

REGULAR SESSION –WEDNESDAY, JUNE 21, 2023

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, June 21, 2023 at 6:00 P.M. The following Board Members were present: Rose Mulvany Henry, President; Robert L. Milan, Secretary; Jeff Bryant, Mary Gonzales, and David Haley. Thomas Groneman, Vice President; attended via Zoom.

Also present: William Johnson, General Manager; Angela Lawson, Acting Chief Counsel; Lori Austin, Chief Financial Officer/Chief Administrative Officer; Jeremy Ash, Chief Operating Officer; Johnetta Hinson, Executive Director Customer Service; Steve Green, Executive Director Water Operations; Glen Brendel, Executive Director Electric Production; Chad Newbill, Senior Mechanical Engineer; Douglas Bowen, Superintendent Maintenance-Nearman; Matthew Cline, Supervisor/Trainer EMS Operations; Jerry Sullivan, Chief Information Officer; Dennis Dumovich, Director of Human Resources; 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. Mulvany Henry called the Board meeting to order at 6:00 P.M. She welcomed all that were listening to or viewing the meeting. She informed all that the meeting was being recorded including video and audio. During the public comment section, those attending in person, wishing to speak, should use the sign-up sheet at the entry and provide their name and address. Public comments were limited to five minutes and should be addressed to the Board. 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. No confidential information should be shared, including, account information. Staff would not provide individual account information during an open meeting. As always, the public could also email or call the BPU with any concerns. Ms. Mulvany Henry 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, Mr. Groneman via Zoom.

Item #3 – Approval of Agenda

A motion was made to approve the Agenda by Mr. Bryant, seconded by Ms. Gonzales, and unanimously carried.

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Item #4 – Approval of Work Session Minutes of June 7, 2023

A motion was made to approve the minutes of the Work Session of June 7, 2023, by Ms. Gonzales, seconded by Mr. Haley, and unanimously carried.

Item #5 – Approval of Regular Session Minutes of June 7, 2023

A motion was made to approve the minutes of the Regular Session of June 7, 2023, by Mr. Milan, seconded by Mr. Bryant, and unanimously carried.

Item #6 – Public Comments

Mr. Rayan Makarem with CleanAirNow, 3730 Metropolitan Ave., spoke about sharing his comments from the previous Board meeting with the Unified Government (UG).

It was confirmed that there was a meeting scheduled for the BPU Board and General Manager and the Unified Government (UG) Commissioners and Mayor. It would be held July 13, 2023 at 5:00 PM on the 5th Floor of City Hall.

Ms. Lawson confirmed that the meeting would be open to the public.

Item #7– General Manager / Staff Reports

- i. *April 2023 Financials & Approval of previously presented Financials:* Ms. Austin, Chief Financial Officer/Chief Administrative Office, gave a presentation reviewing the financials for April 2023 with the Board. (see attached PowerPoint.)

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

A motion was made to approve the April 2023 Financials as presented by Mr. Bryant, seconded by Mr. Milan, and unanimously carried.

A motion was made to approve the 4th Quarter 2022, 1st Quarter 2023, January 2023, February 2023 and March 2023 as presented previously, Mr. Milan seconded, and unanimously carried.

- ii. *Electric Production- Post Outage Update:* Mr. Glen Brendel, Executive Director Electric Production, Chad Newbill, Senior Mechanical Engineer, and Douglas Bowen, Superintendent Maintenance gave a presentation regarding safety, an update on Capital

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Transfer (CT 4), and the results of that. In addition, they discussed the capital work and expenses pertaining to the most recent maintenance outage at Nearman Creek Power Plant. (See attached PowerPoint.)

Mr. Brendel, Mr. Newbill and Mr. Bowen responded to questions and comments from the Board.

- iii. *Miscellaneous Comments:* Mr. Johnson spoke about follow up communication with Ms. CeCe Manck, in reference to her question from the previous Board meeting. Her question referenced the increase in revenue, however, the graph she was looking at was actually water and electric consumption only. He said would be sending out a calendar invitation to the Board for the special meeting scheduled for June 13th. He also asked for the Board members to share any items they wished to see on the Agenda. He also shared that ambassador applications were being received in reference to the Community Engagement Program.

Ms. Austin shared the credit rating BPU received from Moody’s, which was A2. She also shared their positive feedback on a number of topics. She then presented an award for The Certificate of Achievement for Excellence in Financial Reporting in reference to the 2021 Annual Audit. This is the 41st consecutive year BPU has received this award.

Item #8 – Board Comments

Mr. Haley thanked staff for the updates presented and congratulated Ms. Austin and her team for the award. He requested to find out what effect a moratorium might have on summer disconnects, shared positive comments about Customer Service, expressed his views on the utilization of our dormant properties and land, and hoped that the separation of BPU and UG charges would be discussed at the joint meeting.

