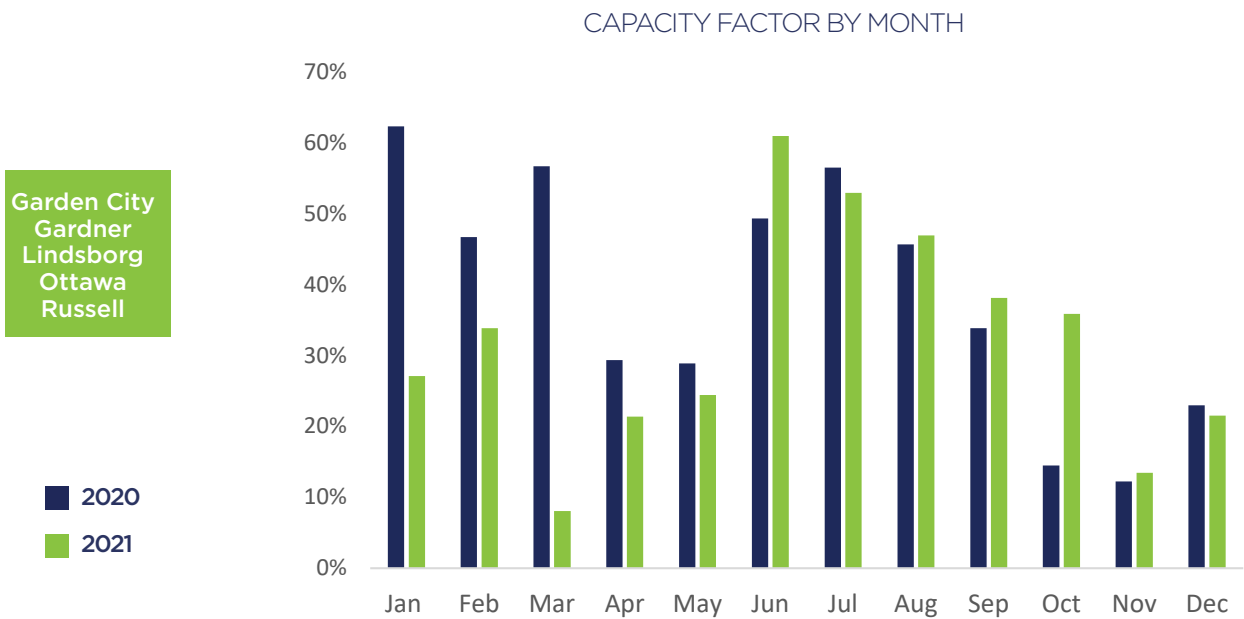
EMP3 began delivering electricity to its first ten participating cities in May 2013. Altamont, Arma, Blue Mound, Chetopa, Herington, Jetmore, Kiowa, La Harpe, Lindsborg, Moran, and Moundridge have since joined. The City of Herington will start to take power in June of 2022.



Altamont
Arma
Blue Mound
Burlingame
Chapman
Chetopa
Girard
Herington
Holton
Horton
Jetmore
Kiowa
La Harpe
Lindsborg
Moran
Moundridge
Neodesha
Osage City
Seneca
Sterling
Wamego

