

Water and Light Advisory Board
January 4, 2011

A meeting of the Water and Light Advisory Board was held Tuesday, January 4, 2011 at 8:00 a.m. at the Utility Services Conference Room, 105 E. Ash St. The meeting was attended by:

John Conway, Chair
Tom Baumgardner, Vice Chair
Tom O'Connor, Member
Dick Parker, Member
Bob Roper, Member
Tad Johnsen, Water and Light Director
Ryan Williams, Assistant Water and Light Director
Dave Storvick, Engineering Manager
Jim Windsor, Manager Rates and Fiscal Planning
Tina Worley, Utility Services Manager
Christian Johanninger, Acting Power Production Superintendent
Tony Cunningham, Electric Distribution Manager
Marilyn Thorpe, Management Support Specialist
Stephanie Brown, Administrative Support Assistant
Dennis Beutler, Ameren Energy Marketing
Win Colwill, League of Women Voters

APPROVAL OF THE DECEMBER 7, 2010 MEETING MINUTES

The December 7, 2010 meeting minutes were approved with changes by voice vote on a motion by Dick Parker and a second by Bob Roper.

FINANCIAL REPORT

Tad Johnsen and Jim Windsor reviewed the preliminary, unaudited draft balance sheet for November, 2010.

Water and Electric Utility combined operations reflect an operating income of \$633,197 for the month ended November 30, 2010; compared to an operating income of \$252,877 for the same period last year.

The Water Utility has an operating income of \$874,101 for the month ended November 30, 2010; compared to an operating income of \$549,055 for the same period last year.

The Electric Utility has an operating loss of \$240,904 for the month ended November 30 2010; compared to an operating loss of \$296,178 for the same period last year.

Operating revenues of the Electric Utility are up \$695,800 compared to the same period last year.

Operating expenses before Payment-In-Lieu-Of-Tax and Depreciation are up \$395,888.

Mr. Johnsen noted that the operations income is consistent with what was expected and the water utility is doing better than last year. Mr. Windsor noted that there was a budgeted payment for the new building. Mr. Johnsen announced that John Blattel is the Interim Finance Director, and actions are underway to permanently fill that position.

NEW BUSINESS

a) Policy – Boil Advisory, Boil Order – Mr. Johnsen said there are currently two levels of warning for water precautions – Boil Advisory and Boil Order. Boil Advisories are initiated by Water and Light when there is an increased risk of problems with the water supply. Boil Orders are issued by the Department of Natural Resources (DNR) when specific circumstances occur causing known problems with the water supply requiring customers to boil water for safety purposes. Staff has developed policies and procedures for customer notification of Boil Advisories and Boil Orders. Ryan Williams noted that the DNR strongly recommends that the utility have a Boil Advisory policy in place and activate it anytime water pressure drops below 20 psi. If a Boil Advisory policy for Columbia is not established he believes not having one in place could lead to more Boil Orders being issued which would result in a longer duration for the Order. It takes one testing of the water in a 24 hour period for a Boil Advisory and two testings 24 hours apart for a Boil Order. Staff recommends the following policy:

Boil Advisory		
Number of Customers Affected	Method(s) of Notification	Time of Notification(s)
Less than 50	Door Hang Tag	Immediately
Between 50 and 200	Door Hang Tag & Rapid Notify	Immediately Between 6:00 AM and 10:00 PM
Greater than 200	Rapid Notify & Press/Media	Between 6:00 AM and 10:00 PM Anytime
Boil Order		
Any Number	Rapid Notify & Press/Media	Immediately

Mr. Johnsen said the Rapid Notify method involves Joint Communications who can send out a message at one time to a large group. Mr. Williams estimated that Boil Advisories could be issued almost twice a week since water pressure drops below 20 psi anytime there is a main break. Staff’s main focus is to educate the public on the differences between Boil Advisory and Boil Order. The Board favored a suggestion to edit the message on the hang tags and to emphasize “Advisory”. Dick Parker made a motion to adopt the proposed policy for notifying customers of Boil Advisories and Boil Orders. Bob Roper made a second motion. The motion passed with a unanimous vote.

