

REGULAR SESSION –WEDNESDAY MAY 6, 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, April 15, 2020 at 6:00 P.M. The following Board Members were on the teleconference: Ryan 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; Johnetta Hinson, Executive Director Customer Service; Jerry Ohmes, Executive Director Electric Supply; Jeremy Ash, Executive Director Electric Operations; Dong Quach, Executive Director Electric Production; David Mehlhaff, Chief Communications Officer; Dennis Dumovich, Director of Human Resources; Randy Otting, Director of Accounting and Brian Laverack, Director Network Operations.

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 has resulted in a State of Emergency disaster declared by the Governor which has made it necessary to conduct these meetings using technology instead of in person. Because of this we will not be having a visitor comments section. The public may email or call the BPU with concerns. The Agenda and the presentation may be found on the BPU website. If you are using the Zoom, it will 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 teleconferencing.

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 Regular Session of April 15, 2020 by Ms. Gonzales, seconded by Mr. Bryant, and carried.

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

Mr. Johnson asked Mr. Dumovich to update the Board on where we were with COVID 19 and what we were still dealing with.

Mr. Dumovich introduced himself as the Director of HR. He gave a presentation on BPU’s Coronavirus Response. (attached)

REGULAR SESSION –WEDNESDAY MAY 6, 2020

STATE OF KANSAS)
) SS
CITY OF KANSAS CITY)

Mr. Johnson said next was the 2019 Annual Financial Audit and he asked Ms. Austin to report.

Ms. Austin spoke about the external audit being done by BKD. She had a presentation on 2019 Audited Financial Results. (attached)

Ms. Austin introduced the BKD staff that was on the teleconference. Ms. Rachel Dwiggin, Client Relation Partner, Mr. Jacob Holman, Lead Audit Director and Kelsey Darnell which was the main person they worked with.

Ms. Austin asked for Board approval of the over recovery of the Energy Rate Component for 2019 for \$5.5 million. This would be recovered over the first six months of 2020.

Motion was made by Mr. Bryant, seconded by Ms. Gonzales and carried.

Ms. Austin asked for Board approval of the 2019 Annual Audited Financial Report as presented that evening.

Motion was made by Ms. Gonzales, seconded by Ms. Mulvany Henry and carried.

Ms. Austin said with the approval of the 2019 report, they will move forward with finalizing all the preliminary reports and come back to them at the next Board Meeting and ask for Board approval.

Ms. Austin presented the March 2020 Preliminary Financials. (attached)

Mr. Johnson asked Mr. Quach to give an update on Dogwood.

Mr. Quach had a Power Point presentation. (attached)

Mr. Johnson recapped some of the conversations from the day. He said we were continuing to work every day with the Unified Government and a big part of that was speaking to the Health Department on an almost daily basis to get a grasp on what was going on within our community and tracking the virus as it continued to spread.

REGULAR SESSION –WEDNESDAY MAY 6, 2020

STATE OF KANSAS)
) SS
CITY OF KANSAS CITY)

We are just beginning to see the full impact on revenue. This was the month where we were going to get a better understanding of the full impact financially. To prepare for the worst he did ask a number of employees to hold the line on spending and you've seen that in the financial reports.

We are starting to hear quite a bit from our customers, both Industrial and commercial businesses, as they attempted to open back up and restart. Some of the residential concerns were coming in as well so we were addressing those. He said he would be updating the Board about some of the things that were currently in place and some we were thinking about and some that we anticipated coming our way.

Mr. Johnson acknowledged Ms. Mulvany Henry's birthday Friday, May 15.

Board Comments

Mr. Eidson thanked everyone for their updates and reports. He wished Ms. Mulvany Henry a Happy Birthday and told everyone to be safe.

Mr. Groneman thanked staff and all of our employees for stepping up in these trying times. Everyone was doing a great job. He said we were going to get through this and he was ready for it to be over. He wished Ms. Mulvany Henry a Happy Birthday.

Mr. Bryant just wanted to remind everybody as the restrictions start being released to be careful. Continue with caution as we move forward so we can see each other again.

Ms. Gonzales said since this was National Drinking Water Week she wanted to give a shout out to Mr. Epp and the staff of the Water Department. Thanks for keeping the water reliable and safe. She wished Ms. Mulvany Henry a Happy Birthday.

Ms. Mulvany Henry thanked Mr. Johnson and the rest of the Board for wishing her a happy birthday. She thanked Mr. Dumovich, Ms. Austin and Mr. Quach and all of the folks from BKD for all of the information and reports. She found it very helpful. She would certainly echo everyone else's comments. We were relaxing some things out in the community right now but please stay safe. Listen to the Health Department.

Motion was made to adjourn the meeting at 7:18 P.M. by Mr. Bryant, seconded by Mr. Groneman and carried.