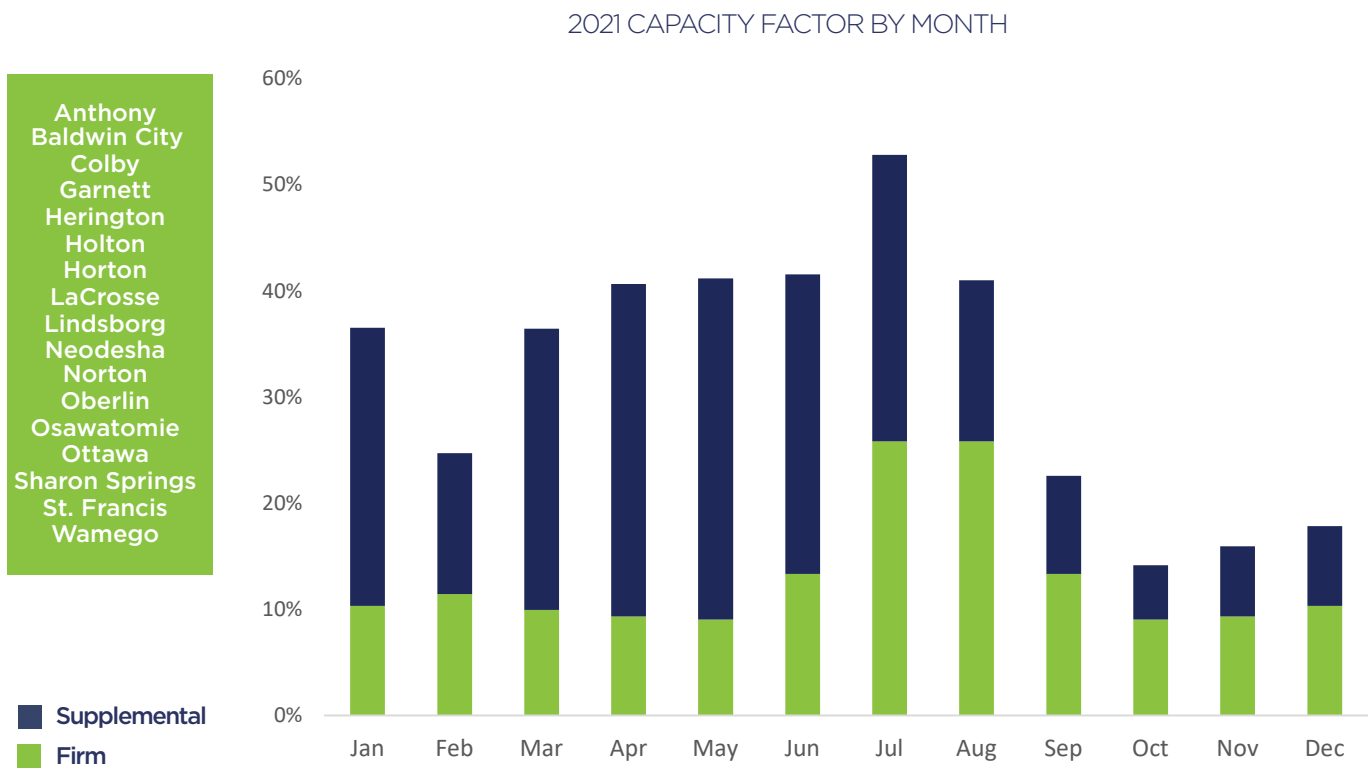
DOGWOOD PROJECT

On July 19, 2017, KMEA entered into an asset purchase agreement with Dogwood Energy LLC for the purchase of a 10.1% ownership interest (approximately 62 megawatts) in the Dogwood Energy facility on behalf of five member cities. Dogwood is a 650 MW, natural gas fired, combined-cycle facility located in Pleasant Hill, Missouri. Through this arrangement five cities were able to join forces to secure a life-of-unit, reliable and economic power supply resource for each of their communities. The project began providing energy to the five cities on March 30, 2018.



SOUTHWESTERN POWER ADMINISTRATION (SPA)

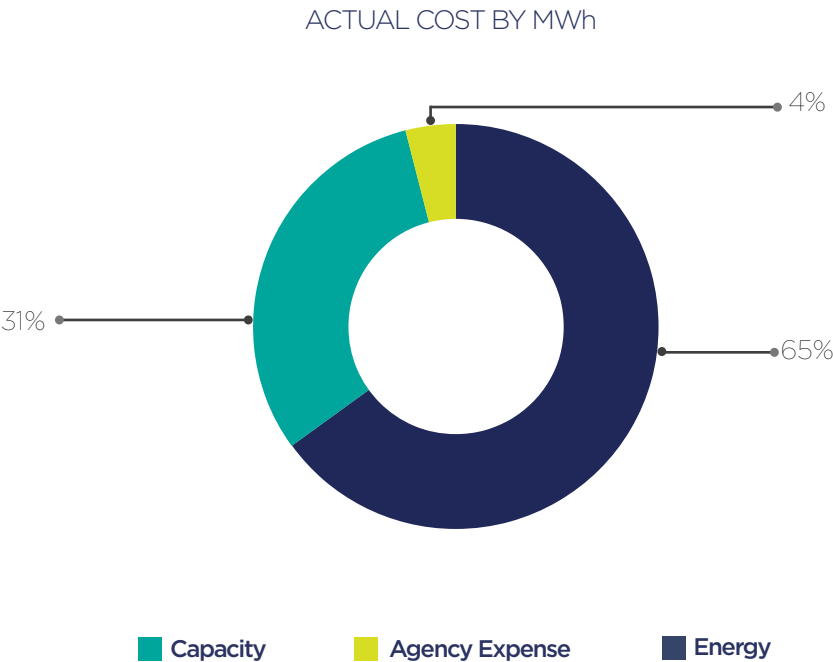
In 1983 KMEA and the Southwestern Power Administration (SPA) entered into a contract where the participant cities would take their individual entitlements to federal hydroelectric power, totaling 11.2 MW. In 2019 the project participants, KMEA, and SPA extended the contract through 2034. SPA also provides low-cost supplemental energy when favorable water conditions exist at its hydroelectric facilities.



GRAND RIVER DAM AUTHORITY (GRDA)

On January 19, 2000, KMEA and the Grand River Dam Authority (GRDA) entered into a 10-year power purchase agreement (PPA) for 39 MWs. The agreement consists of base load capacity and energy, which is delivered on long-term, firm transmission. In 2005 the agreement was extended to April 30, 2026, and the amount increased to 84 MWs in order to facilitate the addition of eight KMEA member cities.

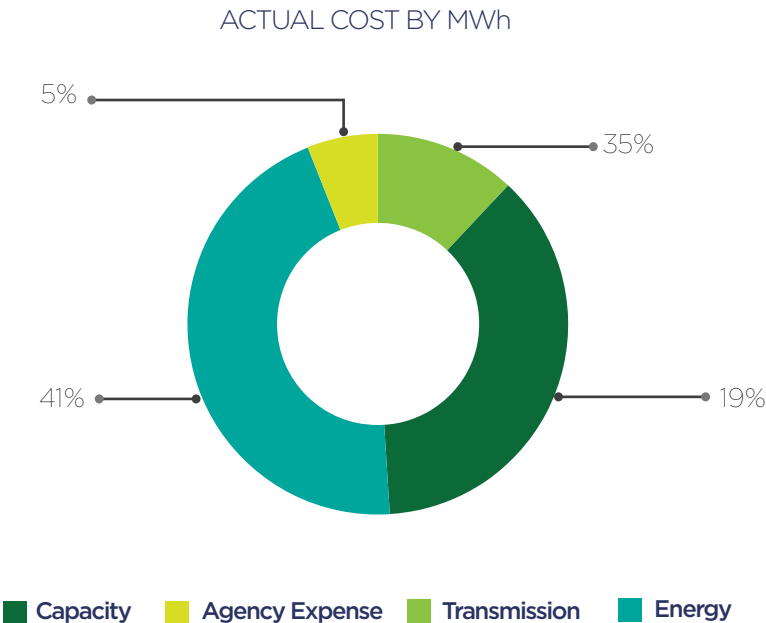
- Ashland
- Augusta
- Baldwin City
- Beloit
- Ellinwood
- Erie
- Fredonia
- Gardner
- Garnett
- Girard
- Hoisington
- Holton
- Horton
- Larned
- Lincoln Center
- Neodesha
- Osage City
- Osawatomie
- Osborne
- Ottawa
- Pratt
- Russell
- Sharon Springs
- Sterling
- Stockton
- Wamego
- Washington
- Wellington
- Winfield