OLD BUSINESS

a) Columbia Energy Center – Mr. Johnsen gave the Board the presentation that was given to the City Council at the January 3, 2011 Council meeting. Ameren Energy Marketing (AEM) has made an offer to the City of Columbia for purchase of AEM’s 75% ownership share in the Columbia Energy Center. Based on termination of existing contracts, AEM proposed \$45,200,000 for the remaining 75% or 108 MW of the Columbia Energy Center with the full purchase on May 31, 2011. The City would also pay \$2,415,600 to continue the contracted capacity payments through May. The benefits of this purchase for the utility include ownership of generation internal to Columbia’s system, low-cost capacity, support of renewable purchases, low carbon generation source, and elimination of third-party operational issues. Mr. Johnsen said the City will issue a 25 year \$49,500,000 Bond Proposal on the April Election ballot and no rate change will be required. The next steps are for the Bond Election ordinance to be approved by the City Council, negotiate the sale contract for Council approval, and then the Bond Election on April 5, 2011. Mr. Johnsen said the facility is in good condition according to a study performed by SEGA a year ago. Pro Energy Services is the current contract operator. Staff has not determined whether the Columbia Energy Center will have a contract operator or City staff. Mr. Parker made a motion to move forward with the Bond Election for purchase of the remaining shares of the Columbia Energy Center. Mr. Roper seconded the motion, which passed with a unanimous vote.

b) Renewable Energy Rate Impact – Mr. Johnsen said staff wanted to include the methodology of the rate impact in the Renewable Energy Report. For comparison of renewable and non-renewable energy prices, resources will be evaluated with other resources having similar characteristics. The categories are Base Load Resources, Intermittent Resources, Load Following/ Ancillary Service Resources, and Peaking Resources. The ordinance states that renewable energy cannot cause rates to increase more than 3% above what rates would be with non-renewable energy. The maximum dollar amount would be 3% times the total budgeted revenue from sources impacted by rate changes. Mr. Johnsen referred to the Renewable Energy Cost Variation chart provided by staff that compares different energy resources.

Mr. Parker advocates that capacity resources should be included as part of the base load resource calculation, and staff advocates that the Renewable Energy Standard specifies comparison of energy cost and that it is not appropriate to include resources that are primarily for capacity. Mr. Parker also believes that the total cost of the Power Plant should be included as part of the base load resource calculation. Staff has an opposing viewpoint that the local power plant does not serve the same function as a base load plant, and it is inaccurate to compare a resource used for load following and ancillary support with a base load resource.

Mr. Parker made a motion to accept the methodology outlined by staff, with consideration of the amendments that he suggested. Mr. Roper seconded the motion, which passed with a unanimous vote. Mr. Parker made a motion for the first amendment that the base cost against the 3% is calculated using the number from the historic revenue rather than projected revenue. Mr. Roper seconded the motion, which passed unanimously. Another motion was made by Mr. Parker for the second amendment that the base load cost be calculated only on energy consumed in the City of Columbia and not include megawatt hours (MWH) beyond what Columbia consumed. Tom O'Connor seconded the motion. The motion failed for lack of majority vote.

DIRECTORS REPORT

a) Project Update – Staff provided project status updates on the Mill Creek Substation and 161 kV Line Routing Study, 2008 Water Bond Projects, Water Treatment Plant Study, Sludge Site Remediation Plan, Source Water Protection, and Hinkson Streambank Stabilization. Mr. Johnsen added that there will be another Public Comments and Council meeting for the 161 kV line routing.

b) Annual NERC Compliance Report – Staff provided the 2010 Annual Assessment that provides evidence that the utility has performed an annual assessment to satisfy the North American Reliability Corporation (NERC) requirements. Mr. Williams said this is a necessary step to realize the vulnerability of the system.

c) Renewable Energy Report – Mr. Johnsen said he has recently received the first draft of the Renewable Energy Report. Renewable energy accounts for 5% of the energy for 2010 which is well above the 2% requirement.

d) Mill Creek Substation Update – Information was provided on the “Project Status Update” handout.

e) Source Water Protection Plan Task Force – Mr. Johnsen said there is still one vacancy on the task force, the task force will begin this year with Floyd Turner as the staff liaison.

CHAIRMAN'S REPORT

a) Election of Officers – Mr. O'Connor nominated John Conway as Chair. Mr. Parker seconded the motion which passed unanimously. Mr. Roper made a motion to nominate Tom Baumgardner as Vice Chair. Mr. O'Connor seconded the motion which passed unanimously.

b) Location of Future Meetings – Mr. Johnsen said the meeting location will change in April when Water and Light moves to the new building. The option for other locations will remain open. Mr. Johnsen will compile a list of possible meeting locations and schedule a future tour of the Columbia Energy Center.

The Demand Side Management (DSM) Report and Renewable Energy Report will be presented at the next meeting.

Dave Storvick said an engineer from Carollo Engineers would be available to present the Water Treatment Plant Enhancement Study.

Next meeting date: Tuesday, February 8, 2011 at 8 a.m. in the Utility Services Conference Room, 105 E. Ash St., Columbia, MO.

The meeting adjourned at 10:05 a.m.

Respectfully submitted,