Mr. Milan thanked staff for their presentations and a job well done with the presentations during at the Rate Hearing. He also was happy to hear about the A2 rating from Moody’s

Ms. Mulvany Henry congratulated Ms. Austin on the award received and thanked the presenters for their knowledge and update on the plant maintenance outage. In regards to the Community Engagement Program, she reminded Board members to send nominees for the Steering Committee to Ms. Lawson as soon as possible. Ms. Mulvany Henry gave feedback about her attendance at the APPA conference, specifically the presentation called “Power Up Your Financial Policies”. She found it very informative and suggested the presentation be

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provided to all Board members for review. Ms. Mulvany Henry also asked the Board and General Manger if the only topic at the next Board meeting could be the Rate Hearing.

Mr. Bryant thanked BPU staff for the evening’s presentations. He also thanked those who attended the Rate Hearing and staff for providing the public comments to him, as he had to leave early.

Ms. Gonzales gave her input on the question from the previous meeting regarding a BPU financial report. She wanted to note that the pages provided by the customer were clearly marked KWH and CCF, which is usage of power and water, not dollars. She asked that before someone brings information before the Board that they be sure they are sharing facts. Ms. Gonzales wanted this to be on the record. She thanked Commissioner Stites for attending the Rate Hearing. She also thanked the presenters for their information and congratulated Ms. Austin on receiving the award for The Certificate of Achievement for Excellence in Financial Reporting.

Mr. Groneman is looking forward to participating in person at the next Board Meeting.

Item #10 – Adjourn

At 7:29 PM a motion to adjourn was made by Mr. Bryant, seconded by Ms. Gonzales and unanimously carried.

ATTEST:


Secretary



APPROVED:


President

April 2023 Financial Results



June 21, 2023

2023 Billed kWh (YTD Jan - Apr)

Electric	(CY) 2023 YTD	(PY) 2022 YTD	
Residential	182,011,214	183,921,906	  Commercial and Industrial usage was above 2022 levels
Commercial	310,065,792	305,236,931	
Industrial	170,423,082	168,207,165	
	662,500,088	657,366,002	0.8%

Residential – Down 1% Commercial – Up 2% Industrial – Up 1%

2023 Billed CCF's (YTD Jan - Apr)

Water	(CY) 2023 YTD	(PY) 2022 YTD	
Residential	1,082,282	1,060,415	 Residential and Commercial class usage was above 2022 levels 
Commercial	762,534	745,153	
Industrial	581,843	582,717	
	2,426,659	2,388,285	1.6%

Residential – Up 2%

Commercial – Up 2%

Industrial – Up <1%

Revenues – April 2023

	(CY) 2023 April	(PY) 2022 April		Budget 2023 April	(CY) 2023 April	
Electric	\$ 22.710	\$ 20.237		\$ 22.975	\$ 22.710	
Water	3.810	3.831		3.996	3.810	
Combined	\$ 26.520	\$ 24.068	10.2%	\$ 26.971	\$ 26.520	-1.7%

Actual Compared to 2023 Budget

Electric – Down 1%

Water – Down 5%

Combined – Down 2%

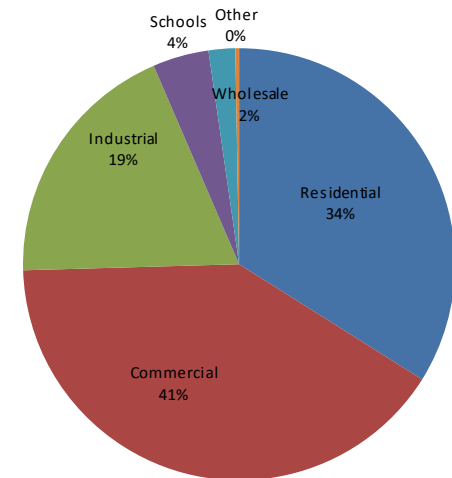
Revenues – 2023 YTD

	(CY) 2023 YTD	(PY) 2022 YTD		Budget 2023 YTD	(CY) 2023 YTD	
Electric	\$ 102.055	\$ 93.631	↑	\$ 97.622	\$ 102.055	↑
Water	16.257	15.928		16.336	16.257	↓
Combined	\$ 118.312	\$ 109.559	↑ 8.0%	\$ 113.958	\$ 118.312	↑ 3.8%

**Dollars in millions

Variance – YTD comparing Budget to Actual for 2023

<u>Electric:</u>	<i>Up 5%</i>	<u>Water:</u>	<i>Down 1%</i>
Residential	(\$295K)	Residential	\$102K
Commercial	\$ 3.5M	Commercial	\$104K
Industrial	\$ 889K	Industrial	(\$ 18K)
Schools	\$452K	Wholesale	(\$52K)
Wholesale	(\$979K)		



Operating Expenses – April 2023

	(CY) 2023 April	(PY) 2022 April		Budget 2023 April	(CY) 2023 April	
Electric	\$ 21.350	\$ 17.994		\$ 19.334	\$ 21.350	↑
Water	3.143	3.025		3.292	3.143	↓
Combined	\$ 24.493	\$ 21.019	16.5%	\$ 22.626	\$ 24.493	↑ 8.3%

