



WELCOME

Shane Laws – Victory Electric Chief Executive Officer
Distribution Cooperative Member Impacts

Corey Linville – Sunflower Electric Senior Vice President and Chief Operations Officer
of Power Supply and Generation
Transmission and Generation Challenges

Nick Hernandez – Dodge City Manager
Michael Burns – Dodge City Vice-Mayor
Water Use Considerations

Gary Thomas – Ford County Commissioner
County Commission Approach Strategy and End Goals

MISSION: TO BUILD A STRONGER, BRIGHTER FUTURE BY PROVIDING MEMBER-DRIVEN WORLD-CLASS SERVICE

Member Forum

Presented by Corey Linville

VISION: EMPOWERING EMPLOYEES, POWERING MEMBERS

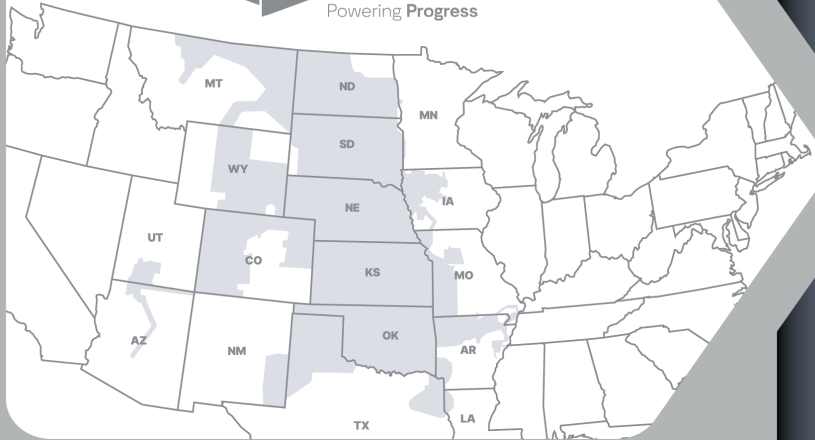


Who are the entities involved
in providing electric service?



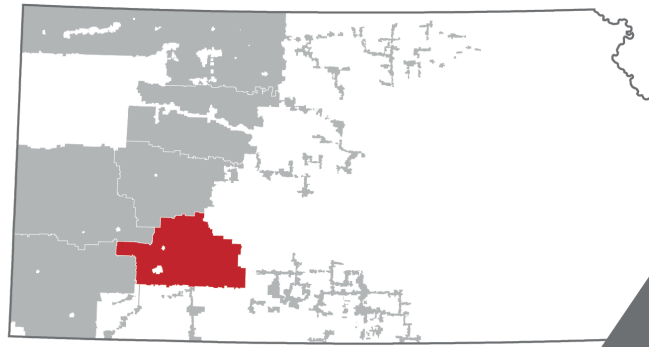
POWERING OPPORTUNITY THROUGH COORDINATED PLANNING

When a large, energy-consumption business considers locating in our area, SPP, Sunflower, and Victory each play a coordinated role in ensuring power can be delivered reliably, costs are assigned appropriately, and the interests of all members are protected.



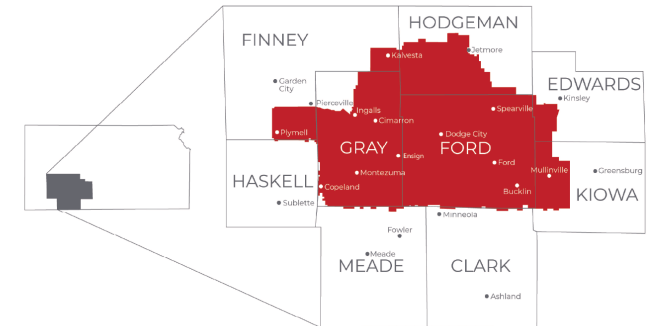
REGIONAL TRANSMISSION ORGANIZATION (RTO)

Ensures the regional electric grid can support a new large-scale, high-energy-demand business by evaluating the facility's impact and directing any necessary generation or transmission system upgrades required to maintain reliability.



GENERATION AND TRANSMISSION (G&T) UTILITY

Plans and provides the wholesale power supply and high-voltage transmission needed to serve a new, large business, and coordinates studies, infrastructure planning, and long-term investments to meet growing energy demand.



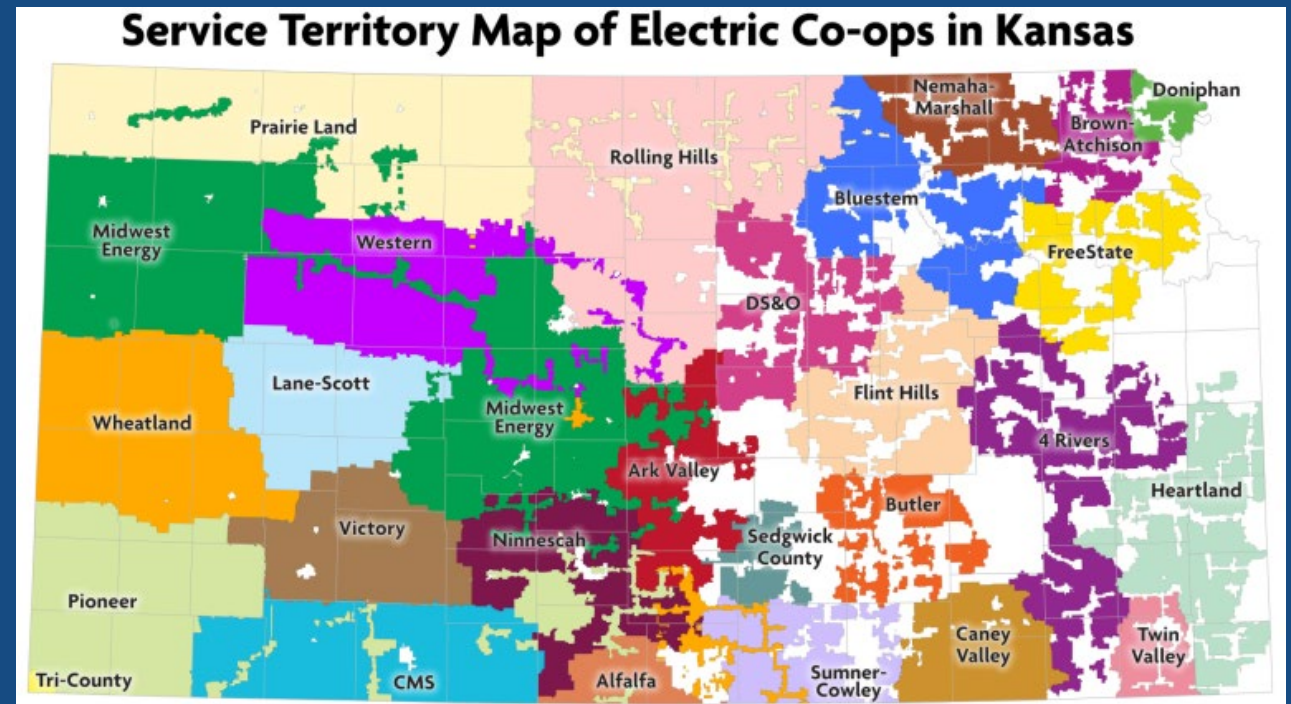
LOCAL ELECTRIC DISTRIBUTION COOPERATIVE

Works directly with prospective, high-energy-demand businesses at the local level by confirming service availability, building or upgrading local distribution facilities, and delivering safe, reliable electricity to the site.

