#### **REGULAR SESSION – WEDNESDAY AUGUST 5, 2020**

STATE OF KANSAS )
) SS
CITY OF KANSAS CITY)

The Board of Public Utilities of Kansas City, Kansas (aka BPU, We, Us, Our) met remotely in Regular Session on Wednesday, August 5, 2020 at 6:00 P.M. The following Board Members were on the teleconference: Mr. Eidson, President; Robert L. Milan, Vice President; Mary Gonzales, Secretary; Jeff Bryant, Rose Mulvany Henry and Thomas Groneman.

Also on teleconference: William Johnson, General Manager; Angela Lawson, Deputy Chief Counsel; Lori Austin, Chief Financial Officer/Chief Administrative Officer; Jim Epp, Executive Director Water Operations; Johnnetta Hinson, Executive Director Customer Service; Jeremy Ash, Executive Director Electric Operations; Dong Quach, Executive Director Electric Production; Jerry Ohmes, Executive Director Electric Supply; Robert Kamp, IT Project Manager; David Mehlhaff, Chief Communications Officer; Dennis Dumovich, Director of Human Resources; Jody Franchett, Director Administrative Services and Paul Crocker, Supervisor Maintenance, Nearman Water Treatment.

A tape of this meeting is on file at the Board of Public Utilities.

Mr. Eidson called the Board Meeting to order at 6:00 P.M. He welcomed all that were listening or viewing the meeting. He stated the COVID-19 Pandemic had resulted in a State of Emergency disaster declared by the Governor which made it necessary to conduct the meeting using technology instead of in person. Those wishing to offer comments during the Visitors Comments section could click on the raised hand feature at the bottom of the application or window or press Star 9 and be connected by phone. As always, the public could email or call the BPU with any concerns. The Agenda could be found on the BPU website. If you were using Zoom, it would appear on your screen. Mr. Eidson introduced himself and the other Board Members along with the GM, and Legal Counsel.

Roll call was taken and all Board Members were present via teleconference.

Motion was made to approve the Agenda by Mr. Bryant, seconded by Mr. Groneman, and carried.

Motion was made to approve the Minutes of the Work Session of July 15, 2020 by Ms. Gonzales, seconded by Ms. Mulvany Henry, and carried.

Motion was made to approve the Minutes of the Regular Session of July 15, 2020 by Mr. Groneman, seconded by Mr. Bryant, and carried.

Mr. Eidson turned the meeting over to Mr. Johnson.

#### REGULAR SESSION – WEDNESDAY AUGUST 5, 2020

STATE OF KANSAS	)	
		) SS
<b>CITY OF KANSAS CITY</b>	)	

Mr. Johnson asked Mr. Kamp if there were any visitors wishing to speak.

Mr. Kamp said no one had their hand raised via teleconference.

#### Item #7 - General Manager's Reports

- i. COVID-19 Update/Cares Act: Mr. Johnson spoke to the Board about executive staff communications regarding the pandemic and the requirements of mask wearing/social distancing required at Level 3. He also briefed on these ongoing discussions:
  - a. Working with employees with kids in school.
  - b. Guidelines regarding employees getting tested.

Mr. Dumovich gave an update on company COVID -19 matters.

Mr. Johnson and Mr. Dumovich answered questions from the Board regarding communicating with employees about various protocols.

Mr. Johnson and Ms. Hinson also answered questions regarding customer service processes due to the continued closing of the lobby.

- ii. June 2020 Financials: Ms. Austin presented the June 2020 Financials
- iii. 2020 Second Quarter Financials: Ms. Austin gave a PowerPoint presentation on the second quarter financials (see attached).

Ms. Lawson confirmed that the June 2020 Financial approval could be encompassed in the approval of the Second Quarter Financials.

Motion was made to approve the 2020 Second Quarter Financial results by Ms. Gonzales, seconded by Jeff Bryant and carried.

- iv. Rosedale Reliability Project Argentine Distribution: Mr. Jeremy Ash updated the Board on current areas of focus with the Rosedale area project.
  - a. In the Armourdale area around 8<sup>th</sup> and Douglas they were tying a couple of feeders together to improve reliability in that area. Work should be completed early in September.
  - b. Work in the Barber substation area around 17<sup>th</sup> and Lawrence down to the 10<sup>th</sup> and Douglas area is ongoing. They would be setting smaller steel poles, similar Page 2 of 4

#### **REGULAR SESSION – WEDNESDAY AUGUST 5, 2020**

STATE OF KANSAS )
) SS
CITY OF KANSAS CITY)

in size to the Leavenworth Road and Legends area that would carry the distribution facility. They would also have the opportunity to move the distribution underneath the transmission line. This meant that all of our facility would be on one side of the road, any of the crossings that needed to happen, would happen under the street and pop back up and feed the north side of the road. After the coms companies move their facilities the area would be cleaned up and be much more appealing. Work should hopefully be completed by Thanksgiving.

Mr. Ash answered questions from the Board.

v. Water Maintenance Analysis: Mr. Paul Crocker gave a PowerPoint presentation to update the Board on predictive maintenance projects underway at the Nearman Water Treatment Plant. (see attached).

Mr. Crocker answered questions from the Board.

#### **Revisit Item #6 Visitors**

Mr. Carl Freese, 3312 Brown Avenue. Mr. Brown discussed with the Board his situation with his utility bill. He paid a bill that was not his and needed to have it switched to his account. He lived at the address from 2013 - 2016, then again this year.

Mr. Johnson said that Ms. Hinson, Executive Director of Customer Service, would follow-up with him.

Tamara Thierry, 2313 N. 21st St., was calling in support of Mr. Freese.

#### **Item #8 Board Comments**

Mr. Eidson thanked all for their presentations.

Mr. Groneman echoed Mr. Eidson's comments. He expressed appreciation for Mr. Crocker's expertise in his field. Also, he thanked the staff for their diligence during this time.

Mr. Milan echoed the previous comments.

#### **REGULAR SESSION - WEDNESDAY AUGUST 5, 2020**

STATE OF KANSAS	)	
		) SS
CITY OF KANSAS CITY	)	

Mr. Bryant echoed the previous comments.

Ms. Gonzales echoed the previous comments. She also expressed her thanks to Mr. Dumovich for keeping them updated on COVID situation. She wanted everyone to stay safe.

Ms. Mulvany Henry echoed the previous comments.

Motion was made to adjourn the meeting at 7:45 P.M. by Mr. Bryant, seconded by Ms. Mulvany Henry and carried.

not signed by Secretary

Secretary

Tun

APPROVED:



# 2020 Second Quarter Financial Results

August 5, 2020



#### 2020 Billed kWh (YTD Jan - June)

	(CY) 2020	(PY) 2019	
Electric	YTD	YTD	
Residential	258,066,195	262,522,945	
Commercial	429,749,834	457,422,597	
Industrial	246,993,453	285,559,654	
	934,809,482	1,005,505,196	-7.0%

Lower usage in 2020 compared to 2019 due to weather (more Residential) and also the COVID-19 shutdown of businesses.

