REGULAR SESSION – WEDNESDAY, JULY 6, 2022

STATE OF KANSAS)
(SS)
(CITY OF KANSAS CITY)

The Board of Public Utilities of Kansas City, Kansas (aka BPU, We, Us, Our) met in Regular Session on Wednesday, July 6, 2022 at 6:00 P.M. The following Board Members were present: Mary Gonzales, President; Rose Mulvany Henry, Vice President; Thomas Groneman, Secretary; Robert L. Milan, and David Haley. Jeff Bryant was present via Zoom.

Also present: William Johnson, General Manager; Angela Lawson, Deputy Chief Counsel; Lori Austin, Chief Financial Officer/Chief Administrative Officer; Jeremy Ash, Executive Director Electric Operations; Jerin Purtee, Executive Director Electric Supply; David Mehlhaff, Chief Communications Officer; Chris Stewart, Director Civil Engineering; Dennis Dumovich, Director of Human Resources; Robert Kamp, IT Project Manager; and Patrice Townsend, Director Utility Services.

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

Ms. Gonzales called the Board meeting to order at 6:05 P.M. She welcomed all that were listening to or viewing the meeting. She stated that the Board felt it was necessary to offer the use of technology for staff as well as for the general public. During the public comment section, members of the public who wished to speak to the Board using Zoom needed to use the Raise Hand feature at the bottom of the application or window to signal that they wish to address the board during the public comment section. Members of the public connected by phone only, needed to press *9 to indicate they wished to address the Board in the public comment section. Staff would assist those attending in person. During the public comment section of the agenda, community members would be asked to provide their name and address and had five minutes to speak. As always, the public could also email or call the BPU with any concerns. The agenda and presentations could be found on the BPU website or if they were using Zoom they would appear on their screen. Ms. Gonzales introduced herself and the other Board Members along with the General Manager, and Legal Counsel.

Roll call was taken and all Board Members were present.

Item #3 - Approval of Agenda

A motion was made to approve the Agenda by Mr. Groneman, seconded by Mr. Milan, and unanimously carried.

Item #4- Approval of Work Session Minutes of June 22, 2022

A motion was made to approve the minutes of the Work Session of June 22, 2022, by Mr. Groneman, seconded by Ms. Mulvany Henry, and unanimously carried.

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Item #5- Approval of Regular Session Minutes of June 22, 2022

A motion was made to approve the minutes of the Regular Session of June 22, 2022, by Mr. Milan, seconded by Ms. Gonzales, and unanimously carried.

<u>Item #6 – Public Comments</u>

There were no comments.

Item #7 - Legislative Update

Ms. Kimberly Svaty, appeared before the Board to give a recap of the 2022 Kansas Legislative session. Her update included:

- State level changes for the Coal-Combustion Rule (CCR) funding, water, tax and franchise fee changes, Senate Bill 417. This allowed the compliance program to stay at the state level rather than with the federal government.
- House Water Committee legislation altered interactions between users, communities, and state agencies and consolidated the number of state agencies that had jurisdiction over water policies.
- The Governor created the Infrastructure Advisory Hub. Approximately \$3.8 billion would be directed towards the state of Kansas over the next five years. A portion will be grant based and would be divided into five different programs; Transportation; Broad-band and Broad-band deployment; Resiliency to help with wild fire remediation; Water supply for the state, and Energy and Power sector, which would focus on modernization and resiliency of the grid.
- Housing funding issue \$250 million to help with different loan programs and \$50 million from the state general fund to address low to moderate income housing across the state.
- KMU opposition of a bill that proposed KCC regulation of boards of public utilities. The bill was defeated.

Ms. Svaty responded to questions and comments from the Board.

Item #8 - General Manager / Staff Reports

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i. May 2022 Financials: Ms. Lori Austin, Chief Financial Officer/Chief Administrative Officer, gave a presentation reviewing the financials for May 2022. (See attached PowerPoint).

Ms. Austin responded to questions and comments from the Board.