STATE OF KANSAS)
) SS
CITY OF KANSAS CITY)

ATTEST:

*Not signed by Secretary
due to Pandemic*

Secretary

APPROVED:



President

*Jenny Burley-Krenzel
EXECUTIVE ASSISTANT
5/18/20*



BPU Coronavirus Update

May 6, 2020



Coronavirus Update

- Leadership Team developed back to new normal plans for each division
- Started slow plan implementation for some divisions this week
- Most employees on PAL were back to work on Monday
- Customer Service/Muncie/Service Center - not allowing customers in lobby areas
- GM meeting with each division's management team regarding morale & communication of coronavirus plans
- Only three employees currently quarantined & forty (40) back to work from quarantine
- Only two positive tests so far & first positive is back to work

Safeguards for Employees

- Regular sanitization beyond enhanced cleaning
- All departments adjusted shifts to enhance social distancing, create less exposure to co-workers, less employees in the office
- Stopped or reduced access to the public
- Providing masks, sanitizer, gloves where needed
- Removed chairs from cafeteria (one per table)
- Eliminated self-serve ice machines in field



2019 Audited Financial Results

May 6, 2020



Financial Results

Revenues – 2019 YTD

	(CY) 2019 YTD	(PY) 2018 YTD		Budget 2019 YTD	(CY) 2019 YTD	
Electric	\$ 286.321	\$ 304.219		\$ 275.971	\$ 286.321	
Water	50.845	51.573		51.852	50.845	
Combined	\$ 337.166	\$ 355.792	-5.2%	\$ 327.823	\$ 337.166	2.9%

**Dollars in millions

Variance – YTD comparing Budget to Actual for 2019

Electric:
 Residential (\$2.9M)
 Commercial \$70K
 Industrial \$120K

Water:
 Residential (\$350K)
 Commercial (\$630K)
 Industrial \$200K

Operating Expenses – 2019 YTD

	(CY) 2019 YTD	(PY) 2018 YTD		Budget 2019 YTD	(CY) 2019 YTD	
Electric	\$ 220.637	\$ 220.423		\$ 220.487	\$ 220.637	
Water	37.957	34.690		37.028	37.957	
Combined	\$ 258.594	\$ 255.113	1.4%	\$ 257.515	\$ 258.594	0.4%

**Dollars in millions

Variance – YTD comparing Budget to Actual 2019

Electric:

Purchased Power (\$1.6M)
 Fuel \$1.6M
 Production (\$1.9M)
 T&D \$2.6M

Water:

Production (\$800K)
 T&D \$2.1M
 G&A (\$420K)



Change in Net Position – 2019 YTD

	(CY) 2019 YTD	(PY) 2018 YTD		Budget 2019 YTD	(CY) 2019 YTD	
Electric	\$ 12.013	\$ 30.597		\$ 2.748	\$ 12.013	
Water	4.175	8.108		6.517	4.175	
Combined	\$ 16.188	\$ 38.705	-58.2%	\$ 9.265	\$ 16.188	74.7%

**Dollars in millions

Cash Position

	(CY) 2019 December	(PY) 2018 December	2019 November
Combined (E&W) Days Cash-on-Hand	\$ 51.88	\$ 45.34	\$ 51.63
	85	76	87

1 Day = \$450K

**Dollars in millions

Debt Coverage

Debt Coverage with PILOT

	(CY) 2019 December	(PY) 2018 December
Electric	2.01	2.39
Water	1.72	2.06
Combined	1.98	2.36

Debt Coverage w/o PILOT

	(CY) 2019 December	(PY) 2018 December
Electric	1.40	1.76
Water	1.29	1.62
Combined	1.40	1.76

Financial Guideline Target 1.6 to 2.1 times with PILOT

**March, 2020
Preliminary
Financial Results**

May 6, 2020

2020 Billed kWh (YTD Jan – Mar)

Electric	(CY) 2020 YTD	(PY) 2019 YTD	
Residential	138,384,477	153,695,137	
Commercial	223,163,229	233,028,914	
Industrial	134,452,858	141,944,263	
	496,000,564	528,668,314	-6.2%

Lower usage in 2020 compared to 2019 mostly due to weather. The downturn has not occurred yet.

Residential – down 10%

Commercial – down 5%

Industrial – down 5%

2020 Billed CCF's (YTD Jan – Mar)

	(CY) 2020 YTD	(PY) 2019 YTD	
Water			
Residential	786,405	793,376	
Commercial	559,235	544,815	
Industrial	479,480	490,773	
	1,825,120	1,828,964	-0.2%

Lower usage compared to 2019 due to milder weather through the first 3 months
 Residential – Down 1% Commercial – Up 3% Industrial - down 3%

Revenues – March 2020

	(CY) 2020 March	(PY) 2019 March		Budget 2020 March	(CY) 2020 March	
Electric	\$ 22.099	\$ 23.159		\$ 21.480	\$ 22.099	
Water	3.809	3.629		3.832	3.809	
Combined	\$ 25.908	\$ 26.788	-3.3%	\$ 25.312	\$ 25.908	2.4%

**Dollars in millions

Actual Compared to 2020 Budget

Electric up 3%
Water down 1%



Financial Results

Revenues – 2020 YTD

	(CY) 2020 YTD	(PY) 2019 YTD		Budget 2020 YTD	(CY) 2020 YTD	
Electric	\$ 69.923	\$ 72.594		\$ 70.400	\$ 69.923	
Water	12.145	12.111		11.998	12.145	
Combined	\$ 82.068	\$ 84.705	-3.1%	\$ 82.398	\$ 82.068	-0.4%