Residential – down 1.7%

Commercial – down 6%

Industrial – down 13%



## 2020 Billed CCF's (YTD Jan - June)

	(CY) 2020	(PY) 2019	
Water	YTD	YTD	
Residential	1,667,712	1,620,776	
Commercial	1,097,182	1,153,806	
Industrial	926,459	998,117	
	3,691,353	3,772,699	-2.2%

Lower usage compared to 2019 due to business shutdowns due to COVID-19 Residential – Up 3% Commercial – Down 5% Industrial - Down 7%



#### Revenues - June 2020

Electric Water Combined

(CY) 2020	(PY) 2019		Bu	dget 2020	(0	CY) 2020	
June	June			June		June	
\$ 23.363	\$ 22.052		\$	24.396	\$	23.363	
4.299	4.397			4.845		4.299	
\$ 27.662	\$ 26.449	4.6%	\$	29.241	\$	27.662	-5.4%

#### Actual Compared to 2020 Budget

Electric down 4% Water down 11%

<sup>\*\*</sup>Dollars in millions



## **Operating Expenses – June 2020**

Electric Water Combined

	(CY) 2020	(PY) 2019		Bu	dget 2020	(0	Y) 2020	
	June	June			June		June	
\$	18.168	\$ 15.949		\$	18.566	\$	18.168	
	2.564	2.826			3.131		2.564	
\$	20.732	\$ 18.775	10.4%	\$	21.697	\$	20.732	-4.4%

#### Variance - MTD comparing Budget to Actual for 2020

<u>Electric</u>		<u>Water</u>	
Production	- 16% down	Production	- 27% down
<b>Purchased Power</b>	- 16% up	T&D	- 33% down
Fuel	- 6% up	G &A	- 4% up
T&D	- 22% down		
G &A	- 13% down		

<sup>\*\*</sup>Dollars in millions



## **Change in Net Position – June 2020**

Electric Water Combined

(CY) 2020	(	PY) 2019	Bud	get 2020	(C	Y) 2020	
June		June		June		June	
\$ 1.329	\$	1.670	\$	1.337	\$	1.329	
0.927		0.891		1.015		0.927	
\$ 2.256	\$	2.561	\$	2.352	\$	2.256	

<sup>\*\*</sup>Dollars in millions



#### **Revenues - Second Quarter 2020**

Electric Water Combined

(0	CY) 2020	(	PY) 2019		Bud	lget 2020	(0	Y) 2020	
2nc	d Quarter	2n	d Quarter		2nd	<b>Quarter</b>	2nd	Quarter	
\$	62.515	\$	62.892		\$	67.815	\$	62.515	
	12.160		12.609			13.183		12.160	
\$	74.675	\$	75.501	-1.1%	\$	80.998	\$	74.675	-7.8%

Actual Compared to 2020 Budget

Electric down 8% Water down 8%

<sup>\*\*</sup>Dollars in millions



#### Revenues - 2020 YTD

Electric Water Combined

(CY) 2020		(PY) 2019		Bud	dget 2020	((	CY) 2020	
YTD		YTD		YTD		YTD		
\$ 132.438	\$	135.486		\$	138.216	\$	132.438	
24.305		24.720			25.181		24.305	
\$ 156.743	\$	160.206	-2.2%	\$	163.397	\$	156.743	-4.1%

\*\*Dollars in millions

Variance – YTD comparing Budget to Actual for 2020

Electric: - Down 4%

Residential (\$3.4M)

Commercial (\$3.1M)

Industrial (\$1.5M)

Water: Down 2%
Residential (\$474K)
Commercial (\$595K)
Industrial \$637K

Through first 6 months we have recognized the full amount of \$5.6 million deferred revenue from the 2019 ERC



#### **Operating Expenses – Second Quarter 2020**

Electric Water Combined

(CY) 2020	(	(PY) 2019		Bud	dget 2020	(0	CY) 2020	
2nd Quarter	2r	nd Quarter		2nd	d Quarter	2nd	d Quarter	
\$ 47.285	\$	48.952		\$	56.596	\$	47.285	
7.910		9.118			9.479		7.910	
\$ 55.195	\$	58.070	-5.0%	\$	66.075	\$	55.195	-16.5%

#### Variance – 2<sup>nd</sup> Qtr comparing Budget to Actual for 2020

<u>Electric</u>		<u>Water</u>	
Production	- 14% down	Production	- 23% down
Purchased Power	- 15% down	T&D	- 23% down
Fuel	- 19% down	G &A	- 18% down
T&D	- 19% down		
G &A	- 26% down		

<sup>\*\*</sup>Dollars in millions



#### **Operating Expenses – 2020 YTD (Total)**

Electric Water Combined

(CY) 2020	(PY) 2019		Bu	dget 2020	((	CY) 2020	
YTD	YTD			YTD		YTD	
\$ 93.830	\$ 98.107		\$	108.518	\$	93.830	
16.755	17.844			18.955		16.755	
\$ 110.585	\$ 115.951	-4.6%	\$	127.473	\$	110.585	-13.2%

#### Actual Compared to 2020 Budget

Electric down 15% Water down 12%

<sup>\*\*</sup>Dollars in millions



#### Operating Expenses – 2020 YTD less Depreciation

Electric Water Combined

	(CY) 2020	(PY) 2019		Bu	dget 2020	(0	CY) 2020	
YTD		YTD		YTD		YTD		
\$	80.473	\$ 83.998		\$	94.188	\$	80.473	
	12.869	13.939			15.065		12.869	
\$	93.342	\$ 97.937	-4.7%	\$	109.253	\$	93.342	-14

\*\*Dollars in millions

Variance - YTD comparing Budget to Actual 2020

**Electric:** 

Purchased Power (\$4.6M) Fuel (\$301K)

Production (\$3.2M) T&D (\$2.8M)

T&D (\$2.8M) G&A (\$2.5M) Water:

G&A

Production (\$564K)

T&D (\$1.2M)

(\$436K)



## **Change in Net Position – Second Quarter 2020**

Electric Water Combined

	(CY) 2020	(PY) 2019		Budget 2020		(CY) 2020		
21	d Quarter 2nd Quarter		2nd Quarter		2nd Quarter			
\$	3.491	\$	1.083	\$	(1.711)	\$	3.491	
	2.220		1.652		1.754		2.220	
\$	5.711	\$	2.735	\$	0.043	\$	5.711	

<sup>\*\*</sup>Dollars in millions



## **Change in Net Position – 2020 YTD**

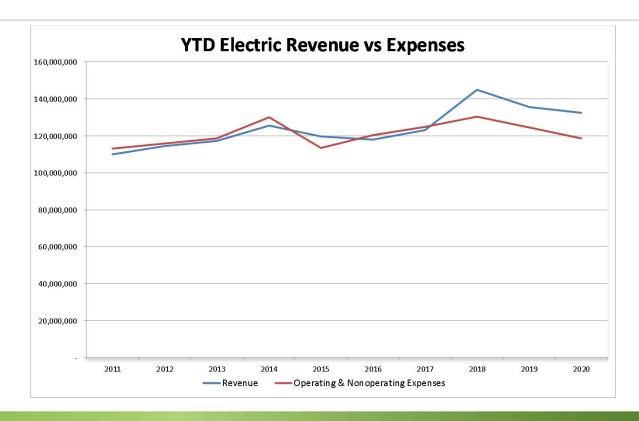
Electric Water Combined

(CY) 2020		(PY) 2019	Bud	get 2020	(0	CY) 2020	
YTD YTD		YTD		YTD			
\$ 13.865	\$	11.024	\$	3.469	\$	13.865	
3.233		2.619		2.072		3.233	
\$ 17.098	\$	13.643	\$	5.541	\$	17.098	

<sup>\*\*</sup>Dollars in millions

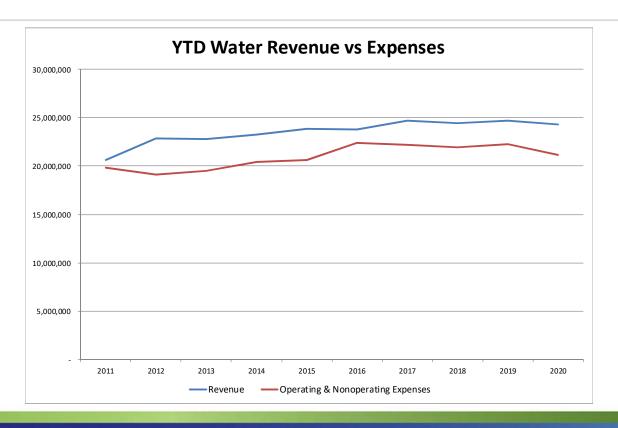


## Financial Results - 10 Year Trend





## Financial Results - 10 Year Trend





#### **Cash Position**

Combined (E&W)
Days Cash-on-Hand

(CY) 2020			(PY) 2019	2020		
June		June		May		
\$	45.67	\$	40.61	\$	46.11	
	76		70		78	

<sup>\*\*</sup>Dollars in millions



#### **Balance Sheet: Notables**

		(CY) 2020		(PY) 2019
	June		June	
Fuel Inventory	\$	4.100	\$	6.472
Bond Dollars 2016A (AQC)	\$	-	\$	2.047
Bond Dollars 2016C (Elec T&D)	\$	1.541	\$	27.794

In May, 2020, we recognized a Regulatory Asset for Quindaro Units 1 and 2 in the amount of \$73.6 million. The annual amortization will be around \$3.6 million for 20 years and we began recognizing it in May, 2020.