A motion was made to approve the May 2022 Financials as presented, by Ms. Mulvany Henry, seconded by Mr. Bryant, and unanimously carried.

ii. Economic Development Fund Resolution #5274: Patrice Townsend, Director Utility Services, reviewed the Economic Development Fund request for The Helms project. The Economic Development Committee had previously met and reviewed the request for water infrastructure expenses in the amount of \$400,000 to \$500,000. After the realization that BPU would be spending a considerable amount to bring utility services to that area, approximately \$1 million, the committee made the determination that it was not in the best interest to move forward on this request for funds.

There was Board discussion regarding the progress in the area and the costs that would be incurred by BPU's rate payers to extend water facilities to that area.

A motion was made for the approval of Resolution #5274 denying the request for funding for the Helm's project, by Ms. Mulvany Henry, seconded by Mr. Bryant. Roll call was taken:

Mr. Haley – yes

Mr. Groneman – yes

Mr. Milan – no

Mr. Bryant – yes

Ms. Gonzales – yes

Ms. Mulvany Henry – yes

The motion carried.

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iii. Miscellaneous Comments: Mr. Johnson spoke about the upcoming Board workshops on July 26 and 27. He also informed the Board that he would be on the search committee for the next UG County Administrator. He would also be part of a team, along with the Greater KC Chamber traveling to Detroit to discuss possible business opportunities for the area. He would also be giving a State of the Utility update to the UG Commission in August or September.

Ms. Mulvany asked for an update on the COO position.

Mr. Johnson said that the process was wrapping up and he would be informing the Board in the upcoming weeks.

Mr. Dong Quach, Executive Director Electric Production, and Mr. Johnson gave a coal train update.

Board discussion ensued about supply chain issues. Mr. Johnson stated he would provide the Board with a day to day coal inventory from last summer to date.

Item #9 – Board Comments

Mr. Haley thanked everyone for the evening's discussions. He would be reporting on the upcoming UG Economic and Finance Standing Committee meeting coming up at the next meeting. They would be discussing the 505 Central redevelopment and asked for any input. They would also be discussing the reallocation of American Rescue Plan Act (ARPA) funds.

Ms. Lawson reminded that any comments from the Board on the 505 Central redevelopment should be done in an open meeting.

Mr. Groneman had no comments.

Mr. Milan wanted to clarify for the UG that the most recent BPU audit was complete as of May 26, 2022. He also spoke about the UG charges on the BPU bill. He stated the importance of the Board of Public Utilities.

Mr. Bryant commented on the important role of the Board to work on the important issues of the utility on behalf of the rate payers. He thanked Ms. Svaty for her Legislative update. He also said he would not be participating in the Executive Session as he was attending via Zoom.

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Ms. Gonzales had no comments.

Ms. Mulvany Henry commented on the coal situation.

Item #10 - Executive Session

Ms. Lawson proposed motion for adoption is as follows:

"I move that after taking a five minute break, the Board go into Executive Session for 45 minutes in the first floor Board Room to discuss confidential matters related to review of the General Manager, a personnel matter of nonelected personnel as justified under the personnel matters of a nonelected employee exception in the Kansas Open Meetings Act; and that General Manager, William Johnson, Deputy Chief Counsel, Angela Lawson, be present to participate in the discussion, all others to be dismissed from the room and electronic and telephonic transmissions to cease and that we will reconvene in open session returning to both electronic and telephonic broadcasting at 8:47 P.M. in the Board Room to either take action in an open session or to adjourn.

This motion was made by Ms. Mulvany Henry, seconded by Mr. Bryant and unanimously carried. The Board without Mr. Bryant, moved into a closed Executive Session with Mr. Johnson and Ms. Lawson in attendance.

At 8:47 P.M. the meeting was opened and broadcasting resumed.

Item #11 - Adjourn

A motion was made to adjourn at 8:48 P.M. by Ms. Mulvany Henry, seconded by Mr. Groneman, and unanimously carried.