**Dollars in millions

Variance – YTD comparing Budget to Actual for 2020

Electric: - *Down 1%*
 Residential **(\$1.9M)**
 Commercial **(1.0M)**
 Industrial \$36K

Water: *Up 1%*
 Residential **(\$410K)**
 Commercial \$68K
 Industrial \$560K

Through first 3 months we have recognized \$2.8 million of the \$5.6 million deferred revenue from the 2019 ERC

Operating Expenses – March 2020

	(CY) 2020 March	(PY) 2019 March		Budget 2020 March	(CY) 2020 March	
Electric	\$ 15.850	\$ 18.216		\$ 17.142	\$ 15.850	
Water	2.926	2.895		3.144	2.926	
Combined	\$ 18.776	\$ 21.111	-11.1%	\$ 20.286	\$ 18.776	-7.4%

**Dollars in millions

Variance – MTD comparing Budget to Actual for 2020

Electric

Production	- 8% down
Purchased Power	- 25% down
Fuel	- 51% up
T&D	- 16% down
G &A	- 12% down

Water

Production	- 11% down
T&D	- 13% down
G &A	- 2% up



Financial Results

Operating Expenses – 2020 YTD (Total)

	(CY) 2020 YTD	(PY) 2019 YTD		Budget 2020 YTD	(CY) 2020 YTD	
Electric	\$ 46.544	\$ 49.155		\$ 51.922	\$ 46.544	
Water	8.845	8.726		9.477	8.845	
Combined	\$ 55.389	\$ 57.881	-4.3%	\$ 61.399	\$ 55.389	-9.8%

**Dollars in millions



Financial Results

Operating Expenses – 2020 YTD less Depreciation

	(CY) 2020 YTD	(PY) 2019 YTD		Budget 2020 YTD	(CY) 2020 YTD	
Electric	\$ 39.700	\$ 42.114		\$ 44.636	\$ 39.700	
Water	6.920	6.773		7.532	6.920	
Combined	\$ 46.620	\$ 48.887	-4.6%	\$ 52.168	\$ 46.620	-10.6%

**Dollars in millions

Variance – YTD comparing Budget to Actual 2020

Electric:

Purchased Power	(\$2.3M)
Fuel	\$1.3M
Production	(\$1.7M)
T&D	(\$1.1M)
G&A	(\$1.0M)

Water:

Production	(\$175K)
T&D	(\$308)
G&A	(\$150K)



Change in Net Position – March 2020

	(CY) 2020 March	(PY) 2019 March		Budget 2020 March	(CY) 2020 March	
Electric	\$ 1.982	\$ 0.475		\$ 0.086	\$ 1.982	
Water	0.235	0.100		(0.029)	0.235	
Combined	\$ 2.217	\$ 0.575	285.6%	\$ 0.057	\$ 2.217	3789.5%

