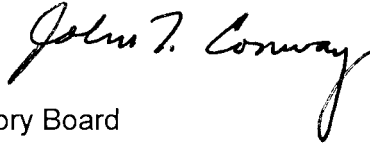


DATE: May 4, 2015

FROM: John T. Conway, PE
Chairman
Water and Light Advisory Board



TO: Mayor and Council

RE: Annual Water and Light Advisory Board Report to City Council

This report is required by the City's Charter: Article XII Section 103. Water and Light Advisory Board. The last report was issued on April 3, 2014. This report covers the time period during the last 6 months of FY14 and the first 6 months of FY15. The Advisory Board worked with the Staff and Director of the Water and Light Department on the following departmental activities, projects, and issues.

Administrative and Board Governance/Training:

1) The Water and Light Advisory Board had 12 regularly scheduled meetings with two additional meetings/work sessions. All meetings/work sessions with a quorum receive public notice with minutes recorded and posted to the Water and Light Department website. The meetings were held in the Water & Light Administration offices, Water Production Building, Water Distribution Building, Electric Production Building, and Electric Distribution Building.

2) Election of officers was conducted during the January meeting with John T. Conway, PE elected Chairman and Dick Parker elected Vice-Chairman. John Conway was appointed to the board by the City Council effective July 1, 2014 for a 4 year term.

3) Updated the "Annual Calendar" of repeating business activities to help direct our monthly meetings (a copy is attached).

4) All five board members attended the Advancing Renewables Conference held in Columbia on April 8, 2014.

5) Three Board members attended the annual conference of the Missouri Public Utility Alliance (MPUA) in October 2014.

6) The Utility Services Division provided a booth at the Sustainability Fair.

7) The board conducted a review of the Department's Strategic Plan. A review was conducted of each Strategic Goal, the Strategic Objectives, Department initiatives and Performance measures for each of the six priorities. It was decided that the Department's Strategic Plan would not be revised until such time that the City's has been revised.

Reports:

1) The Annual Customer Satisfaction Survey was completed for 2014. The overall satisfaction level with electric service has gone down slightly for both Residential and Commercial customers, but remains above the national benchmark. Satisfaction with water service continues to show improvement.

2) In November an evaluation was completed by Crockett Engineering to see where on the property the department could build the first phase of the project identified in the Space Needs Analysis developed by Yaeger Architecture for the Water and Electric Distribution complex. The first phase of the project is the PCB Warehouse. In January a new RFP was issued to purchasing for building the PCB Warehouse.

A Space Needs Analysis has been developed by Yaeger Architecture for the Water and Electric Distribution complex. The plan includes a 20 year, six phase plan to improve operations.

3) Water and Light Staff created a Google site developed as an orientation for new Board members.

4) Tad Johnsen, Water and Light Director, provided the Annual Director's Report to the Board. For the water supply service side of the business, progress has been made on installing the 3 new wells for raw water supply, lime softening residuals planning and Integrated Water Resource Planning. For the electric supply service side of the business, progress has been made on development of a community photovoltaic facility, energy efficiency customer outreach, Columbia Energy Center staffing needs, responding to the July 7th weather event and planning for the next bond issue.

In looking forward to the 2015 activity on the electric supply service side, the department will bring the Community Solar project forward, budgeting for an advanced metering pilot program, full year of Customer Outreach for energy efficiency programs, update of the Strategic Plan and our community broadband planning efforts.

5) Magellan completed its Broadband Planning Study in June 2014. There were two overall recommendations:

1. Implementing Public Policy Tools: The City of Columbia should begin to introduce public policy tools to assist in the deployment of fiber-optic broadband infrastructure. Policies and agreements such as Joint-Trenching agreements and Dig-once policies should be reviewed and implemented throughout the City of Columbia as applicable.
2. Development of the Columbia Broadband Business Plan: The next step in the development of Columbia's Community Broadband Network is the creation of a comprehensive Columbia Broadband Business Plan. The business plan will lay out the business, market, technical, and operational strategies for the City of Columbia to use in further development of its network. It will focus on the City of

Columbia's go-to-market strategy with participating service providers to deliver the best services at the lowest possible cost.