Actual Compared to 2023 Budget

Electric – Up 10
Water - Down 5%

Amortized 3/6th of the 2022 ERC Under Recovery in April 2023 - \$2,453,957

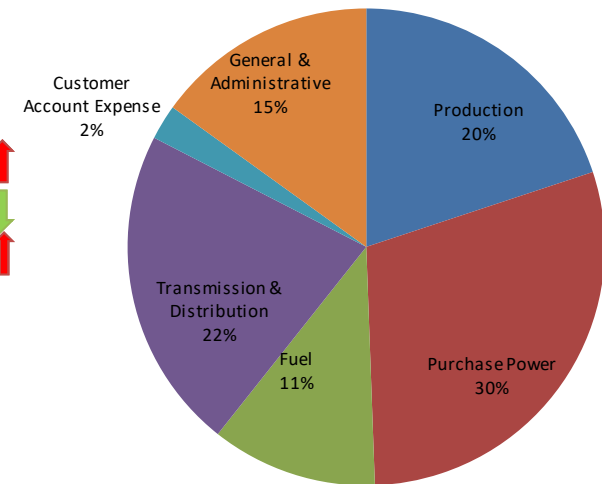
Operating Expenses – 2023 YTD

	(CY) 2023 YTD	(PY) 2022 YTD		Budget 2023 YTD	(CY) 2023 YTD
Electric	\$ 82.047	\$ 70.880	↑	\$ 79.616	\$ 82.047
Water	12.432	11.932		13.377	12.432
Combined	\$ 94.479	\$ 82.812	↑ 14.1%	\$ 92.993	\$ 94.479




**Dollars in millions

Actual Compared to 2023 Budget

- Electric – Up 3%
- Water - Down 7%
- Combined – Up 2%



Operating Expenses – 2023 YTD less Depreciation

	(CY) 2023 YTD	(PY) 2022 YTD		Budget 2023 YTD	(CY) 2023 YTD		
Electric	\$ 70.311	\$ 60.642		\$ 68.063	\$ 70.311		
Water	9.635	9.187		10.583	9.635		
Combined	\$ 79.946	\$ 69.829	14.5%	\$ 78.646	\$ 79.946		 1.7%

**Dollars in millions

Variance – YTD comparing Budget to Actual 2023

Electric:

Purchased Power **\$2.1M**
 Fuel **(\$7.02M)**
 Production **(\$1.0M)**
 T&D **(\$987K)**
 G&A **(\$627K)**

Water:

Production **(\$507K)**
 T&D **(\$279K)**
 G&A **(\$127K)**



Financial Results


Change in Net Position – April 2023

	(CY) 2023 April	(PY) 2022 April	Budget 2023 April	(CY) 2023 April
Electric	\$ (2.533)	\$ (1.683)	\$ (0.126)	\$ (2.533)
Water	0.201	0.284	0.259	0.201
Combined	\$ (2.332)	\$ (1.399)	\$ 0.133	\$ (2.332)