Distribution Cooperative



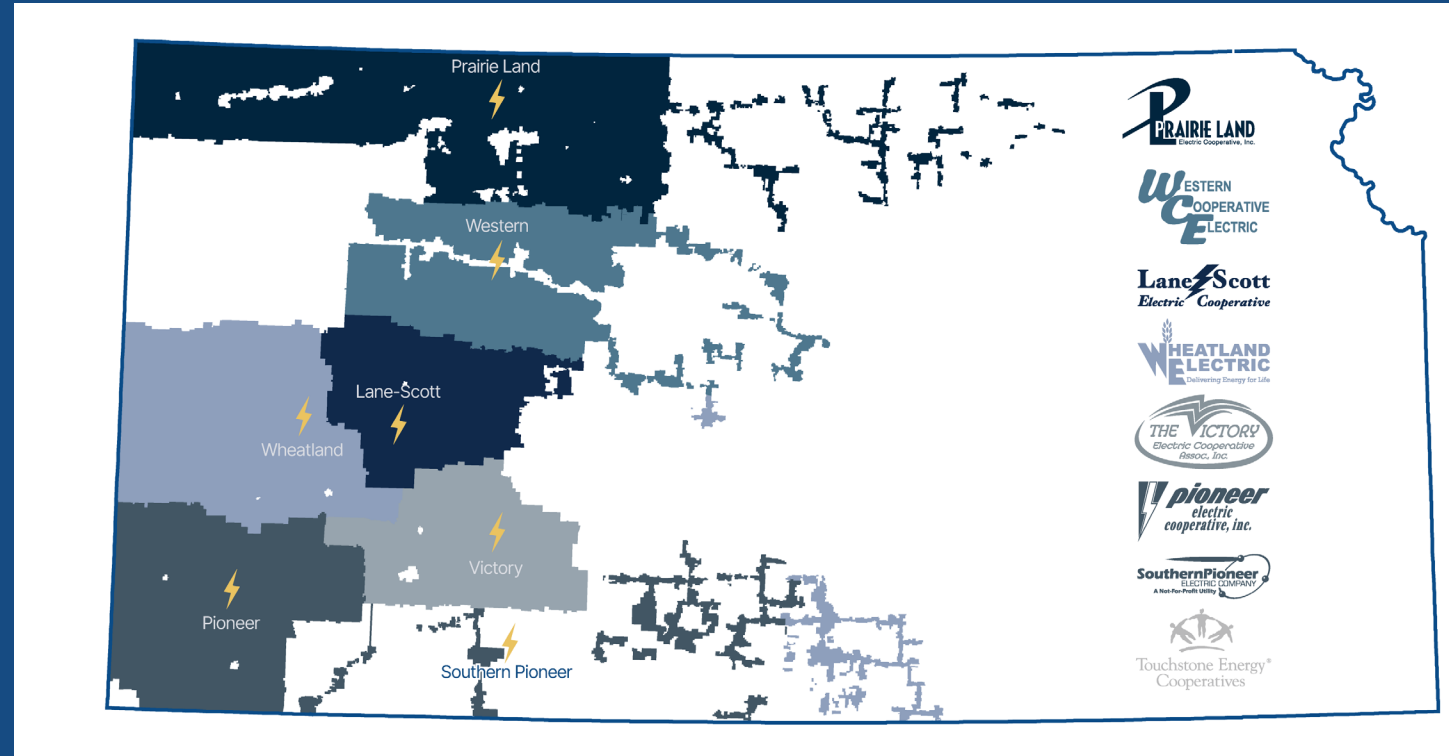
- The Kansas Retail Electric Supplier's Act divides Kansas into exclusive electric service areas
- The Kansas Corporation Commission maps out "certified territories" in which only one provider (such as an electric cooperative, an investor-owned utility, or a municipal utility) has the right to sell power
- Certified retail providers have an obligation to serve consumers requesting electric service in their territory
- When a new electric consumer wants to connect to the grid, they contact the certified retail electric supplier based on the location of their load to begin the interconnection process



Generation & Transmission Cooperative



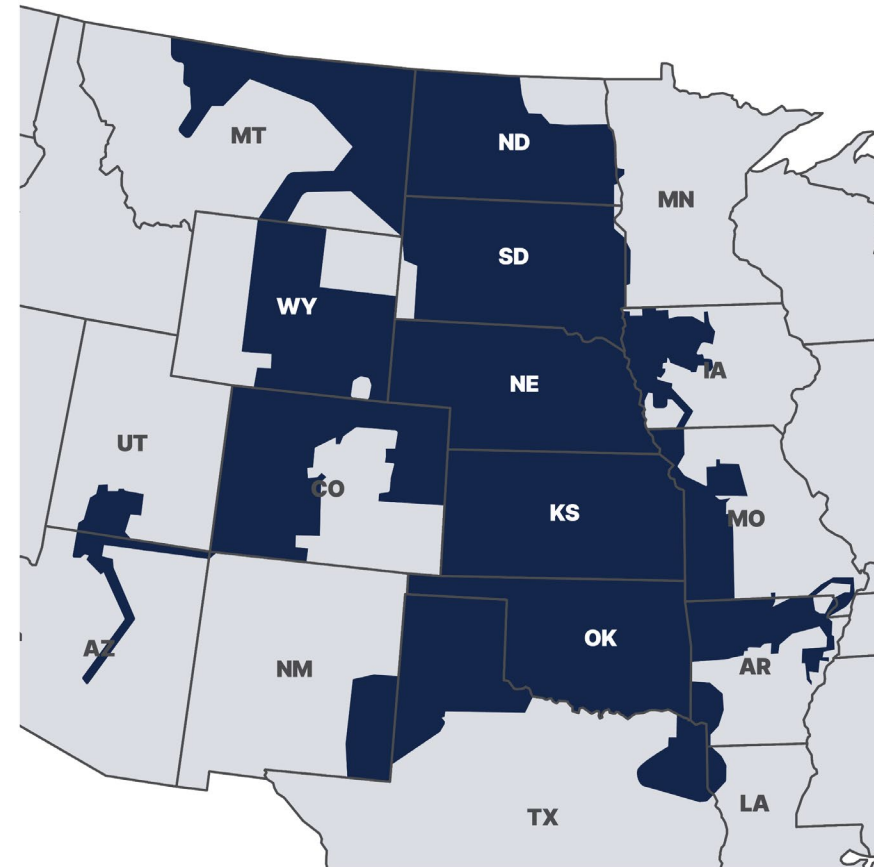
- Sunflower is a generation and transmission (G&T) cooperative owned by seven distribution utilities
- Sunflower owns generation and transmission facilities to support the power supply needs of its member-owners
- Sunflower has an all-requirements contract with its member-owners that requires them to purchase 100% of their wholesale power needs from Sunflower



Regional Transmission Organization



- Regional Transmission Organizations (RTOs) were created in response to FERC Order 888 which mandated open access to the electric grid
- Services provided by RTOs include transmission planning, provisions of transmission service, grid reliability monitoring, and wholesale energy market administration
- The Southwest Power Pool (SPP) covers parts of 17 states across the middle portion of the country, including all of Kansas



What is required to connect a
new electric consumer to the
grid?



Basic Requirements to Connect a New Load

1. Power Supply

- Adequate generation capacity, as defined by SPP rules, to cover the power requirements of the consumer

2. Transmission Service

- Firm delivery path from network generation resources to the electric consumer across the transmission system as studied and approved, following requirements in the SPP open access transmission tariff, plus any host transmission owner requirements

3. Interconnection Facilities

- Breakers, switches, relays, conductors, and other electric equipment required to connect the electric consumer to the bulk electric system

4. Retail Electric Service Agreement

- Agreement that defines the terms and conditions of load service, which covers topics such as rates, payment terms, collateral requirements, reliability obligations, and many others



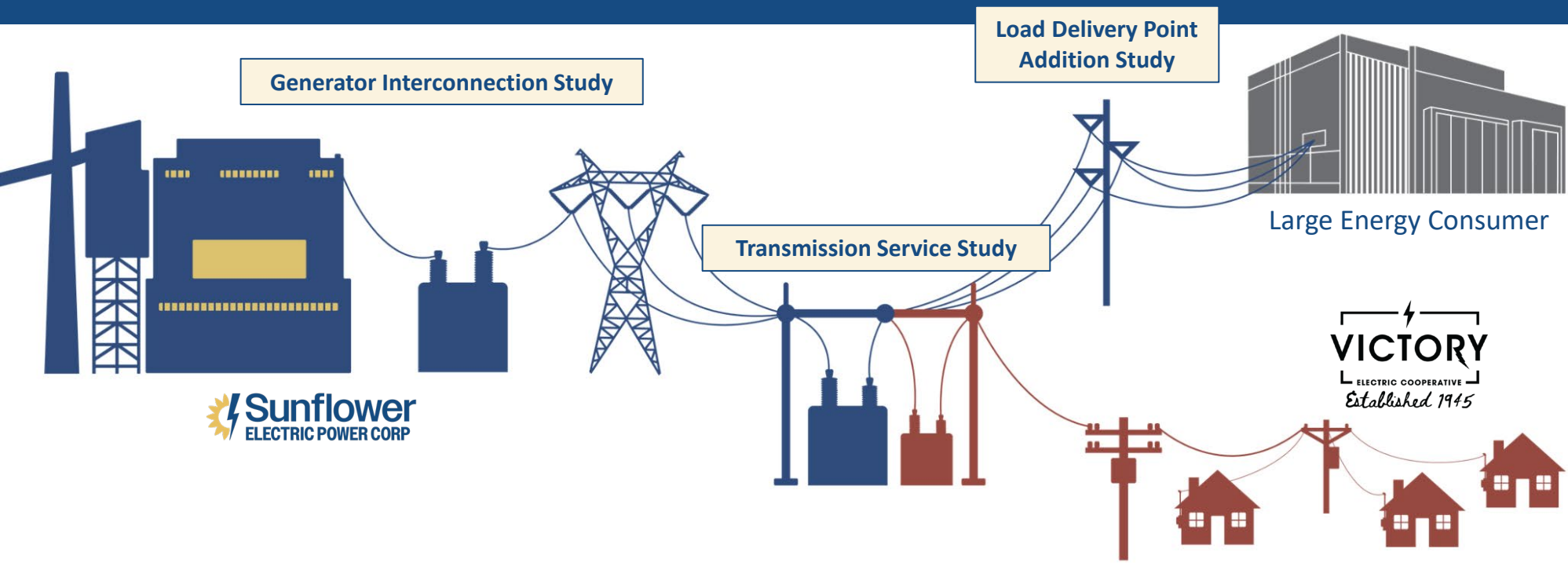
1. Power Supply

- SPP defines resource adequacy requirements that all Load Serving Entities must comply with
 - Electric consumers must have adequate generation capacity to cover their power needs
 - Supply must match demand at all times
- Base SPP Resource Adequacy Requirement
 - Accredited Capacity > Seasonal Peak Load + Planning Reserve Margin
 - SPP defines rules for accrediting capacity from generation resources
 - Thermal resources demonstrate how much they can produce at max output and deducts are applied based on forced outages and derates – “Performance Based Accreditation”
 - Renewable resources are accredited based on how much reliable capacity the resource can contribute during peak demand – “Effective Load Carrying Capability”
 - SPP performs studies periodically to determine the Planning Reserve Margin based on a goal of having capacity shortages occur for the equivalent of one day in ten years
- Extreme conditions during Winter Storm Uri in February of 2021 resulted in SPP developing much tighter resource adequacy rules to ensure adequate power supply to meet electric demand under extreme conditions



2. Transmission Service from Bulk Electric System

When a new electric consumer wants to connect to the grid, SPP and Sunflower coordinate studies to ensure the grid can support the load and its associated generation capacity resources while maintaining defined reliability criteria.