WESTERN AREA POWER ADMINISTRATION (WAPA)

Under contracts with the Western Area Power Administration (WAPA), forty-four project participants are entitled to firm hydroelectric capacity totaling 32.9 MW in the summer and 28.3 MW in the winter, with associated energy of 101,105 MWh annually. WAPA energy is scheduled to enable the participating cities to avoid demand charges and replace high-cost, peak-hour energy. In 1997 the WAPA power supply agreement was extended by twenty years through 2024. In 2016 the WAPA agreement was again extended through 2054.

- | | |
|--------------|----------------|
| Arcadia | Horton |
| Arma | Jetmore |
| Ashland | Lakin |
| Baldwin City | Lincoln Center |
| Belleville | Lindsborg |
| Beloit | Mankato |
| Burlingame | Meade |
| Cawker City | Norton |
| Centralia | Oberlin |
| Chapman | Osage City |
| Cimarron | Osawatomie |
| Colby | Osborne |
| Enterprise | Ottawa |
| Eudora | Pomona |
| Garden City | Russell |
| Gardner | St. Francis |
| Garnett | Seneca |
| Glen Elder | Sharon Springs |
| Goodland | Stockton |
| Herington | Troy |
| Hill City | Wamego |
| Holton | Washington |



MARSHALL WIND

Baldwin City
Gardner
Garnett
Ottawa

KMEA entered into a 20-year power purchase agreement with Marshall Wind Energy LLC on February 2, 2016. The wind farm is located in Marshall County, Kansas, and has an installed capacity of 72 MW. KMEA's first renewable wind energy resource, Marshall Wind provides renewable energy to four EMP1 Cities. The facility began providing power to KMEA members on March 22, 2016. In 2021 total energy delivered to the participating cities was 22,111 MWh.

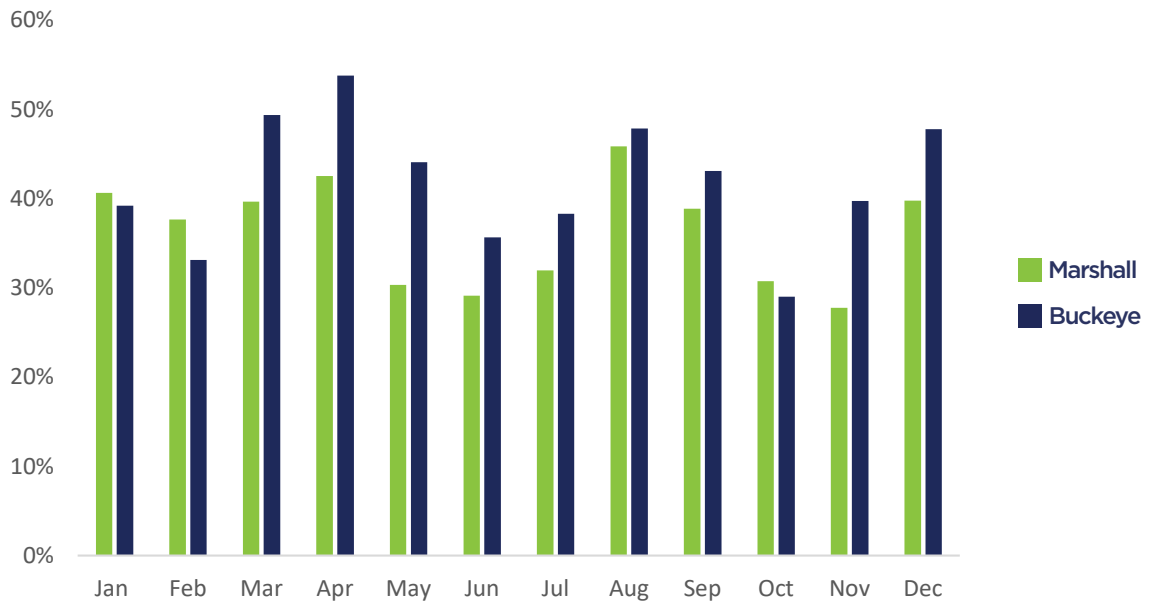
BUCKEYE WIND

On November 22, 2017, KMEA entered into a 15-year power purchase agreement with Buckeye Wind Energy LLC. The wind farm is located in Ellis County, Kansas, and has an installed capacity of 200 MW. Twenty-three of our members are participating in this long-term, economical energy supply ranging from a 0.2 megawatt share to a 15.0 megawatt share for one of the larger member communities. The project began providing wind power to our members on June 1, 2018.

