#### AMENDED WORK SESSION MINUTES - WEDNESDAY, OCTOBER 17, 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 Work Session on Wednesday, October 17, 2022 at 5:00 P.M. The following Board Members were present: Mary Gonzales, President; Rose Mulvany Henry, Vice President; Thomas Groneman, Secretary; Robert L. Milan, Jeff Bryant and David Haley.

Also present: William Johnson, General Manager; Angela Lawson, Deputy Chief Counsel; Lori Austin, Chief Financial Officer/Chief Administrative Officer; Jeremy Ash, Interim Chief Operating Officer; Johnetta Hinson, Executive Director Customer Service; Steve Green, Executive Director Water Operations; Jerin Purtee, Executive Director Electric Supply; Darrin McNew, Acting Executive Director Electric Operations; Dennis Dumovich, Director of Human Resources; Ashley Culp, HR Manager; Randy Otting, Director Accounting; and Robert Kamp, IT Project Manager.

A video of this meeting is on file at the Board of Public Utilities and can be found on the BPU website, www.bpu.com.

Ms. Gonzales called the meeting to order at 5:00 P.M.

Roll call was taken, all Board Members were present, except for David Haley, who was present by phone at 5:02 P.M. and 5:12 P.M. in person.

#### Item #3 -Approval of Agenda

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

#### Item #4 -Board Update/GM Update

Ms. Gonzales passed out a self-evaluation to the Board and requested that they be filled out and returned by the end of December 2022 to Ms. Angela Lawson, Deputy Chief Counsel. Afterwards, the Board could find a time to discuss positive ways to move forward.

Mr. Groneman inquired about an email regarding parking garage safety that had been sent by Mr. Dennis Dumovich, Director of Human Resources. Mr. Dumovich said there had been a recent break-in incident that had occurred, as well as the fact that the approaching cold weather could sometimes cause problems. He said those reasons, as well as an upcoming entrance closure, made it necessary to update everyone on the safety protocols and tools in the garage that are available to all.

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Mr. Johnson spoke about staff attending the Unified Government (UG) Standing Committee meeting to present the revolving loan increase request. It had passed and would be moving on to the full Commission.

Mr. Bryant asked that the Board be informed of the date that staff would go before the full Commission, so that if possible the Board could attend to show support.

Ms. Lori Austin, Chief Financial Officer/Chief Administrative Officer, said that the meeting date was Thursday, November 3<sup>rd</sup>.

#### Item #5 -2023 Budget Plan - Staffing

Mr. Dumovich reviewed the 2023 Staffing overview including, vacancies, review of overtime, retirement data and employment trends. (See attached PowerPoint.)

Mr. Dumovich and Ms. Ashley Culp, HR Manager, responded to comments and questions from the Board.

In a response to Board request, Ms. Austin stated she would provide the board with 2020, 2021, and year to date 2022 spent on contractors, non-employee wages.

Mr. Dumovich stated he would provide the cost saving from the lobby staff and lobby security reduction. He also clarified that no employees were laid off due to the lobby positions that were eliminated. They were transferred to other vacant positions.

\*Ms. Mulvany Henry asked if the utility would entertain a work from home policy.

Mr. Johnson said that he was not going to bring a work from home policy to the Board.

#### <u>Item #6 – 2023 Budget Plan – Revenue Forecast</u>

Mr. Randy Otting, Director Accounting, presented the 2023 Revenue Forecast to the Board. (See attached PowerPoint.)

Mr. Otting responded to questions from the Board

Mr. Johnson said that the Capital Improvement Plan would be discussed at the November 16<sup>th</sup> meeting, followed by the Board Budget retreat on Monday, December 5<sup>th</sup>.

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\* Added at the request of Ms. Mulvany Henry.

#### <u>Item #7 – Adjourn</u>

A motion was made to adjourn the Work Session at 5:51 P.M. by Mr. Bryant, seconded by Mr. Milan, and unanimously carried.

