

Water and Light Advisory Board  
January 8, 2009

A meeting of the Water and Light Advisory Board was held January 8, 2009 at 8:30 a.m. in the Utility Services Conference Room, 105 E. Ash. Attending the meeting were:

John Conway, Chair  
Bob Roper, Member  
Tom Baumgardner, Vice Chair  
Tom O'Connor, Member  
Ernie Gaeth, Member, Absent  
J. Kraig Kahler, Water and Light Director  
Mike Schmitz, Engineering Manager  
Jim Windsor, Manager of Rates and Fiscal Planning  
Tina Worley, Utility Service Supervisor  
Tad Johnsen, Power Production Superintendent  
Floyd Turner, Manager of Water Operations  
Dan Stokes, Electric Distribution Manager  
Christian Johannngmeier, Engineering Supervisor  
Marilyn Thorpe, Administrative Support Supervisor  
Stephanie Brown, Administrative Support Assistant

Dick Parker, Power Supply Task Force  
Win Colwill, League of Women Voters  
Gene Sanders, Missouri Bioenergy

**APPROVAL FOR THE DECEMBER 8, 2008 MEETING MINUTES:** The December 8, 2008 meeting minutes were approved as corrected by voice vote on a motion by Bob Roper and second by Tom O'Connor

**FINANCIAL REPORT:**

a) Financial Update –Investment income and depreciation expense are estimated in the financial statements. Since the FY08 audit is not complete, months in FY08 cannot be finalized. The numbers presented may be subject to change.

Water and Electric Utility combined operations reflect an operating income of \$793,129 for the two months ended November 30, 2008; compared to an operating income of \$2,792,548 for the same period last year. This is a decrease of \$1,999,419.

The Water Utility has an operating loss of \$167,197 for the two months ended November 30, 2008; compared to an operating income of \$351,305 for the same period last year. This is a decrease of \$518,502 in operating income.

The Electric Utility has an operating income of \$960,326 for the two months ended November 30, 2008; compared to an operation income of \$2,441,243 for the same period last year. This is a decrease in operation income of \$1,480,917.

Operating expenses before Payment-In-Lieu-Of-Tax and Depreciation are up \$1,833,198. Fuel and Purchased power costs have increased \$1,684,290.

b) Jim Windsor said water revenue was down compared to the previous year due to 2008 being a milder year. He mentioned that both water and electric rates have increased. When asked if there was a change in water usage for the year of 2008, Mr. Windsor responded that it would be hard to tell because the difference in weather for the two years would not be comparatively accurate.

### **POWER PLANT REPORT**

U.S. 63 Bridge Report – Kraig Kahler said the electric division had loaned the railroad division money to improve the at grade railroad crossing. He said because of the available funds from the Wallstreet and Mainstreet grants to build a bridge, \$92,000 of the loan would be allocated to creating a design for the proposed railroad bridge over U.S. 63. He said the design is expected to be completed by April 1. Mr. Kahler also mentioned that the grants may provide the \$9 million it would take to construct the bridge once the design is approved. Christian Johanningmeier said there will be minimal earth work involved with the construction of the bridge.

Tad Johnsen said the certification of the new emissions monitoring system is going good. He also said currently they are working on the transition into the Midwest Independent Systems Operator (MISO) who is now the balancing authority for the utility. Mr. Windsor said there will be some new billing points on the invoice as a result of this transition. Mr. Johnsen said The Energy Authority (TEA) is the marketing participant.

Mr. Johnsen said renewable energy sources accounted for approximately 2.6% of all energy produced by the power plant. He said the plant is burning wood again and it accounted for .3% of the renewable energy. The landfill gas plant produced 1% of the total renewable energy amount and wind accounted for 1.2%. Mr. Kahler said he received an email from Associated Electric Cooperative, Inc. (AECI) regarding the turbines at the Bluegrass Wind Farm. All old blades will be replaced with new V2 blades. He also said that Water and Light continues to pay the transmission cost of \$11,000 even if there is no production. The cost for the produced wind power is \$55 per MWh. Tom Baumgardner asked for staff to keep the Board informed on when the wind farm is not producing. Mr. Kahler said he will provide a report to the Board with that information.