<sup>\*\*</sup>Dollars in millions



## **Capital Spending**

Electric Water Common Total YTD Capital

(CY) 2020	(PY) 2019		
YTD	YTD		
\$ 22.38	\$	16.60	
3.74		2.40	
1.15		0.12	
\$ 27.26	\$	19.12	

	202	20 Budget		
İ	\$	41.27		
l		12.73		
l		4.60		
	\$	58.60	Remaining	53%

Major projects in 2020:

Rosedale Project - \$10.2M

N1 Bottom Ash Handling System- \$3.0M

Nearman 316B Project - \$156K

Mill Liners - \$555K

Water Leak, Valve, System Imp. - \$956K

UG/CMIP Water Distribution - \$1.4M

<sup>\*\*</sup>Dollars in millions



## **Debt Coverage**

#### **Debt Coverage with PILOT**

Electric Water Combined

(CY) 2020	(PY) 2019		
June	June		
2.03	2.32		
1.76	2.07		
2.01	2.31		

#### Debt Coverage w/o PILOT

Electric Water Combined

(CY) 2020	(PY) 2019
2nd Quarter	June
1.44	1.70
1.33	1.63
1.44	1.72

Financial Guideline Target 1.6 to 2.1 times with PILOT

# Moving towards Predictive Maintenance with Condition Monitoring technology

(Ultrasound and Vibration Analysis)

a work in progress

Paul Crocker: Supervisor of Maintenance at Nearman Water

# Maintenance Strategies (brief overview)

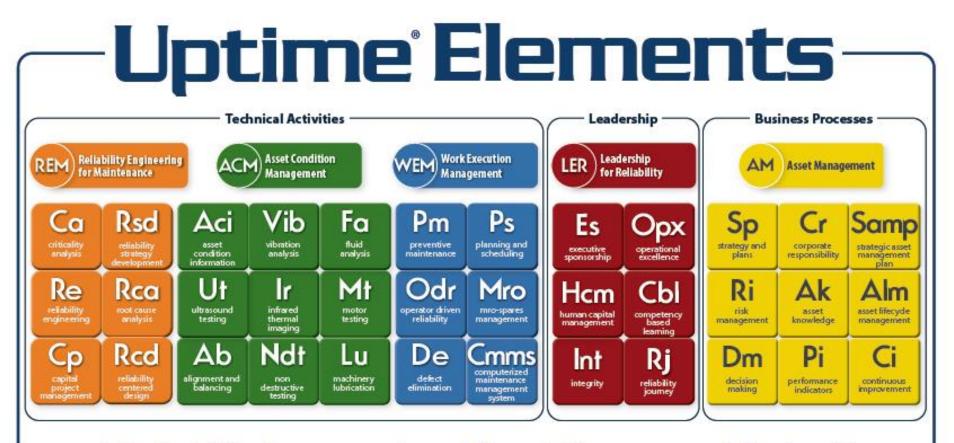
- Run to Failure use where appropriate (lights, noncritical assets)
- Preventive Maintenance Where no suitable condition monitoring technologies are available (Chlorine and Ammonia handling assets) – typically risk and calendar or run hour based
- Proactive Maintenance Tightening, Lubrication, Cleaning (TLC)
- Precision Maintenance Laser Alignment, Precision greasing (Grease Meter and Ultrasound)
- Predictive Maintenance Oil Analysis, Thermal Imaging, Ultrasonic (passive and active) technologies, Motor Current Signature Analysis, etc

## Predictive / Condition Based Maintenance

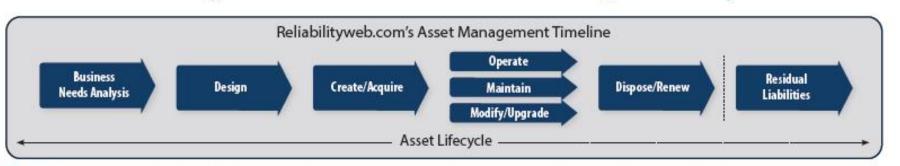
- Infrared Thermal Imager or spot radiometer
- Oil Analysis Samples taken at interval (run hour, or calendar based)
- Ultrasound Active (Transducer and Transceiver) Used for thickness testing (signal is emitted from the device and received back then analyzed) – Fish Finder technology
- Ultrasound Passive (Structureborne and Airborne) Inaudible sounds are generated by equipment heterodyned and analyzed – Can tell you something is wrong very quickly
  - Friction
  - Impacting
  - Turbulence
- Vibration Analysis Transducer converts mechanical vibration to electrical signal for amplitude and frequency that is analyzed by an analyst

# Why we do Condition Monitoring



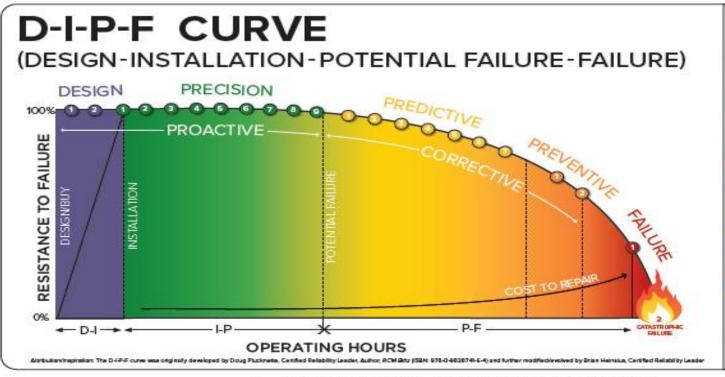


#### A Reliability Framework and Asset Management System™





# HOW **OCCURS**



#### DESIGN/BUY

- 1 Design for Reliability (DFR)
- 2 Purchase for Purpose

#### PRECISION

- 1 Precision Commissioning
- 2 Precision Installation
- 3 Defect Elimination
- 4 Precision Alignment and Balancing
- 5 Work Processes and Procedures
- 6 Asset Condition Management
- 7 Lubrication Reliability
- 8 Clean to Inspect (5S)
- 9 Operate for Reliability

#### PREDICTIVE

- Condition Directed Tasks
- Ultrasound Testing (UT)
- Fluid Analysis (FA)
- Vibration Analysis (VIB)
- 5 Motor Testing (MT)
- 6 Infrared Imaging (IR)
- 7 Non Destructive Testing (NDT)

#### PREVENTIVE

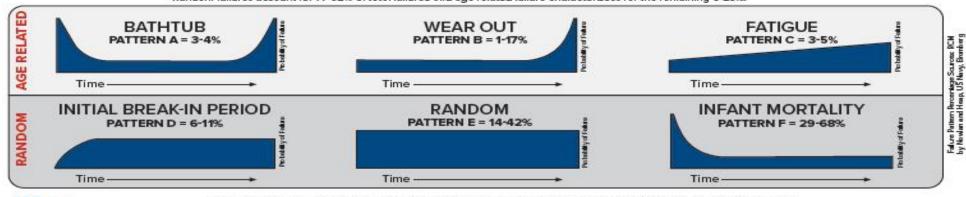
- 1 Time-Directed Tasks
- 2 Human Senses (audible noise, hot to touch, smell)