**Dollars in millions

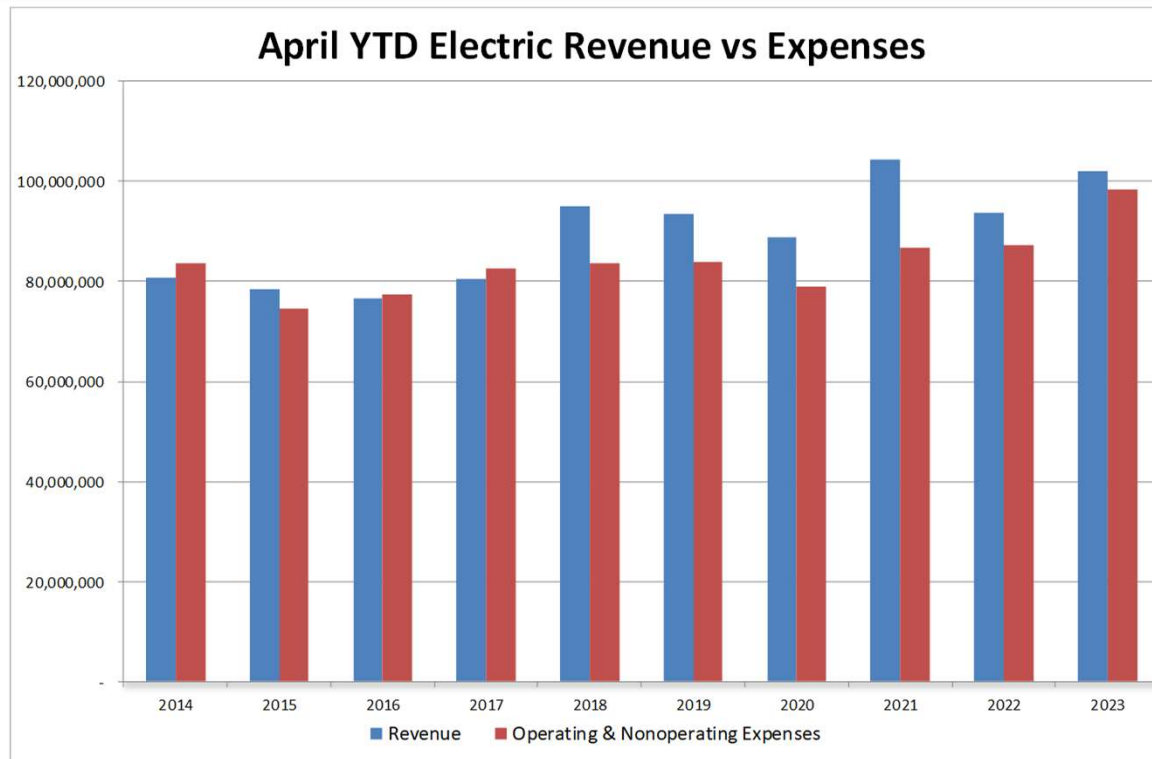
Change in Net Position – 2023 YTD

	(CY) 2023 YTD	(PY) 2022 YTD	Budget 2023 YTD	(CY) 2023 YTD
Electric	\$ 3.703	\$ 6.528	\$ 2.233	\$ 3.703
Water	1.956	2.016	0.884	1.956
Combined	\$ 5.659	\$ 8.544	\$ 3.117	\$ 5.659