3. A recommendation was made to Council to accept the Broadband Planning Study and for Staff to develop a Broadband Business Plan based on the study.
- 6) Board representative attended the Downtown Leadership Council Infrastructure meeting on May 7, 2014. Mr. Nick Peckham attended the July 9th meeting to give an overview of the Infrastructure Sub-committee. A summary report was sent to the DLC regarding the board's suggestions for the Infrastructure Sub-committee in July 2014.
- 7) A referral program for the Home Performance Energy Star Program was endorsed by the board based upon a presentation by Terry Freeman.
- 8) The board sent to Council a comprehensive report for the Review of Columbia Water & Light's Existing Electric Energy Portfolio on August 18, 2014.
- 9) The Department conducted an interested parties meeting for Columbia's MISO Transmission Tariff on August 19, 2014.
- 10) The board sent an endorsement to Council of the Grain Belt Express Clean Line project on October 6, 2014.
- 11) The board received a report from staff regarding the July 7, 2014 Storm and the efforts to restore power to approximately 14,000 customers at a cost of \$882,000. The report was forwarded to Council.
- 12) The board forwarded a recommendation to Council for a draft ordinance for "Solar Rights" on January 13, 2015.
- 13) The board provided a report to Council regarding goals for energy demand reduction for the March 16, 2015 Council Meeting.
- 14) The board provided an endorsement for the CoMo Energy Challenge.

Major Financial Activities:

- 1) The Board worked with the Department Staff in the development of the FY15 Budget for Operations/Maintenance and Capital Improvement Plan (CIP).
- 2) The Board reviewed the Cash Reserve Policy for the Water Operations and Electric Operations at the November meeting. Cash and marketable securities for Water as of 09/30/14 was \$5,629,944 and for Electric was \$11,986,324.
- 3) An Electric Rate increase of 2.0% began October 1, 2014.

4) Columbia Energy Center (CEC) operations reported a savings of approximately \$2,071,760 from June 2013 through July 2014. The Department will be taking actions to staff the CEC internally rather than be a contract service.

5) The Payment in Lieu of Taxes (PILOT) contribution from the Water and Light Department to the City's General Fund was \$7,804,381 for the last 6 months of FY14 and \$6,800,000 for the first 6 months of FY15 for a total of \$15,002,555. A savings of \$14,919,000 is estimated for FY2015.

6) The Standard & Poor's Ratings Services raised its rating on Columbia's Water and Electric System Revenue Bonds one level to AA from AA-.

7) The board met with Mr. Mark Beauchamp of Utility Financial Solutions regarding a Renewable Energy Financial Impact Methodology.

Electrical Division Activities:

1) Followed up on the recommendations from the SERC Reliability Corporation and Midwest Independent System Operator (MISO) report.

2) Continued to initiate efforts to maintain compliance with the City's Renewable Energy Ordinance. The 2014 Annual Report has been issued. The Board approved to send a draft of the Renewable Energy Ordinance to Council.

3) Continued the assessment of the financial benefits of the Power Plant Emissions Allowances for SO₂ and NO_x.

4) The Electric Cost of Service Study included three recommendations. The second one listed below was implemented by the increased base charge. The other two recommendations were not implemented.

- 1.) A "rate track" that proposed 2.2% per year from FY12 through FY16
- 2.) Recommended rate adjustments by customer class
- 3.) Cash reserve policy based on "Utility Basis" formula

5) The solid fuel units at the Municipal Power Plant will not be in compliance with new air emission regulations after January 2016. The study continues on the possible upgrade options for those units.

6) The Board accepted the staff's continuance of the "Window Air Conditioner Exchange Program" which is administered through the Voluntary Action Center.

7) The "Home Energy Score" was developed and is currently being implemented.

8) An update of the "Integrated Resource Plan (IRP)" was completed, and an implementation plan was developed by Staff and approved by the Board.

9) Electric Bond Issue Projects were completed and carried forward in the FY2015 CIP. The Capital Improvement Plan (CIP) Budget was introduced. For FY15, Electric, total funding from Enterprise Revenue is \$5,650,000 and total funding from 2006 bonds is \$0 for a total funding for projects of \$5,650,000.

10) After a public hearing in July 2013, the City Council approved what was known as "Option A" for the transmission line routing portion of the new substation project in south Columbia. In the fall of 2103 staff issued an RFP for consulting services to assist with detailed line design, easement acquisition and project management services. Staff is in the process of negotiating terms and scope of services with one of the firms. An agreement is expected in the spring of 2015.