ATTEST:

W / 1

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Secretary

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Kansas City Board of Public Utilities

October 17, 2022

# **REVENUE FORECAST 2023**

### FORECASTING CONSUMPTION

### **APPROACH:**

- NEW CUSTOMER GROWTH
- MONTHLY CONSUMPTION BY CUSTOMER CLASS TRENDS
- TOP CUSTOMERS
- PURCHASE POWER COSTS FOR 2023
- ENVIRONMENTAL DEBT SERVICE

### **HIGH-LEVEL VIEW:**

#### **OVERALL LOADS ARE STABLE**

- TOP 10 ~ 15% HIGHER COMPARED TO 2021
- TOP 10 ~ 5% LOWER COMPARED TO 2018 PEAK
- DECLINING TREND IN THE MID-LEVEL COMMERCIAL (RATE 250'S)
- RESIDENTIAL CONSUMPTION HIGHER BY ~ 2% OVER LAST YEAR # OF RESIDENTIAL CUSTOMERS

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60,673 - 2022
60,500 - 2021 4-YEAR AVERAGE @ 0.55%
59,932 - 2020
59,593 - 2019
```

### **ELECTRIC ASSUMPTIONS**

- BASE RATES: BASED ON CURRENT RATE MANUAL (NO RATE CHANGES)
- ERC: EIA's SHORT-TERM ENERGY OUTLOOK:

"Higher retail electricity prices largely reflect an increase in wholesale power prices, which are driven by higher natural gas prices"

"On average, we expect wholesale commodity natural gas prices to be higher this winter compared with last winter, which leads to higher prices for both natural gas and electricity in the retail market"

2023'S ESTIMATE = 4.0 CENTS/KWH 2022'S ESTIMATE = 3.5 CENTS/KWH