Anthony
Ashland
Baldwin City
Beloit
Cimarron
Colby
Garden City
Hoisington
Holton
Jetmore
Lincoln Center
Lindsborg

Mankato
Meade
Osage City
Osborne
Ottawa
Pomona
Russell
Sharon Springs
Stockton
Wamego
Washington

WIND CAPACITY FACTOR BY MONTH

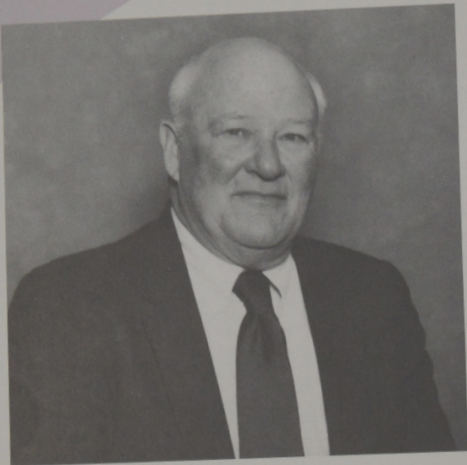


Ottawa, KS



MESSAGE FROM 30 YEARS AGO...

President's Message to the Members



"Surviving in the '90s" is a common theme in today's investor-owned utility sector. The message to electric utilities is to either adapt to the new competitive environment or be acquired by a stronger or more efficient utility. Good examples here at home are the KPL-KGE merger and the UtiliCorp purchase of Centel electric properties in Kansas and Colorado.

Municipalities aren't reacting to this warning with intense concern because we believe that our municipal electric systems are insulated from the acquisition strategies of the investor-owned utilities. However, our public ownership status gives us only a temporary reprieve, not a permanent immunity from the competitive pressures facing the electric utility industry. For our members, the message of the '90s is better expressed as "Making Sense in the '90s." That is, recognizing the support of our communities by demonstrating why continued municipal ownership makes sense.

For municipal-owned electric systems, near-term survival may be secure because we are shielded from the profitability demands put on investor-owned utilities. Our "stockholders" are our customers: they aren't looking to maximize profits and they aren't lured by takeover and tender offers. They are concerned with having a safe and reliable supply of reasonably priced electricity. Yet, unless customers know that municipal ownership accomplishes these goals for them and the community, municipalities eventually may fall prey to buyout offers.

By "Making Sense in the '90s", we must show how continued municipal ownership is in the community's best interest. This task will be made more difficult by the upward pressure on utility rates, caused in part by mandated environmental and conservation programs and by competitive bidding for wholesale power supplies.

We need to emphasize the critical advantages of local control by our elected officials. Keeping utility dollars at home is one of the most important benefits. Our responsibility is to educate our communities about the full cost and benefits of managing our own electric utility departments. Hidden benefits, such as free services and fund transfers that benefit the entire community, should be emphasized. We must take the initiative to address the inevitable questions that will arise when investor-owned utilities use price comparisons to attract new customers.

And just as the investor-owned utilities consolidate and merge to realize economies of scale, we too can strengthen our position by combining our resources through the KMEA organization. The merging of our individual resources and personnel will better equip us to address environmental compliance issues, intervene in regulatory proceedings and compete for wholesale power supplies.

We have successfully implemented this joint-action approach on several key issues this past year. KMEA's staff worked closely with the Kansas Municipal Utilities, Inc. to represent the cities in the KPL-KGE merger and in UtiliCorp's purchase of Centel properties. KMEA was a leading advocate for the small cities before the Environmental Protection Agency with respect to the Clean Air Act's burdensome and costly regulations - regulations that would significantly increase electricity costs for small communities. Similarly, KMEA provided administrative services to help the new Kansas Municipal Gas Agency fulfill its goal of supplying natural gas to its member cities.

"Making Sense in the '90s" means building and reinforcing the support of our customers and community. We will need that support down the road because our reprieve is due to run out.

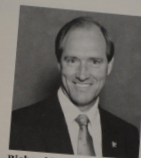
Max H. Embree

Max H. Embree
Businessman/Rancher, Col

1991 Officers and Executive Committee Members



Gary L. Rambo
Vice President
Utility Superintendent, Atchison



Richard L. Craft
Secretary/Treasurer
Electric Utility Director, Winfield



Harry E. Zielke
Chairman, Tarnol



Jack Davis
Director of Utilities-Retired, Ottawa



Arlyn Bradford
Electric Superintendent, Pratt



Charles E. McNerny
Chairman, Sharon Springs

A MESSAGE FROM KMGGA'S PRESIDENT AND GENERAL MANAGER

GUS COLLINS AND PAUL MAHLBERG

Ad astra per aspera

KANSAS

2021 was the start of the fourth decade of KMGGA's existence, and without a doubt, the most challenging year in our history. It all began shortly before Valentine's Day when an extreme cold front blanketed the entire middle of the U.S. from the Canadian border to the Gulf of Mexico. The storm, dubbed Winter Storm Uri, brought on record demands for natural gas use and caused significant wellhead freeze-offs in Kansas, Oklahoma, Texas and Louisiana. Market prices for natural gas reached unprecedented levels – over \$600 per MMBtu on the Southern Star pipeline – over 200 times the highest price ever recorded in the past!

An unavoidable crisis was upon us. Staff and the member cities immediately implemented measures and plans to deal with the storm. Outside legal counsel was brought on February 12 to assist with discussions with the Federal Energy Regulatory Commission, and a Zoom call with Governor Kelly occurred on the morning of Valentine's Day. Constant communications with the pipelines and the Kansas Corporation Commission occurred along with daily virtual meetings with members... all with the goal to keep the gas flowing and to avoid a severe human needs issue.

After the ice thawed, the Agency and the members were faced with the financial impact of the high natural gas prices. With the leadership and assistance of the Kansas Municipal Utilities, a City Utility Low Interest Loan program was passed by the State Legislature and signed into law by the Governor in a record amount of time. This loan program allowed the members to access funds to be able to pay the February gas bills, to avoid depleting cash reserves.