MANAGING THE FACTORS INFLUENCING WHOLESALE POWER COSTS

Together, we're transforming complex factors into clear, actionable solutions.



Supply Chain Constraints



Growing Energy Demand

Using Innovation,
Efficiency, and Smart
Planning to Offset Costs



Large Energy
Consumer Contracts



Rising
Equipment Costs

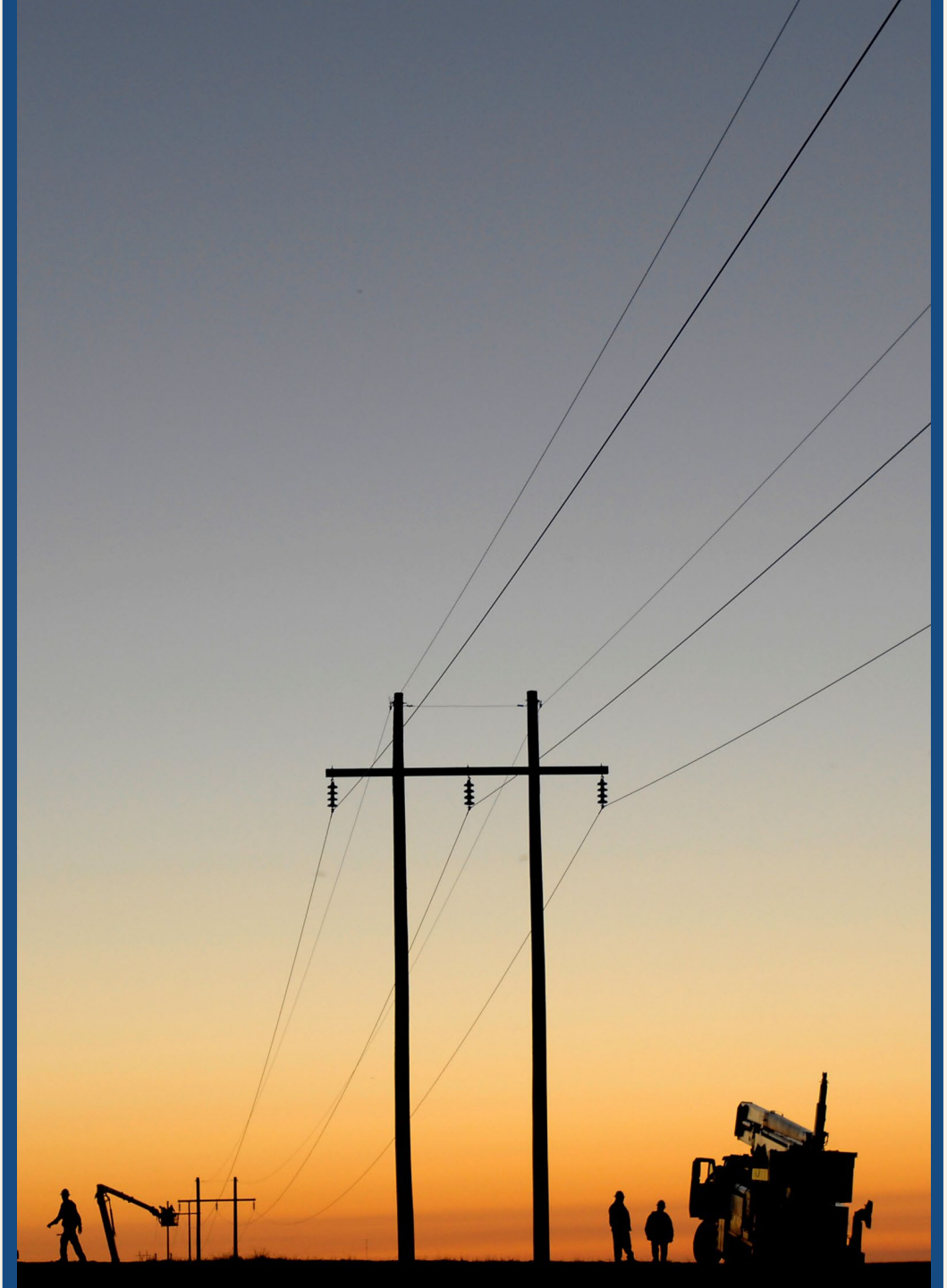


Aging
Infrastructure



Sunflower's Constraints When Addressing Affordability

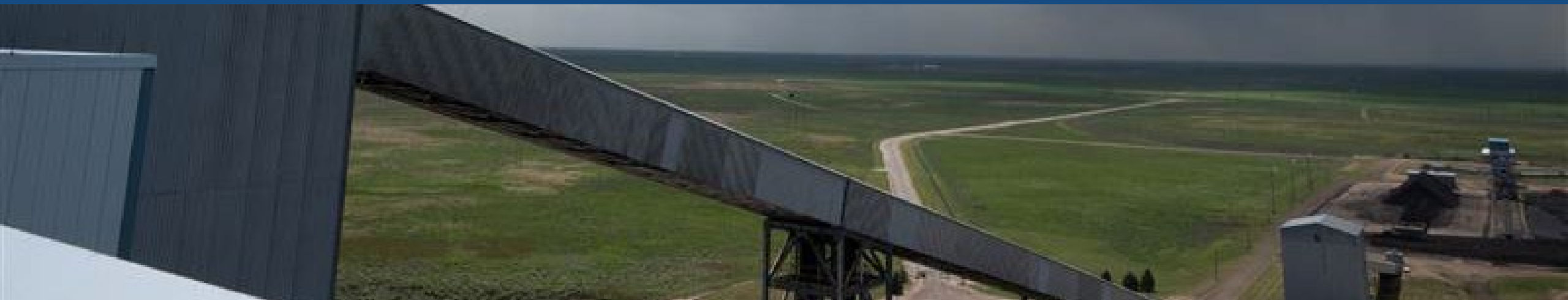
- **Sunflower has no control regarding the demand for electricity**
 - We support our members' obligation to serve
- **Sunflower has no control on how demand impacts the generation stack or the market price for electricity**
 - SPP administers the wholesale energy market
 - New demand anywhere in the SPP footprint will impact the market price of energy for everyone in SPP
- **Sunflower has no control over regional transmission projects built to facilitate the increase in demand**
 - SPP coordinates transmission planning
 - New demand anywhere in the SPP footprint will impact transmission costs for everyone in SPP



Sunflower's Mitigation Strategies to Address Affordability

What we CAN do and what we ARE doing to mitigate rate pressure

- At the local level, Sunflower is committed to directly assigning local transmission projects and additional generation precipitated by large electric users
- At the regional level, Sunflower continues to vigorously advocate for SPP to directly assign costs for regional transmission projects driven by large electric users to the cost causers
- Sunflower is working with local economic development organizations to capture opportunities for large electric users who provide additional revenue to offset cost pressures for existing consumer members



An aerial photograph of a two-story commercial building with a red-tiled roof. The building has large glass windows and a sign that reads "THE VICTORY ELECTRIC CO-OP ASSN., INC.". In the foreground, an American flag is flying on a tall pole. The building is surrounded by a paved parking lot with yellow lines and a green lawn with trees.

Victory's Mission

The mission of Victory Electric is to provide a safe, reliable service at a competitive rate, provide economic development opportunities and services for our members, and ensure the financial stability of the cooperative through the use of prudent business practices and the latest technology.

About Victory Electric

Member-owned
electric
cooperative
serving southwest
Kansas since 1945.



Provides safe,
reliable, and
affordable electric
service to more
than 13,000
members across
nine counties.



Maintains nearly
3,200 miles of
transmission and
distribution lines.



Committed to
keeping rates
competitive while
ensuring the long-
term financial
stability of the
cooperative.

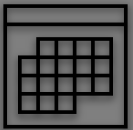
Delivering Value to Our Members



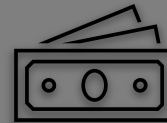
\$9 million returned
in Capital Credits
since 2019



**10 Years without a
rate increase** keeping
electricity affordable



ECA passed through
to members as a
credit since October
2022



**\$245K in Sharing
Success Grants**
invested in local
nonprofits

Obligation to Serve

Cooperative Principle #1

Voluntary and Open Membership – ensures fairness and reliability for all members.

