

Water and Light Advisory Board
March 1, 2011

A meeting of the Water and Light Advisory Board was held Tuesday, March 1, 2011 at 8:05 a.m. at the Water and Light Conference Room, 4th Floor, 701 E. Broadway. The meeting was attended by:

John Conway, Chair
Tom Baumgardner, Vice Chair
Tom O'Connor, Member
Dick Parker, Member
Bob Roper, Member - Absent
Tad Johnsen, Water and Light Director
Ryan Williams, Assistant Director of Water and Light
Dave Storvick, Engineering Manager
Jim Windsor, Manager, Rates and Fiscal Planning
Floyd Turner, Manager, Water Operations
Connie Kacprowicz, Utility Services Specialist
Marilyn Thorpe, Management Support Specialist
Tracy Frevert, Administrative Support Assistant
Win Colwill, League of Women Voters
Rick Rowden, H & H Lighting
Yve Jiang, *Columbia Missourian*

APPROVAL OF THE FEBRUARY 8, 2011 MEETING MINUTES

The February 8, 2011 meeting minutes were approved by voice vote on a motion by Dick Parker and a second by Tom Baumgardner.

FINANCIAL REPORT

Tad Johnsen reviewed the Water and Electric Utility Fund Balance Sheet, preliminary unaudited draft, for the four months ended January 31, 2011 and 2010.

He noted a 19.4% increase in Total Water Operating Revenues, and a 10.4% increase in Total Water Operating Expenses. The Electric Utility reflected a 6% increase in Total Operating Revenues, and a 6.7% increase in Total Operating Expenses. Operating Expenses will continue to increase somewhat, partly attributable to the timetables of the Ameren and Nearman power supply contracts. Discussion followed concerning projected costs after the termination of the Ameren power supply contract.

Water and Electric Utility combined operations reflect an operating income of \$855,857 for the four months ended January 31, 2011; compared to an operating income of \$439,696 for the same period last year.

The Water Utility has an operating income of \$962,187 for the four months ended January 31, 2011; compared to an operating income of \$366,266 for the same period last year.

The Electric Utility has an operating loss of \$106,330 for the four months ended January 31, 2011; compared to an operating income of \$73,430 for the same period last year.

Operating revenues of the Electric Utility are up \$2,215,061 compared to the same period last year.

Operating expenses before Payment-In-Lieu-Of-Tax and Depreciation are up \$2,092,149.

NEW BUSINESS

a) Columbia Energy Center Sales Agreement – Mr. Johnsen reviewed an ordinance Staff prepared for Council consideration to authorize execution of the agreements required to facilitate the purchase of the remaining shares of the Columbia Energy Center. The contracts required for this purchase are Asset Purchase and Sale Agreement, Officer’s Certificate, Tax Affidavit, Assignment and Assumption Agreement, and Bill of Sale. Completion of this purchase is contingent upon voter approval of the bond sale. Execution of the agreements at this time is necessary to meet the time schedules required for the seller’s Federal Energy Regulatory Commission (FERC) filings. Discussion followed.

Dick Parker made a motion, seconded by Tom O’Connor, to recommend the council execute these agreements for purchase of the remaining shares of the Columbia Energy Center with completion of the sale to be contingent upon voter approval of the bond sale. Motion passed by unanimous vote.

b) Expanding Commercial Lighting Incentive Program – Mr. Johnsen reported that Staff has received requests for information and incentives for new lighting technologies. The current Commercial Lighting Incentive Program (CLIP) was established in 2007. Current program criteria for CLIP require that “only hard wired lighting projects be eligible for an incentive.” This requirement prohibits two project requests.

Staff is considering changing the program parameters to allow for the expansion of the CLIP to cover new technologies and eliminate the requirements of “hard wired” projects only. The benefits of the program expansion would include retrofits of using new technologies of screw in lamps that offer significant reduction for both lighting and cooling loads. LED technology offers greater return on investment for our customers due to the lower maintenance cost of the lamps, and expansion would eliminate the need for special requests to be considered and approved by the Director on a project by project basis.

Discussion followed on the lifetime of LEDs, and the ramifications of power surges in the central business district on LEDs. Rick Rowden, H & H Lighting, said his business sells 15 watt bulbs which are rated at 50,000 hours (approximately 6 years) for \$60.00.

Dick Parker made a motion, seconded by Tom O’Conner, to approve the changes to the existing Commercial Lighting Incentive Program and allow for the expansion of technology and for the small installations of screw-in lamps meeting program criteria. Motion passed by unanimous vote.

OLD BUSINESS

Nothing to report.