For the remainder of 2021 and into 2022, the Agency has been focused on finding relief from the impact of Winter Storm Uri and to champion regulatory and congressional change to avoid experiencing another event like Uri. In addition, new procurement policies and procedures at the KMGGA level have been implemented.

Despite this unprecedented event, the membership has held strong. Lessons have been learned and the Agency is moving forward with a new sense of urgency in its core mission – to provide low cost, reliable and stable gas supply to its members.

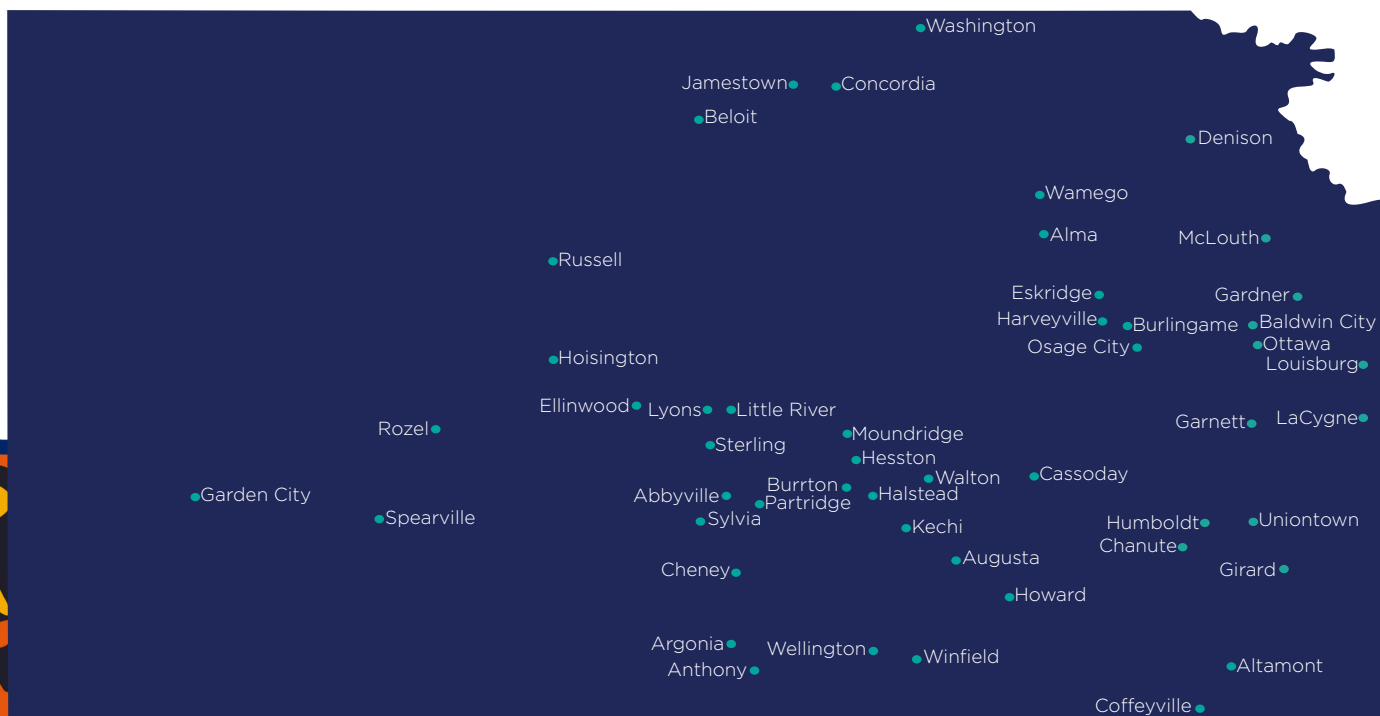
Thank you to the entire membership for this past year for the support and cooperation as we battled together through some incredible challenges.



Gus Collins
KMGGA President

Paul Mahlberg
KMGGA General Manager





Alma

1. Michael Slobodnik
2. Trent Viergever

Altamont

1. LeaAnn Myers
2. Brad Myers

Anthony

1. Larry Berry
2. Cyndra Kastens

Argonia

1. Rick Dolley
2. Tara Pierce

Augusta

1. Tim Johnson
2. Jim Sutton

Baldwin City

1. Glenn Rodden
2. Rob Culley

Beloit

1. Manny Milbers
2. Steven Krier

Burlingame

1. Leslie Holman
2. David Panches

Burrton

1. Jon Roberts
2. Kim Ryan

Cassoday

1. Lequita Joy Nelson
- 2.

Cheney

1. Gerald Peitz
2. Danielle Young

Coffeyville

1. Mike Shook
2. Mark Hall

Concordia

- 1.
2. Gary Strait

Ellinwood

1. Chris Komarek
2. Jon Perron

Eskridge

1. Mike Bohn
2. Stephanie Graham

Garden City

1. Kent Pottorf
2. Mike Muirhead

Gardner

1. Gonzalo Garcia
2. Matt Ponzer

Garnett

1. James DePriest
2. Travis Wilson

Girard

- 1.
- 2.