ATTEST:

Secretary

APPROVED:

Presiden



May 2022 Financial Results

July 6, 2022



2022 Billed kWh (YTD Jan - May)

	(CY) 2022	(PY) 2021	
Electric	YTD	YTD	
Residential	219,878,591	220,838,290	
Commercial	380,677,610	367,977,282	
Industrial	212,067,864	185,661,038	
	812,624,065	774,476,610	4.9%

Residential – Down .5% Commercial – Up 3.5% Industrial – Up 14%



2022 Billed CCF's (YTD Jan - May)

	(CY) 2022	(PY) 2021	
Water	YTD	YTD	
Residential	1,327,503	1,362,112	
Commercial	942,154	903,474	
Industrial	720,391	694,056	
	2,990,048	2,959,642	1.0%

Residential – Down 3% Commercial – Up 4% Industrial - Up 4%



Revenues – May 2022

Electric Water Combined

(CY) 2022		(PY) 2021			Budget 2022		(CY) 2022		
May			May			May		May	
\$	23.039	\$	16.592		\$	19.752	\$	23.039	
	4.580		4.283			4.122		4.580	
\$	27.619	\$	20.875	32.3%	\$	23.874	\$	27.619	15.7%

Actual Compared to 2022 Budget

Electric - Up 17% Water – Up 11%



Revenues - 2022 YTD

Wholesale

Electric Water Combined

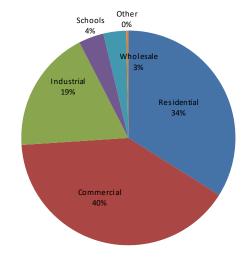
	(CY) 2022 (PY) 2021		Budget 2022		(CY) 2022		•			
	YTD YTD		YTD			YTD			YTD	
\$	116.669	\$	120.856		\$	109.193	\$	116.669	,	
	20.509		19.928			20.387		20.509		
\$	137.178	\$	140.784	-2.6%	\$	129.580	\$	137.178	5.9	

^{**}Dollars in millions

Variance - YTD comparing Budget to Actual for 2022

Electric: Up 6% Residential (\$280K) Commercial \$4.1M Industrial \$1.8M	Water: <i>U</i> Residential Commercial Industrial Wholesale	/p 1% \$ 79K \$130K (\$87K) (\$28K
Schools \$39K	wnolesale	(\$28K

\$1.1M





Operating Expenses – May 2022

Electric Water Combined

((CY) 2022		(PY) 2021		Budget 2022		((CY) 2022	
	May	May May			May				
\$	22.431	\$	14.548		\$	17.608	\$	22.431	
	2.883		2.697			3.250		2.883	
\$	25.314	\$	17.245	46.8%	\$	20.858	\$	25.314	21.4%

Actual Compared to 2022 Budget

Electric – Up 27% Water - Down 11%



Operating Expenses – 2022 YTD (Total)

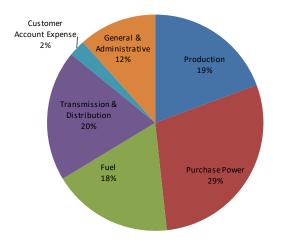
Electric Water Combined

(CY) 2022 (PY) 2021		(CY) 2022 (PY) 2021		Bu	dget 2022	(CY) 2022	
YTD	YTD			YTD		YTD		
\$ 93.311	\$	86.095		\$	85.936	\$	93.311	
14.814		14.486			16.361		14.814	
\$ 108.125	\$	100.581	7.5%	\$	102.297	\$	108.125	5.7%

^{**}Dollars in millions

Actual Compared to 2022 Budget

- Electric Up 9%
- Water Down 9%



Amortized 1/6th of the 2021 ERC Under Recovery in May 2022 - \$385,500 - YTD - \$1.9M



Operating Expenses – 2022 YTD less Depreciation

Electric Water Combined

	(CY) 2022	(PY) 2021		Budget 2022		(0	CY) 2022	
YTD YTD			YTD		YTD			
\$	80.190	\$ 73.340		\$	72.490	\$	80.190	
	11.382	11.000			12.850		11.382	
\$	91.572	\$ 84.340	8.6%	\$	85.340	\$	91.572	7.3%

