

1 PUBLIC UTILITY REGULATORY POLICIES ACT

2 PUBLIC HEARING

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5
6 March 27, 2007
7 Columbia City Council Chambers
8 710 East Broadway
9 Columbia, Missouri

10 BEFORE:

11 John Conway, Hearing Officer
12 Greg Macias, Board Member
13 Tom Baumgardner, Board Member

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18 REPORTED BY:

19 Shelley L. Mayer, RPR, CCR
20 Thorpe Court Reporters
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1 MR. DASHO: Good evening. I'm Dan Dasho,
2 Director of Water and Light for the City of
3 Columbia. And we're here tonight for a public
4 hearing considering the topics of fuel
5 efficiency at our local power plant as well as
6 fuel diversity or different fuel sources in our
7 power supply.

8 Before we get started with the public
9 hearing I want to explain the reason why we're
10 holding a public hearing and the process. The
11 City Council as the regulating body for Columbia
12 Water and Light is required to hold public
13 hearings to consider and determine certain
14 federal rate making policies and standards. The
15 Council passed a resolution on January 16th of
16 2007 which requires Columbia Water and Light to
17 engage in this process.

18 The resolution has set three hearing dates
19 and named the public hearing presiding officer,
20 John Conway, who is also the chairman of the
21 Water and Light advisory committee. At this
22 time I'm going to turn the meeting over to John.

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23 HEARING OFFICER CONWAY: To further
24 elaborate on what Dan was saying for the reasons
25 we are holding this public hearing is due to the

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1 passage of the 2005 Energy Policy Act which is
2 referred to as EAct 2005. And EAct 2005
3 renews and expands the Federal Government's
4 practice of requiring that state regulators and
5 non-regulated utilities of a certain size
6 consider the adoption of certain rate making
7 standards. Specifically EAct 2005 has added
8 five new standards to the ten standards outlined
9 previously in the Public Utility Regulatory
10 Policies Act of 1978 and the Energy Policy Act
11 of 1992. These standards added to section
12 111(d) of PURPA and address net metering and
13 interconnection, diversity of fuel sources,
14 fossil fuel efficiency, time-based metering, and
15 communications.

16 The outline of the procedural requirement
17 for consideration and determination specified
18 by PURPA and the Energy Policy Act states that
19 we must engage in a formal consideration of
20 whether to adopt the five new federal

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21 provisions. It is not required for the City
22 Council to adopt these standards, but a formal
23 process to review and take public comments is
24 necessary. Comments will be accepted for the
25 next two weeks. At the end of the prescribed

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1 comment period the City staff will review the
2 comments presented and will make final
3 recommendations to the Water and Light Board and
4 ultimately to the City Council on the topics of
5 these meetings.

6 The Water and Light Director has prepared
7 some information on both fuel efficiency and
8 fuel diversity for tonight -- for tonight's
9 meeting. And with that I'll have Dan review
10 those two topics.

11 MR. DASHO: I'm going to cover the subjects
12 of fuel generation efficiency which is Section
13 13 under the Energy Policy Act of 2005, and then
14 I'll comment on Section 12, fuel diversity.

15 The first standard, fuel generation
16 efficiency is Standard 13 and the purpose is to
17 generate more electricity by using less fossil
18 fuels by improving the efficiency of existing

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19 generating power plants.

20 The Columbia municipal plant produces about
21 7.6 percent of Columbia's electric load. And it
22 consists of two coal fired steam turbo-
23 generators, gas and oil fired turbo-generator,
24 and a gas fire combustion turbo. Operationally
25 we only use the combustion turbo and gas units

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1 during times when it's cost-effective. The two
2 coal units need to be either retired or upgraded
3 within the next seven years, and that's
4 basically due to requirements from the EPA. In
5 2005 we took a look at the rehabilitation of the
6 plant or an expansion of it and we considered
7 changing the boiler configuration to put in two
8 fluidized beds which would allow us to burn
9 alternative fuels in addition to coal.

10 We did a power supply study in September of
11 2005 to determine the most cost-effective and
12 reliable power options. We looked at the local
13 plants as one of the options, expanding there
14 rather than just buying energy in the
15 marketplace, but that was considered as well.
16 We considered constructing 108 megawatt and 250

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17 megawatt combustion fluidized bed units which
18 would be located at the plant site that we have
19 today. The cost of building the unit would be a
20 large capital investment, but it would take
21 advantage of the transmission system that we
22 have serving the plant already and it would
23 reduce transmission costs.

24 We've requested proposals to do an
25 integrated resource plan for the utility. An

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1 integrated resource plan will take a look at our
2 load forecast over the next 20 or 30 years,
3 environmental compliance issues, transmission
4 system constraints, renewable energy
5 requirements, fuel supply considerations, and
6 the impact of energy efficiency measures. The
7 integrated resource plan or IRP will be reviewed
8 by the City staff, the Water and Light Advisory
9 Board and City Council. Decisions regarding the
10 future power supply for the City will be made by
11 the City Council after a public input process.