Halstead

1. Ethan Reimer
2. Patrick Adams

Harveyville

1. Roy Rickel
2. Gary Dixon

Hesston

1. Gary Emry
2. Scott Robertson

Hoisington

1. Jonathan Mitchell
2. Darren Delzeit

Howard

1. Joanna Hunter
2. Ernest Tousley

Humboldt

1. Jeremy Bulk
2. Chaz Sanchez

Jamestown

1. Jacob Thoman
2. Royce Bruntzel

Kechi

1. Theresa Morlan
2. Thomas Bevan

LaCygne

1. Jodi Wade
2. Daniel Nasalroad

Little River

1. Don Teeters
- 2.

Louisburg

1. Nathan Law
- 2.

Lyons

1. Chad Buckley
2. Rob Wallace

McLouth

1. Kim Everley
2. John DeLaet

Moundridge

1. Murray McGee
2. Jeremy Moore

Osage City

- 1.
2. Rod Willis

Ottawa

1. Dennis Tharp
2. Jeff Oleson

Partridge

- 1.
2. H. Karl Kocher

Rozel

1. Terry Ryan
2. Derek Spreier

Russell

1. Jon Quinday
2. Duane Banks

Spearville

1. Jeremy Luthi
2. Tammy Konrade

Sterling

1. John Wagerle
- 2.

Uniontown

1. Sally Johnson
2. Bobby Rich

Walton

1. Jeff Carter
2. Stephanie Ashby

Wamego

1. Staci Eichem
2. Casey Frisbie

Washington

1. Richard Applegarth
2. Carl Chalfant

Wellington

1. Roger Estes
2. Ryan Hain

Winfield

1. Gus Collins
2. Taggart Wall

AFFILIATE MEMBERS

Abbyville
Chanute
Denison
Sylvia

1. Director
2. Alternate

Data as of September 2021

KMGA MEMBER CITIES SUMMARY

City	Population	MMBtu Sold
Abbyville	200	3,283
Altamont	1,080	37,844
Anthony	2,100	1,091
Argonia	500	17,108
Augusta	9,368	23,960
Baldwin	4,752	777
Beloit	3,452	2,557
Burlingame	971	39,863
Burrton	856	22,143
Cassoday	120	6,641
Cheney	2,181	75,120
Coffeyville	8,900	581,984
Concordia	5,005	1,580
Ellinwood	1,969	559
Eskridge	501	49,932
Garden City	34,437	12,739
Gardner	23,865	288
Garnett	3,234	140,139
Girard	2,707	1,650
Halstead	2,277	190,354
Hesston	3,800	301,501
Hoisington	2,586	130
Howard	600	24,853
Humboldt	1,953	89,621
Jamestown	310	11,921
Kechi	2,016	55,235
LaCygne	1,086	54,491
Little River	536	18,029
Louisburg	4,499	134,190
Lyons	3,564	145,536
Manhattan	55,045	15,093

City	Population	MMBtu Sold
McLouth	859	27,178
Moundridge	1,974	97,025
Osage City	2,785	103,370
Ottawa	12,653	20,675
Partridge	274	6,118
Rozel	104	8,157
Russell	4,413	7,277
Spearville	850	32,057
Sterling	2,209	936
Uniontown	293	7,969
Walton	231	10,107
Wamego	5,000	3,862
Washington	1,033	530
Wellington	7,715	50,588
Winfield	11,676	588,093

**Combined City
Data**

236,539

3,024,154



KMGA FINANCIALS

CONDENSED STATEMENTS OF NET POSITION

DECEMBER 31	2021	2020	2019
Assets			
Utility Plant	\$10,326	\$13,677	-
Cash	3,045,195	1,792,110	\$1,272,994
Accounts receivable	3,545,414	2,214,558	2,085,002
Total Assets	6,600,935	4,020,345	3,357,996
Liabilities			
Accounts payable and accrued expenses	6,074,260	3,442,779	2,762,365
Net Position	\$526,675	\$577,566	\$595,631

*Information taken from Table 1, page 5 of KMGA Audited Financial Statements December 31, 2021.
Complete Audit Report can be found at www.kmea.com.

CONDENSED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

DECEMBER 31	2021	2020	2019
Gas Supply Project Margin			
Project revenues	\$55,690,614	\$7,684,613	\$11,010,493
Gas and gas transportation	(55,441,950)	(7,441,538)	(10,691,809)
Total Gas Supply Project Margin	248,664	243,075	318,684
Other operating revenues	282,871	36,935	31,239
Total	531,535	280,010	349,923
Administrative expenses	(579,077)	(295,005)	(285,997)
Depreciation expense	(3,349)	(3,070)	-
Changes in Net Position	(50,891)	(18,065)	63,926
Total Revenues	\$55,973,485	\$7,721,548	\$11,041,732
Total Expenses	\$(56,024,376)	\$(7,739,613)	\$(10,977,806)

*Information taken from Table 2, page 6 of KMGA Audited Financial Statements December 31, 2021.
Complete Audit Report can be found at www.kmea.com.



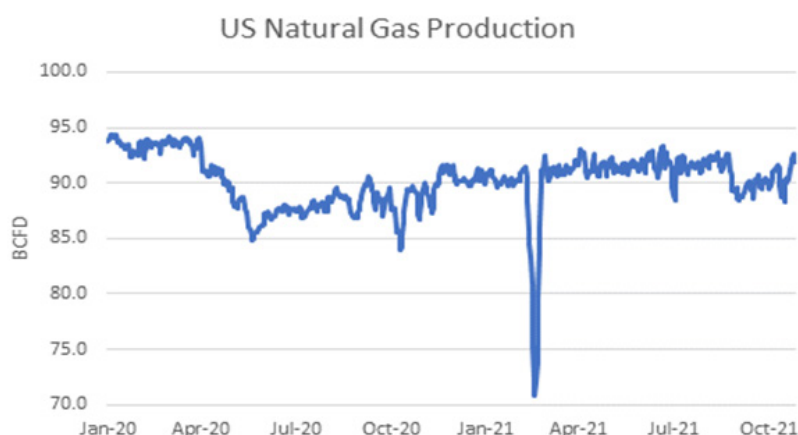


2021 NATURAL GAS INDUSTRY REVIEW

The natural gas industry entered 2021 still recovering and rebounding from the impact that COVID-19 had on both production and consumption of natural gas. Several records were also set in 2021.

