

Bipartisan Infrastructure Law - SECTION 40101(d)
PREVENTING OUTAGES AND ENHANCING THE RESILIENCE OF THE ELECTRIC GRID

State of Kansas
March 2023

Program Narrative

The Program Narrative is provided by the State of Kansas as part of the application for funding under the U.S. Department of Energy’s IJA Preventing Outages and Enhancing the Resilience of the Electric Grid Formula Grant Program. This Program Narrative is intended to apply for each year for the five year award period (FY2022 – FY2026).

1. Objectives and Metrics:

The State of Kansas has listed below four objectives which will guide its resilience investment decisions for the entire term of this grant Program:

Objective 1. Improve the reliability and resilience of the electric grid to reduce the frequency and duration of power interruptions, especially in areas that experience higher than system average frequency and duration outages.

Metrics:

- Historical and post project estimated System Average Interruption Frequency Index (SAIFI) data, and/or any alternate interruption frequency metric used by the utility.
- Historical and post project estimated System Average Interruption Duration Index (SAIDI) data and/or any alternate interruption duration metric used by the utility.
- Age of system or line segments, type of equipment that failed, and number of annual outages.
- Number of customers to be impacted by project and percentage of impacted customers to total customers served in Kansas.

Objective 2. Promote grid equity by ensuring that funds are distributed equitably, particularly in rural, disadvantaged, and underserved communities (those communities whose residents would be negatively impacted by large utility project costs, or whose access to services, supplies or a work force are limited).

Metrics:

- Identification of disadvantaged communities using Climate and Economic Justice Screening Tool (CEJST) at <https://screeningtool.geoplatform.gov/> and the Energy Justice

Tool at <https://energyjustice.egs.anl.gov/> or any other tool recommended by DOE to identify disadvantaged communities.

- Historical and post project estimated interruption frequency data.
- Historical and post project estimated interruption duration data.
- Pro rata customer impact of total project cost.
- Number of customers to be impacted by project and percentage of impacted customers to total customers in the disadvantaged or underserved community.

Objective 3. Promote resilience projects that increase grid resilience spending in the State. Kansas will advance resilience investment projects that are not currently being funded or budgeted for funding. Desired projects to be advanced are those that have either been deferred due to a lack of funding or projects that are in the early planning stage.

Metrics:

- Certification by the eligible entity and verification to the extent possible.

Objective 4. Advance projects that attract, train, and retain an appropriately skilled Kansas workforce.

Metrics:

- Description of efforts to be undertaken to attract, train, and retrain a skilled workforce.
- Description of how the project will use strong labor standards and protections.
- Number of jobs created post award; number and percentage of total employees added from the project community; number and percentage of employees added that have lost jobs due to the displacements of fossil energy jobs.
- Plans to partner with training providers to support workforce development.
- Description of efforts to include opportunities for underrepresented or historically excluded workers.

2. Criteria:

Kansas will review all complete subgrant project applications and supporting data by eligible entities, for the entire term of grant Program, and will prioritize for award those projects that will generate the greatest community benefit (whether rural or urban) in reducing the likelihood and consequences of disruptive events. Eligible entities will be required to provide historical measurements of resilience and reliability for the targeted areas of each proposed project and provide expected changes to the historical data as a result of each proposed project. Eligible entities must also provide historical measurements of resilience and reliability for their entire system to determine whether the project is in an area that has, on average, more frequent or longer duration outages.

Eligible entities will be required to provide all expected costs and benefits associated with the project, including any proposed excess cost match proposal by the eligible entity, in order to determine the total net benefit of each project.

Additional consideration will be given for projects located in, or which provide benefit to, disadvantaged communities or small underserved communities. And further additional consideration will be given for projects that incorporate quality jobs, community benefits, and support concepts of diversity, equity, inclusion and accessibility.

An eligible entities' proposed resilience investment project must not be one that has already been implemented or one which funds have already been budgeted for future implementation.

According to most recent EIA data, eligible entities in Kansas that sell less than 4,000,000 MWh per year represent approximately 36.3% of all of Kansas customers in 2021. This percentage was calculated using the 2021 EIA data collected from Form 861. The EIA data, showing sales by utility in Kansas, included a line item with a Utility Name "Adjustment 2021" with a total sales value of 4,080,741 MWh per year. However, sales data for 17 small cooperative customers and 112 municipal customers that collectively sold 4,122,404 MWh during 2021 was missing. None of these small cooperatives or municipalities individually sold more than 4,000,000 MWh during 2021. Therefore, it is assumed that the "Adjustment 2021" line item represents the cumulative value of all missing cooperative and municipality sales. According to the most recent 2021 EIA data, total sales in Kansas equaled 40,491,786 MWh. Based on the assumptions above, sales by the small utilities totaled 14,707,223 MWh, representing 36.3% of all sales in Kansas.

The minimum funding available to all small utilities using less than 4,000,000 MWh will be \$2,419,823 in the first year (based on the first year allocation of \$6,666,178) and \$2,412,842 for the second year (based on the second year allocation of \$6,646,948). However, Kansas will prioritize projects from the smaller set aside entities and may provide more than the overall minimum funding required to these smaller entities. In no event will the percentage of funds being set aside for these eligible entities that sell not more than 4,000,000 MWh of electricity per year be less than the percentage of all customers in Kansas that are served by those eligible entities during the entire term of this grant Program. All eligible entities claiming this small entity status shall be required to submit data with their application verifying that status.

Awards will only be provided to eligible entities for projects proposed to be implemented within the State of Kansas.