**Dollars in millions	Electric:		Water:	
	Purchased Power	\$6.4M	Production	(\$571K)
	Fuel	\$4.3M	T&D	(\$308K)
Variance – YTD comparing Budget to Actual 2022	Production	\$ 293K	G&A	(\$542K
	T&D	(\$3.2M)		(40 1211
	G&A	(\$2.0M)		



Change in Net Position – May 2022

Electric Water Combined

(CY) 2022	(PY) 2021
May	May
\$ (3.296)	\$ (1.414)
1.160	1.231
\$ (2.136)	\$ (0.183)

Bud	get 2022	(0	Y) 2022
	May		May
\$	(1.462)	\$	(3.296)
	0.382		1.160
\$	(1.080)	\$	(2.136)

^{**}Dollars in millions



Change in Net Position – 2022 YTD

Electric Water Combined

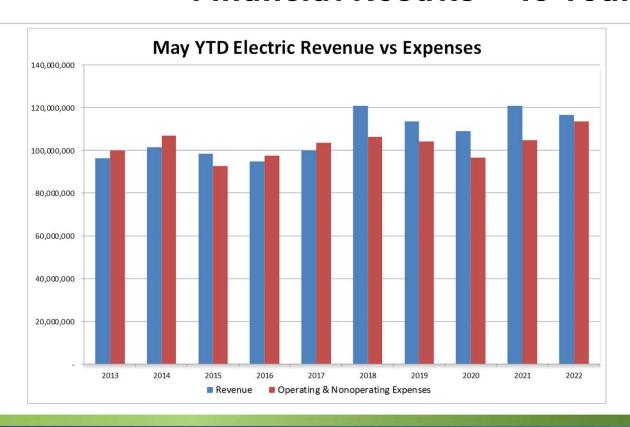
(CY) 2022	(PY) 2021
YTD	YTD
\$ 3.232	\$ 16.059
3.176	2.864
\$ 6.408	\$ 18.923

Bud	get 2022	(0	Y) 2022
	YTD		YTD
\$	4.120	\$	3.232
	1.304		3.176
\$	5.424	\$	6.408

