

Water and Light Advisory Board
September 3, 2009

A meeting of the Water and Light Advisory Board was held September 3, 2009 at 8:00 a.m. in the Railroad Transload Facility Conference Room, 6501 North Brown Station Rd. Attending the meeting were:

John Conway, Chair
Tom Baumgardner, Member
Tom O'Connor, Member
Bob Roper, Member
Dick Parker, Member
J. Kraig Kahler, Water and Light Director
Jim Windsor, Manager of Rates and Fiscal Planning
Tina Worley, Utility Services Manager
Tad Johnsen, Power Production Superintendent
Floyd Turner, Manager, Water Operations
Dan Stokes, Electric Distribution Manager
Marilyn Thorpe, Administrative Support Supervisor
Stephanie Brown, Administrative Support Assistant
Matthew Kriete, Engineering Surveys and Services

APPROVAL FOR THE AUGUST 6, 2009 MEETING MINUTES

The August 6, 2009 meeting minutes were approved by voice vote on a motion by Dick Parker and a second by Tom O'Connor.

DIRECTOR'S REPORT

a) Substation Land Acquisition – Kraig Kahler said the utility has chosen to extend the 161 kV system to include a new 161 kV substation. Sega had recommended four possible sites – the Smith property, and properties owned by State Farm, Boone Hospital, and the University of Missouri. Mr. Kahler said at an interested parties meeting a seller approached the city regarding property located on Peach Ct. He said the 1.77 acres on Peach Ct. meets the size and budget requirements and staff would like the Board to recommend to the City Council the Peach Ct. property as the new substation site. He added that there will be a public hearing before the City Council on September 23. Mike Schmitz said Sega has reviewed this site and agrees that it qualifies as a proposed site.

Mr. Kahler said there is opposition from a contractor who felt that the site will effect the development in that area. John Conway said contractor's views should be taken into consideration.

Mr. Conway asked if the new substation is a part of a long term plan. Mr. Kahler said the utility lines must be reinforced in the event that another line is out of service. He said this is part of the transmission process to show SERC Reliability Corporation that the utility can handle the load.

Mike Schmitz said the substation will be smaller than the Grindstone substation but will have 161 kV lines. He said the transmission process is divided into three phases – Grindstone substation, Peach Ct. substation, and the addition of double circuits at the Power Plant. Two of the three phases must be completed within five years.

Mr. Parker moved to recommend the 1.77 acres located on Peach Ct. for the new substation to the City Council. Tom Baumgardner made a second motion and it was unanimously approved by voice vote.

b) Alluvial Well Update – Mr. Kahler said staff has decided on a proposed location for the alluvial Well #16. He said the addition of this well will increase the well field production to match the 32 million gallons per day (MGD) capacity of the Water Treatment Plant. The well will be located adjacent to Wells 11 and 12, away from the wetlands. The project will cost a little over \$300,000. He said the project is shovel ready and is on a contingency list for Build America funding. If the city does not receive the state’s funding, the city will fund it with a bond. Mr. Kahler said there will be a public hearing for the alluvial Well #16 on September 21.

Mr. Kahler said there will be a Public Hearing on October 19 with the MO Conservation Dept., Dr. Ennis from the University of Missouri, Everett Baker, and John Schumacker from USGS on October 19.

Mr. Parker expressed concern over possible contamination from wastewater. He said the new well site should not be approved before dealing with the issues of the influence of wastewater in the water supply. He moved to recommend that staff does not go forward with the construction of the well until any possible contamination issues are solved. Bob Roper made a second motion based on further discussion from staff. Mr. Kahler said the water quality currently meets all state and federal guidelines. He added that trihalomethane (THM) formation potential is the same at all well locations.

Mr. Schmitz provided historical data that showed a trend in hot dry summers. He said the utility must prepare for peak times and not the average conditions to be completely sure that the well design will match the capacity of the distribution system. He said it will take six to nine months to have the well operational and staff would like to have it operational by next summer.

The motion was not approved with Mr. Parker and Mr. O’Connor for the motion and Mr. Conway, Mr. Baumgardner and Mr. Roper against the motion.

c) Customer Survey – Mr. Kahler said the utility performed a customer survey that addressed customer opinions on the electric and water services. A total of 731 telephone interviews were conducted. Mr. Kahler said the Net Positive Index (the difference between excellent and combined fair and poor responses) for electric was 42, three points more than the benchmark for other municipal utilities. The water was 28, one point below the benchmark. He said the water results were probably due to the TTHM issues. Tina Worley said the rating had dropped a little compared to last year’s survey.