3. Methods:

Following DOE's approval of Kansas' Program Narrative, it is anticipated that Kansas will solicit applications of subgrants from eligible entities through public announcements. Priority will be given to projects that will generate the greatest community benefit (whether rural or urban) in reducing the likelihood and consequences of disruptive events. If more than one

acceptable application is submitted, Kansas will evaluate each submission based on the criteria and metrics above. It is anticipated that interviews may take place with the applicants to clarify or expound on issues concerning projects and Kansas may, at some point, find it beneficial to meet with stakeholders to collectively leverage commonality of projects.

Kansas Electric Cooperatives Inc. (KEC) is a Kansas statewide organization of electric distribution cooperatives. Kansas Municipal Utilities (KMU) is another Kansas statewide association representing small Kansas cities and other public or not-for-profit agencies involved in the ownership and operation of municipal utilities. These are two examples of Kansas organizations that have banded member utilities together into separate statewide associations to provide greater efficiencies and economies of operations for their members, regardless of size. Twenty-eight member utilities of these two associations serve less than 500 customers, twelve member utilities serve less than 200 customers, and 6 serve less than 100 customers. None of the member utilities of either KEC or KMU use more than the small utility threshold of 4,000,000 MWh per year. It is possible that member utilities of these or other associations, or the associations themselves as agent for the small eligible entity utilities, may collectively and collaboratively present Kansas with projects for review and for funding to provide the greatest community benefit in reducing the likelihood and consequences of disruptive events and which is align with the objectives of the Grid Resilience Formula Grant Program.

Kansas will require that subgrant recipients provide quarterly performance and financial reporting describing activities completed and progress made toward completion of the Objectives in Section 2 above. Kansas will plan to make public on its website any updates on progress to awarded projects. Kansas will provide DOE all data as required.

4. Funding Distribution:

Eligible entities for funding under this Program include electric grid operators, electricity storage operators, electricity generators, transmission owners or operators, distribution provider and fuel suppliers or other entities determined by the DOE. However, Kansas shall give preference to only entities that deliver electricity to the public.

At this time Kansas does not foresee the need to impose a cap on subgrant project funding, but reserves the right to do so in the future. Kansas would propose to fund approved projects to the set-aside class of small eligible entities until the federal grant dollars are fully allocated under the set-aside minimum amount. If Kansas does not receive qualified projects from the small set aside entities that fully utilize the minimum set aside amount, Kansas will allocate the remaining funds to other larger eligible entities' qualified projects. The remaining funds would be allocated first to the small set-aside entities that were not fully funded from the set-aside minimum dollar amount, if any, then to the remaining eligible entities until the federal grant dollars available, less the allowable 5% of the award for administration expenses and technical assistance, have been fully allocated.

Kansas will require that subgrant recipients provide excess cost match funds to cover the state's requirement to match 15% of the total Federal grant allocation provided.

5. Equity Approach:

Consistent with state and federal law, Kansas will make every reasonable effort to ensure funds awarded are utilized to generate the greatest community benefit (whether rural or urban) in reducing the likelihood and consequences of disruptive events. In addition to improving the resilience and reliability of the grid, Kansas has made grid equity and employment opportunity two of the four guiding objectives for this Program. Further, Kansas has made grid security and quality job opportunities a guiding criteria for awards. Kansas will ensure the approved projects will incorporate quality jobs, community benefits, diversity, equity, inclusion and accessibility.

Kansas will adhere to all the terms and conditions of the grant agreement, including those that pertain to wages, American-made products and a free and fair choice to join or form a union. Kansas will incorporate into the projects, where applicable, training opportunities needed to operate and maintain the investments, thereby supporting the State's economy through promoting a well-trained workforce.

6. Technical Assistance and Administration:

Kansas will set aside up to 5% of the federal allocation and use by its employees and contractors to provide project management, accounting, grant reporting and grant administration and other project administration and technical assistance as required.

7. Public Notice and Hearing:

On February 27, 2023, the Kansas Corporation Commission (KCC) posted Notice of Public Hearing on its public website to be held on March 16, 2023 to share the proposed objectives and metrics and to review the criteria and anticipated funding methods to be used to grant awards to eligible entities in Kansas and potential approaches for distributing funds. Links to the Infrastructure Investment and Jobs Act, the U.S. DOE Grid Resilience Formula Grant Program Web page, and the Allocation of Grant Funds to States and Indian Tribes were also provided on the KCC website. A draft copy of the Program Narrative was also posted.

Kansas sent 23 email invitations to the Public Hearing directly to utilities, Kansas Electric Cooperative (KEC) and Kansas Municipal Utilities (KMU), and other parties that had previously expressed an interest to participate. KEC forwarded the public hearing information to its 118

electric utility members. KMU forwarded the public hearing information to its 26 electric utilities and 3 to their generation and transmission cooperatives.

The Public Hearing was held at 3:00 pm on Thursday March 16th with 30 attendees representing almost all of the eligible entities in the State. Representatives of KMU and KEC were in attendance as were representatives of individual municipal and cooperative utilities. The Kansas Power Pool was also represented. Public comments were allowed at the hearing and written comments, either by mail or email, were accepted from the date of the posting of the Notice of Public Hearing through March 20, 2023. Stakeholder questions concerning the timing of the DOE approval of Kansas' application and timing for application of subaward projects were raised and answered. Concerns were expressed pertaining to the potential cost to be incurred in responding to the extensive requirements of the Environmental Questionnaire, and cost of reviewing, understanding and adhering to the requirements for Buy America and Davis-Bacon.

It was announced that meetings with stakeholders would commence soon after the filing by Kansas of its application with DOE to discuss potential projects, specific metrics, criteria and costs.

A copy of the Notice of Public Hearing is attached hereto.