11) FY14 Demand Side Management and Demand Reduction Report was recently issued. Energy Efficiency programs saved the city 2.7 million KWH and have reduced the peak load by 700 kilowatts. From 2008 through 2014, the cumulative reduction in the electric load was 37.2 million KWH with a total peak reduction of 4,800 KWs. Since 2008, energy efficiency programs reduced Columbia's greenhouse gas emissions by 25,650 metric tons. In FY14, customers spent \$4 million in the local economy on energy efficiency upgrades with over \$24 million spent over the last five years.

12) The Electrical peak demand was 264 MW for 48,462 customers.

13) Since December 2010, a total of 330 KWs of photovoltaic power has been installed and is operational at the COLT Transload Facility. Current production level is approximately 430 MWHs per year.

14) Columbia Water & Light continues to seek an engineered biomass product that is more durable and water resistant. Permits were secured in 2014 to test an engineered biomass fuel, but the test did not occur due to fuel delivery issues. A new request for proposal will be released in 2015 to seek additional biomass fuel options.

15) Water and Light is in the process of outlining the issues and steps to starting a municipally owned Community Solar Program. The goal is to provide solar energy to ratepayers at lower prices than they can achieve with customer sited solar.

16) The Board approved the continuation of the Enhanced Home Performance with Energy Star (EHPwES) program.

17) The Energy Efficiency Expo was held Saturday, October 4, 2014 at the Central Missouri Events Center.

18) The department received the annual NERC Compliance Report. There were no findings of non-compliance.

19) The Department contracted with an engineering firm to provide a dam analysis and perform hydrologic and hydraulic analysis for More's Lake regarding the Municipal Power Plant ash pond.

Water Division Activities:

1) Review of the Annual Water Quality Report was conducted and the report was sent to all water customers.

2) The annual update report for the "Source Water Protection Plan" was received.

3) The water peak demand was approximately 18 MGD for approximately 47,750 customers for FY14.

4) The Capital Improvement Plan (CIP) Budget was introduced. For FY15, Water, total funding from Enterprise Revenue is \$300,000 and total funding from prior year funding is \$2,864,000, for a total funding for projects of \$3,164,000.

5) A presentation of the Water Cost of Service Study was made by Mr. Mark Beauchamp on December 3, 2014.

6) The Department will be issuing a RFP for an Integrated Water Resource Planning Study.

You are requested to address any questions to the Advisory Board.

CC: Water & Light Advisory Board Members
Water & Light Director
City Manager
City Clerk

Attachments: Calendar of Business Activities (2015)

Water & Light Advisory Board 2015 Meeting Schedule and Agenda

Meetings are Tentatively Scheduled for the 1st Wednesday of Every Month

<u>Month</u>	<u>Location</u>	<u>Agenda</u>
January 1/7/15	Water & Light Administration	Election of Officers Annual NERC Compliance Report Annual Director's Report
February 2/4/15	Water Production	Annual Renewable Energy Report Annual DSM Report 1 st Quarter Finance Reports/CIP Progress Report Board Budget Discussion
March 3/4/15	Water & Light Administration	Advisory Board Report to Council Source Water Protection Plan Task Force Annual Report
April 4/1/15	Water Distribution	
May 4/6/15	Water & Light Administration	Window A/C Exchange Report Introduce Capital Improvement Plan Budget 1 st Quarter Renewable Energy Report 2 nd Quarter Finance Reports/CIP Progress Report
June 6/3/15	Electric Production	Review Capital Improvement Plan Budget Annual Water Quality Report Annual Customer Satisfaction Report
July 7/1/15	Water & Light Administration	Introduce Operations and Maintenance Budget
August 8/5/15	Electric Distribution	Proposed Next Fiscal Year Budget 2 nd Quarter Renewable Energy Report 3 rd Quarter Finance Reports/CIP Progress Report
September 9/2/15	Water & Light Administration	
October 10/7/15	Columbia Energy Center	Annual Usage Reports
November 11/4/15	Water & Light Administration	3 rd Quarter Renewable Energy Report Fiscal Year Financial Review Cash Reserve Policy Evaluation CIP Progress Report
December 12/2/15	Water & Light Administration	Annual Agenda and Meeting Schedule