Mr. Roper recommended that the board bid the utility “good job” on their overall performance.

Mr. Kahler said the TTHM count should reduce by half with the chloramines process. He said a sample was taken at the end of August. He said Dr. Ennis will present the University of Missouri findings at the October 19 City Council meeting. Mr. Parker said the results should be publicized.

FINANCIAL REPORT

a) Financial Update – The Board received the monthly financial statements ending July 31, 2009.

Water and Electric Utility combined operations reflect an operating income of \$5,119,976 for the ten months ended July 31, 2009; compared to an operating income of \$7,522,030 for the same period last year. This is a decrease of \$2,402,054.

The Water Utility has an operating loss of \$617,628 for the ten months ended July 31, 2009; compared to an operating income of \$212,737 for the same period last year. This is a decrease of \$830,365 in operating income.

The Electric Utility has an operating income of \$5,737,604 for the ten months ended July 31, 2009; compared to an operating income of \$7,309,293 for the same period last year. This is a decrease in operation income of \$1,571,689.

Operating revenues of the Electric Utility are up \$4,196,935 compared to the same period last year.

Operating expenses before Payment-In-Lieu-Of-Tax and Depreciation are up \$4,863,756. Fuel and Purchased power costs have increased \$3,117,152.

b) Jim Windsor said water revenues did better in July than in June. There was less operating loss. He said Miscellaneous Revenues increased and Metered Sales were better. He said the revenues for next year will be projected lower to balance the budget and keep from over estimating expenses.

Mr. Windsor offered the proposed FY10 rate changes for electric and water to the Board for approval. Mr. Parker moved to recommend the FY10 electric and water rate changes and the proposed Water and Light budget to the City Council. Mr. Roper made a second motion. The motion was approved by voice vote.

COLUMBIA ENERGY CENTER RIGHT OF FIRST REFUSAL

Topic was discussed at the last meeting.

RAILROAD TRANSLOAD FACILITY UPDATE

At Mr. Roper's request Mr. Kahler provided a detailed report on the Transload facility. Mr. Kahler said the City owns the land where the facility is located. Intermodal Facility, owned by Vaughn Prost, owns the building and has a contract with the city and ADS Logistics, LLC to operate the facility. In April, ADS defaulted on their contract and, according to the City's contract with Intermodal Facility, the City is required to take immediate possession of the property and operate it until another operator is found. An operator must be found within nine months or the City will be required to purchase the facility for approximately \$2.4 million. Currently the City has hired three temporary employees to run operations at the Transload facility and has bids out for operators. The bids are due by September 11.

Mr. Kahler said the City is paying \$37,000 a month to Intermodal Facility out of Retained Earnings and electric funds. He said he will provide the list of possible operators and the financial impact on the utility at the next meeting.

Mr. Kahler said the overhead crane needs some repairs and per contract it is Mr. Prost's responsibility to cover the costs. A letter was submitted to Mr. Prost and he said he will have his inspector look at it.

REVIEW OF EPA'S WATER SENSE PROGRAM

Mr. Kahler said the Board requested that staff join the Water Sense Program. He said by joining the program, Water and Light would need additional staff time, marketing, and incentive programs. The Board said to send the memo to the City Council for review. Mr. Kahler said he will send the memo to the City Council for review.

ANY OTHER BUSINESS

a) Mr. Kahler announced that the Public Utility Regulatory Policies Act (PURPA) hearings will be November 11 and he would like the Board to be present. He said three topics will be discussed – Integrated Resource Plan, Rates Structure, and Smart Metering

b) Ms. Worley said the ribbon cutting at Ameresco will be October 19 at 3:00 p.m. in Jefferson City.

c) Mr. Conway said he will be attending the MO Public Utility Alliance (MPUA) Conference at the Lake of the Ozarks on September 24. He recommended that the Board members attend.

Next meeting date: October 1, 2009 at 8 a.m. at the Water Treatment Plant

The meeting adjourned at 10:00 a.m.

Respectfully Submitted,