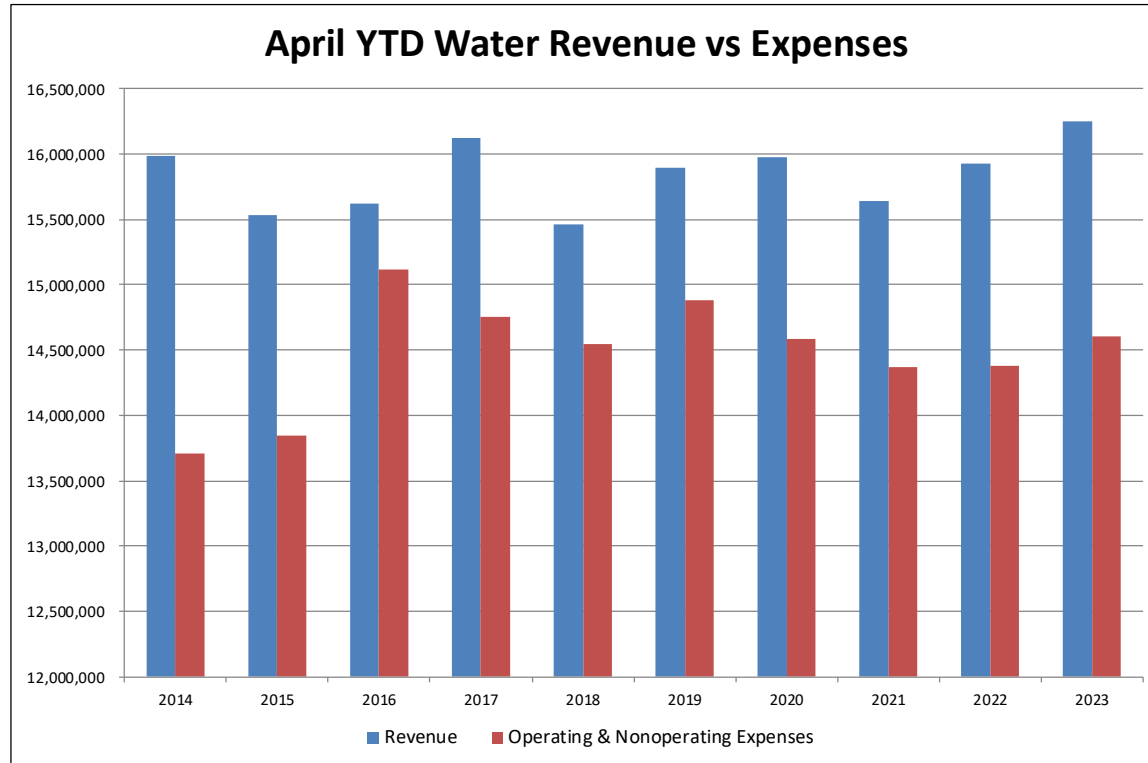


**Dollars in millions

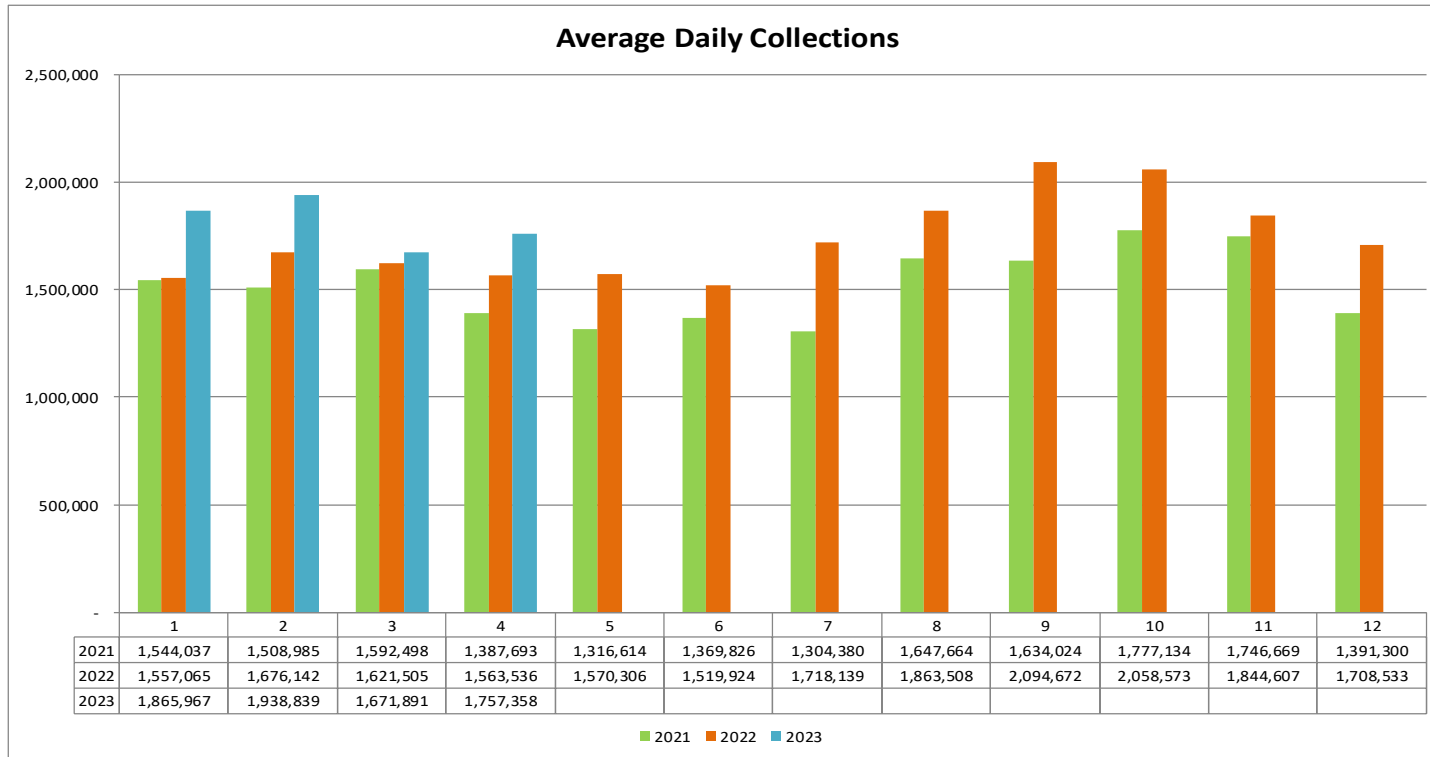
Financial Results – 10 Year Trend



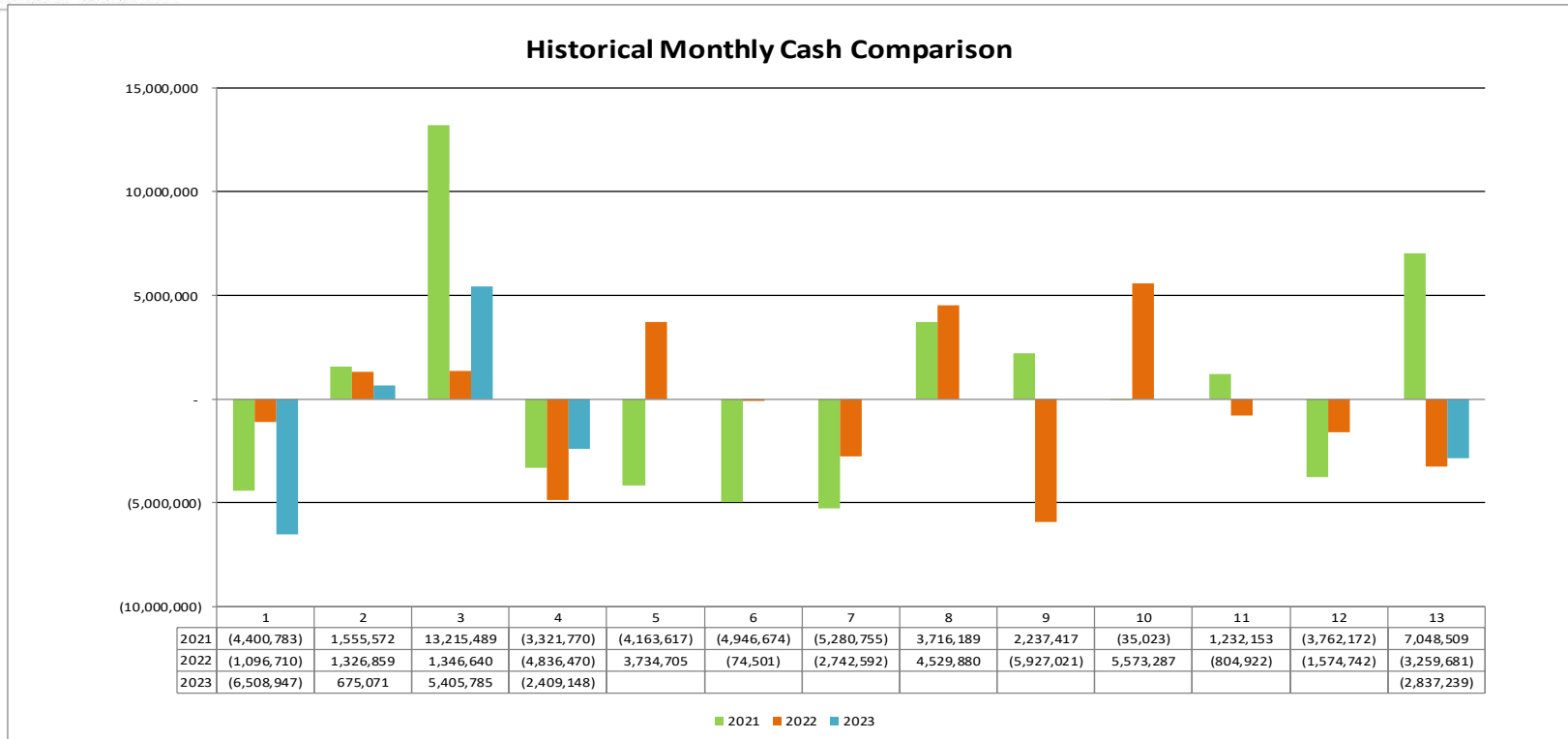
Financial Results – 10 Year Trend