^{**}Dollars in millions

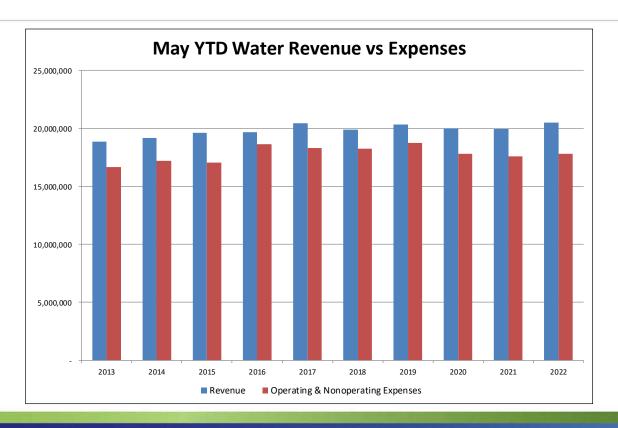


Financial Results - 10 Year Trend

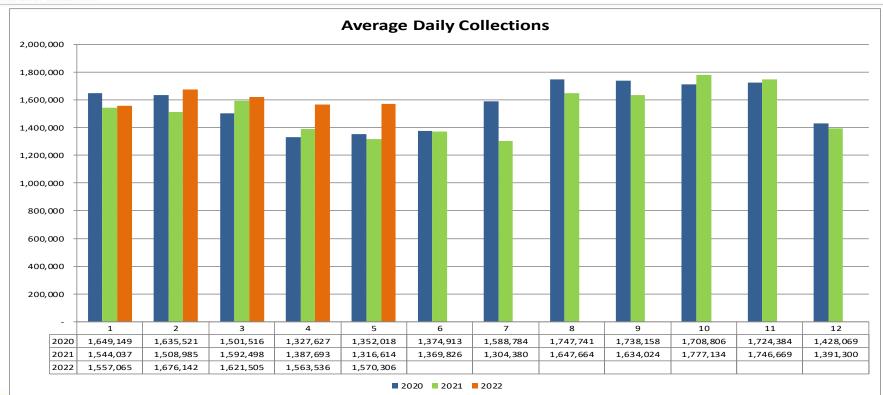




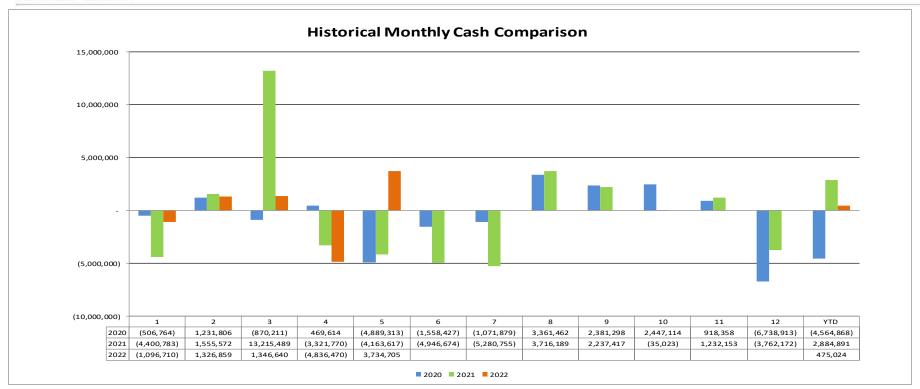
Financial Results - 10 Year Trend













Cash Position

Combined (E&W)

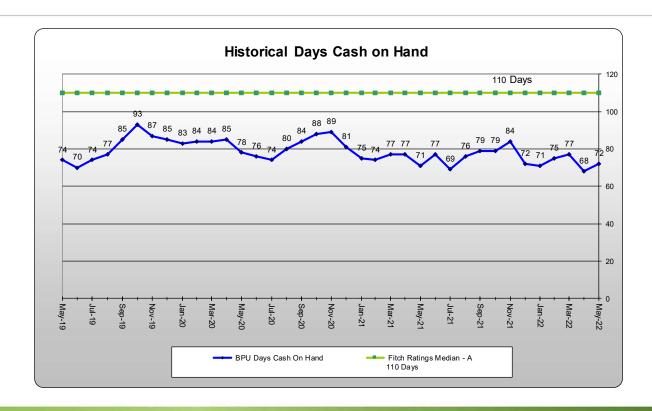
Days Cash-on-Hand

(CY) 2022		(PY) 2021		2022
May		May		April
\$	45.01	\$	41.94	\$ 41.20
	72		71	68

1 Day = Approximately \$550K-\$600K

^{**}Dollars in millions











Balance Sheet: Notables

Fuel Inventory Bond Dollars 2016C (Elec T&D) Bond Dollars 2020A (Elec)

(CY) 2022	(PY) 2021	
May		May
\$ 2.757	\$	5.967
\$ 0.710	\$	1.544
\$ 0.798	\$	8.201

^{**}Dollars in millions



Capital Spending

Electric Water Common Total YTD Capital

(CY) 2022		(PY) 2021	
YTD			YTD
\$	7.78	\$	5.22
	2.71		2.45
	1.34		1.85
\$	11.83	\$	9.52

2	2022	? Budget		
	\$	28.09		
		22.28		
		5.82		
	\$	56.19	Remaining	79%

**Dollars in millions

Major projects in 2022:

Piper OH Feeders - \$914K Fisher UG Feeders - \$2.2M Annual Underground - \$1.5M NC Fire Protection Upgrade - \$502K Water Leak, Valve, System Imp. - \$680K Water Transmission Imp. - \$735K



Debt Coverage

Debt Coverage with PILOT

	(CY) 2022	(PY) 2021
	May	May
Electric	2.09	2.00
Water	1.95	2.08
Combined	2.25	2.19

Debt Coverage w/o PILOT

	(CY) 2022	(PY) 2021
	May	May
Electric	1.47	1.41
Water	1.50	1.63
Combined	1.60	1.58

Financial Guideline Target 1.6 to 2.1 times with PILOT