DIRECTORS REPORT

a) Water Financial Plan Update – Mr. Johnsen reviewed the Update of the Assessment of

Financial State of Water Utility, March 2011. Article XII of the Columbia Home Rule Charter establishes the Columbia Water & Light Department as one utility. Administratively a goal has been set to operate both the electric utility and the water utility independently and insure that financially each utility can stand on its own.

Existing cash reserves are for the entire utility. To establish a basis for future planning a split must be established that can be tracked administratively. The Cash and Marketable Securities account will be split based on the balance at the end of FY10. The split will be 14.3% water and 85.7% electric. At the end of FY10, the Cash and Marketable Securities balance was \$27,978,533. The split unrestricted Cash and Marketable Securities balance would be \$4,000,930 for the water utility and \$23,977,603 for the electric utility.

Mr. Johnsen reviewed the Cash Flow Projections, Debt Coverage Ratio, Identified Expense Reduction Opportunities, Identified Future Expense Increases, Identified Revenue Opportunities and Additional Considerations. Current projections assume the three remaining 5% rate increases that were presented to voters as part of the water bond proposal. Due to the additional appropriation for CIP projects and the need to restrict funds for the bond reserve requirement, the cash reserves are projected to be negative by the end of FY12, and the debt coverage ratio barely above one.

The water utility's financial status has improved since the 2009 report. While the cash reserve balance is still projected to be negative at the end of FY14, there has been an improvement of \$1.5 million. Preliminary analysis would indicate that an additional three percent rate increase will be needed for FY12. While the additional rate increase will improve the cash reserve projections, it is primarily needed to increase the debt coverage ratio.

b) New Substation Update – The full presentation that was submitted to the Council is on the City's website. Staff is currently evaluating public input. Decision matrix evaluations are being finalized by SEGA and findings from the analysis will be presented in a Council Report in March. An additional route alternative was developed in response to public and City Council comments, which includes use of 161 KV on perimeter routes and use of 69 KV in urban routes. The cost of the new route alternative is comparable to the other route options. Discussion followed.

c) DSM Annual Report - Mr. Johnsen gave an overview of the 2010 Demand Side Management and Demand Response Report. He reviewed each program including educational training, outreach programs and the incentive summary.

Tom O'Connor requested this item be included on the agenda for the April meeting to be covered in more detail.

Dick Parker requested more information on the Ratepayer Impact Measure.

Tom O'Connor distributed a memo he authored to the Council recommending they adopt International Building Codes. Discussion followed. Tom O'Connor made a motion, seconded by Dick Parker, to recommend the Council adopt the residential building energy efficiency codes contained in Chapter 11 of the 2009 International Residential Code. On a voice vote three members voted in favor of the motion. Tom Baumgardner voted against the motion and

requested a roll call vote: Tom Baumgardner, no; Dick Parker, yes; John Conway, yes; Tom O'Connor, yes; Bob Roper, absent. Motion passed.

d) DSM Usage – Tad Johnsen reported that the loan program has had a reduction in activity and that \$250,000 has been transferred into the program.

e) Project Update – Tad Johnsen reviewed the status of the Water Treatment Plant Study. The final draft from Carollo Engineers is under review and will be presented on March 10, 2011 in the Water and Light offices.

Mr. Johnsen also reviewed the Sludge Site Remediation Plan. A draft work plan is being prepared for the Missouri Department of Natural Resources for review prior to moving forward with groundwater interface study and preliminary designs of the residuals remediation project.

The first meeting of the Source Water Protection Task Force was held February 24, 2011. The committee elected John Betz to serve as chair for a period of one year.

Tad Johnsen distributed a flier for the Advancing Renewables in the Midwest conference. This is a one day conference hosted by Columbia Water & Light and the University of Missouri, Department of Soil, Environmental and Atmospheric Sciences. The conference is Wednesday, March 20, 2011 at the Christopher S. Bond Life Sciences Center at the University of Missouri, Columbia.

Win Colwill, League of Women Voters, distributed a flier for a public forum on Climate Change: Global Concerns, Local Actions. The forum is sponsored by the League of Women Voters, and is March 14, 2011 at the Columbia Public Library.

CHAIRMAN'S REPORT

a) Advisory Board Report to Council – John Conway will prepare a report for Council this month. The Board will receive a draft for comments.

Agenda items for the next meeting will include the window air conditioner exchange report and the annual customer satisfaction report.

Next meeting date: Tuesday, April 5, 2011 at 8:05 a.m. in the Joe Paul Crane building conference room, Water Distribution Office, Columbia, MO.

The meeting adjourned at 9:56 a.m.

Respectfully submitted,