- Required to serve **all members** within our service territory
- Do not select members based on profitability
- Founded to bring power to rural communities that other utilities would not serve
- Committed to equitable service for all members

Obligation to Serve

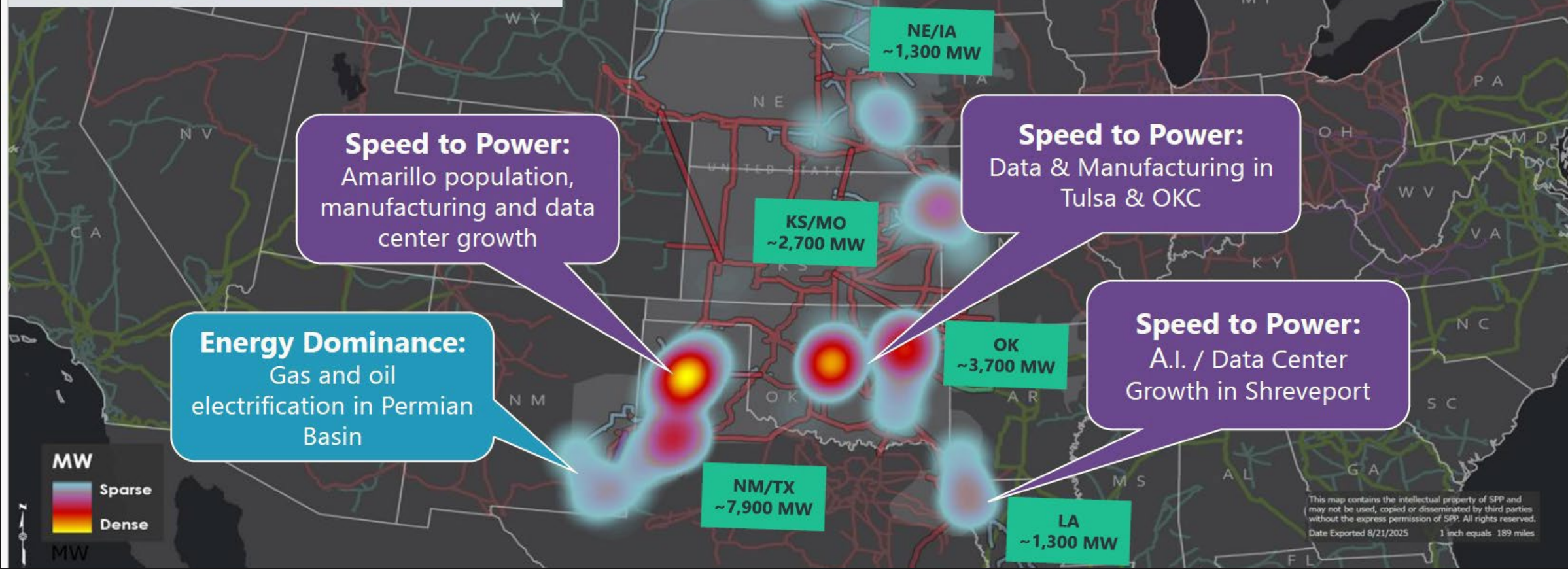
Victory's Role

- Provide fair, safe and reliable electric service to every member
- Work with business to determine if service is available
- Build or upgrade infrastructure if needed

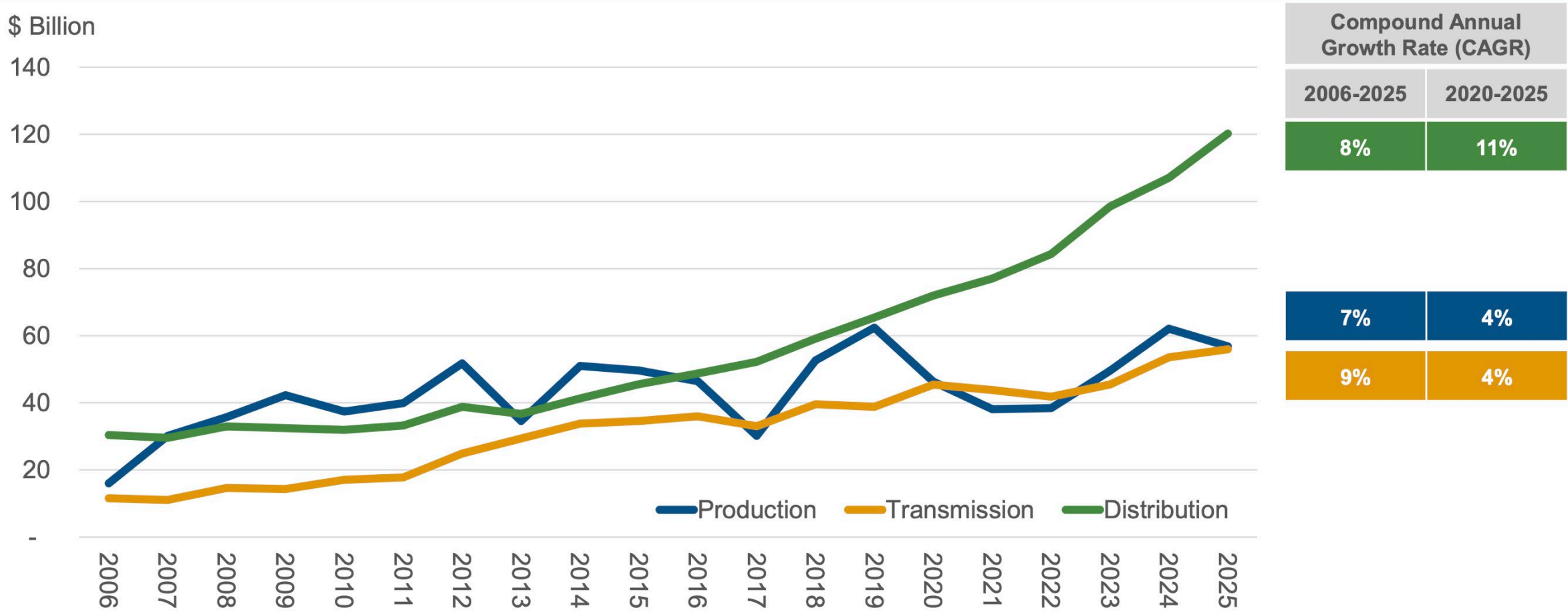
2026 20-Year Growth Forecast: 20GW Natural + 30GW Spot Load

- **45% Natural load growth**
- **22% Oil & Gas**
- **16.5% Manufacturing**
- **16.5% A.I. / Data Centers**

The map illustrates
spot load density
only.

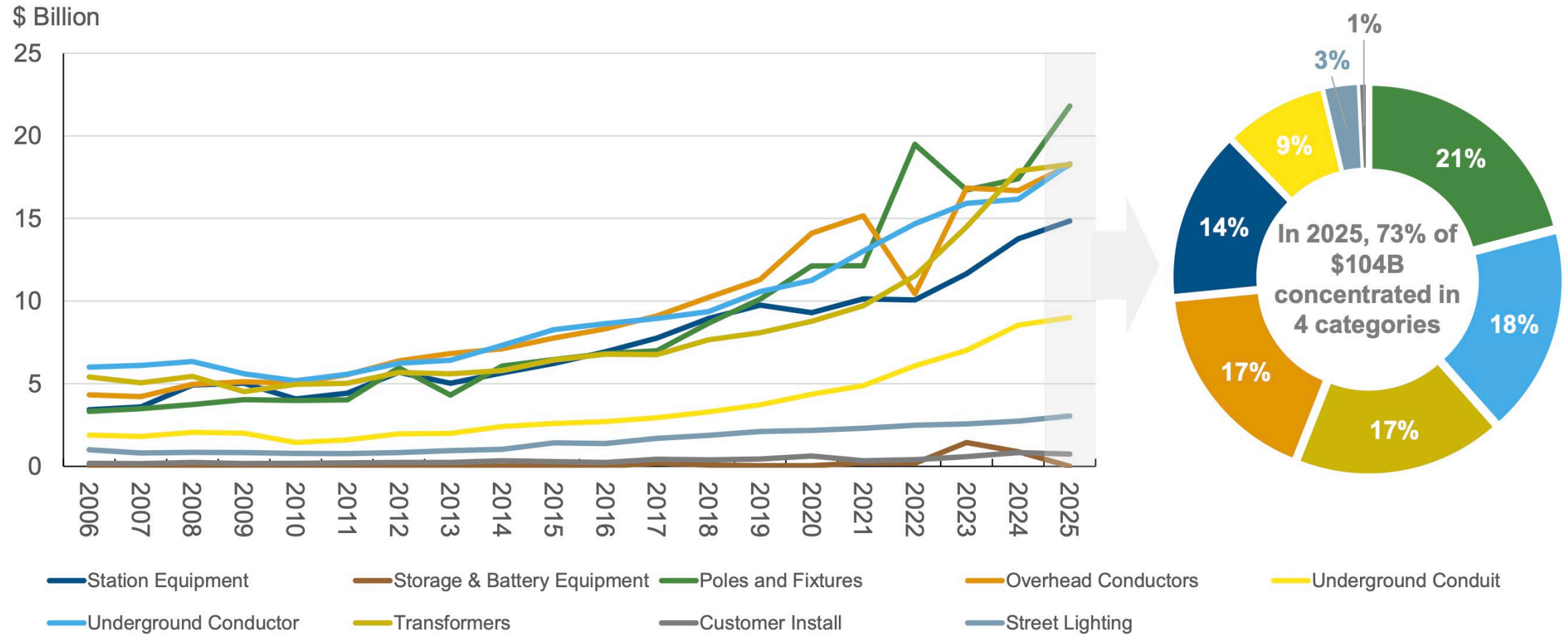


Total Utility Capital Expenditures by Category



Total capex has increased 42% since 2020 with distribution spending accelerating relative to transmission and production. Distribution capex has grown at 11% annually vs. ~4% despite broad-based spending increases across all categories

