

Water and Light Advisory Board
March 2, 2006

The Water and Light Advisory Board was held March 2, at 7 a.m. at the Administration office on Seventh Street. Those in attendance were:

John Conway, Chair
Tom Baumgardner, Vice-Chair
Ernie Gaeth, Member
Bob Roper, Member
Dan Dasho, Director
Jim Windsor, Manager Rates/Fiscal Planning
Jay Hasheider, Utility Services Supervisor
Mike Schmitz, Chief Engineer
Marilyn Thorpe, Administrative Support Supervisor

Greg Macias, Member - excused

Win Colwell, League of Women Voters

APPROVAL OF THE FEBRUARY 9, 2006 MEETING MINUTES: John Conway noted a spelling error in the Draft meeting minutes of February 9. Bob Roper made a motion with a second from John Conway to approve the February 9, 2006 corrected minutes. Vote was unanimous in favor of recommendation.

FINANCIAL REPORT: The Board received a preliminary draft financial statement ending January 31, 2006, from the Finance Department. Water and Electric Utility combined operations reflect an operating income of \$1,844,430 for the four months ended January 31, 2006; compared to an operating income of \$135,308 for the same period last year. This is an increase of \$1,709,122.

Cash and Marketable Securities Policy - Jim Windsor handed out a memo regarding a policy on Cash and Marketable Securities. He said currently the W&L department did not have a written policy regarding the level of cash reserves appropriate to operating a business of our size. He mentioned that the rate decrease in 1999 had helped to deplete our reserves. Jim said the rate changes in place had altered the decline of the cash reserves. However, capital expenditures over the next five to ten years would have an impact on rates and cash reserves. His memo included four methods of establishing a minimum cash reserve, they were:

Method	Description	Minimum
Method 1	25% of Historical Investment in Utility	\$59,031,667
Method 2	Three Months Operating Expenses	\$19,056,033
Method 3	Six Months Operating Expenses	\$38,112,065
Method 4	Allocation for O&M, Debt Service, & Capital	\$26,975,066

In his memo, Jim said a cash reserve policy would insure that the utilities have the ability to pay for normal capital improvements and have a reserve fund for catastrophic events. The policy would not target an ideal amount of cash, only a minimum. Jim said that Staff recommended Method Two with the goal of moving to Method Four in the future. Jim asked that the Board review the material. If it is the

Board's decision to implement a cash reserve policy, they will be asked at the April meeting to recommend to Council that

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such a policy has been established and that all future fiscal recommendations of the Board will take into consideration the minimum cash reserve requirement. The Board discussed the issue at length and agreed to make a recommendation at the next meeting.

BLACK & VEATCH POWER SUPPLY STUDY UPDATE: Public Input Meeting – Dan Dasho told the Board that around 35 people were at the Power Supply Study presentation held in the Council Chambers, March 1. He said there were several comments regarding renewable energy, environmental concerns, and building on to our own power plant.

Additional Analysis/Recommendations – The final report from Black and Veatch was received March 1. The Board agreed that this issue would have a huge impact on the community that they along with the City Council needed to study all the options carefully and decide which option would be the best over the long term. Dan said that Prairie States wanted an answer by April as to whether we were going with their proposal. It was decided to hold a special meeting March 16 at 7:00 a.m. to discuss the power supply options. A recommendation will be made at this meeting to forward to Council.

ENGINEERING: Mike Schmitz told the Board that the 36" main project had gone out for bids. He said this was the second bid as the first ones had been turned down by Council. He thought that the extended construction time frame; and the change from a spring to summer boring schedule would bring in lower bids. They will be opened in April. Mike said the second ASR well and the Hillsdale Pump Station had also gone out for bid. Mike said the 161 kV line was getting underway. He said 25 wood poles would be replaced with steel poles, with the biggest pole at Lenoir and Roosevelt.

UTILITY SERVICES: Jay Hasheider went over the Water and Light 2006 Renewable Energy Report with the Board. He said that W&L should be able to meet the ordinance mandate of 2% renewable energy by 2008. He told the Board that in 2005 W&L had contracted with the Missouri Public Utility Alliance for nine months of renewable power that was generated from landfill gas. He said this past year W&L and Public Works were developing a biogas resource at the Columbia Landfill. The facility could begin operations in the first quarter of 2008. He said the Department issued a Request for Proposals in November 2005 for vendors or developers to present proposals for supplying Columbia with utility scaled increments of renewable energy. He also said the Department is investigating the use of biomass based resources that could be used as a fuel at the Columbia power plant. W&L is adding solar water heaters as eligible items to the Super Saver Loan program. Jay told the Board that W&L in cooperation with the University of Missouri-Columbia and the Missouri Department of Natural Resources are co-sponsoring a conference March 29. This one day conference will have speakers and booths on topics covering Solar, Wind, Biomass Energy and Energy Efficiency. Jay also discussed what constituted renewable energy. Examples included: Wind Energy; Solar Energy; Biomass Energy; Hydropower; Geothermal Power; and Green Tags. Jay said Energy Conservation had been listed in the Report as a renewable energy but after comments from the public and more consideration by Staff it was decided that Energy Conservation should be omitted from the report. The Board discussed the report and then on a motion by Ernie Gaeth and second from Bob Roper it was recommended that Council approve the report as presented except to remove the paragraph relating to the Energy Conservation. Motion passed with a unanimous vote.

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OLD BUSINESS: Dan told the Board that the dedication of the Water Distribution Joe Paul Crane building would be held March 22 at 3:00.

The next regularly scheduled meeting will be March 16.

Respectfully submitted,