### **ENGINEERING**

a) McBaine Water Treatment Plant RFP – Mike Schmitz said there are currently nine consultants on the list to receive Requests for Proposals (RFP) for the McBaine Water Treatment Plant Study. He said the RFPs will be mailed tomorrow and the request will be out for a month before interviews begin. Mr. Schmitz said the Board is welcome to sit on the panel.

b) USGS Ground Water Flow Study – Mr. Schmitz said this study will analyze the water quality in the McBaine bottoms predicting how the water is recharged by the Missouri River using the gauging sites from Boonville to south of Columbia. He said the parties involved with the study will be U.S. Geological Study (USGS), Missouri Department of Conservation (MDC), Public Works, and Water and Light. The total cost for the study over four years will be

\$341,300 which will be divided by MDC, Public Works, and Water and Light. He said this is a modeling study. Mr. O'Connor expressed concern that he didn't see the value of modeling information that we already have. Mr. Schmitz said that this is a broader analysis of the bottoms which will analyze the wet and dry seasons and the high and low pumping seasons. Mr. O'Connor would like the scope of services sent to him via email. He said he would also like a raw water analysis completed. Floyd Turner said the water is sampled yearly but the data is not sent to MDC. Mr. Kahler said if the Board would like, the analysis can be done but nothing can be changed without changing the treatment system. Mr. Schmitz said there is no reason to assume that there is a problem with pharmaceuticals in the water according to the draft report from USGS and there are no current federal regulations. Mr. O'Connor said the raw water analysis can be used as a tracer and to determine the extent of the impact of the wetlands. Mr. Conway said to consider what it would take to conduct a raw water analysis. Mr. O'Connor said it would be about \$2,000 to test for everything. Mr. Schmitz said he would put a report together on what it would involve.

c) Update on Conversion to Chloramines – Mr. Schmitz said there are three timelines involved in the conversion of introducing chloramines into the water which will involve the injection of ammonia at controlled sections of the treatment plant.

1. Department of Natural Resources (DNR) Application process – 12 weeks {8 weeks of jar sampling testing and 4 weeks to go through DNR.}
2. Equipment Purchase – 6 weeks {2 weeks for bidding process and 4 weeks for delivery and installation.}
3. Customer Notification – 8 weeks {4 weeks for the preliminary notice to go out to places such as hospitals and 4 weeks for the official notice to all customers.}

Mr. Schmitz said the earliest conversion time would be the first week of May once the above timeline is followed. He said it will cost around \$200,000 for the conversion.

Mr. Schmitz announced that there would be a landowners meeting for the new substation sites on January 27 at 6:30 p.m. He said the consultant has been evaluating the possible sites for the substation.

### **WATER DIVISION REPORT**

Update on UMC Quarterly Report – Floyd Turner said the November samples showed that Trihalomethanes came in at an average of 72.1 micrograms per liter. He said the report showed that the Trihalomethanes are forming before the water hits the distribution system and something must be done or they will continue to form.

### **ELECTRIC DISTRIBUTION REPORT**

Dan Stokes said there were 31 outages during the month of December. The average time for each outage was 77 minutes. The average number of customers affected was 104 per outage. He said on December 27 there was a significant outage that affected 3,400 customers caused by equipment malfunction.

Mr. Kahler mentioned that the Reliability Improvement Team will analyze the outages to determine the cause and solution.

## **UTILITY SERVICES DIVISION REPORT**

Tina Worley said that the Solar One program had started in the fall. She said all 140 subscriptions had been purchased and billing began in December. She said a telephone survey will be conducted for individual customers. There will also be a photovoltaic (PV) systems focus group conducted for the industrial customers. She said there was no outside advertising for the program in the beginning because all subscriptions were expected to be purchased. Mr. Roper noted that it was good that the funding for the program will not financially affect the utility or customer rates. Ms. Worley said once other customers install PV systems more subscriptions will become available to the other customers on the Solar One waiting list. Mr. O'Connor requested a report of the Solar One process. Ms. Worley said she will have it ready by the next meeting. Mr. Kahler said we buy solar energy from Quaker Oats at \$.41 per kWh and sell it back to the customer at \$.48 per kWh.

Gene Sanders from Missouri Bioenergy said he has developed a business plan and a feasibility study was conducted. He said numbers in the business plan had to be adjusted because of the economy. He also mentioned that they have been approved by the Missouri Department of Natural Resources to bail switch grass and have begun doing so. Mr. Sanders said he is compiling a report to show what can be supplied consistently and will have it by mid to late spring. He said the company has received a grant for \$180,000 for research and administrative costs.

## **NEW BUSINESS**

Mr. O'Connor would like a stakeholder's meeting with MDC, Public Works, Water and Light and the Board after the USGS report is complete to review the report. Mr. Kahler said the Board can make the decision to have the meeting.

## **OLD BUSINESS**

None to report

Mr. Roper said he attended the Water and Light Christmas Eve Lunch and complimented the employees for all they do.

Mr. Roper will not be at the next meeting.

Next meeting date: February 5, 2009

The meeting adjourned at 9:44 a.m.

Respectfully Submitted,