Financial Results



Financial Results



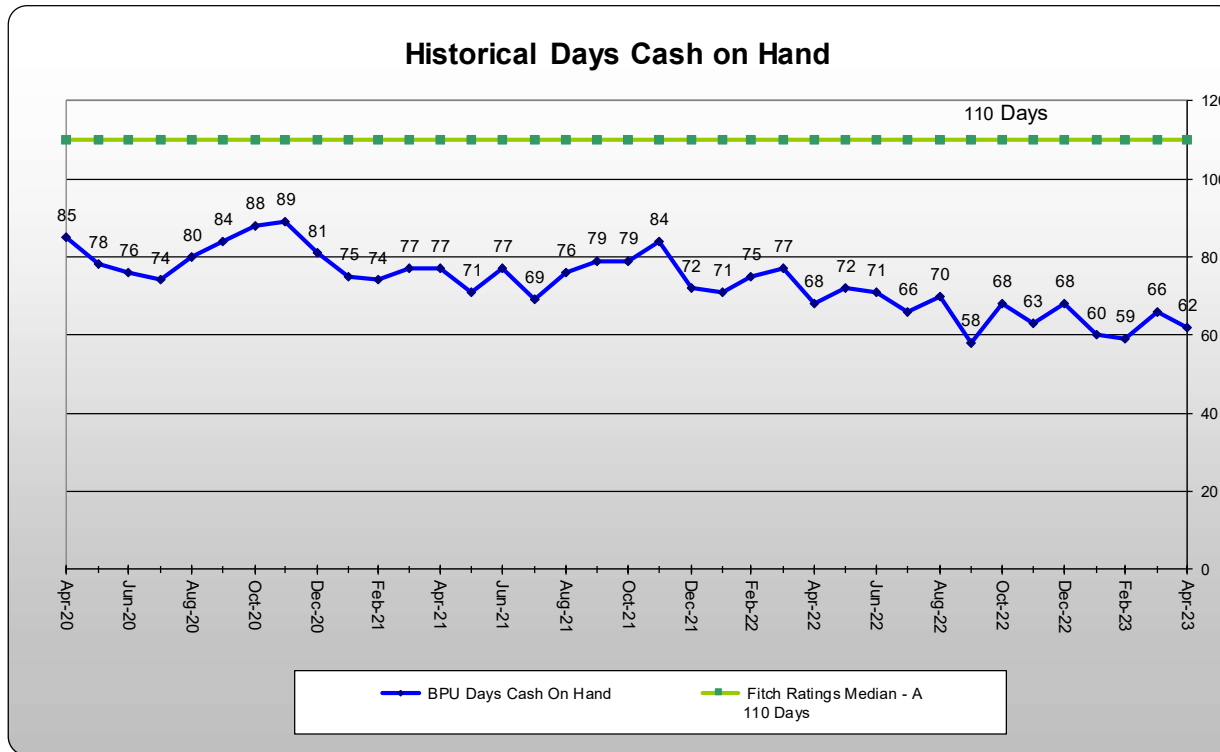
Cash Position

	(CY) 2023 April	(PY) 2022 April	2023 March
Combined (E&W) Days Cash-on-Hand	\$ 40.92 62	\$ 41.20 68	\$ 43.05 66