- ESC: FLAT ~ \$153K HIGHER (TIED TO 2023 DEBT SERVICE)
- OVERALL LOADS: SLIGHT REDUCTION OF 0.25% IN 4 MAJOR CLASSES (R,C,I,S)

### **ELECTRIC BILL COMPONENTS**

### **Breakdown Allocation of Electric Bill (before Taxes & PILOT):**

Class	Base Rate	ERC	ESC	Total
Residential	64%	29%	7%	100%
Commercial	58%	34%	8%	100%
Industrial	53%	38%	9%	100%
Schools	61%	31%	8%	100%

- Averages
- Actual results may vary due to Customer Load Factors

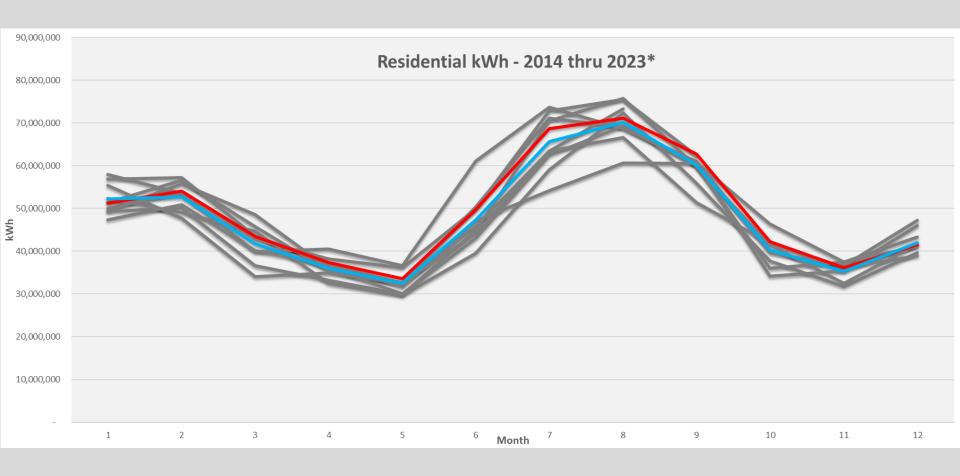
### RESIDENTIAL ELECTRIC LOAD

### **Observations**:

- Solid Customer Growth (+325/yr. since 2018)
- Average monthly usage remains stable @ 811 kWh per month in 2021
- 2022 Consumption is ~ 1.7% higher compared to 2021 (9 months)



### RESIDENTIAL ELECTRIC LOAD BY MONTH



### **COMMERCIAL ELECTRIC LOAD**

### **Observations:**

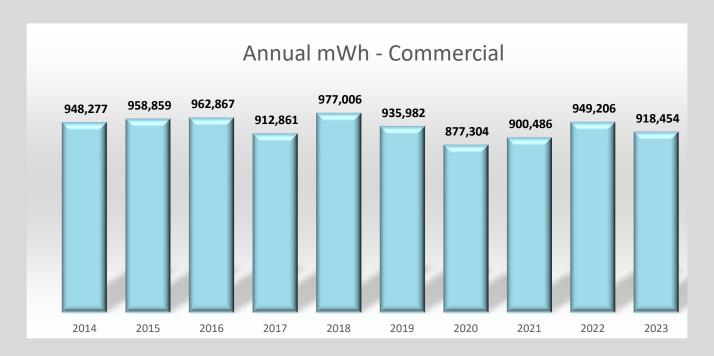
Small General Service – Stable

Medium General Service class is showing a declining trend

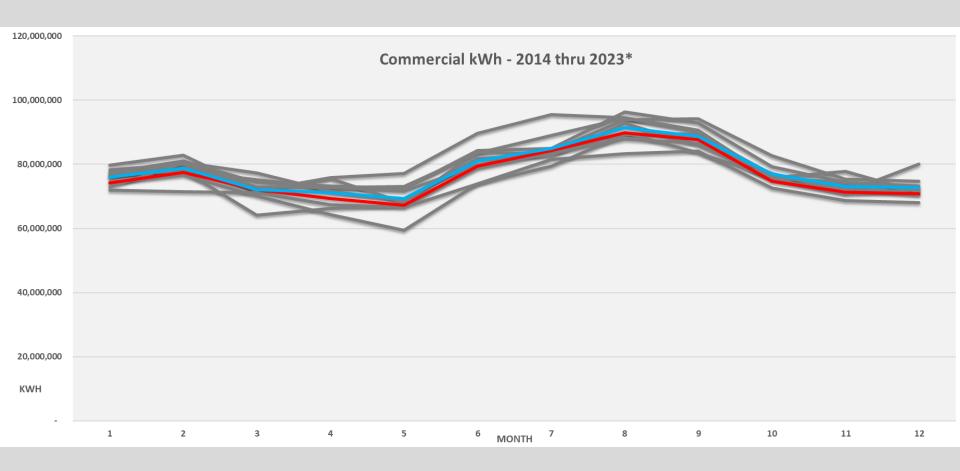
Customers: 2022 AVERAGE = 488

**5-YR. AVERAGE = 508** 

Large & Small General Service Class
 Stable customer count but declining consumption trend



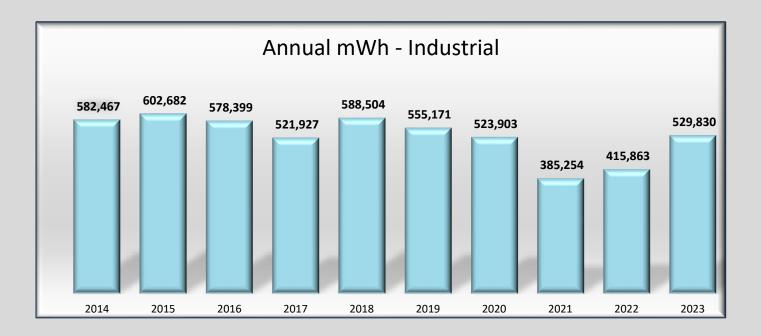
### **COMMERCIAL ELECTRIC LOAD BY MONTH**



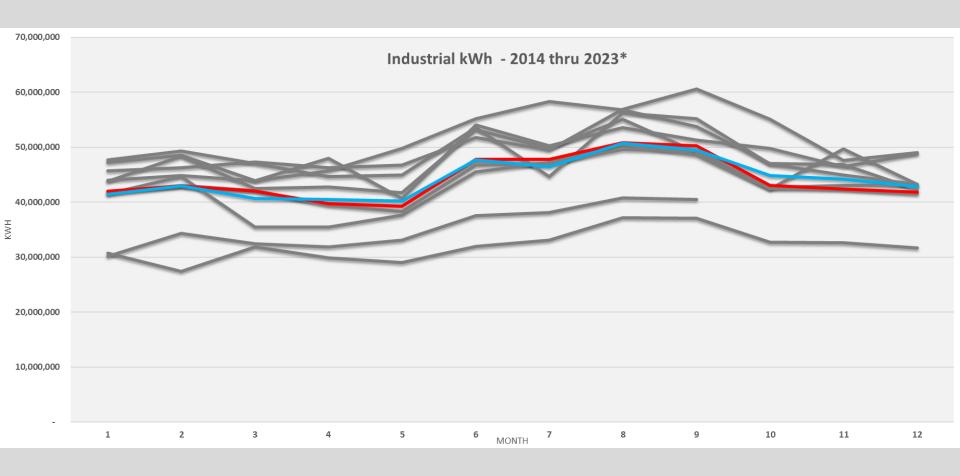
### INDUSTRIAL ELECTRIC LOAD

### **Observations**:

- Number of Customers remains stable