#### FAILURE

- 1 Functional Failure
- 2 Catastrophic Failure

#### **FAILURE PATTERNS**

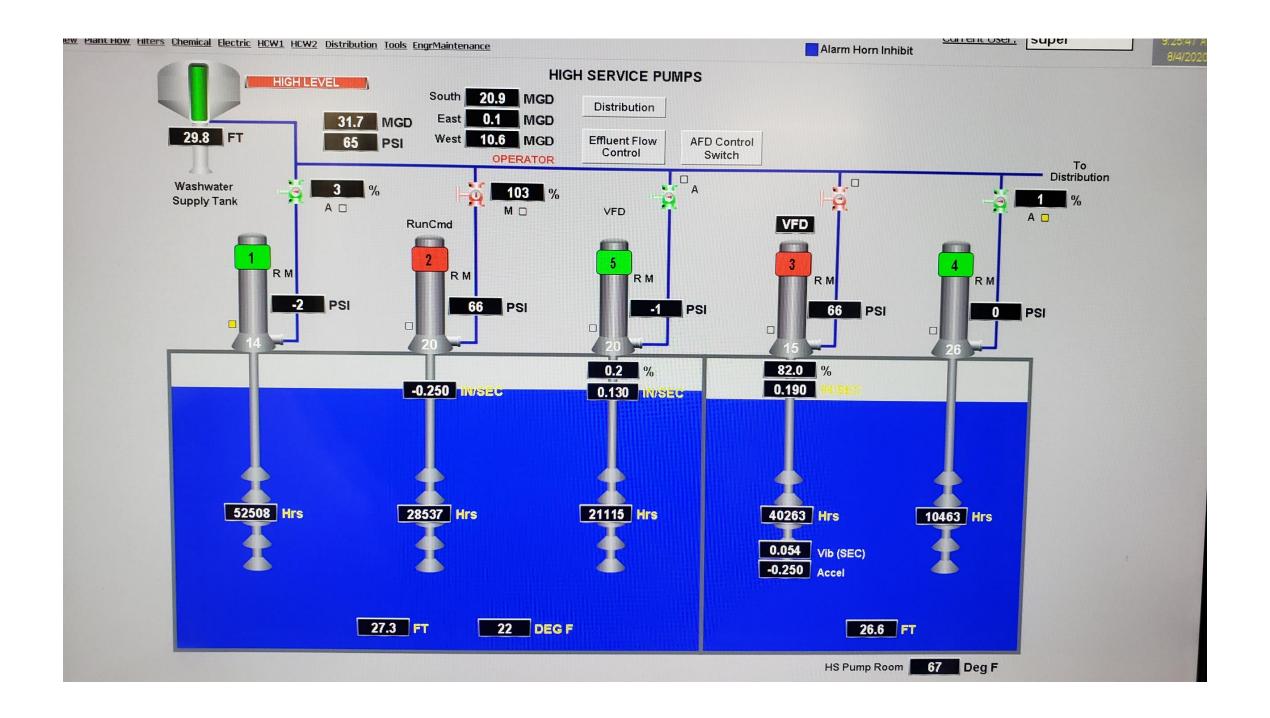
Random failures account for 77-92% of total failures and age related failure characteristics for the remaining 8-23%.

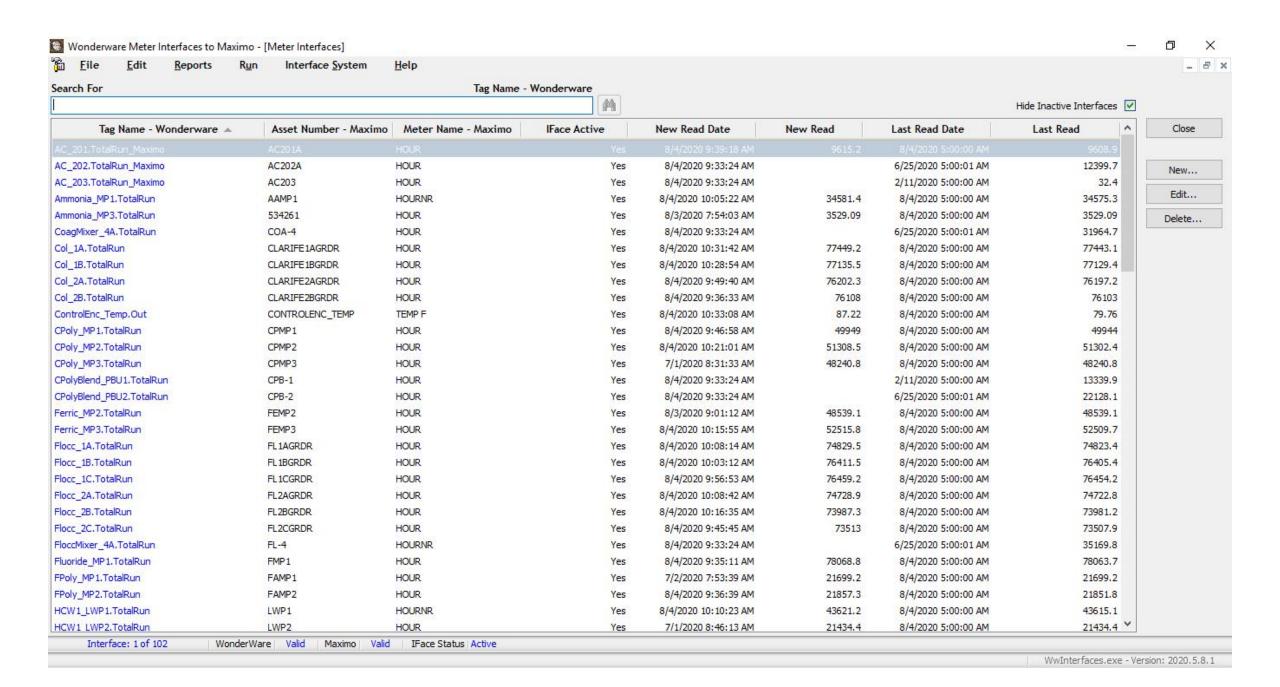


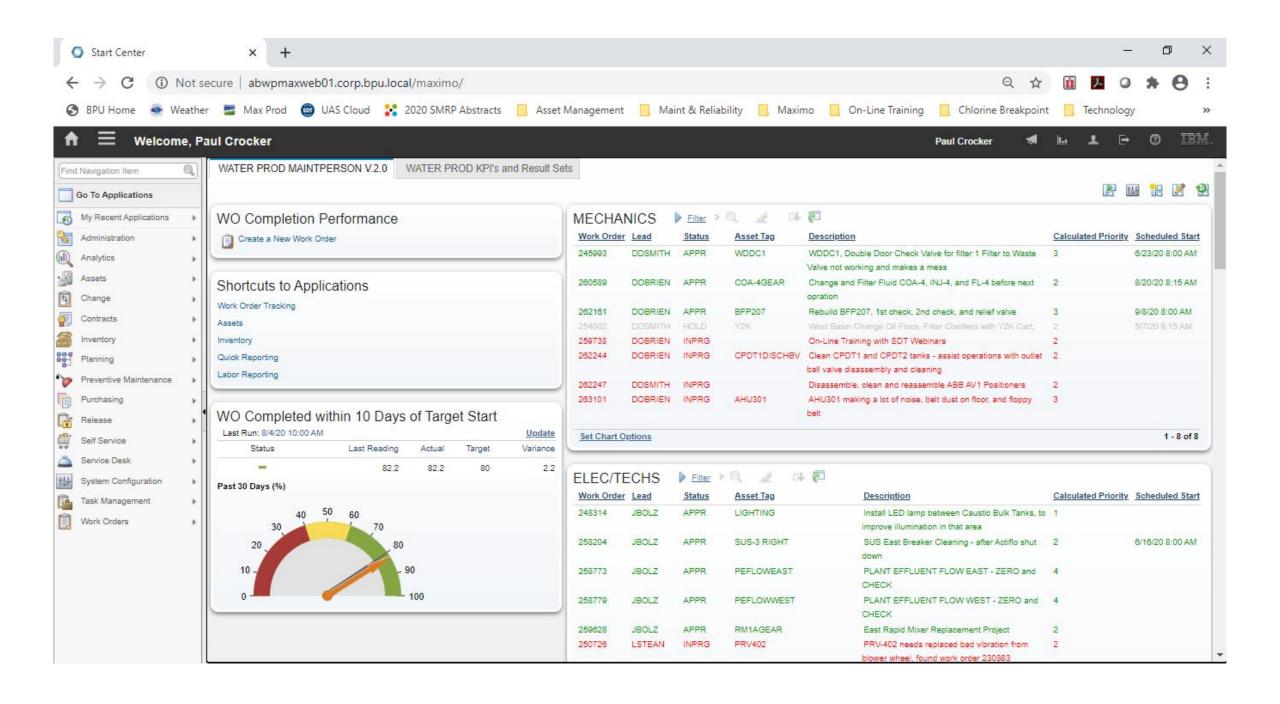
Copyright 2016-2020, Reliabilityweb.com. All rights reserved. No part of this graphic may be reproduced or transmitted in any form or by any means without the prior express written consent of Reliabilityweb.com. Reliabilityweb.com\* is a registered trademark of Reliabilityweb.com in the U.S.A. and several other countries.