**Dollars in millions



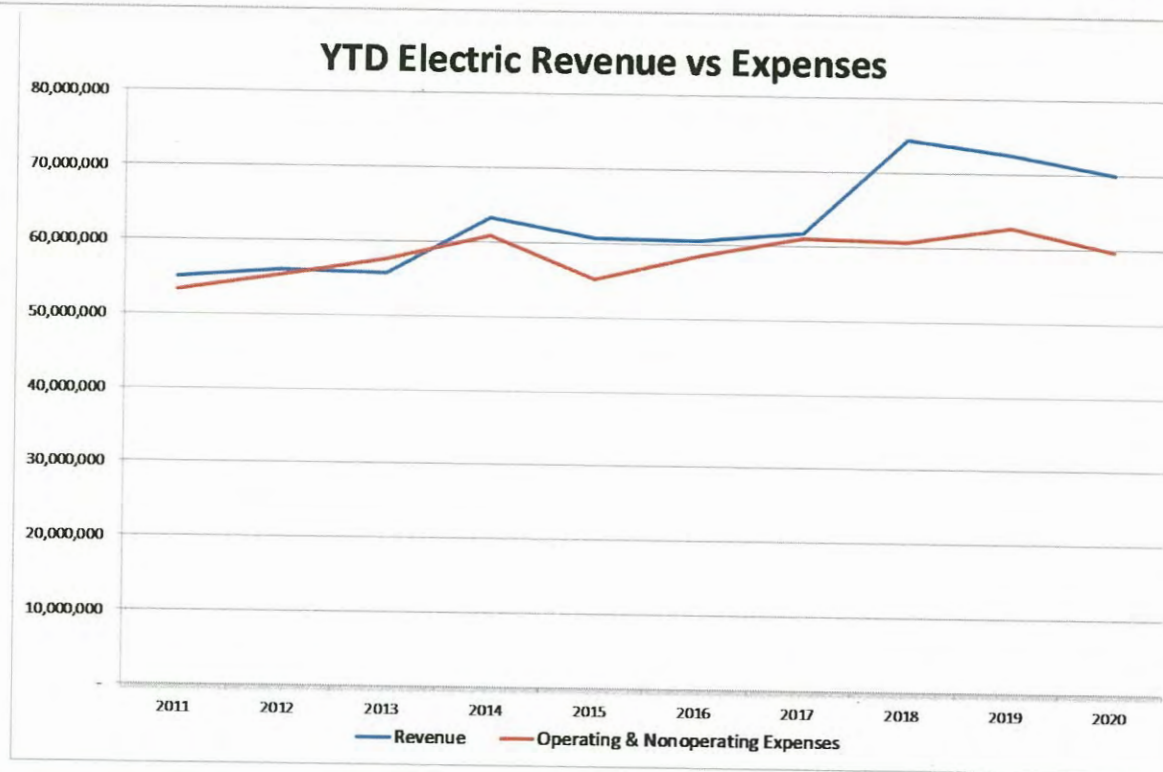
Financial Results

Change in Net Position – 2020 YTD

	(CY) 2020 YTD	(PY) 2019 YTD		Budget 2020 YTD	(CY) 2020 YTD	
Electric	\$ 10.374	\$ 9.941		\$ 5.179	\$ 10.374	
Water	1.012	0.967		0.318	1.012	
Combined	\$ 11.386	\$ 10.908	4.4%	\$ 5.497	\$ 11.386	107.1%

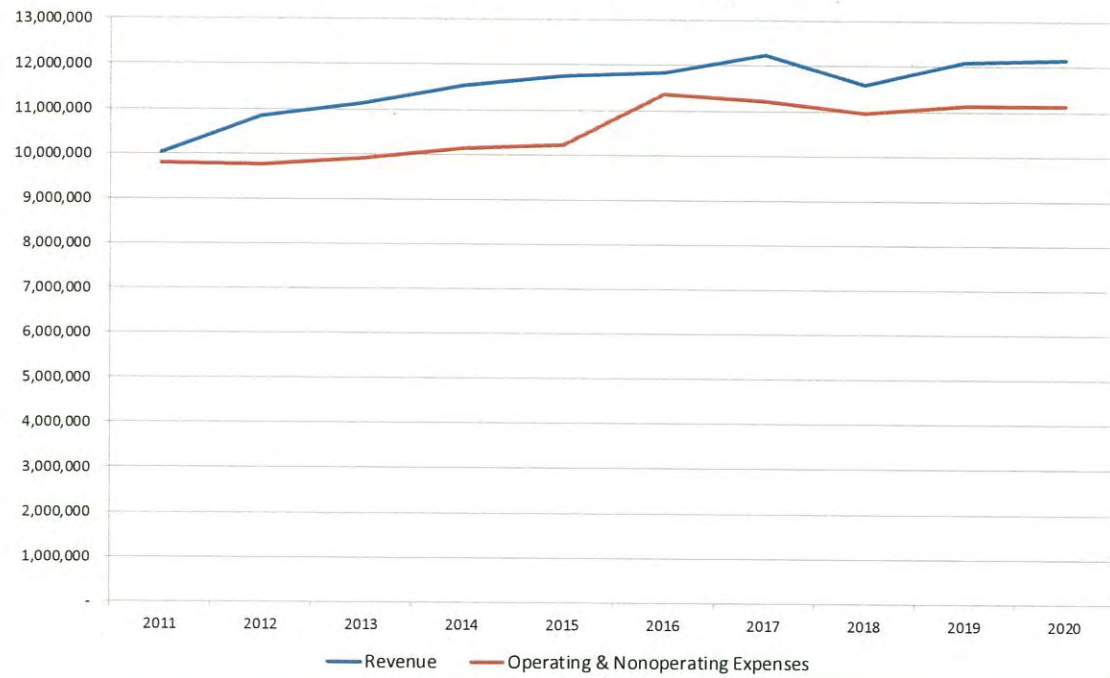
**Dollars in millions

Financial Results – 10 Year Trend



Financial Results – 10 Year Trend

YTD Water Revenue vs Expenses





Financial Results

Cash Position

	(CY) 2020 March	(PY) 2019 March	2020 February
Combined (E&W)	\$ 50.82	\$ 42.12	\$ 51.20
Days Cash-on-Hand	85	70	85

1 Day = \$550K

**Dollars in millions



Financial Results

Balance Sheet: Notables

	(CY) 2020 March	(PY) 2019 March
Fuel Inventory	\$ 6.312	\$ 3.569
Bond Dollars 2016A (AQC)	\$ -	\$ 3.521
Bond Dollars 2016C (Elec T&D)	\$ 8.153	\$ 32.128

**Dollars in millions



Financial Results

Capital Spending

	(CY) 2020 YTD	(PY) 2019 YTD	2020 Budget	
Electric	\$ 6.06	\$ 6.77	\$ 45.19	
Water	1.67	0.96	12.59	
Common	0.07	0.09	0.84	
Total YTD Capital	\$ 7.80	\$ 7.82	\$ 58.61	Remaining 87%

**Dollars in millions

Major projects in 2020:

- Rosedale Project - \$1.8M
- N1 Remote Chain – Bottom Ash - \$675K
- Nearman 316B Project - \$125K
- Mill Liners - \$555K
- Water Leak, Valve, System Imp. - \$420K
- UG/CMIP Water Distribution - \$520K