Natural Gas Production saw the largest decline in output in February due to extremely cold weather over a large footprint of the Mid-continent production area. Temperatures well below freezing reached into Oklahoma, Texas, Arkansas and Louisiana.

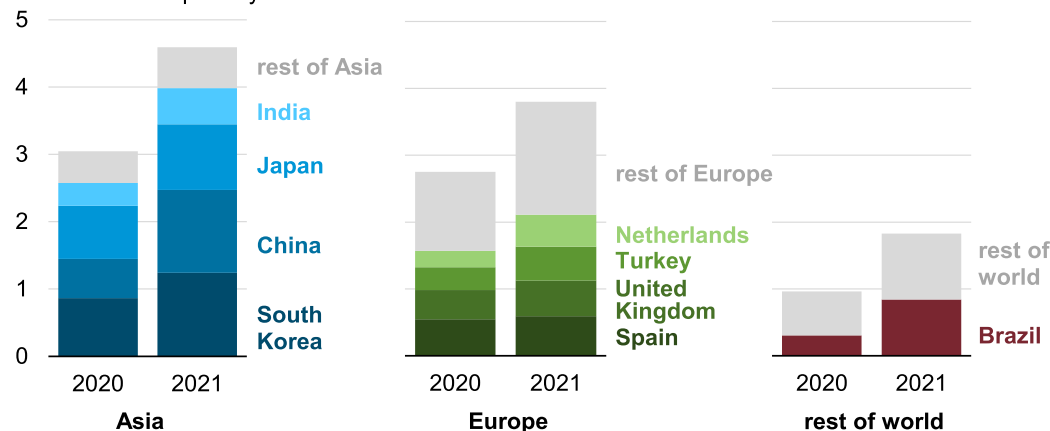
In late August, Hurricane Ida reduced natural gas production in the Gulf of Mexico by an estimated 38.4 billion cubic feet (Bcf) over 28 days, the most shut-in days reported since 2012. Ida became the second-most damaging and intense hurricane to make landfall in the state of Louisiana on record, only behind Hurricane Katrina.



Liquefied Natural Gas (LNG) exports reached new levels in 2021 averaging 9.7 Bcf per day, an increase of 50% from 2020. LNG prices rose as high as \$60 per MMBtu in the Asian markets in December 2021.

Annual U.S. liquefied natural gas exports (2020–2021)

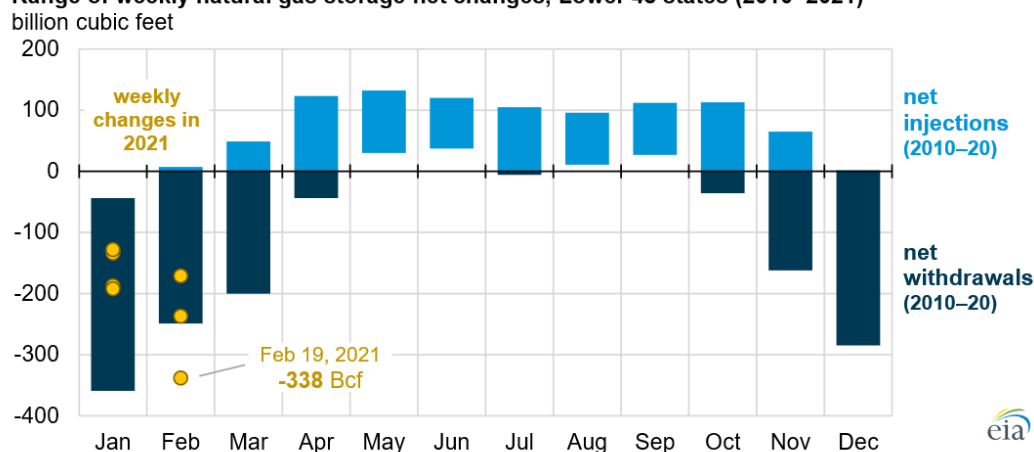
billion cubic feet per day



Storage inventory levels recorded the second largest weekly withdraw volume in mid-February. For the week ending February 19th inventory fell 338 Bcf, nearly three times the average withdrawal for mid-February.

After starting the winter heating season (November–March) below its previous five-year average, natural gas in storage surpassed its five-year average in mid-December during one of the warmest Decembers on record.

Range of weekly natural gas storage net changes, Lower 48 states (2010–2021)



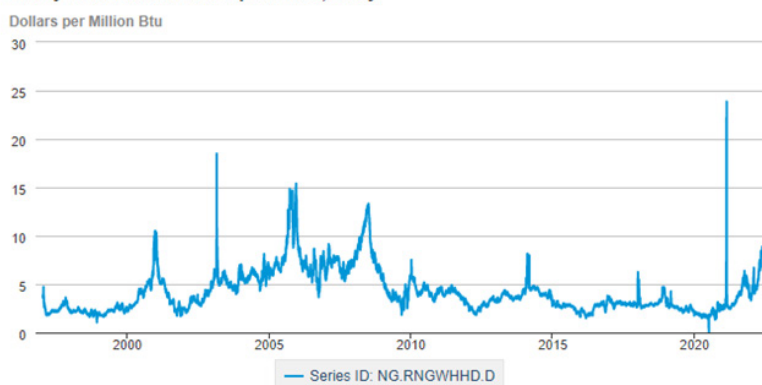
Source: U.S. Energy Information Administration, [Weekly Natural Gas Storage Report](#)

Daily index pricing reached \$622 per MMBtu on February 17th during Storm Uri. The lowest price in 2021 was on April 6th at \$2.12 per MMBtu.