- Load trending lower (2015 peaked) Pandemic impact 20', 21', 22'
- Some Recovery in 2022 11% higher compared to 2021 (9 months)
   Still remain below 2014-19 levels.



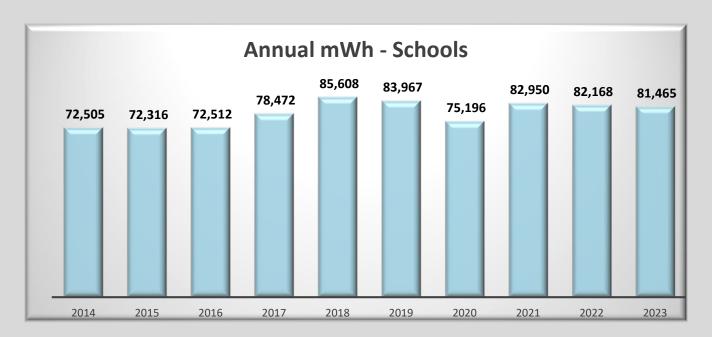
# INDUSTRIAL ELECTRIC LOAD BY MONTH



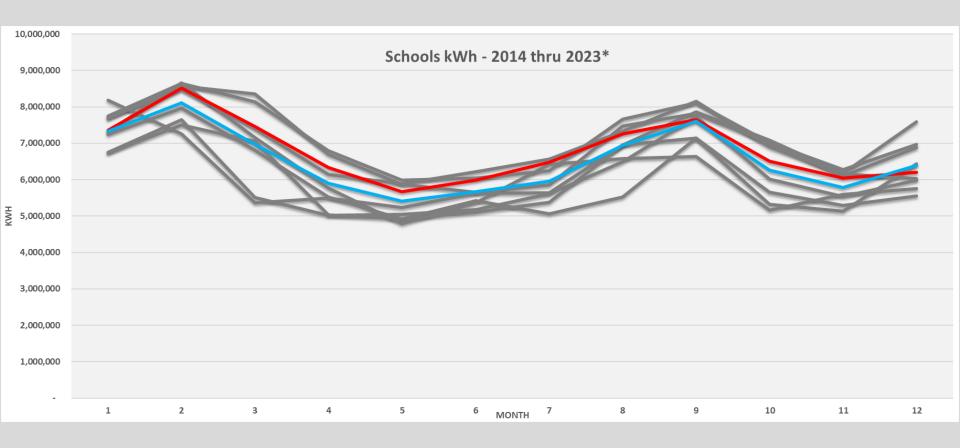
### SCHOOLS ELECTRIC LOAD

### **Observations**:

- Number of Customers remain flat
- New facilities added & additional square feet
- Impacted by Winter temps



# **SCHOOLS ELECTRIC LOAD**



### **ENVIRONMENTAL SURCHARGE (ESC)**

		FCC		
	ESC			
Year	De	ebt Service		
2011	\$	1,462,500		
2012	\$	2,023,743		
2013	\$	1,776,525		
2014	\$	2,381,525		
2015	\$	5,407,982		
2016	\$	8,901,180		
2017	\$	13,516,902		
2018	\$	14,471,550		
2019	\$	14,492,031		
2020	\$	14,486,640		
2021	\$	13,261,788		
2022	\$	16,670,298		
2023	\$	16,823,590		
2024	\$	17,288,479		
2025	\$	17,598,946		
2026	\$	17,669,485		
2027	\$	17,875,665		
2028	\$	18,678,444		

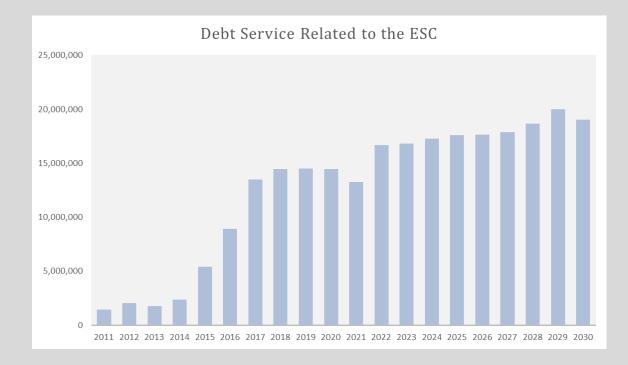
\$

20292030

20,023,692

19,027,254

Annual Debt Service PaymentsPeak in 2029



# **REVENUE FORECAST - ELECTRIC**

#### RESULTS

Class	2018 Actual	2019 Actual	2020 Actual	2021 Budget	2022 Budget	2023 Estimate
Residential	\$81,811,709	\$75,952,160	\$75,024,142	\$74,539,000	\$80,651,000	\$83,238,100