Debt Coverage

Debt Coverage with PILOT

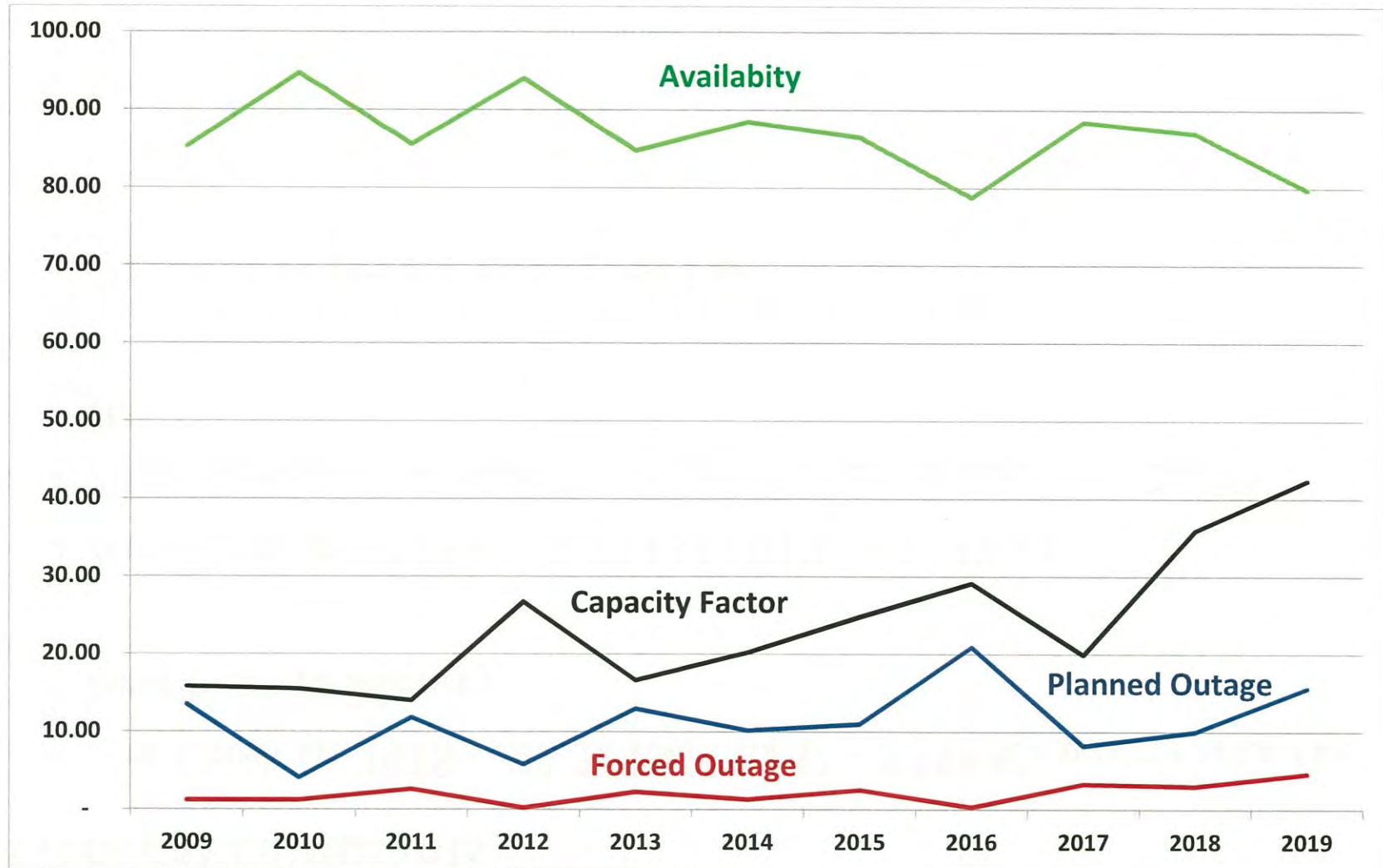
	(CY) 2020 March	(PY) 2019 March
Electric	2.05	2.32
Water	1.78	2.09
Combined	2.03	2.32

Debt Coverage w/o PILOT

	(CY) 2020 March	(PY) 2019 YTD
Electric	1.45	1.69
Water	1.34	1.65
Combined	1.46	1.71