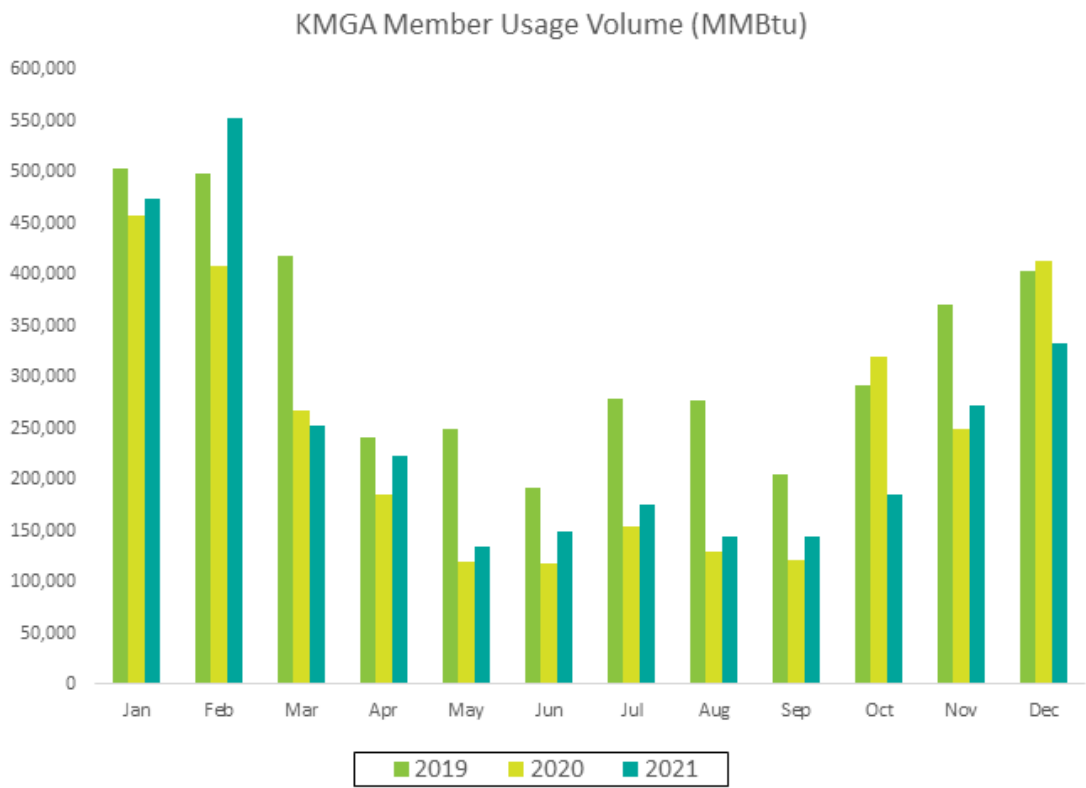
Henry Hub spot prices averaged \$3.89 per MMBtu in 2021, up \$1.84 from 2020 average of \$2.05 per MMBtu.

Henry Hub Natural Gas Spot Price, Daily



Source: U.S. Energy Information Administration

Natural Gas Consumption by KMGa members in 2021 totaled more than three million MMBtu. This is a 3% increase over the total volume for 2020. Power plant usage saw an increase of more than 125,000 MMBtu above 2020's usage volume. LDC usage in February was 100,000 MMBtu over the prior 2-year average due to the extreme cold weather during Storm Uri.



KMGA HIGHLIGHTS

KMGA VIRTUAL BOARD OF DIRECTORS MEETINGS

The KMGA Board of Directors met virtually twice in 2021. During the May 27th meeting the board approved the addition of the city of Girard to the membership and reviewed the preliminary 2022 annual budget.

The board met virtually again on September 30th. They took action to approve the 2022 annual budget and elected Officers, At-Large Executive Committee members and Joint Board Representatives.

Due to the cancellation of the 2021 Annual Conference the 2020 and 2021 KMGA awards were presented at this meeting and given in person to the recipients at their respective governing body meetings.

KMGA AWARD RECIPIENTS



CITY OF GIRARD BECOMES KMGA MEMBER

In 2021 the KMGA Board of Directors approved the addition of the city of Girard to the membership, bringing the total number of full members to 46.



Augusta, KS

KMGA EXECUTIVE COMMITTEE



GUS COLLINS
KMGA President
City of Winfield
City of Winfield

ROD WILLIS
KMGA Vice-President
City of Osage City

MIKE SHOOK
City of Coffeyville

ETHAN REIMER
City of Halstead

CHAD BUCKLEY
City of Lyons

STEPHANIE ASHBY
City of Walton

NATHAN LAW
City of Louisburg

KMEA EXECUTIVE COMMITTEE



JON QUINDAY
KMEA President
City of Russell

JONATHAN MITCHELL
KMEA Vice President
City of Hoisington

MIKE MUIRHEAD
Secretary/Treasurer
City of Garden City

IRA HARRISON
City of Holton

DENNIS THARP
City of Ottawa

BARACK MATITE
City of Eudora

ROB CULLEY
City of Baldwin City

STACIE EICHEM
City of Wamego

DUSTIN BEDORE
City of Goodland

JOINT BOARD FOR ADMINISTRATION



GUS COLLINS
Chairperson
City of Winfield

JON QUINDAY
Secretary
City of Russell

MIKE SHOOK
City of Coffeyville

DENNIS THARP
City of Ottawa

ROD WILLIS
City of Osage City

MIKE MUIRHEAD
City of Garden City

As of 09/30/2021

2021 BUSINESS ASSOCIATES



KMEA STAFF