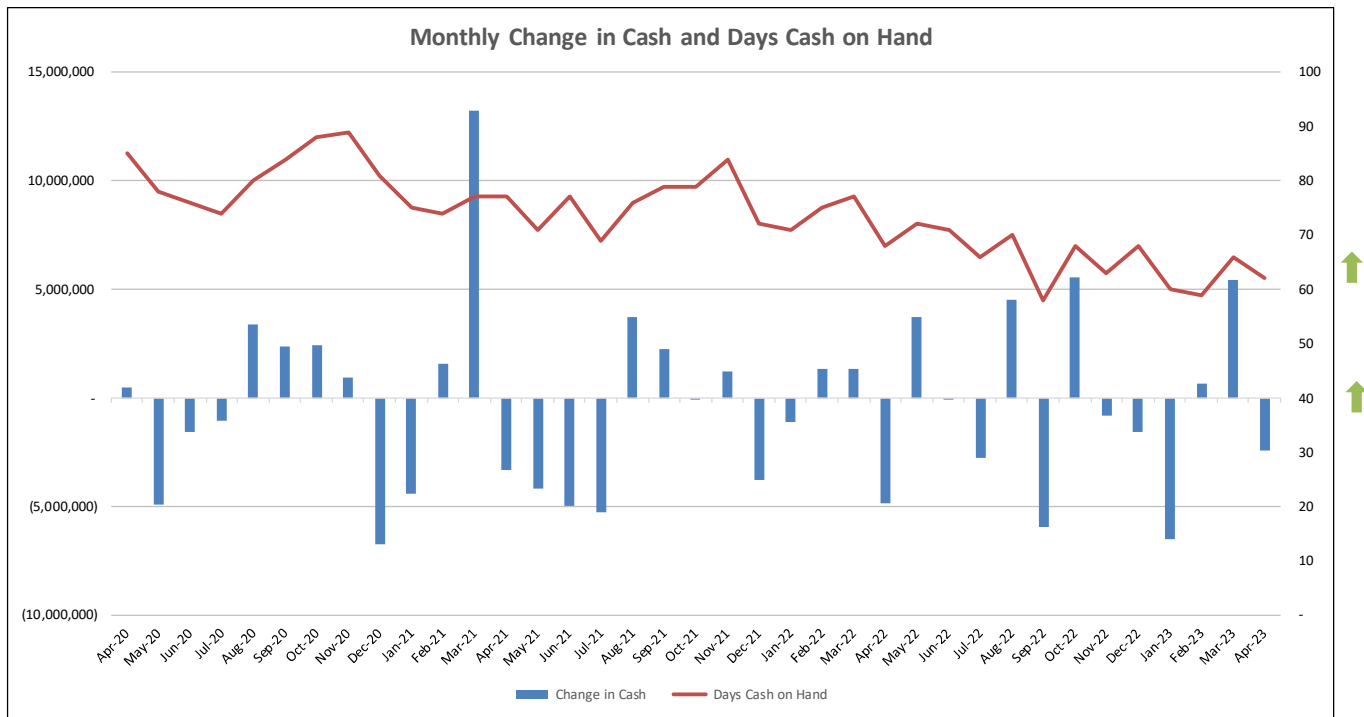
**Dollars in millions

1 Day = Approximately \$700K-\$750K
(Based on 12 month rolling average of expenses)

Financial Results



Financial Results



Balance Sheet: Notables

	(CY) 2023 April	(PY) 2022 April
Fuel Inventory	\$ 11.244	\$ 4.162
Bond Dollars 2016C (Elec T&D)	\$ 0.726	\$ 0.709
Bond Dollars 2020A (Elec)	\$ 0.816	\$ 0.797

**Dollars in millions

Capital Spending

	(CY) 2023 YTD	(PY) 2022 YTD	2023 Budget	
Electric	\$ 6.36	\$ 5.99	\$ 30.67	
Water	2.91	2.15	24.71	
Common	1.02	0.86	5.20	
Total YTD Capital	\$ 10.29	\$ 9.00	\$ 60.58	Remaining 83%

Major projects in 2023:

**Dollars in millions

- Fisher UG Feeders - \$1.2M
- Annual Underground - \$705K
- Annual Overhead - \$697K
- N1 Burner Coal Nozzle Replacement – \$1.4M
- Water Sys Imp, Valves & Leaks - \$1.3M
- Argentine 7 MG Tank Replacement - \$716K

Debt Coverage

Debt Coverage with PILOT

	(CY) 2023 April	(PY) 2022 April
Electric	2.72	2.12
Water	2.20	1.95
Combined	2.82	2.27