Financial Guideline Target 1.6 to 2.1 times with PILOT

Dogwood Operating Statistics

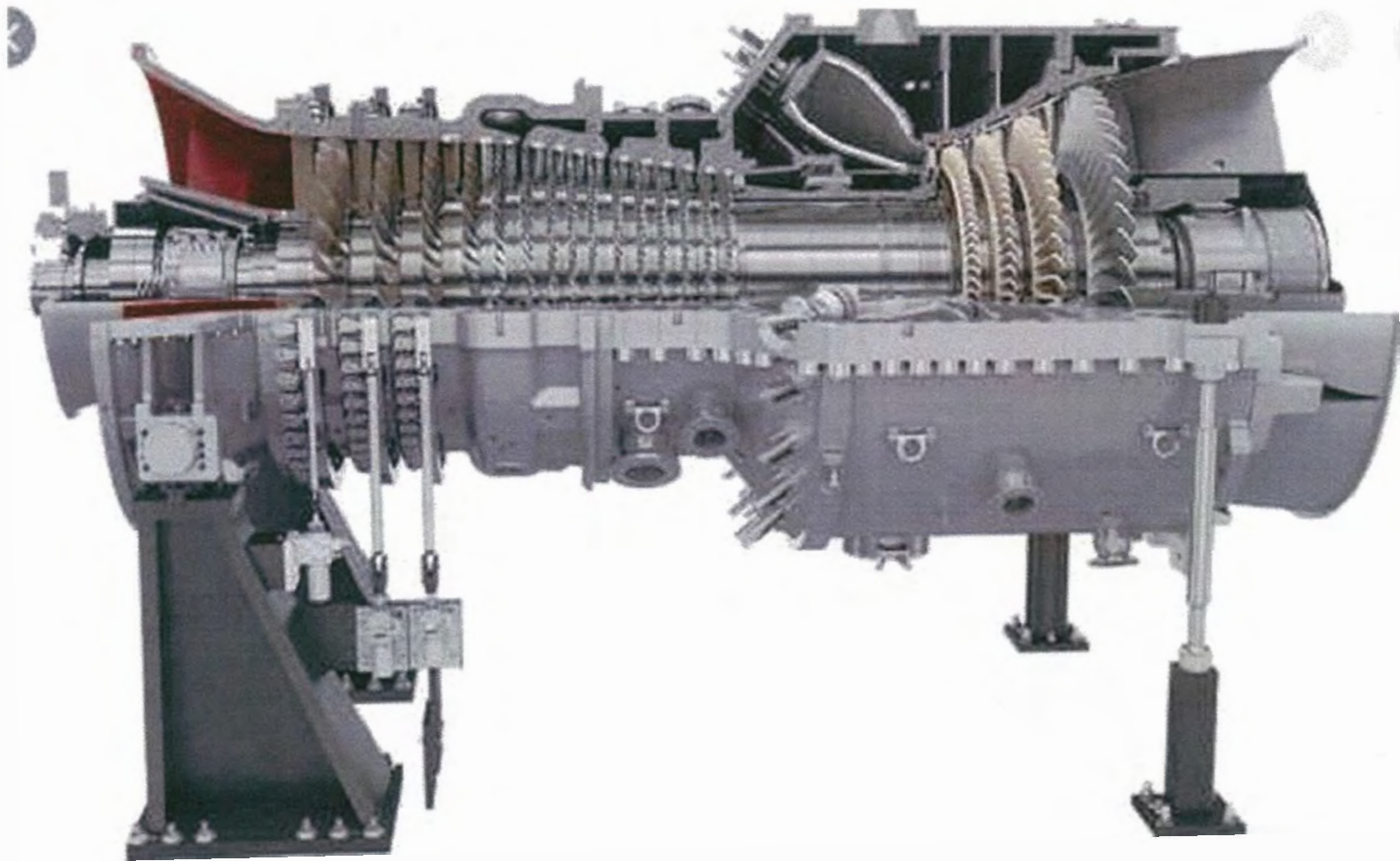


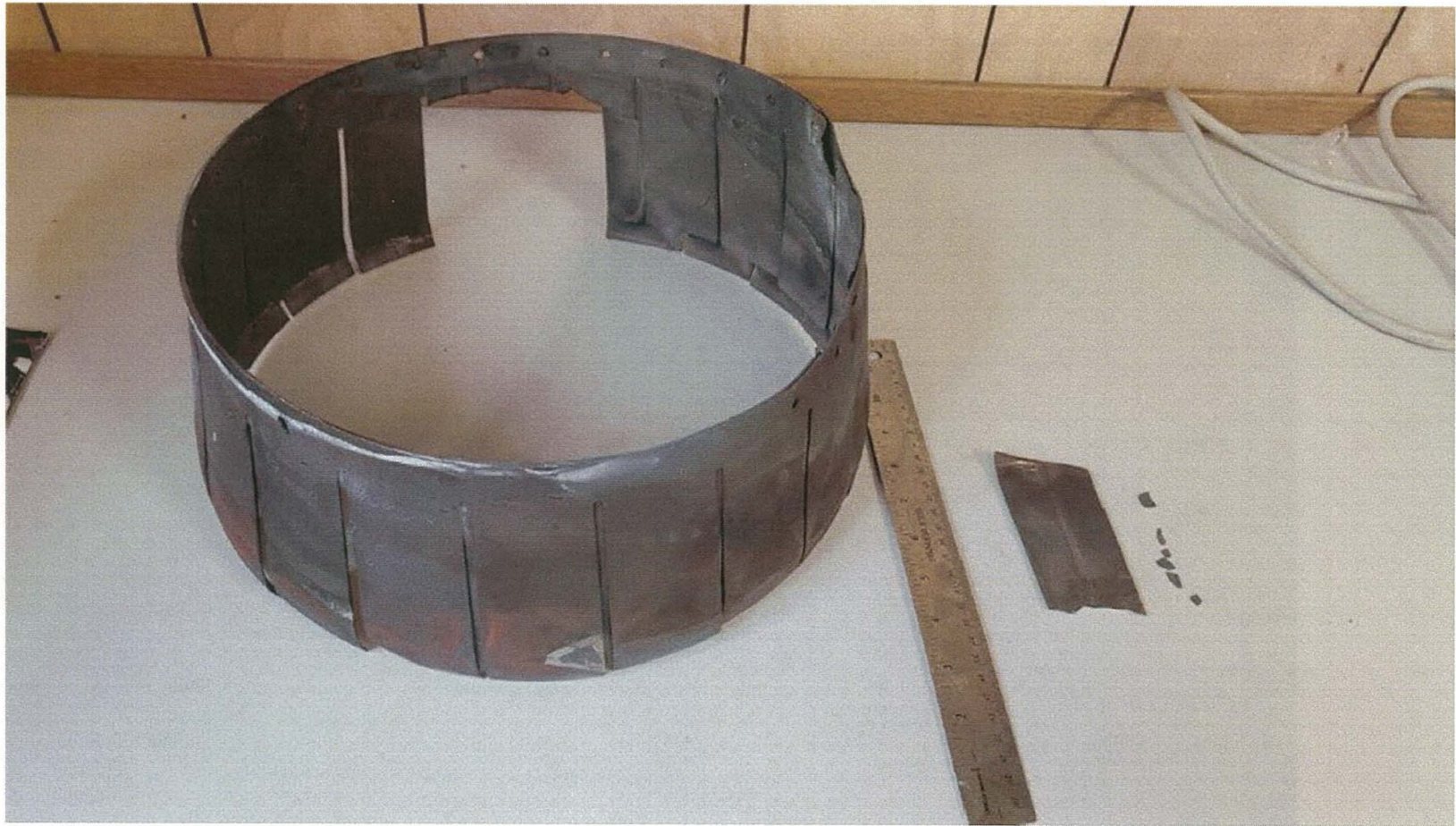
General comments

- **Net Cash in 2018 – \$2.302M (BPU – \$391K) which was the best ever in history**
- **Net Cash in 2019 – (\$1.171M (BPU – \$199K))**
- **2019 production was the highest ever in history, 2,409 BWHr**
- **Q1 2020 is pretty strong so far**

Dogwood Spring Outage on 2020 0418

1. Just a 2 week routine work and inspection outage
 - Borescope inspection on both units
2. Initial indication on U1 going back to December 2019
3. Combustor piece (spring) broke off
4. Damaging blades and vanes
5. Parts are from a used machine from Ulta
6. Major repair cost is covered by Siemens
7. \$300,000 to owners (BPU – 17%) (also add 3,000 additional operating hours of warranty)
8. U1 is scheduled to be back online by 5/11