## Practical - Condition Based Maintenance

- 1. Control System High Service Pump 3 Run Hours
- 2. WwInterfaces Sends run hours from the control system historian to Maximo
- 3. Maximo PM module sees the hours and generates a WO to go do a condition assessment
- 4. Print the work order Work with UAS4 and SDT 340 set them up to record data
- 5. Upload and analyze collected Data in UAS4









#### **Work Order Details**

#### 263125: HS3 Condition Assessment UE, Vib, Temp, RPM

Asset: HS3

HSP-3 8 MGD

BPU Tag: HS3

Location: PD HS PUMP DATA

Sched Start:	8/4/20
Sched Finish:	8/4/20
Target Start:	8/4/20
Target Finish:	8/4/20
Actual Start:	
Actual Finish:	
Report Date:	8/4/20
Reported By:	PCROCKER
	200 to 80 600K

Site:	WPROC	
Priority:	2	
Work Type:	PM	18
Status:	APPR	
Parent:		9
Failure Class:		- 3
Problem Code:		- 0
GL Account:	W-3900-65200-4326	8

Job Plan:	SDT340	
Supervisor:		
Lead:		
Vendor:		
Owner:		
Owner Group:		
Service:		
Service Group:	nerrance de	
Classification:	PA CD NI	

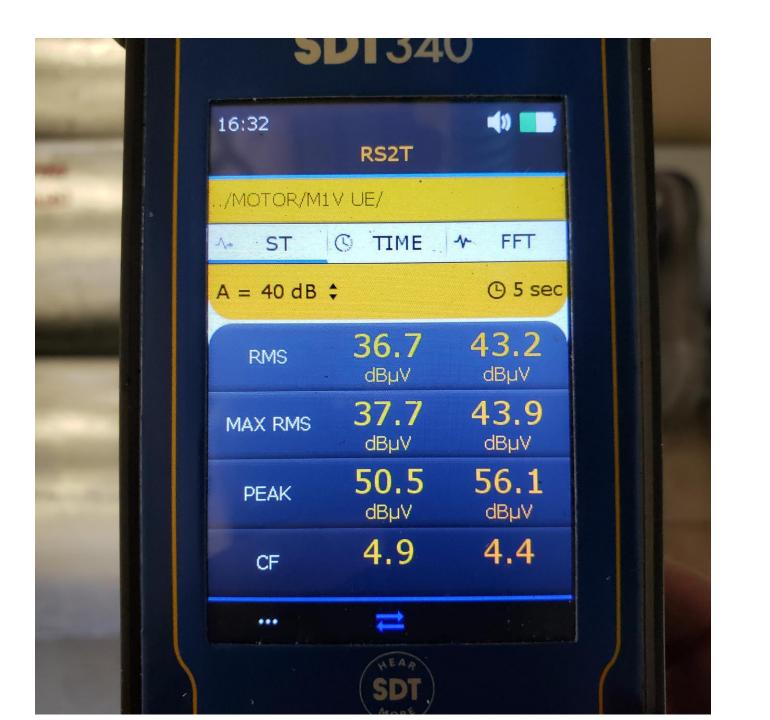
I day IDa	Measurement					
Task ID	Description	Status	Point	Value	Date	Observations
10	Download Route with Asset to be assessed from UAS4 to SDT340	APPR		0		
20	Obtain readings in route	APPR		0		
30	Upload Readings to UAS4 then clear readings from 340	APPR		0		

Task ID	Craft	Skill Level	Labor	Vendor	Contract	Oty	Hours	Rate	Line Cos
						4-7	110000000000000000000000000000000000000		
			PCROCKER				01:00	44.51	44.5
							Total Di	anned Labor	

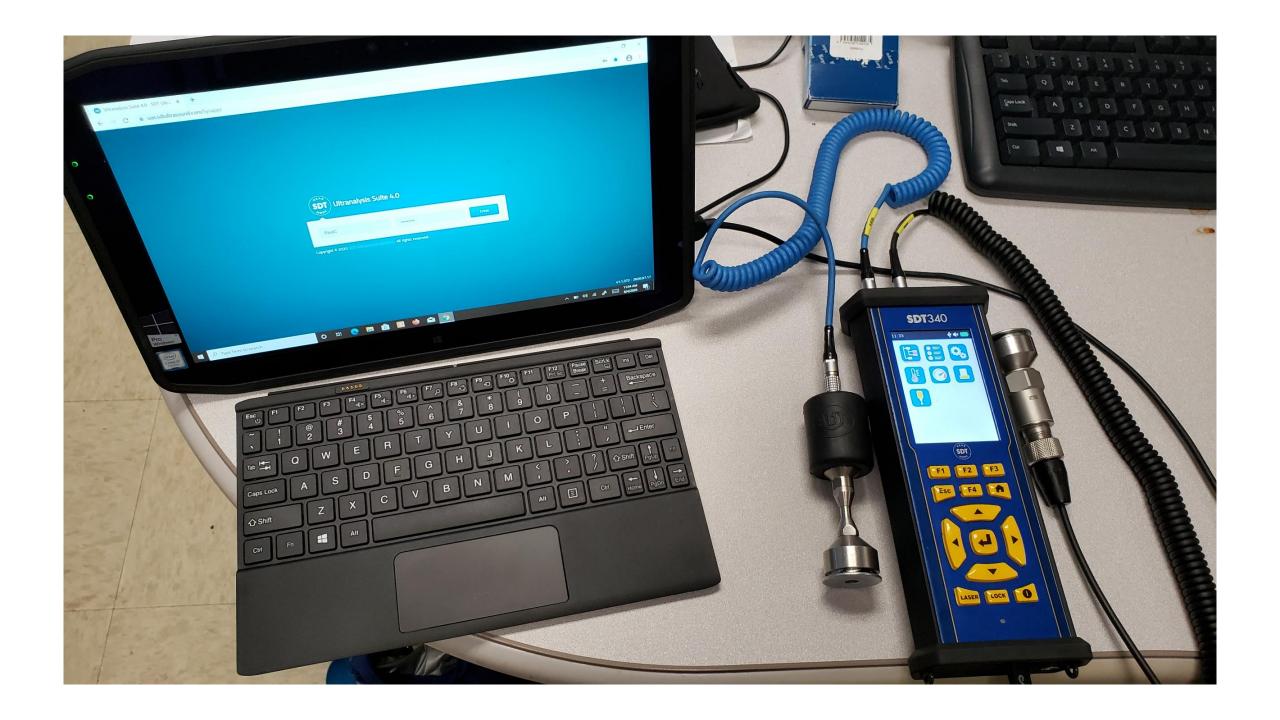
## SDT 340 Data Collector – 5 tools in one