Commercial	106,882,111	101,781,643	96,258,037	92,238,000	98,700,000	104,789,000
Industrial	51,385,553	49,601,656	46,214,139	44,362,000	45,669,000	50,456,000
Schools	10,145,011	9,830,695	8,764,262	8,615,000	9,841,000	9,828,000
Highway Lighting	350,209	329,670	327,913	333,900	337,000	337,000
Total	\$250,574,593	\$239,179,500	\$240,953,900	\$220,087,900	\$235,198,000	\$ 248,648,100

- 0.25 percent decrease in load growth over 2022 estimate
- ERC = half cent/kWh higher in 2023
- ESC = Small increase
- 2023 Forecast Reflects No Base Rate Adjustments

# **REVENUES FORECAST - WATER**

#### **RESULTS**

Class	2018 Actual	2019 Actual	2020 Actual	2021 Budget	2022 Budget	2023 Estimate
Residential	\$ 24,235,761	\$ 24,036,511	\$ 24,868,224	\$ 24,227,874	\$ 24,476,000	\$ 24,500,000
Commercial	11,553,570	11,184,854	11,076,961	11,243,080	11,191,000	11,250,000
Industrial	5,860,912	5,937,471	6,318,802	6,200,089	6,205,000	6,200,000
Schools	655,705	683,839	573,235	658,360	661,700	671,200
Fire Protection - Private	560,998	562,114	574,408	575,000	600,000	590,000
Public Authority	28,000	28,000	28,000	28,000	28,000	28,000
Wholesale Water Sales	1,487,644	1,425,619	1,541,232	1,421,462	1,321,700	1,350,000
Total	\$ 44,382,590	\$ 43,858,408	\$ 44,980,862	\$ 44,353,865	\$ 44,483,400	\$ 44,589,200

**2023 Forecast Reflects No Rate Adjustments** 

# **COMMENTS / QUESTIONS**