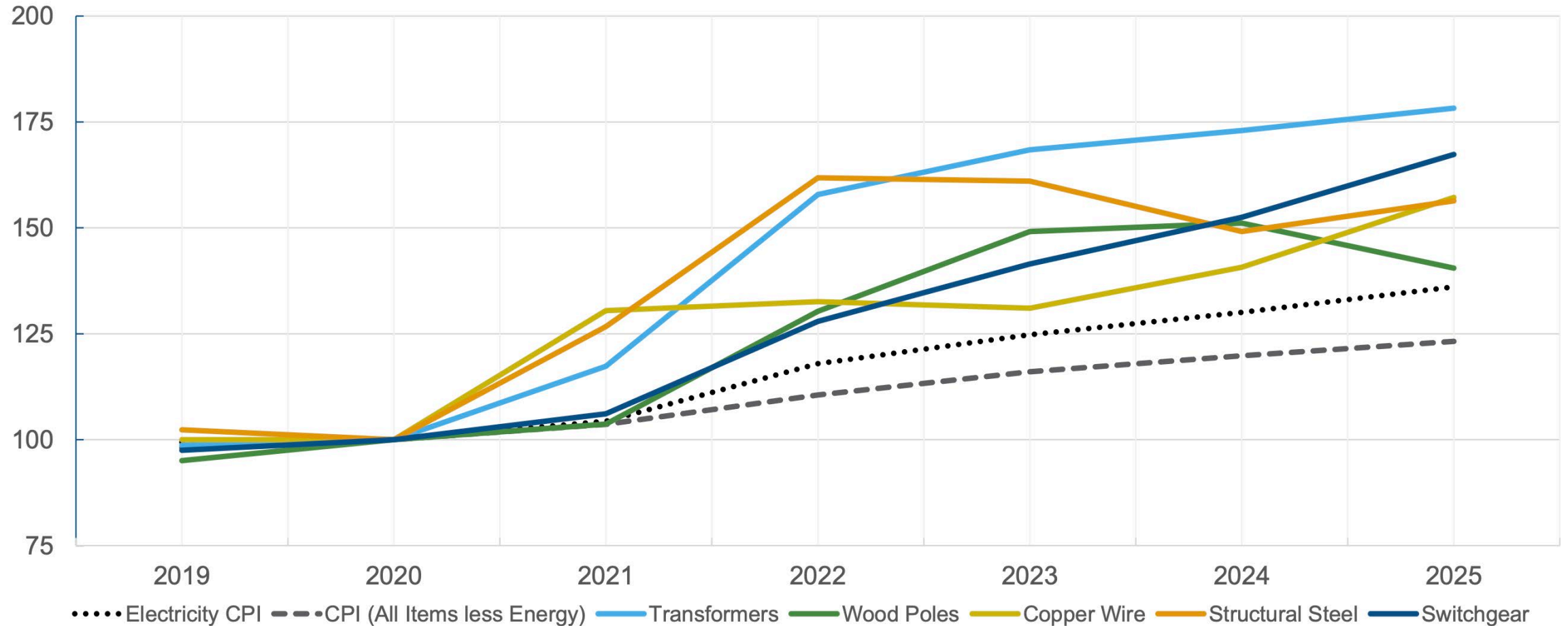
Utility Distribution Capital Expenditures by Category



Core infrastructure and equipment is driving spending growth; supporting incremental load, resilience, and asset replacement

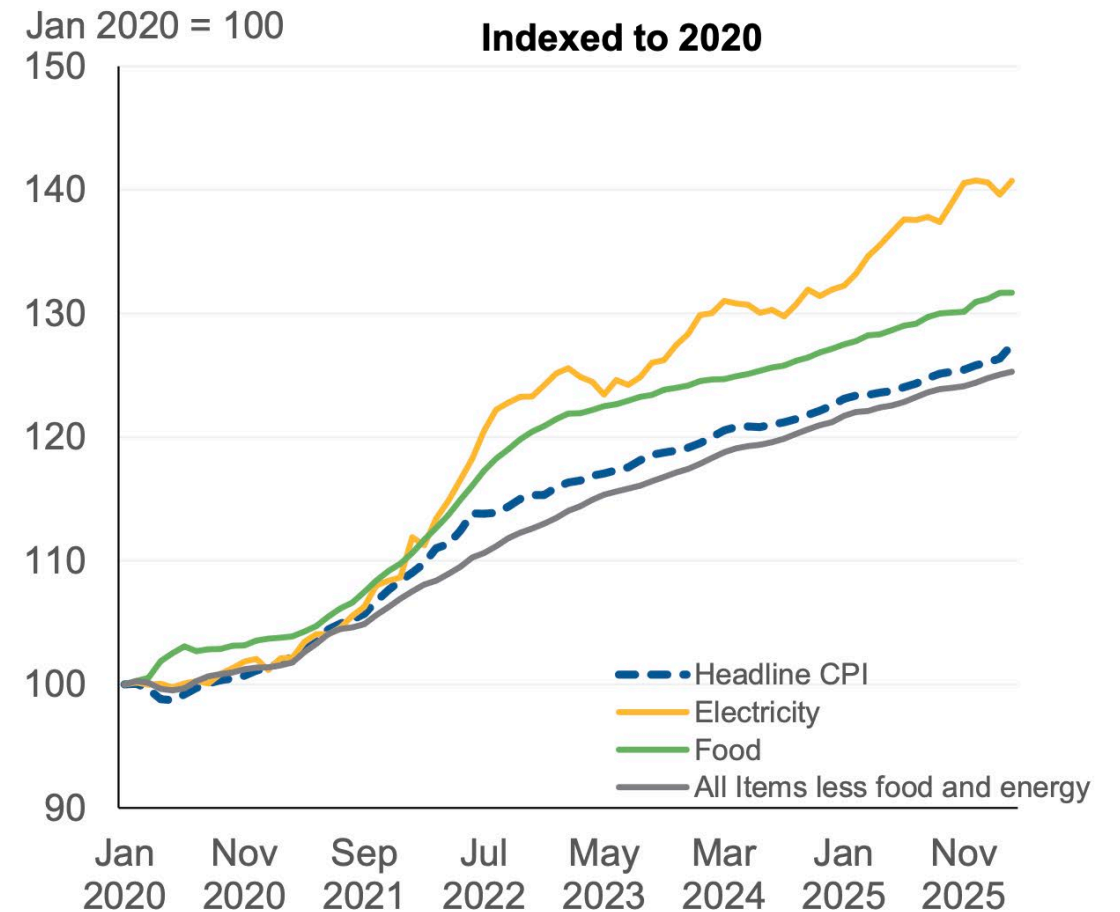
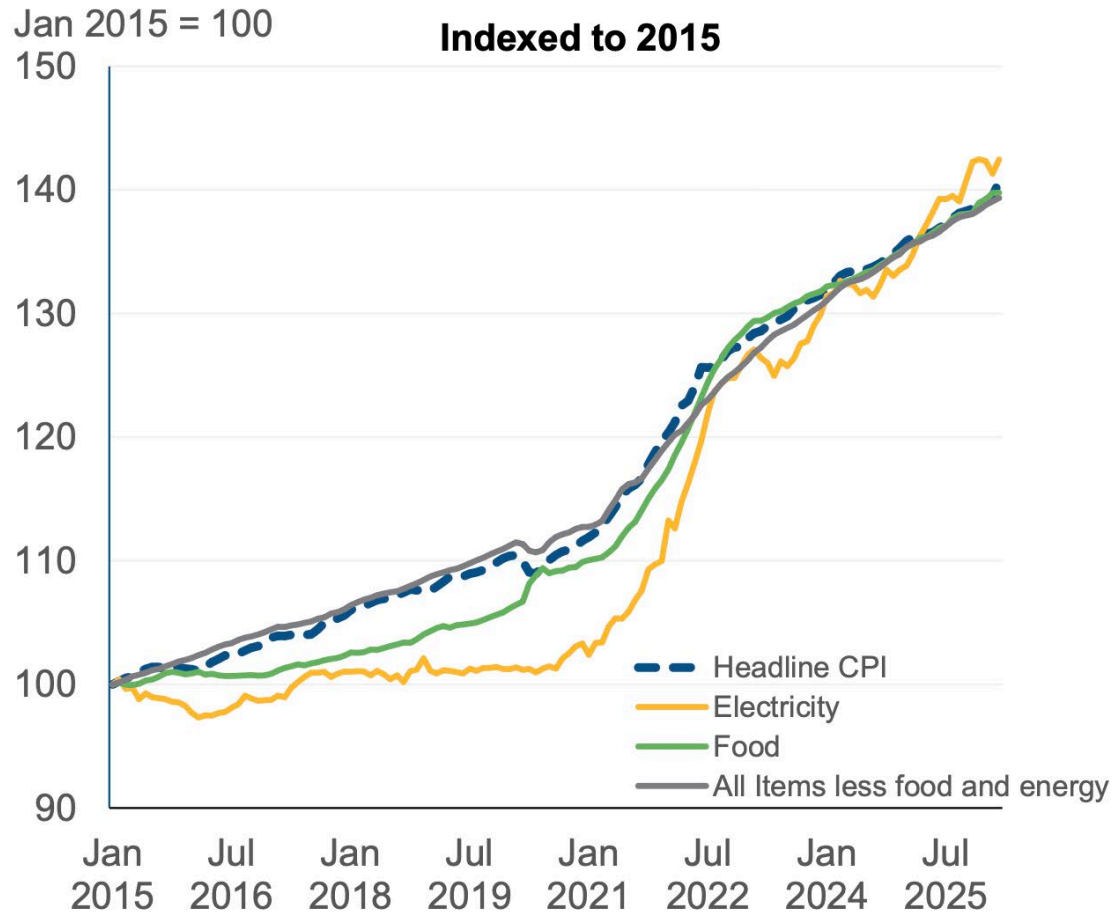
Distribution Capital Cost Indicators

Indexed to 2000 = 100



Inflation across key distribution material inputs has accelerated sharply since 2020, well exceeding CPI (less energy)

Headline CPI Inflation and Selected Components



Electricity, a key component of household inflation, was relatively flat through the 2010s but accelerated after COVID rising faster than both headline inflation and its main components.