- Structure born Ultrasound Tool (Contact Probe, Magnet, and Grease zerk adapter)
- Airborne Ultrasound Flex Wand
- Vibration Accelerometer
- RPM Photo tachometer
- Temperature Radiometer

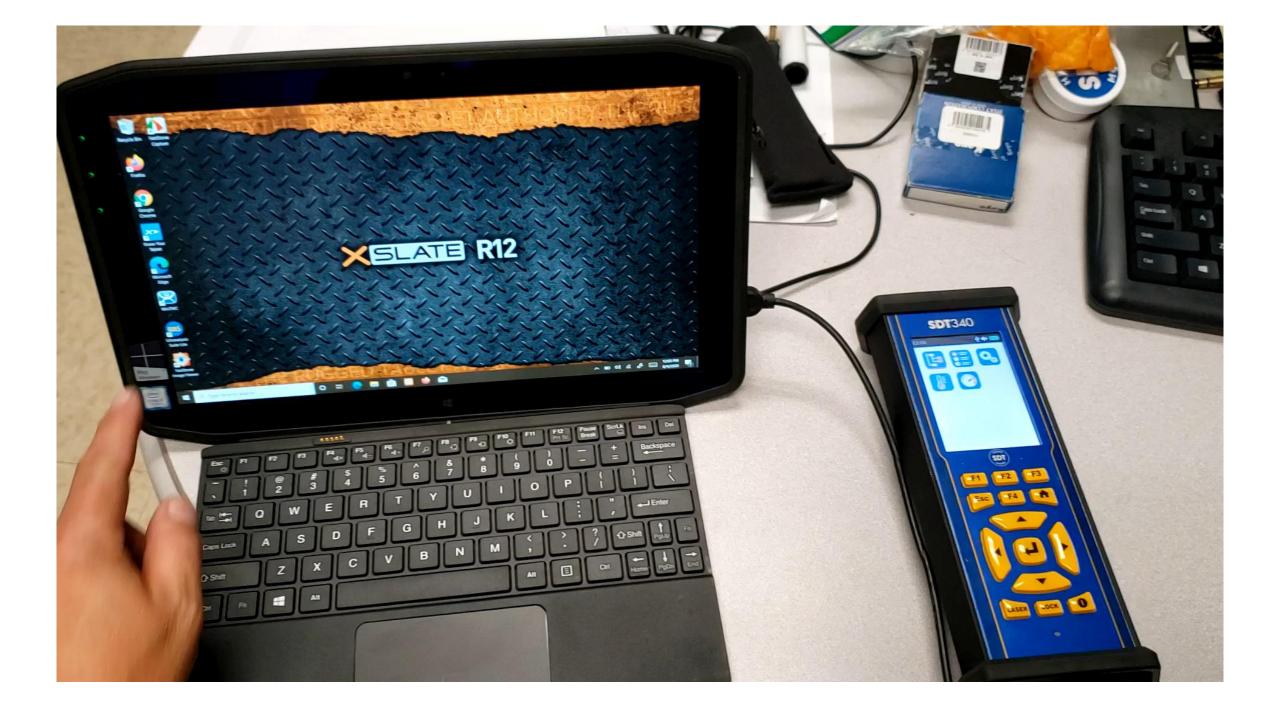








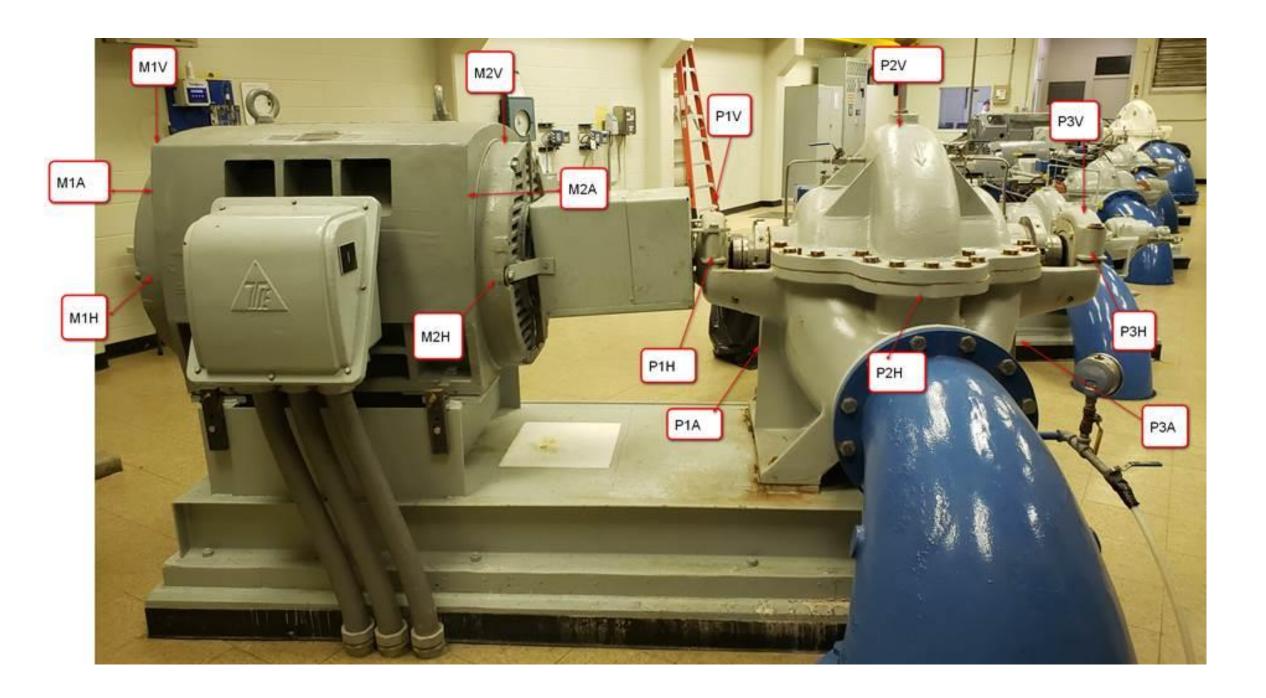




## Login to UAS4

- Show the start center
- Show the asset location tree
- Show HS3 readings that were taken 8/4/20

