

Water and Light Advisory Board
March 5, 2009

A meeting of the Water and Light Advisory Board was held March 5, 2009 at 7:00 a.m. in the Utility Services Conference Room, 105 E. Ash. Attending the meeting were:

John Conway, Chair
Tom Baumgardner, Vice Chair
Tom O'Connor, Member
Bob Roper, Member
Ernie Gaeth, Member
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
Dan Stokes, Electric Distribution Manager
Marilyn Thorpe, Administrative Support Supervisor
Stephanie Brown, Administrative Support Assistant

Dick Parker, Power Supply Task Force

APPROVAL FOR THE FEBRUARY 5, 2009 MEETING MINUTES: The February 5, 2009 meeting minutes were approved as corrected by voice vote on a motion by Tom O'Connor and second by Bob Roper.

FINANCIAL REPORT

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

Water and Electric Utility combined operations reflect an operating income of \$955,498 for the four months ended January 31, 2009; compared to an operating income of \$4,605,862 for the same period last year. This is a decrease of \$3,650,364.

The Water Utility has an operating loss of \$865,906 for the four months ended January 31, 2009; compared to an operating income of \$169,930 for the same period last year. This is a decrease of \$1,035,836 in operating income.

The Electric Utility has an operating income of \$1,821,404 for the four months ended January 31, 2009; compared to an operating income of \$4,435,932 for the same period last year. This is a decrease in operation income of \$2,614,528.

Operating expenses before Payment-In-Lieu-Of-Tax and Depreciation are up \$4,065,297. Fuel and Purchased power costs have increased \$3,703,888.

b) Jim Windsor said the audit has been concluded for the City and the Finance Department has closed October, November, and December financial statements. He said the January books have not been closed so the numbers presented in the financial report are

subject to change. Mr. Windsor said there was nothing found in the City's audit that affected Water and Light.

He said cash and marketable securities were up this month but down from last year's totals. Water revenues were down from last year even with the 5.5% rate increase. Mr. Windsor said the Water "Investment Revenue" is shown as a negative because the funds used to finance the water Capital Improvement Project (CIP) under the Reimbursement Resolution are electric funds so this is effectively an interest expense. He also said after the bond sale, water will have funds available.

Mr. Windsor said the amount of main breaks and the summer weather this year will determine water revenue's outcome.

POWER PLANT REPORT

Tad Johnsen said renewable energy accounted for a little more than 3% of all energy produced. He said wood made up .8%; the landfill gas plant produced 1.25%, and wind accounted for 1% of the total percentage.

He said the Jefferson City Landfill Gas Plant is not running yet because of a surge problem and damage to some equipment.

Mr. Johnsen said for the utility the price of coal is declining even though overall the price has gone up. Transportation costs have risen which include train rates.

J. Kraig Kahler said he has negotiated with Chris Bolick of Associated Electric Cooperative, Inc. (AECI) and AECI has agreed to provide the first 6.3 MW of energy produced from the wind farm for the next three months starting tomorrow, Friday, March 6, 2009. He said the utility will pay \$55 MWh.

ENGINEERING

a) Encari Contract – Mike Schmitz said the agreement with Encari for the NERC CIP Standards Documentation Review was approved by Council. He said he and staff will meet with SERC Reliability Council next week. Mr. Schmitz said the Change Order #2 with Burns and McDonnell and the contract with Encari are both expenses for a mitigation plan for the SERC compliance violation. He said SERC needs to see plans in place to mitigate the utilities non-compliance in order for them not to levy the fines. He said the total cost for both is \$140,000. Mr. Schmitz said he will provide a report on the total expenditures of meeting federal compliance at the next meeting. This will include staff costs and consultant fees.

b) USGS Water Test Update – Mr. Schmitz said Dave Sorrell compiled the cost estimates for the additional testing for the USGS to perform a monitoring program to test for possible pharmaceutical contaminants in the City's raw water supply. The total cost to perform the monitoring for one year would be \$103,637. He said the utility could possibly get a \$10,000 participation fund from USGS depending upon their budget. He said the first test would take place in June and the second for the year would be next winter. He said test results can be made available on the website as soon as the tests are complete. Mr. Windsor said currently there are no funds available in the utility budget for this and they would have to be appropriated.

Mr. Kahler said he doesn't recommend that the test be performed at this time because there are no guidelines or regulations for the testing and there would be nothing that could be done if any contaminants were found.

Ernie Gaeth moved to not go forward with the USGS monitoring tests at this time in light of the minimal need and the financial situation. Mr. Roper made a second to the motion. After discussion, the motion was passed with a majority voice vote with one opposed to not pursue the contract with USGS.