Large Load Benefits

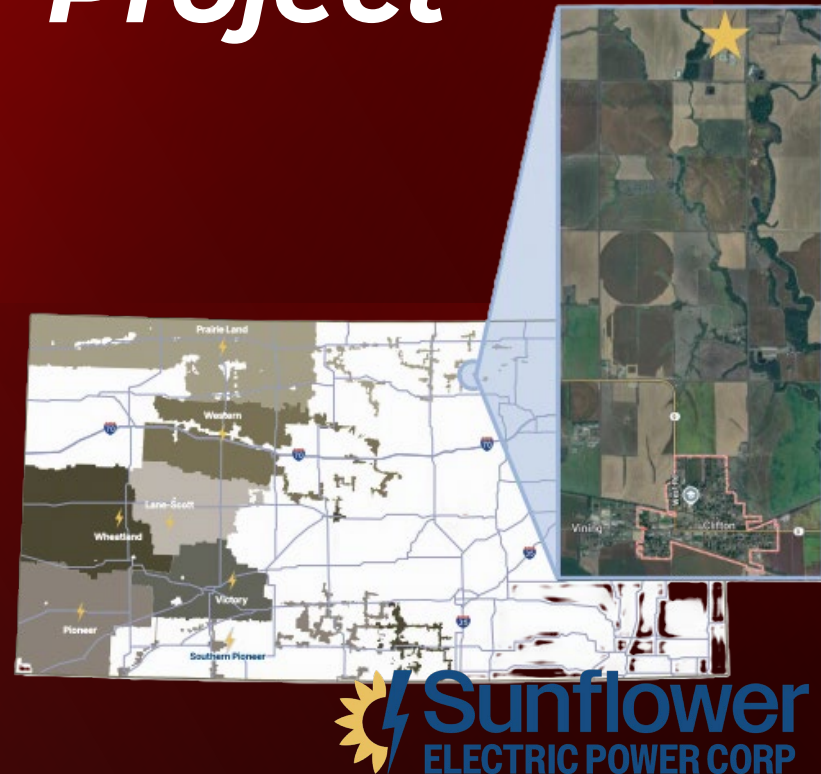
- Increasing kWh sales by adding large loads can help spread fixed costs across more energy sales, which may reduce pressure on rates for existing members
- Locating a large load in our service territory can help offset regional transmission cost increases

Large Load Benefits

- Added load helps produce positive operating margins
- Load growth can extend the time between rate changes
- Large load pays 100% of cost for new or upgraded infrastructure they require (such as transmission or distribution facilities)

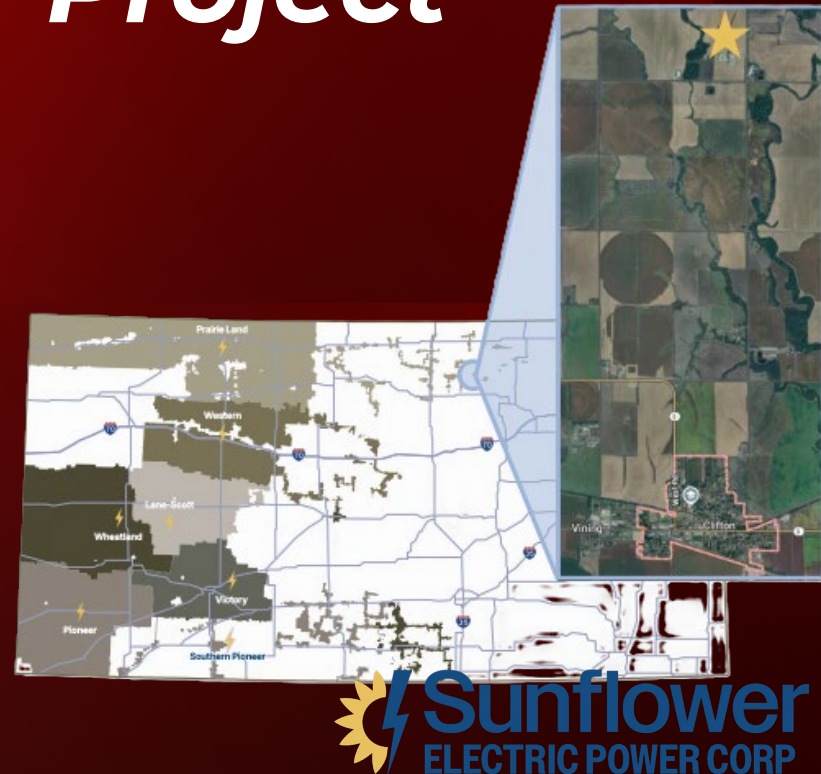
Large Load Impacts - *Clifton* *Replacement* *Project*

- Clifton 1 is a Westinghouse 501 combustion turbine that began commercial operation in 1974.
- After operating more than 50 years, it's reached the end of its useful life. Sunflower is replacing it with a new gas-fired combustion turbine.
- Cost to replace the unit ~ \$300 million
- Wholesale bill impact is 8 mils – Average cost of power for Victory ~ \$0.06 per/kWh
- Average increase ~ 13.3% to wholesale power cost



Large Load Impacts - *Clifton* *Replacement* *Project*

- By adding one hyperscale data center at ~ 1-1.2 GW, margins realized from the load would result in a net wholesale power decrease of ~ 10.3%
- This doesn't include the margin that Victory would realize



Protecting Our Members

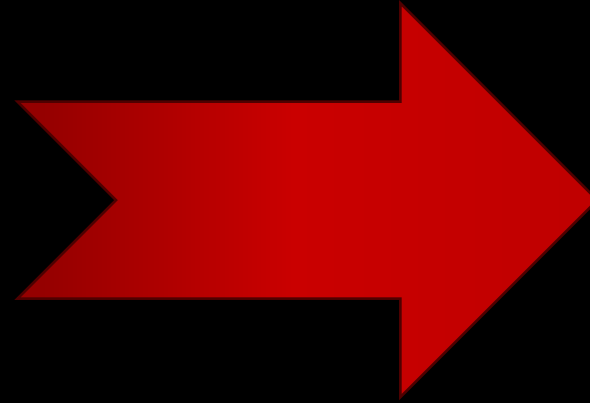
- **Minimize risk** to members
- Bring their own generation
- Cost-causation equals cost-responsibility
- Cooperative encourages responsible stewardship of the community's resources

Protecting Our Members

- Power supply
- Load shedding
- Large load use compared to a typical member
- Market impacts from the rising cost of generation

Protecting Our Members

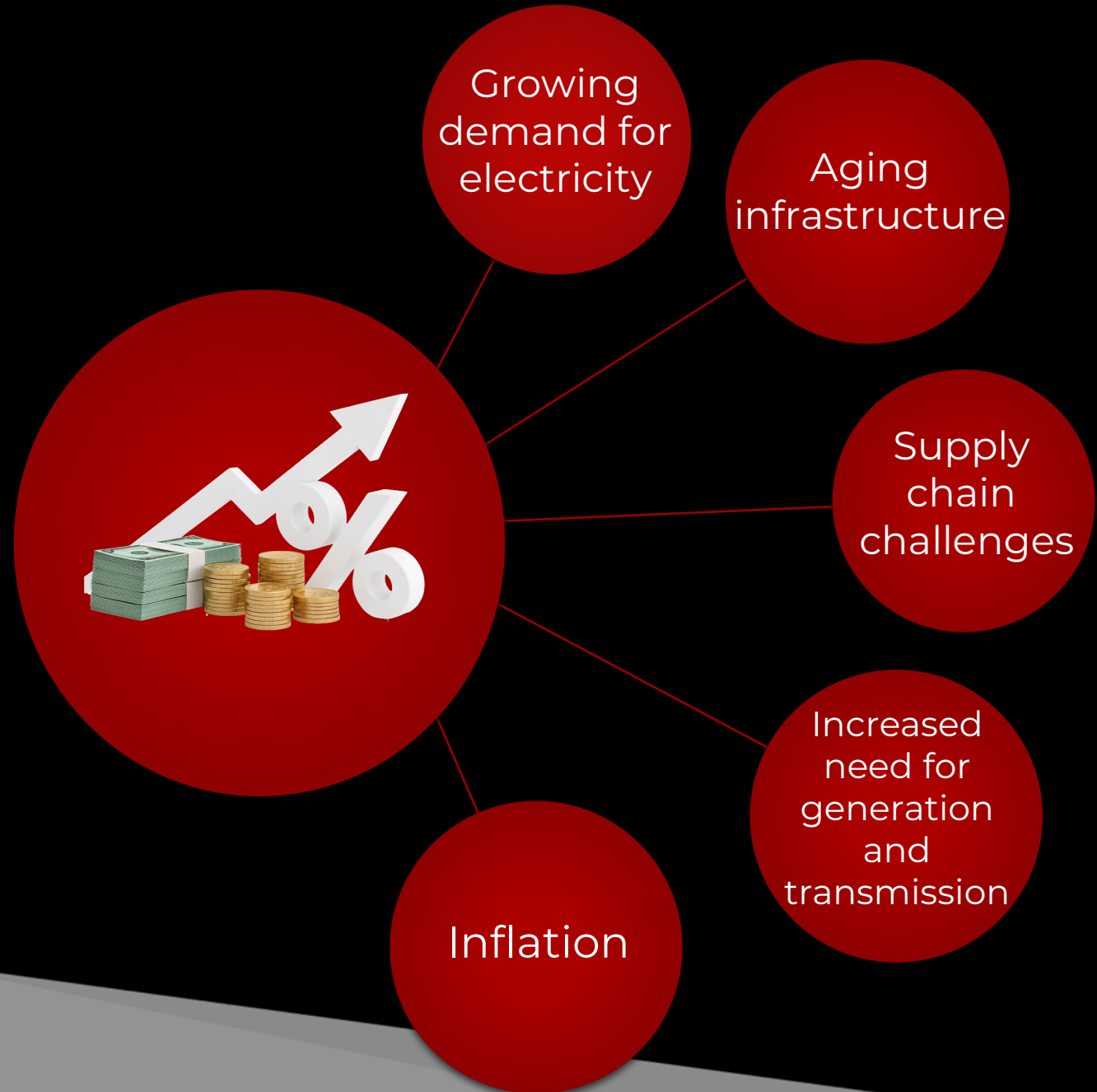
Every decision
made by an electric
cooperative starts
with the question:



***How will this
benefit *the*
members we
serve?***

Electric Rates

- Electric costs are increasing due to several factors, many of which are outside local control.



Electric Rates

- Large projects – **no matter where they locate** – can impact costs and infrastructure needs across multiple states.
- If those businesses locate in our service area, they can help offset some of those shared costs through added revenue.
- SPP manages grid reliability across 17 states, including Kansas, and large loads in the states it serves can influence wholesale energy costs in Kansas.

Electric Rates

- Cost of Service Study determined changes to our rate structure are necessary.
- Last rate change in **2017**

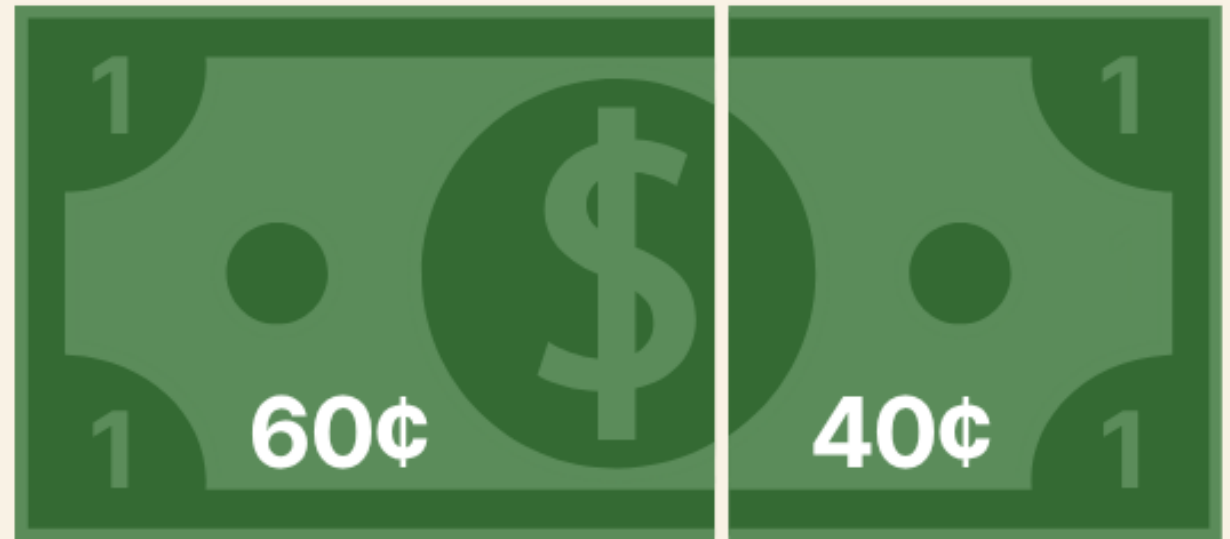
Electric Rates

- What am I paying for?
- Cooperative financial health
- Prepare for the future
- Provide reliable service at fair rates

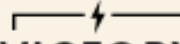
Power Cost *breakdown*

For every dollar you pay toward your electric bill, 60 cents is attributed to the wholesale cost of power from our power supplier, Sunflower Electric Power Corporation. It covers the cost of generating electricity, transmitting it to Victory, and adjusting for changes in fuel prices and market conditions.

The other 40 cents stays with Victory to support cooperative operating, infrastructure, and service costs required to safely deliver electricity to homes and businesses, as well as the collection of other transaction taxes and fees on behalf of local entities.



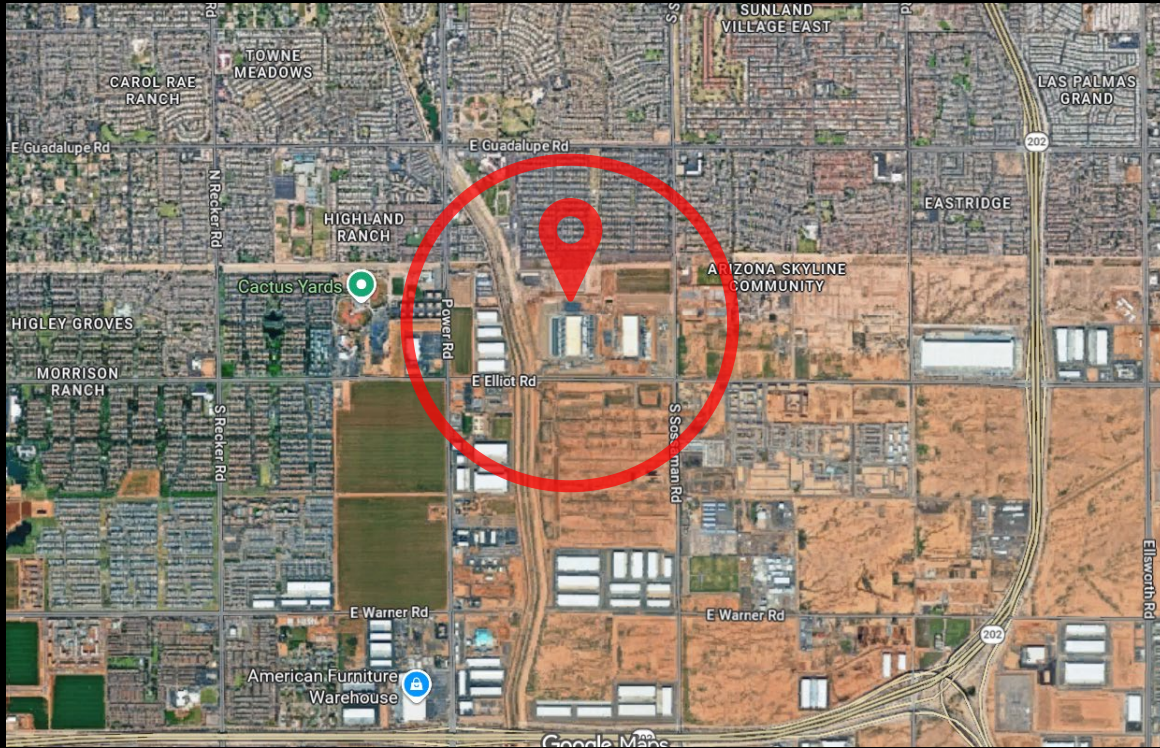
 **Sunflower**
ELECTRIC POWER CORP


VICTORY
ELECTRIC COOPERATIVE
Established 1945

Due Diligence

- Visiting existing businesses in other communities is a common economic development practice.
- Allows community leaders to see operations firsthand and better understand the industry.
- Provides an opportunity to learn about workforce, infrastructure, and utility requirements.
- Helps local leaders determine whether a business would be a good fit for the community.
- Does not represent a commitment by either the community or the business to move forward.

Mesa Site Map



Due Diligence

- Most new business projects remain confidential during the early stages of development.
- Companies frequently require non-disclosure agreements and limit public discussion until they decide whether to move forward.
- Businesses—not the utility—are responsible for announcing their projects and engaging with the community.

Due Diligence

- Cooperatives do not control permitting or zoning decisions; these are handled by local government.
- Cooperatives do not oversee land-use decisions or public-hearing processes.
- Cooperative involvement begins when a business requests electric service, and they work with local officials under confidentiality agreements.

City Presentation – Water



How the City Evaluates Service to a Significant Water User

The City's review focuses on service, infrastructure, cost recovery, and public information, with third party engineering review and analysis.

Water Supply

Can the available supply and storage support the added demand without affecting current customers?

Wastewater Compatibility

If City wastewater service is requested, can the user meet discharge limits and protect treatment performance and recycled-water quality?

Distribution System

Can mains, pressure, flow, and redundancy serve the projects daily and fire protection needs—and what improvements are required?

Cost Recovery

Project-specific rates, fees, and agreements should recover costs so existing customers do not subsidize the service.