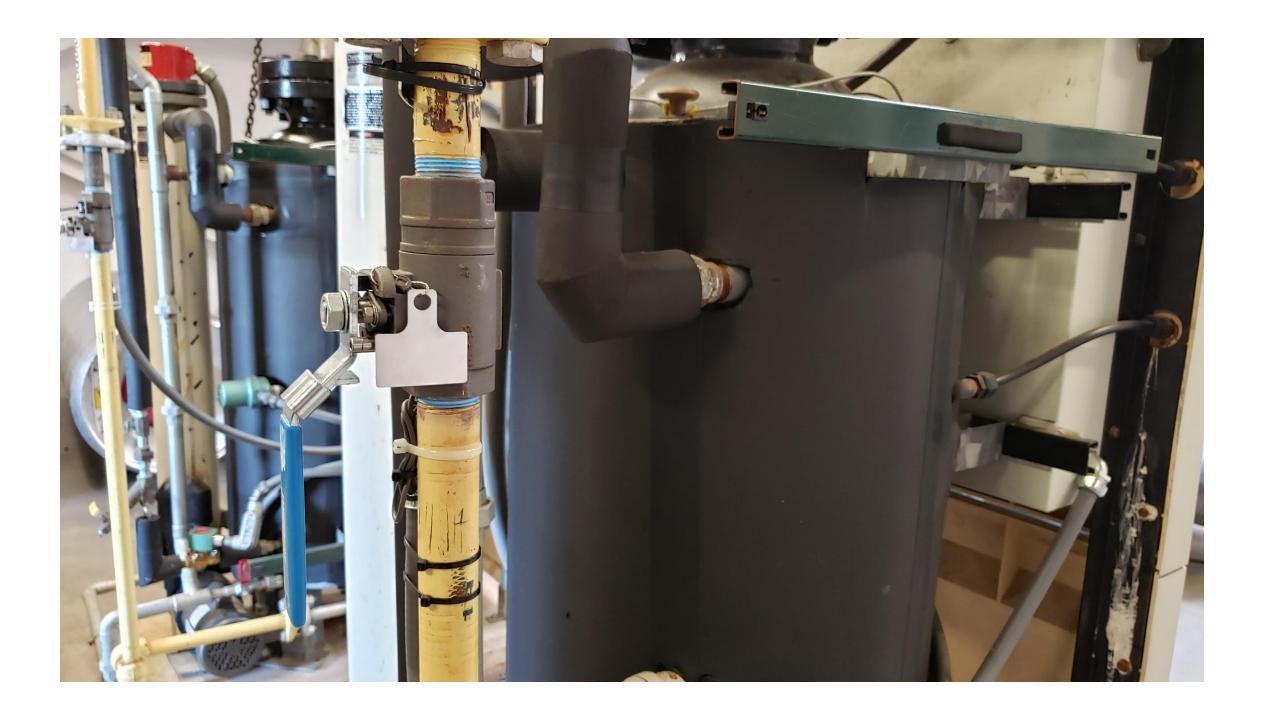










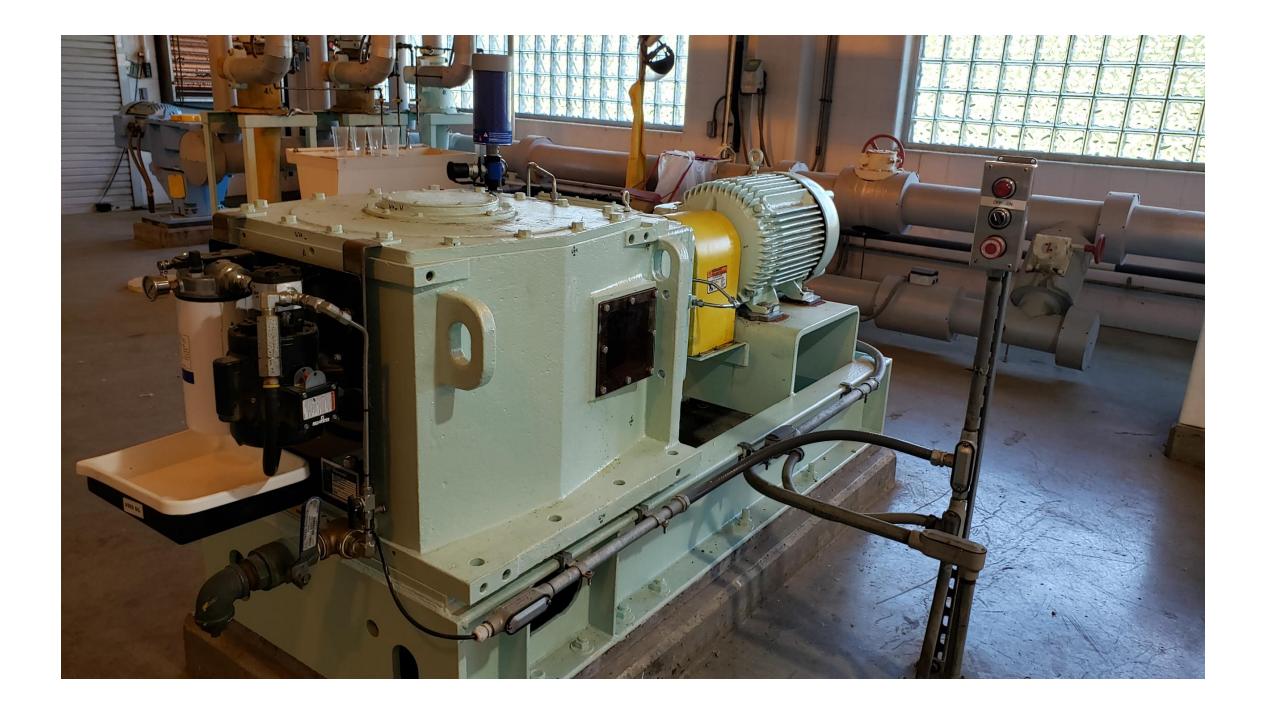




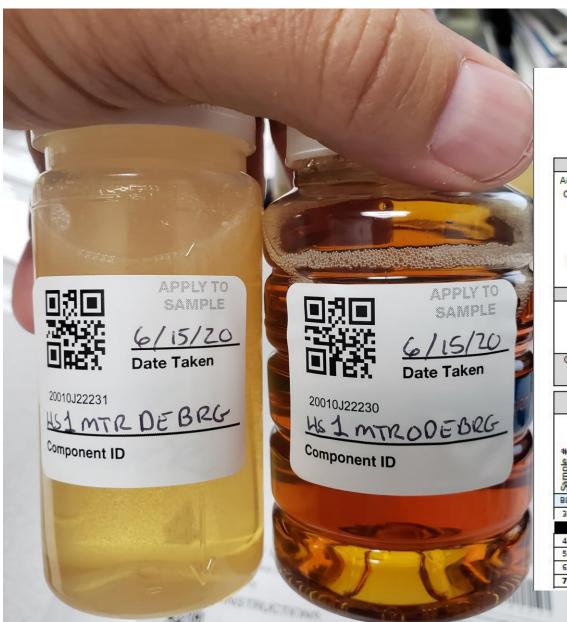


## Found before it failed by oil analysis











#### Lubricant Analysis Report

North America: +1-800-537-7683



Overall report severity based on comments.

Account Information	Component Information	Sample Information					
Account Number: 593000-3020-0011 Company Name: KANSAS CITY BOARD OF PUBLIC Contact: JENNIFER WIEDNER/PAUL CROCKER Address: 4301 BRENNER ROAD	Component ID: HS1MTRODEBRG Secondary ID: HS1MTRODEBRG Component Type: ELECTRIC MOTOR Manufacturer: US MOTORS Model: 6808P	Tracking Number: 20010J22230 Lab Number: H-447136 Lab Location: Houston Data Analyst: RMF Sampled: 15-Jun-2020					
KANSAS CITY, KS 66104 US Phone Number: 913-573-9251 913-645- 1662	Application: PLANT/INDUSTRIAL Sump Capacity: 70 qt	Submitted: 15-Jun-2020 Received: 19-Jun-2020 Completed: 29-Jun-2020					

