

Water and Light Advisory Board
August 2, 2007

A meeting of the Water and Light Advisory Board was held August 2, 2007 at 7:00 a.m. at the Utility Services Conference Room, 105 E. Ash. Attending the meeting were:

John Conway, Chair
Tom Baumgardner, Vice Chair
Ernie Gaeth, Member, Member
Robert Roper – Member
Dan Dasho, Water and Light Director
Jim Windsor, Rates/Fiscal Manager
Dan Stokes, Electric Distribution Manager
Tad Johnsen, Power Production Superintendent
Tina Windsor, Utility Services Manager
Mike Schmitz, Engineering Manager
Marilyn Thorpe, Administrative Support Supervisor

Dick Parker

APPROVAL OF THE JULY 5, 2007 MEETING MINUTES: The July 5, 2007, meeting minutes were approved by voice vote on a motion by Ernie Gaeth and second by Bob Roper.

FINANCIAL REPORT:

- a) Financial Update - The Board received the monthly financial statements ending June 30, 2007.

Water and Electric Utility combined operations reflect an operating income of \$5,791,457 for the nine months ended June 30, 2007; compared to an operating income of \$1,359,605 for the same period last year. This is an increase of \$4,431,852.

The Water Utility has an operating income of \$337,089 for the nine months ended June 30, 2007; compared to an operating income of \$1,104,121 for the same period last year. This is a decrease of \$767,032 in operating income.

The Electric Utility has an operating income of \$5,454,368 for the nine months ended June 30, 2007; compared to an operating income of \$255,484 for the same period last year. This is an increase in operating income of \$5,198,957.

Operating revenues of the Electric Utility are up \$6,186,957 compared to the same period last year.

Operating expenses before Payment-In-Lieu-Of-Tax and Depreciation are up \$442,627. Fuel and Purchased power costs have increased \$719,029.

- b) FY'08 Budget and Rate Changes Vote on Budget –

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Jim Windsor referred the Board to the information sent to them regarding water and electric rates for FY'08 budget. He said a 9% rate change in electric and an 8% change in water was being recommended. He said Virchow Krause was performing a cost-of-service analysis. Jim said the rate changes would move in the direction proposed by Virchow Krause. Jim said the Council had been surveyed by Virchow Krause to determine priorities for rate making. The Council's priorities were: environmental concerns; social concerns; promotion of conservation; and movement toward cost-of-service. In the residential rate structure an inverted block has been added to the non-summer rate structure (above 750 kWh's). A second block has been added to the summer rate structure (over 2,000 kWh). The inverted block structures will send an economic signal that higher consumption will cost more. In addition, the load management discount is proposed to increase from 3% to 5%.

Jim said water rate changes are based on cost-of-service analysis. Proposed rate changes include a "fire flow charge". The fire flow charge is to cover the cost of building the system to meet pressures associated with fighting fires. This charge should not be volume based.

Jim told the Board that the 9% electric rate increase was driven by power cost and the 8% increase for water was capital driven.

Council will meet on the 20th for a work session to discuss the rate increases.

A motion was made by Bob Roper and second by Tom Baumgardner to recommend Council approve the FY'08 proposed electric and water rate changes. Motion passed unanimously.

POWER PLANT REPORT:

- a) Wind Energy and MISO Transmission – The Board was informed that a transmission arrangement for wind power had been discussed with Midwest Independent System Operator (MISO) and that a suitable agreement had been reached. 6.3 MW of power will come to the City on a non-firm basis from September 2008 to February 1st, 2008. The transmission will change to firm on February 1, 2008 for a 20 year period. On November 9th, 2006 the City entered into an agreement with Associated Electric Cooperative Inc. (AECI) to purchase wind and transmission. Water and Light and AECI have worked on an amendment to the agreement to begin the flowing of wind power starting on September 5, 2007. Staff has recommended that Council approve Amendment One of the agreement with AECI.

ENGINEERING:

- a) Grindstone Substation Transformer – Mike Schmitz told the Board that the Grindstone Substation was in service.
- b) Hillsdale Pump Station – This project is progressing as expected.
- c) Well Field 36" Main – Mike reported that DNR was permitting an open cut across the creeks instead of drilling under the creek. This will save time as well as money.

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WATER DIVISION:

- a) Dan Dasho reported that the Water Division was undergoing a Supervisory Plan Audit by the Department of Natural Resources.

ELECTRIC DIVISION:

- a) Dan Stokes informed the Board that George Hessenbruch, Electric Distribution Coordinator was retiring and going to work for Ameren. George has been with the City for 35 years.

UTILITY SERVICES: Nothing to report

NEW BUSINESS: Dan reported that Water and Light was recognized for their Partners in Education Programs. He said the American Public Power Association (APPA) presented Dan with the Community Service award at the APPA convention held in Texas. Columbia was one of three communities in the United States to receive the award. Dan expressed his appreciation to the Utility Services Division for receiving national recognition for their programs.

Dan told the Board that the Korean Church was going to address Council on August 7 regarding a variance on their fire flow requirements.

OLD BUSINESS: Bob Roper said he would be on vacation the first two weeks of September. Ernie Gaeth said he would be gone the first week of September.

NEXT MEETING: September 13

Meeting adjourned: 8:05 a.m.

Respectfully submitted,