

Water and Light Advisory Board
July 2, 2009

A meeting of the Water and Light Advisory Board was held July 2, 2009 at 8:00 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
Dick Parker, Member excused
J. Kraig Kahler, Water and Light Director
Mike Schmitz, Engineering Manager
Jim Windsor, Manager of Rates and Fiscal Planning
Tina Worley, Utility Services Manager
Tad Johnsen, Power Production Superintendent
Dan Stokes, Electric Distribution Manager
Pamela Mathews, Administrative Support Assistant

APPROVAL FOR THE JUNE 4, 2009 MEETING MINUTES

The June 4, 2009 meeting minutes were approved by voice vote on a motion by Tom O'Connor and a second by Bob Roper.

FINANCIAL REPORT

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

Water and Electric Utility combined operations reflect an operating income of \$1,902,935 for the eight months ended May 31, 2009; compared to an operating income of \$5,665,655 for the same period last year. This is a decrease of \$3,762,720.

The Water Utility has an operating loss of \$1,009,031 for the eight months ended May 31, 2009; compared to an operating income of \$21,530 for the same period last year. This is a decrease of \$1,030,561 in operating income.

The Electric Utility has an operating income of \$2,911,966 for the eight months ended May 31, 2009; compared to an operating income of \$5,644,125 for the same period last year. This is a decrease in operation income of \$2,732,159.

Operating revenues of the Electric Utility are up \$3,755,371 compared to the same period last year.

Operating expenses before Payment-In-Lieu-Of-Tax and Depreciation are up \$5,860,087. Fuel and Purchased power costs have increased \$4,637,971.

- a) Jim Windsor reported that revenues are down from last year. Water revenue improved slightly. The recent hot spell will probably raise revenue numbers for next month. The connection revenues were slightly above the predicted amount of \$200,000. Jim went over a historical report of water and electric revenues from 2005-2009 for the months of November through May. Sales for both water and electric have been declining. Jim explained that it is due in part to the economic climate. Mike Schmitz indicated that many of the products being purchased by consumers are more efficient, such as low flow showerheads, and people are often conserving resources in this manner.

- b) Mr. Kahler said the new budget is currently being formulated and the details will be presented to the Board at the August meeting.

STREETLIGHT ADDITION ON OLD HWY 63

Mr. Kahler said that the City Council asked Water & Light to prepare a report regarding the possible addition of streetlights on Old Hwy. 63 from Stadium to north of Grindstone. The proposed design would require the installation of 27 new 250 watt lights at a cost of \$64,300 to install plus \$536.07 per month or \$6,432.84 annually to maintain.

Mr. O'Connor asked if Council wanted to experiment with different types of lighting for the project, such as LED lights. Mr. Schmitz said that Water & Light has not been asked to do so for the Old Hwy. 63 plan, however another pilot project has been considered in another area. It has not moved forward because of funding issues.

Mr. Kahler indicated that the City Council has not yet made any decisions regarding the streetlight reduction plan that was formulated at the Council's request in May.

LOAD MANAGEMENT SWITCHES FOR NEW CONSTRUCTION

Mr. Kahler said that a report has been prepared for Council explaining the fiscal impact of the mandatory installation of Load Management (LM) switches on new construction and single family homes. Tina Worley said there are currently 12,075 customers with LM switches. There are between 1,000 and 1,500 switches installed annually. Tina said the switches have the ability to monitor usage but the switches were not used at all last year. The data will be evaluated this year when and if the switches are used this summer.

COAL CONTRACT

Mr. Kahler said that a two year coal supply contract had been signed with Massey Utility Sales. The Board was given a cost breakdown for the coal, including cost per ton, and transportation costs. The coal has been shipped and will be received within the next few days.

Tom. O'Connor asked if we have been burning any wood at the plant. Tad Johnsen said the supply hasn't been very good lately, however he expects to resume some wood burning at the Power Plant this summer.

NEW BUSINESS

Tom. O'Connor asked that the Board and staff review some literature about the Environmental Protection Agency's (EPA) Water Sense program. The goals of the program are to use water resources more efficiently and to promote and support water efficiency products and policies. Mr. Kahler indicated that he and his staff would review the material and give membership in the program consideration.

OLD BUSINESS

- a) Mr. Schmitz said the target date for using chloramines as a secondary disinfection method is August 3. Mr. O'Connor said that the chemistry involved is tricky but he felt that the Water Treatment Plant staff is aware of this. Mr. Schmitz said one of our water engineers is a chemical engineer and is working closely with the laboratory staff in preparation for the change.
- b) Mr. Kahler congratulated Mr. Roper on his four year appointment, continuing his service on the Water & Light Advisory Board.
- c) Tad Johnsen was asked about his trip last week to the Prairie States mine mouth power generation facility that is currently under construction. He and Tom Baumgardner toured the area. Mr. Kahler said the project is on schedule and possibly will be completed ahead of schedule.

Next meeting date: August 6, 2009 at 8 a.m.

The meeting adjourned at 8:55 a.m.

Respectfully Submitted,