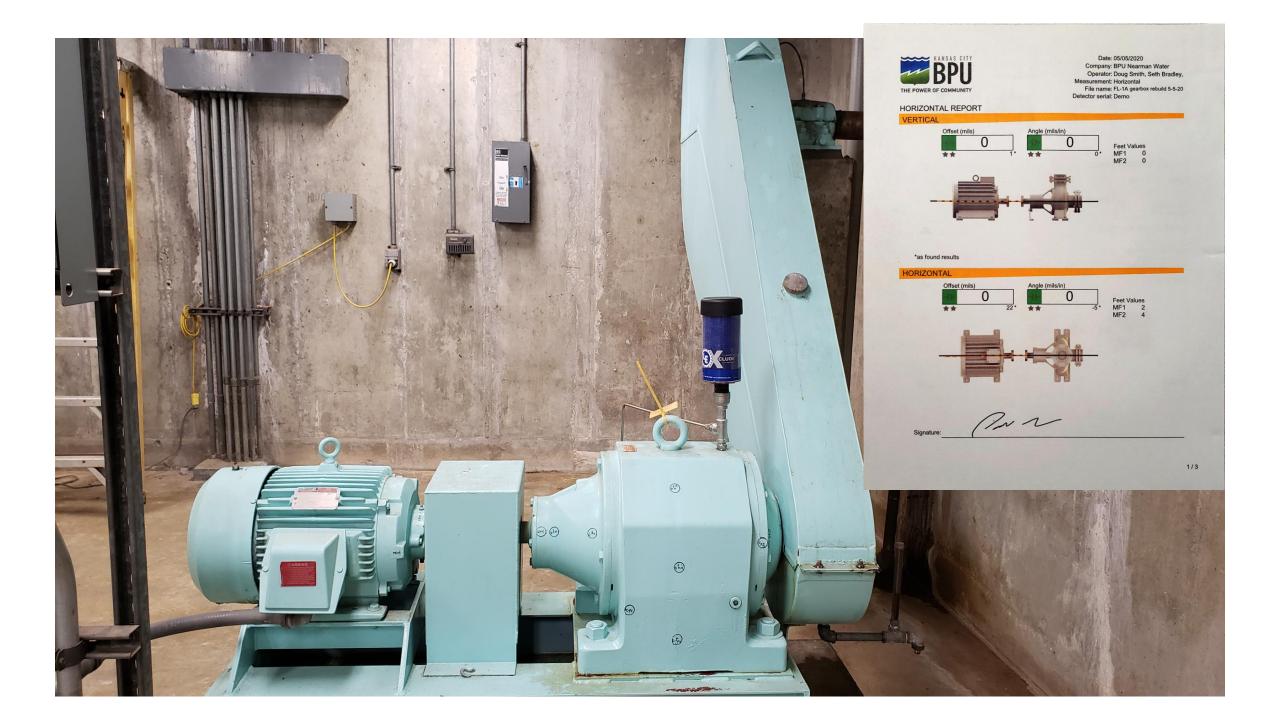
Filter Information Miscellaneous Information Product Information Product Manufacturer: LUBRICATION
ENGINEERS
Product Name: 4040 QUINPLEX WHITE
OIL (H1) Filter Type: NONE Miscellaneous: WO 258756 Micron Rating:

Viscosity Grade: ISO 150

Flagged data does not indicate an immediate need for maintenance action. Continue to observe the trend and monitor equipment and fluid conditions. Aluminum is at a MODERATE LEVEL; Phosphorus is slightly high for this lubricant. No significant findings from micropatch report. Please refer to micropatch report.

	Wear Metals (ppm)									Contaminant Metals (ppm)			Multi-Source Metals (ppm)							Additive Metals (ppm)				
Sample #	Iron	Chromium	Nickel	Aluminum	Copper	Lead	Tīn	Cadmium	Silver	Vanadium	Silicon	Sodium	Potassium	Titanium	Molybdenum	Antimony	Manganese	Lithium	Boron	Magnesium	Calcium	Barium	Phosphorus	Zinc
BL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	663	5
3	-5	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	2	0	0	0	35	6
	30-Ma	y-2018	Servic	e / PM	4276	6 HR							•	hange	from	Fuchs 1	to LE40	40						
4	0	0	. 0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	674	4
5	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	592	4
5	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	577	3
7	0	0	0	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	570	6

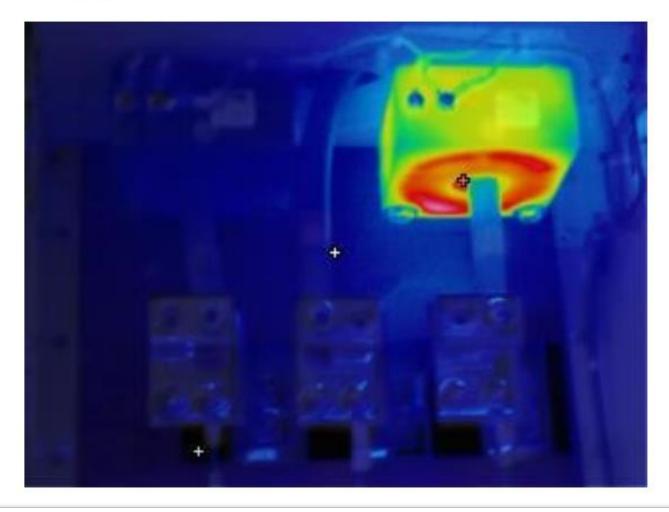




Max : 127.9 °F

Min : 67.1 °F

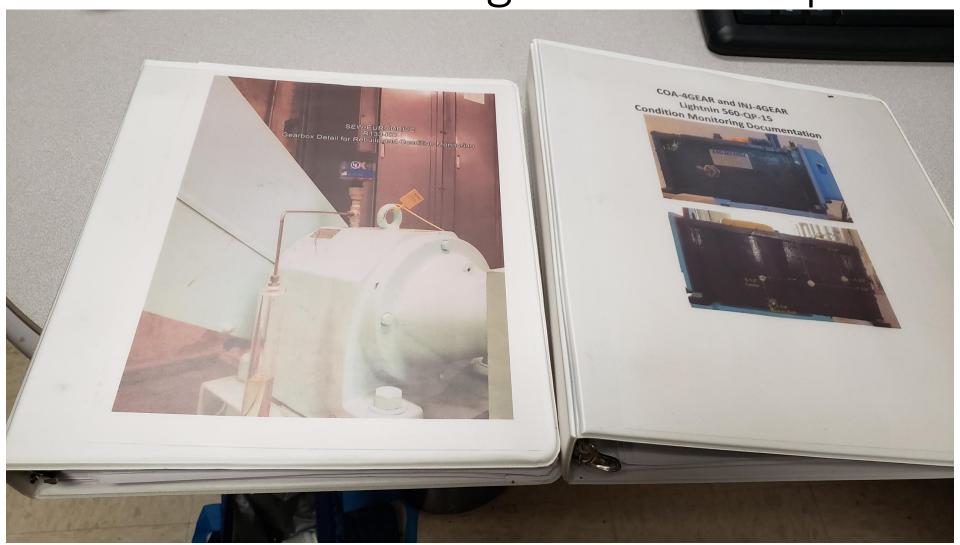
# **70.2** °F



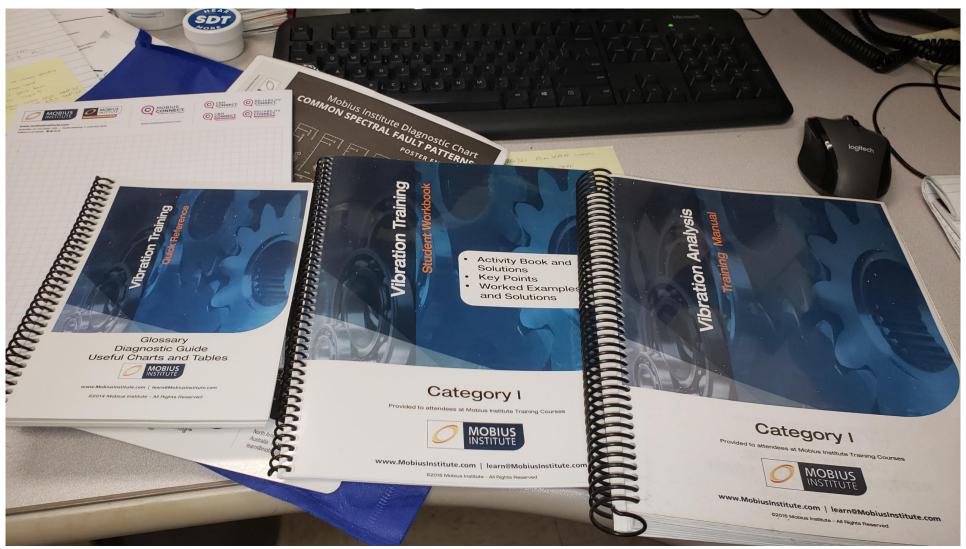




Gearbox CDM Programs Developed



## VIB Level I Training (In Progress)



## Thank you — The End

### **QUESTIONS AND COMMENTS WELCOME!!!!**

Paul Crocker

Supervisor of Maintenance

Nearman Water Treatment Plant

X9251

pcrocker@bpu.com