

DRAFT
Water and Light Advisory Board
December 5, 2012

A meeting of the Water and Light Advisory Board was held Wednesday, December 5, 2012 at 9:00 a.m. in Water and Light Conference Room 4A, 701 E. Broadway. The meeting was attended by:

John Conway, Chair
Tom O'Connor, Member, absent
Hank Ottinger, Member
Dick Parker, Vice Chair
Bob Roper, Member
Tad Johnsen, Water and Light Director
Ryan Williams, Assistant Director of Water and Light
Tina Worley, Utility Services Manager
Christian Johannningmeier, Power Production Superintendent
Jim Windsor, Manager, Rates and Fiscal Planning
Jodie Kovar, Senior Rate Analyst
Kyla Morgan, Rate Analyst
Rose Wibbenmeyer, Assistant City Counselor
Win Colwell, League of Women Voters
Louis J. Rosatone, The Energy Authority
Ashley Johnson, Administrative Support Assistant
Tracy Frevert, Administrative Support Assistant

APPROVAL OF THE NOVEMBER 7, 2012 MEETING MINUTES

The November 7, 2012 meeting minutes were approved by voice vote on a motion by Dick Parker and a second by Bob Roper.

THE ENERGY AUTHORITY PRESENTATION

Tad Johnsen introduced Louis J. Rosatone, Client Services Manager, The Energy Authority (TEA). Mr. Rosatone's presentation included an overview of TEA, an explanation of TEA's overall services, and services provided to the City of Columbia (presentation attached).

John Conway noted that there were two preview sessions for the Transmission Lines Interested Party Presentation on November 12, 2012. He and Hank Ottinger attended. Mr. Conway also attended the November 13, 2012 Transmission Lines Interested Party Presentation and the November 15, 2012 Christopher S. "Kit" Bond Lecture Series. The annual Water and Light Employee Meeting was Thursday, November 29, with two sessions, beginning at 10:00 a.m. and 1:00 p.m. John Conway gave an Advisory Board Overview at each session.

FINANCIAL REPORT

Tad Johnsen reviewed the Water and Electric Utility Fund Estimated Unaudited Preliminary Draft Balance Sheet for the month ended October 31, 2012 and 2011. At the November Board meeting, Dick Parker questioned the placement of Other: Fuel under the Operating Expenses of the Electric Utility's Detail schedule of Operating Revenues and Expenses, as Fuel is listed under several categories. Jim Windsor reported this is how natural gas is charged out.

Bob Roper noted that production costs are high this year compared to last. Mr. Windsor said this is because both Prairie State units are operating. Dick Parker asked how much was transferred from Enterprise Revenue to Capital Projects at the beginning of Fiscal Year 2013. Mr. Windsor noted it was over \$10,000,000. Mr. Parker requested the exact amount.

Jim Windsor distributed and reviewed a spreadsheet with the monthly and annual net income for water and electric utilities for the past four fiscal years.

John Conway noted that at the Monday, December 3, 2012 City Council meeting, the Council gave approval to the issuance of special obligation electric utility refunding bonds, which significantly changed the principal schedule. Jim Windsor will bring a new debt structure to the next Board meeting.

NEW BUSINESS

a) Customer Transfer with Boone Electric – Tad Johnsen reported that Boone Electric Cooperative (BEC) is seeking to transfer 29 of their customers to Water and Light (W&L). These customers are in the W&L service territory. This arrangement will take the form of a sale of the BEC facilities serving the 29 customers and transferring the rights to service them for the price of \$1.00. The arrangement will be documented by agreements approved by both the City Council and the Missouri Public Service Commission. Dick Parker made a motion, seconded by Hank Ottinger, to endorse this arrangement and proceed with the transfer. Motion passed.

b) Enhanced Home Performance with Energy Star – Tad Johnsen reported that the funding for this project, approved last year, expired at the end of September, 2012, thus the funds need to be re-appropriated. Dick Parker made a motion, seconded by Hank Ottinger, to re-appropriate funds of \$100,000 to develop the Enhanced Home Performance with Energy Star program to be used to weatherize approximately 40 homes during the next six months, ending June 20, 2013. Motion passed with John Conway, Hank Ottinger and Dick Parker voting yes, and Bob Roper voting nay.

c) Net Zero Home Project – Tina Worley reported that Water and Light (W&L) has been approached by Community Development to join them and Boone Electric Cooperative (BEC) on a project to construct an affordable housing demonstration home that is as energy efficient as possible. W&L's commitment includes Staff time involved in technology research and development, as well as coordination of a supplemental renewable energy source, not to exceed \$40,000. Cost estimates will be completed once the proposals for the project are reviewed, and a detailed project outline will be provided at the February Board meeting. W&L's goal for participating in this project is to create a home which has energy consumption patterns that are predictable based on the building's design and performance. Hank Ottinger made a motion, seconded by Dick Parker, to endorse the Net Zero Home Project. Motion passed.

OLD BUSINESS

a) Cost Based Power Supply Contract – Tad Johnsen reviewed the proposed baseload power supply contract. He noted that the proposed power supply contract is a cost of system contract, and the full 20 MW's will be available during the hours needed. The proposed system is 80% coal-fired and 20% natural gas-fired. Twenty percent of the coal-fired generation can be switched to natural gas within a relatively short time period without a significant capital investment. The proposed contract would increase the capacity to 25 MW's in June, 2020 and to

30 MW's in June, 2023. It would remain at that level for the duration of the contract. Discussion followed on a virtual power plant as an alternative. Staff does not believe that a virtual power plant is a viable alternative due to the risks and uncertainties associated with it. Dick Parker requested a quantitative proposal on a virtual power plant to compare in terms of cost to the proposed contract.

Bob Roper made a motion, seconded by John Conway, to endorse Council approval of the proposed contract. Bob Roper and John Conway voted yes, Dick Parker voted nay, and Hank Ottinger abstained.

DIRECTOR'S REPORT

- a) 2013 Meeting Schedule and Agenda – The 2013 meeting schedule and agenda was reviewed by Tad Johnsen.
- b) Source Water Protection Task Force – There will possibly be a final report at the January Board meeting.
- c) DSM YTD Comparison – DSM will be discussed at the January Board meeting.

CHAIRMAN'S REPORT

John Conway distributed the Missouri Public Utility Alliance's Utility Management Guidebook.

Mr. Conway reported that Stephanie Browning, Director, Public Health and Human Services, will be researching the fluoride issue to take to Council.

The next regularly scheduled meeting is January 2, 2013.

The meeting adjourned at 12:10 p.m.

Respectfully submitted,