Dong Quach # 5

Row 1 & 2 – borescope inspection on 2020 0421

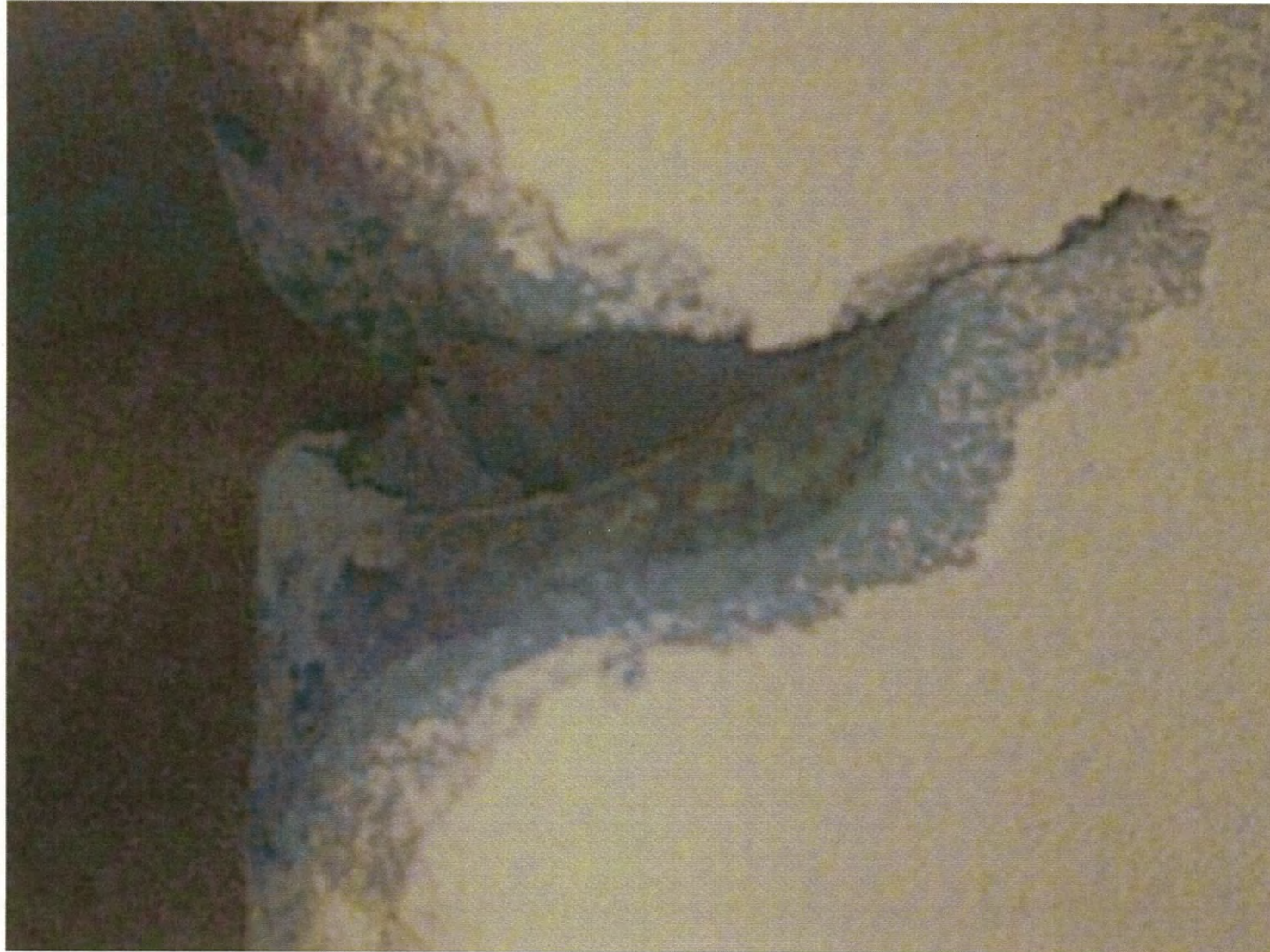


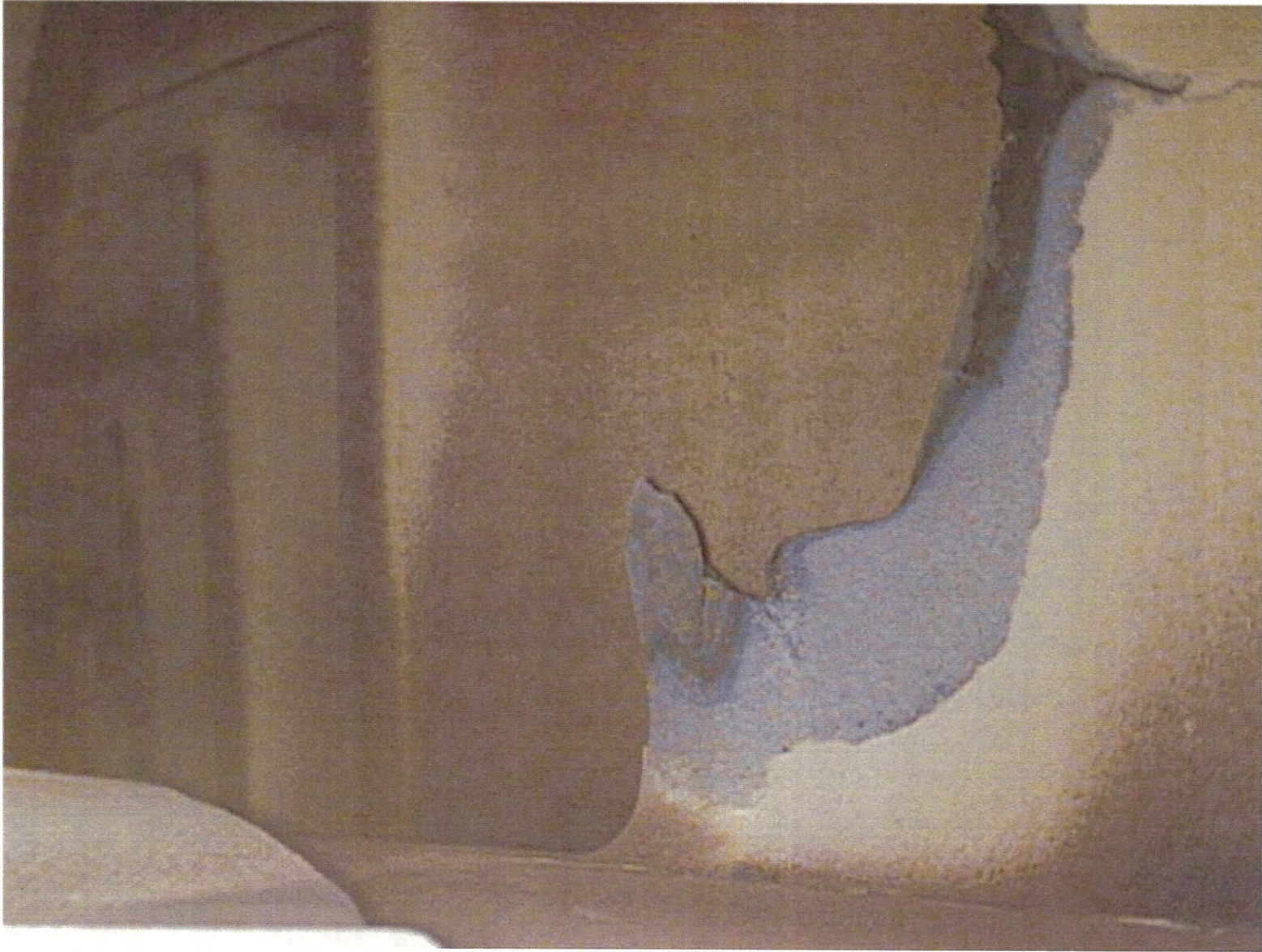




The same blade after taking apart

Row 2, Vane – borescope on 2020 0422





Row 3 & 4 – Borescope on 2020 0421







Replacement
Row 1 Vanes
Pre-
Installation
Fit Check