Mr. O'Connor made a motion that the Board reconsiders the USGS testing as was originally discussed for \$27,000. Mr. Gaeth made a second motion for discussion purposes. The vote was taken with one voting in favor and four against the reconsideration of the USGS testing. The motion failed.

c) RFP Water Treatment Plant Update – Mr. Schmitz said the deadline for proposals has been extended two weeks. He said CH2MHill will not be submitting a proposal. He said Requests for Proposals (RFP) were sent out to seven firms. Mr. Schmitz said he will notify the Board of the interview dates after the three firms are chosen for consideration. He said at this point in time the costs are not known and no money is appropriated.

d) Chloramine Conversion Update – Mr. Schmitz said the original plan was to have the chloramine injected at the three pump stations, but it has now been decided that it will be injected at the treatment plant. He said the conversion is still scheduled for May with two public notifications about two months in advance and then one month before. He said engineering and water distribution will decide which projects with the conversion will be in-house or contracted out. The work will be under a five year contract with a formal bid process.

WATER DIVISION REPORT

No report.

ELECTRIC DISTRIBUTION REPORT

Dan Stokes said there were 11 outages for the month of February. He said the average time per outage was 53 minutes and the average number of customers affected per outage was 142. Mr. Stokes said on February 25 there was an outage that lasted 90 minutes that accounted for 97% of the customer average.

UTILITY SERVICES DIVISION REPORT

Tina Worley said Energy Choices and Saturday Science have concluded. She said this is the first year that Columbia Catholic School has participated in Energy Choices. She added that the year will conclude with a wrap up session with the teachers in a few weeks.

Ms. Worley said the utility received 100 referrals for the Home Performance with Energy Star program at the Home Show.

She said there will be a weatherization workshop with the League of Women Voters. There will also be a business expo on commercial lighting in the near future.

Ms. Worley will provide a report at the next meeting on the Solar One focus groups. She said there has been some discussion with Dow Chemical regarding adding additional PV arrays of 10-20 kW to the existing solar field at Bernadette and Tiger Lane. The utility would cover the cost of installation.

Ms. Worley said the utility did a preliminary study with Springfield regarding an HVAC Tune-Up program. She would like the utility to engage in a pilot program that would “improve the existing stock of air conditioning equipment by correcting certain problems that are hindering seasonal energy efficiencies.” She said during the pilot project three HVAC contractors would each conduct tune-ups on 30 different residential customers.

DIRECTOR’S REPORT

Mr. Kahler said the utility did receive stimulus funds for the new COLT railroad bridge. The utility will cover the costs and the federal government will reimburse the costs up to \$9 million. He said the City must issue a notice to proceed to the contractors no later than June 15. Mr. Schmitz said the project will take approximately a year.

Mr. Kahler said the utility sold energy from Nearman to the Kansas City Board of Public Utilities. He said the utility will receive \$289,000 in revenue from the sale. Mr. Windsor said the Midwest Independent Systems Operator (MISO) may limit transactions such as this one in the near future because of capacity issues.

Mr. Kahler said there are several power generation projects in process. He said the Iatan 2 project is four to six months behind schedule. The utility will purchase 20 MW of energy from Iatan 2. He said Prairie State 1 and 2 are on schedule.

Mr. Kahler also recognized Ernie Gaeth for ten years of service on the Board. Staff also recognized the Board for its service.

Mr. Kahler said the utility has applied for other water and electric projects for the stimulus funding projects such as LED street lights. He said Paula Hertwig-Hopkins is the City’s contact person for applying for stimulus funds.

NEW BUSINESS

No new business.

OLD BUSINESS

Mr. Conway mentioned the Program of Work questionnaire and requested that any other comments from the other Board members be sent to him within two weeks. He said the Board is required to provide an annual report as part of its charter.

Mr. Kahler announced that he, Mr. Conway, City Council, and members of MPUA will take a tour of the Callaway Nuclear Plant. Mr. Roper and Mr. Baumgardner expressed interest and Mr. Kahler will find out if they can be added to the list.

Mr. O’Connor announced that he will be on the panel regarding energy efficiency for League of Women Voters on Tuesday, March 10 at 6:30 p.m.

Mr. Baumgardner made a motion to move the meeting time to 8 a.m. on the same day of the week. Roper seconded the motion. The motion received a tie vote and the meeting time will remain at 7 a.m.

Next meeting date: April 2, 2009

The meeting adjourned at 8:50 a.m.

Respectfully Submitted,