Debt Coverage w/o PILOT

	(CY) 2023 April	(PY) 2022 April
Electric	2.00	1.50
Water	1.72	1.49
Combined	2.10	1.63

Financial Guideline Target 1.6 to 2.1 times with PILOT

Electric Production Spring Outage 2023 Update

Glen Brendel
Chad Newbill
Doug Bowen

Agenda

- Safety Topic
- CT 4 Capital Transfer Update
- EPROD Status
- Major Capital work (Chad Newbill)
- Major Expense work update (Doug Bowen)

Safety Topic and Results YTD

Near misses:

- LOTO, required LOTO policy clarification
- Procedure, Reviewed SOP and re-trained employees
- House keeping, reinforced expectation to clean work area
- Vehicle, mechanical failure of suspension while backing vehicle
- CDS, Cleaning material off walls and material striking scaffold
- Contractor, failure to properly secure load in transit
- Contractor, heat exhaustion
- Contractor, LOTO failure to secure all energy sources

Injuries:

- 1 slip trip and fall, stepping over scaffold pole, knee
- 2 repetitive motion injuries:
 - sanding, right arm.
 - Driving over uneven surface, sore back

Safety related work:

- FGD byproduct silo unloading
- Acid tank modification

TEAMWORK MAKES THE DREAM WORK





CT4 Fuel Nozzle Refurbishment

Sulzer chosen based on price and schedule conformance

- Arrived on site April 3rd 2023
- Work complete and testing plan initiated May 18th 2023
- Unit returned to SPP for market dispatch May 19th 2023
- PSM testing May 25th and 26th for seasonal tuning (self commitment)
- Unit returned to SPP for Market dispatch
- Unit performance in line with expectations with no lean lean events due to flame instability.
- Under budget and ahead of schedule

EPROD Status

Nearman 1 synchronized June 3rd 2023 for exciter commissioning and NERC required testing. (Self Commit)

- Exciter tuning and MOD 25,26, and 27 testing completed
- Nearman burner commission and testing in parallel
 - 2 mill configurations and 3 Mill testing complete June 15th.
 - Unit released to SPP market dispatch June 16th 2023
 - Experiencing 2 mill load restriction to 190 MW. Evaluating LOI issues
 - Days of coal on hand 98 days (294KTons), Tons received YTD (323.6KTons)

CT2 (Ready for start)

CT3 in forced outage due to fuel oil pump gearbox clutch failure. (ETR 8 weeks)

4A/B belt failure status



Capital Work

- Replace Conveyor 7A belt & bend Pulley
- N1 Generator H2 Cooler - Aux CW Connections Repair/ de-rate mitigation
- N1 Generator Re-wedge & RHSV seat restoration
- Replace Turbine Gland Steam Piping In Condenser
- Burner Replacement
- Rental Demin Tie-in
- Replacement SCR Catalysts
- Insulation Remove and Replace for SCR Catalyst Doors
- Acid Tank Modification Nozzle Installation/safety mitigation
- SCR Test Tube Bundles Demolition
- 5KV Cable Replacement Project @ Coal Handling, PA and FD fans
- Cooling Tower DCS Upgrade PLC to DCS Ovation
- N1 Excitation Replacement Project
- Flood Pump DCS Upgrade



Expense Work

Clean Steam Coils

Boiler Blasting/Back Pass, CDS Cleaning

Repair Crusher Dryer / Mill Inlets and Outlets/ de-rate mitigation

Clean & Repair if Necessary, LPA screens

Replace Eroded 90 degree elbows in pegging Steam Line before EXT 2 tie

Boiler Tube Repair & Discovery Work

HP & LP Heater, DA, Pegging/Steam Inert Safety Valve Inspection/ best practice and insurance requirement

Replace Byproduct Silo Floor Aeration Tray Fabric and Hopper Stones/ safety mitigation

Ash removal SCR/Boiler/CDS/Econ, PA duct/FGD Silo

Change 2 Expansion Joints on PA Duct

DCS Ovation Updates: Ovations/Windows/Oracle

Incorporate Vibration trips /Insurance recommendation

Control valve and actuator inspections and repairs

1B BFP Motor reconditioning

Turbine Lube Oil Tank Inspection



Expense Work Continued

N1 Startup Transformer leak repair and inspection

Replace Control Room AQC Metering & install associated cabling and programing.

Turbine Valves & Generator

Replace Gland Steam Condenser Drain Trap/ Unit de-rate mitigation

Lower Slope Tube & BA Screens Spot Replacement

High Energy Piping Inspection/ best practice and insurance requirement

Primary. SH Hanger Collar Replacement

Economizer. & Primary RH Soot blower Erosion Visual & Spot Scan

RH Inlet Header Tube Stub Inspect Replacement/previous de-rate mitigation testing

Open and Inspect Deaerator /insurance request

Cooling Tower Structure Repairs

Questions, Concerns, Comments?