12 I think that covers the area of generation
13 efficiency, and again I'd like to just summarize
14 by saying that since the units are going to be

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15 retired within the next seven years, it really
16 isn't cost-effective to put a lot of money into
17 the plants to improve their efficiency at this
18 point in time.

19 The purpose of the Energy Policy Act,
20 Standard 12, fuel diversity is to minimize the
21 dependence on one fuel source and to ensure that
22 electricity is generated using a range of fuels,
23 technologies including renewable energy.
24 Columbia Water and Light has a number of
25 electric suppliers, and the diversity of our

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1 fuel supply is growing.

2 There's a graphic that shows the different
3 supplies of energy we have. And basically we
4 have a contract from Ameren Energy, and this
5 would be the bottom portion of the graph which
6 shows Ameren Energy contract is a coal supply,
7 it's fired by a coal supply, we buy the energy
8 from them. We own a portion of the Nearman
9 power plant in Kansas City. And it's also a
10 coal fired source. Sikeston is another plant we
11 own a portion of, and that's in southeastern
12 Missouri. And it again supplies us with coal

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13 based energy. And then comes our municipal
14 power plant, and those are the lowest cost
15 resources and basically run most of the time.
16 We also make wholesale power purchases and run
17 our natural gas units during peak load times.
18 And those are the very peaks of the graph in
19 terms of where that energy comes from, and the
20 cost of running those high cost gas units is the
21 most expensive.

22 We are -- we have made commitments to
23 purchase an additional 20 megawatts of coal
24 fired generation from Kansas City Power and
25 Light at its Iatan II project that's going

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1 forward currently and an additional 50 megawatts
2 from -- of coal fired power from Prairie State
3 which is just southeast of St. Louis. And again
4 both of these projects are base load type
5 projects replacing and meeting the energy
6 demands of the city.

7 We also have a renewable energy standard
8 that the citizens of Columbia put into place
9 which requires us to have 2 percent of our
10 electric sales come from renewable resources by,

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11 starting in December 31st of 2007; 5 percent by
12 December of 2012; 10 percent of retail sales by
13 December of 2017; and 15 percent retail sales by
14 December of 2022. And the -- there's a cost cap
15 on this such that it can't cost us more than 3
16 percent of the cost of our electricity which we
17 currently purchase.

18 Currently the projects that we have put in
19 place on renewable energy will actually provide
20 us about 5 percent which puts us out to about
21 2013 in terms of our renewable portfolio
22 standards. The total cost of the projects which
23 we're involved in is going to be below the 3
24 percent -- 3 percent threshold. And the
25 projects that we have become involved in are the

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1 Associated Electric Cooperative wind project
2 which will bring us about 6.3 megawatts of wind
3 from the King, Missouri -- King City, Missouri
4 area, and we expect that project to start
5 producing energy within the next few months. We
6 also have landfill gas which is going to be
7 coming from Jefferson City at a plant owned by a
8 company called Ameresco, and that's about 3.1

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9 megawatts or about 2.1 percent of our renewable
10 requirement. And then we also will be
11 generating electricity at the Columbia landfill
12 gas plant right here at our own landfill, and
13 that should generate about 1.5 percent of what
14 we need.

15 In terms of fuel diversity there's another
16 resource that we look at at Columbia Water and
17 Light, and that's energy efficiency whereby we
18 can reduce customer demand which helps us reduce
19 our power supply and cost. Obviously that can
20 help the environment, and the programs that we
21 have in place have reduced our load
22 approximately 18 megawatts which is similar to
23 adding an 18 megawatt generator, and that comes
24 again from energy efficiency.

25 We have also added distributed generation

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1 which are small generators located throughout
2 the city, and we've done in this conjunction
3 with large industrial customers to provide them
4 backup energy during times of outages that they
5 may -- they may experience, and we can call on
6 that generation to supply capacity during our

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7 peak load times.

8 We also have some programs in place to try
9 to encourage small scale generation where we
10 have low interest rate loans for solar water
11 heaters as well as rebates on solar systems.
12 That will begin in 2007, April 15th.

13 Our integrated resource plan which I
14 mentioned before will enable Columbia Water and
15 Light to develop a variety of power resources
16 for the future, and future power supply
17 decisions will be decided on by the City Council
18 after a very public process. And those are my
19 comments.

20 HEARING OFFICER CONWAY: Thank you, Dan.

21 Next we'll move to public comment. I
22 don't know that we've identified anyone
23 wishing to come forward. With no one coming
24 forward, then we will close the hearing.
25 We'll recognize that the hearing will show on

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1 Columbia channel at 7:00 a.m., 11:00 a.m.,
2 7:00 p.m., 11:00 p.m. through April 1st.
3 Hearing closed.

4 WHEREUPON, the hearing was adjourned.

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CERTIFICATE

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I, Shelley L. Mayer, Certified Court

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3 Reporter within and for the State of Missouri, do
4 hereby certify that the foregoing pages constitute a
5 true and correct copy of the proceedings held on the
6 27th day of March, 2007.

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Shelley L. Mayer
Certified Court Reporter
C. C. R. No. 679

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