

Water and Light Advisory Board
November 2, 2010

A meeting of the Water and Light Advisory Board was held Tuesday, November 2, 2010 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, Member
Tom O'Connor, Member - absent
Dick Parker, Member
Bob Roper, Member
Tad Johnsen, Water and Light Director
Dave Storvick, Engineering Manager
Jim Windsor, Manager Rates and Fiscal Planning
Christian Johannmeier, Acting Power Production Superintendent
Tony Cunningham, Acting Electric Distribution Manager
Tina Worley, Utility Services Manager
Marilyn Thorpe, Management Support Specialist
Tracy Frevert, Administrative Support Assistant
Win Colwill, League of Women Voters

APPROVAL OF THE OCTOBER 12, 2010 MEETING MINUTES

The October 12, 2010 meeting minutes were approved by voice vote on a motion by Dick Parker and a second by Bob Roper.

FINANCIAL REPORT

Tad Johnsen and Jim Windsor reviewed the drafted, unaudited balance sheet for September 30, 2010 and 2009.

Mr. Johnsen noted that cash and marketable securities is \$29,829,811. For the twelve months ended September 30, 2010, the projected total operating revenues of the Water Utility is at 90%, and at 86% for total operating expenses. The projected total operating revenues of the Electric Utility is at 101%, and at 90% for total operating expenses. Mr. Johnsen provided several reasons why costs were low: the peak was lower than projected so the utility did not have to purchase the expensive energy, and both market energy prices and natural gas prices remained low.

Mr. Windsor provided a review of the utility's Rate of Return. He noted that cash flow and coverage ratio are considerations for budget purposes. A 5.8% Rate of Return is used for cost-of-service analysis. In looking at the current unaudited information, the utility will have a Rate of Return of 5.4% for FY10, and for FY09 the Rate of Return was 3.6%.

At the October 12, 2010 Water and Light Advisory Board meeting, a question arose concerning the difference in cost of reading electric and water meters. Mr. Windsor explained that meter reading expenses are split between the utilities with 60% electric and 40% water. Furthermore, the electric utility has an additional position responsible for the maintenance and reading of large industrial customer meters.

Discussion followed concerning the Water Business Plan.

NEW BUSINESS

a) Industrial Rate – High Load Factor Ordinance Change – Mr. Johnsen explained that staff proposes two changes to the Industrial Service Rate Ordinance. The first is clarifying the methodology used in calculating off-peak discount load factors. The proposed ordinance will calculate load factors based on the time of utility peak demand (coincident peak demand) as opposed to the time of customer's peak demand. Using coincident peak demand is consistent with the cost basis for the utility since it is the same time interval the utility experiences its largest capacity requirements costs. Adopting this change is a needed incentive to encourage consistent off-peak energy use and provide a more achievable goal for customers as they look for cost saving opportunities. The second change would allow qualifying customers to participate in either the load shedding rate or the off-peak discount rate. This change is recommended since the load factor calculation in the off-peak discount is directly tied to the system peak for the utility.

Dick Parker made a motion to endorse and concur with the proposed ordinance changes to the Industrial Service Rate. Bob Roper seconded the motion, which passed.

OLD BUSINESS

Mr. Johnsen reported that there is no contract thus far for the FPC Solar Project. If the contract is completed before the next scheduled Board meeting, members will be contacted and a special meeting arranged.

Also, the Neighborhood Challenge Grant is not yet finalized. The deadline for this contract is Friday, November 5, 2010.

DIRECTORS REPORT

a) Meeting Minutes – Process and Procedures – Mr. Johnsen proposed that staff send the draft minutes out the second Friday following a Board meeting. All other materials for the Board would be sent out on the Thursday before the scheduled Board meeting. Mr. Parker suggested that the draft minutes be emailed to Board members.

b) Demand Side Management (DSM) Programs Report – Mr. Johnsen reviewed the year-to-date activity for major DSM programs. He noted that four new categories that deal with loans were added to the report: Loans at Least Two Months Delinquent, Loans in Bankruptcy, Loans in Write-Off, and Total Loans at Risk.

c) Cost of Service RFP – Tad Johnsen and Jim Windsor reviewed the specifications for an Electric Cost of Service Study and review of fees. Mr. Windsor noted that an addition to the RFP will be an item addressing time of use evaluation of industrial customers. Discussion followed.

d) Iatan and Prairie States dispatch requirements – Mr. Johnsen reviewed the dispatch requirements of unit participation contracts including Sikeston, Nearman, Iatan II and Prairie State. Discussion followed.

e) Columbia Green House Gas Emissions – At the October 12, 2010 Board meeting members received state emissions data, and requested more local data. Mr. Johnsen requested a clarification of exactly what the Board needs so staff can gather the information. Discussion followed. Tina Worley, Utility Services Manager, suggested applying the state CO₂ emission factor to all non renewable energy MWHs consumed and add Columbia's percent of renewable energy to that mix. This is versus identifying each individual power source emission factor with the associated output of that source due to the variability of the supply mix. By keeping a constant factor for all non renewable energy, a benchmark of energy and CO₂ reduction will be achieved. Mr. Roper requested a copy of the Council's resolution endorsing the U.S. Mayors Climate Protection Agreement.

f) Annual Agenda – Mr. Johnsen reviewed the revised calendar of annual agenda items for the Board.

g) Renewable Standard – Mr. Johnsen noted that staff continues to work on the methodology to accurately and consistently provide this comparison.

David Storvick, Engineering Manager, distributed a Tabulation of Bids for the Old Mill Creek Road 12-inch water main. This is the line that will tie in to the 16-inch main on Scott Boulevard. Discussion followed.

Dick Parker made a motion to recommend that Council accept the Base Bid plus Alternate A from Emery Sapp & Sons. Tom Baumgardner seconded the motion, which passed.

Mr. Johnsen reported on the status of the South Substation and Line Routing Study. Three open houses were hosted by staff and members of the consultant, SEGA, and feedback gathered from the public. Staff will present information on the history and planning process of this project to the Council on November 22, 2010, and additional open houses will be conducted in the future.

CHAIRMAN’S REPORT

No Chairman’s Report.

Next meeting date: Tuesday, December 7, 2010 at 8 a.m. in the Utility Services Conference Room, 105 E. Ash St., Columbia, MO.

The meeting adjourned at 9:30 a.m.

Respectfully submitted,