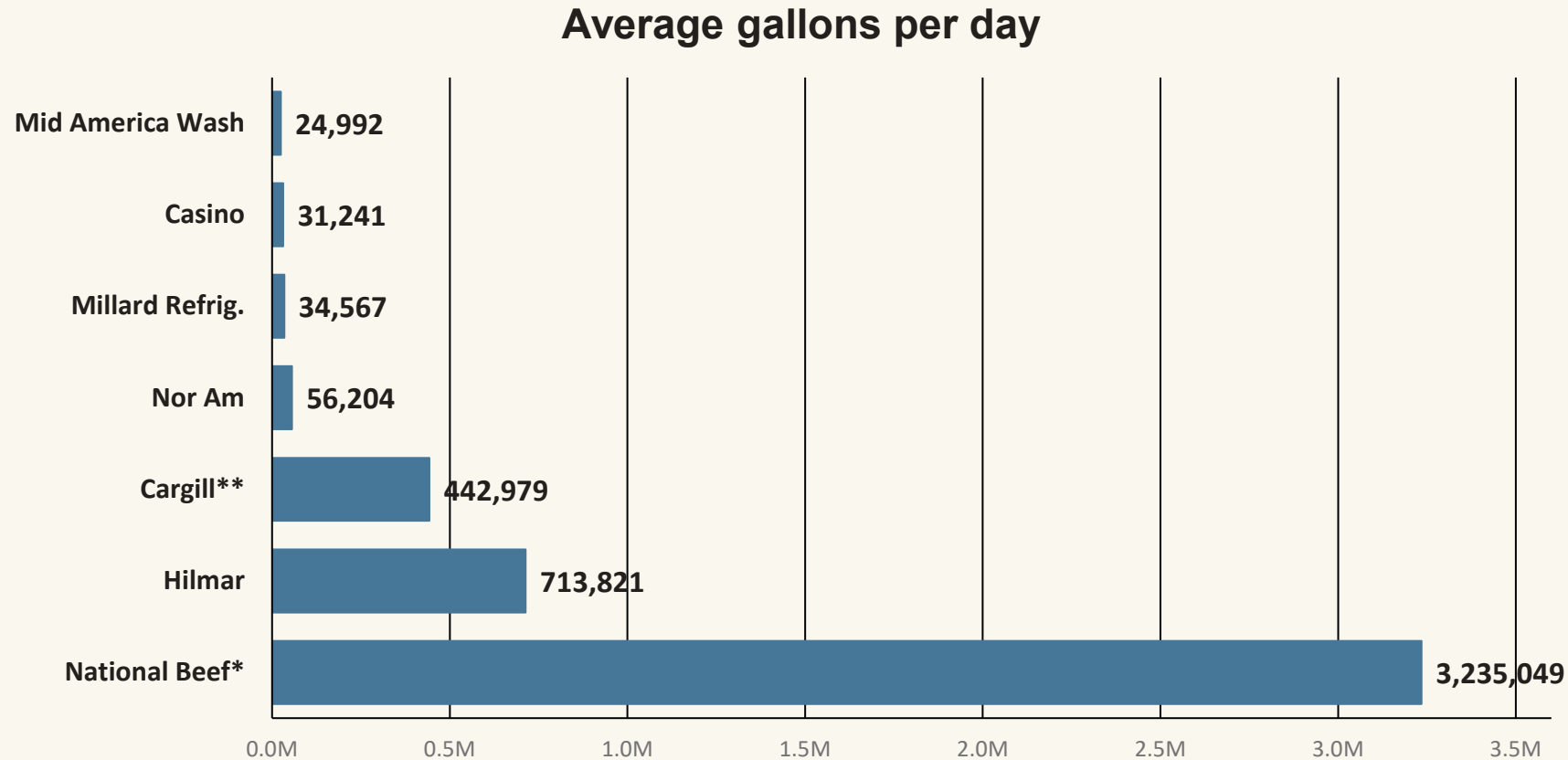
Regulatory Compliance

Can service conditions, metering, monitoring, and reporting protect City permits and environmental obligations?

Public Transparency

Can the City clearly explain what it controls, what others control, and what commitments are required?

Large Water Users Are Already Part of Dodge City's Utility System



*National Beef owns its water rights; City operates the system. **City provides Cargill up to 1,000,000 gallons per day.

Main point

Dodge City already manages very large, specialized water customers.

For a County project, the City is not granting land-use approval.

Any City service should be quantified, paid for, and protected by written agreements.

Preliminary Data Center Water Demand: Put the Number in Perspective

Illustrative discussion point for a potential County project using current preliminary figures

20 million

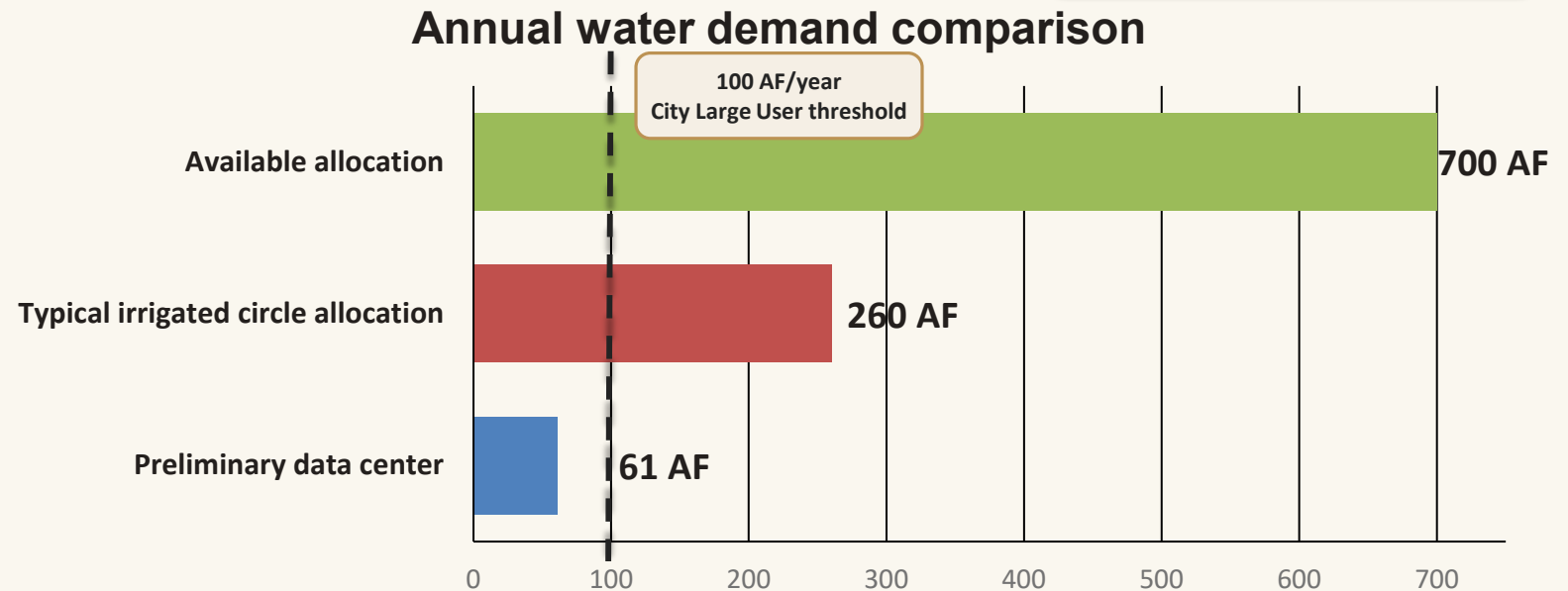
gallons per year
≈ 1.65 million gallons per month

61 acre-feet

annual water demand
≈ ¼ of a typical 260 AF pivot allocation
or 1 month of continuous pivot irrigation

Balanced message

A data center is not automatically good or bad. The City's role is to determine whether service can be provided responsibly, without subsidy, and with measurable value.



Perspective: 20 million gallons/year is meaningful, but it is below the City's 100 AF/year threshold for a Large Water User and modest compared with existing large industrial users.

City decision standard: any City service should protect existing customers, fully recover costs, and rely on clear, enforceable commitments.

County Presentation



County Commission Approach Strategy and End Goals

- Air-cooled technology designed to minimize or eliminate routine water consumption for cooling operations.
- Sound standards supported by independent acoustic engineering and effective mitigation measures to protect nearby homes and farms.
- Site design, landscaping, setbacks, and architectural standards that complement the surrounding agricultural landscape rather than dominate it.
- Protection of groundwater, natural resources, and agricultural land through independent environmental review and engineering analysis.

County Commission Approach Strategy and End Goals

- Developer-funded improvements to roads, intersections, bridges, and other infrastructure needed to support construction and operations, ensuring existing taxpayers are not responsible for those costs—this includes rate payers.
- Coordination with utility providers so the developer is responsible for the infrastructure necessary to serve the project, including evaluation of renewable and supplemental energy resources where appropriate.
- A clear, measurable, and immediate financial benefit to Ford County residents through expanded tax base, community benefit commitments, and opportunities to reduce pressure on local property taxes.

Victory's Closing Thoughts

Victory's focus remains the same:

- Reliable service
- Affordable rates
- Serving the best interests of all our members

We are committed to transparency, responsible planning, and supporting our communities.

A decorative graphic at the bottom of the slide consisting of a gray silhouette of a mountain range with several peaks, set against a black background.

Q&A

- Limited to one question per person
- Please be respectful of others

For follow-up questions, additional information,
or media inquiries,

please contact:

communications@victoryelectric.net

Meeting recording will be available at

victoryelectric.net