

REGULAR SESSION –WEDNESDAY, MAY 3, 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, May 3, 2023 at 6:00 P.M. The following Board Members were present: Rose Mulvany Henry, President; Thomas Groneman, Vice President; Robert L. Milan, Secretary; Jeff Bryant, Mary Gonzales, and David Haley.

Also present: William Johnson, General Manager; Angela Lawson, Deputy Chief Counsel; Jeremy Ash, Chief Operating Officer; Maurice Moss, Executive Director Corporate Compliance; Jerin Purtee, Executive Director Electric Supply; Glen Brendel, Executive Director Electric Production; Jerry Sullivan, Chief Information Officer; David Mehlhaff, Chief Communications Officer; Dennis Dumovich, Director of Human Resources; Dustin Miller, Director of Applications; Randy Otting, Director Accounting; Clifford Robinett, Acting Director Water Distribution; Jason McVay, Superintendent Fleet Maintenance; Gabriela Freeman, Supervisor Customer Services; Michael Oldehoeft, Supervisor Water Distribution; and Rick Hardman, 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 6:03 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.

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 Regular Session Minutes of April 19, 2023

A motion was made to approve the minutes of the Work Session of April 19, 2023, by Ms. Gonzales, seconded by Mr. Groneman, and unanimously carried.

Item #5 – Public Comments

Mr. Ty Gorman, 2843 Parkwood Blvd., expressed his appreciation on the Community Engagement Committee meeting, held before the Regular session. He voiced his thoughts on the application and screening process for committee members coming from the public sector. He suggested it could go deeper into the community if neighborhood resource associations (NBR) or those involved with energy efficiency programs had applications available for them to distribute. He also spoke about avenues of compensation.

Ms. Mulvany Henry asked Mr. Gorman for his views on funding participation.

There was discussion on compensation perimeters. The funding level that Mr. Gorman was thinking of through the Board was for participants, handled through the NBR's.

Ms. Mulvany Henry asked him to clarify his intent that participants would put in an application into the NBR for further participation as community ambassadors with the committee.

Mr. Gorman said that the participants he was thinking of would have been involved with the utility in some way, i.e. they couldn't pay or there were other issues with their house, their connection, fees, etc.

Item #6– General Manager / Staff Reports

- i. *March 2023 Financials:* Mr. Randy Otting, Director Accounting, reviewed the Preliminary February 2023 Financials with the Board. (See attached PowerPoint.)

Mr. Otting responded to questions from the Board.

- ii. *Fleet Maintenance Update:* Mr. Jason McVay, Superintendent Fleet Maintenance, gave the Board and overview of the BPU Fleet Department. He spoke about the make-up fleet maintenance team, the vehicles that made up the fleet, practices and procedures, as well as the fleet replacement program. (See attached PowerPoint.)

Mr. McVay responded to question from the Board.

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- iii. *Miscellaneous Comments:* Mr. Johnson commented on a meeting at the Unified Government (UG) he attended regarding the city-wide Master Plan. He mentioned that there was going to be a PILOT reduction special meeting, May 25th at 5 P.M. He also said there was the potential for a Joint meeting sometime in July. And he had spoken to the new County Administrator about resuming the UG/BPU quarterly meetings.

Item #7 – Board Comments

Mr. Groneman had no comments.

Mr. Haley had no comments.

Mr. Milan spoke about the NBR programs and mentioned the funding they received from BPU. He also spoke about the three levels of income, residential, commercial and industrial.

Ms. Mulvany requested Board approval to attend the 2023 APPA National Convention in Seattle, Washington, June 18th -21st.

A motion was made to approve Ms. Mulvany’s travel to the conference, by Mr. Bryant, seconded by Mr. Groneman, and unanimously carried.

She also spoke about the Community Engagement committee. The goal was to have a framework for how it would work with the community ambassadors, in the form of a resolution for review at the May 17th Work Session.

Mr. Haley said he would be attending the next meeting via Zoom and wanted to confirm that the Board would be able to review the resolution before the Work Session discussion.

Ms. Angela Lawson confirmed and added that after the resolution was forwarded there could be no conversation amongst the Board members regarding it.

Ms. Mulvany Henry also thanked Mr. McVay for his presentation.

Mr. Bryant thanked Mr. Otting and Mr. McVay for their presentations.

Ms. Gonzales also thanked Mr. McVay and Mr. Otting for their presentations. She also thanked Ms. Mulvany Henry and Mr. Bryant for working on Community Engagement.

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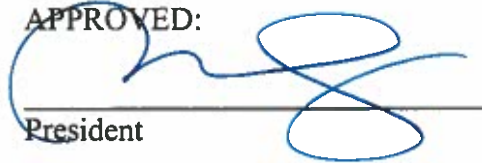
Item #8 – Adjourn

At 7:03 P.M. a motion to adjourn was made by Mr. Milan, seconded by Mr. Bryant and unanimously carried.

ATTEST:


Secretary



APPROVED:


President

March 2023 Preliminary Financial Results

May 3, 2023

2023 Billed kWh (YTD Jan - Mar)

Electric	(CY) 2023 YTD	(PY) 2022 YTD	
Residential	143,921,778	145,918,509	 
Commercial	234,772,936	230,420,199	
Industrial	129,134,919	126,218,945	
	507,829,633	502,557,653	1.0%

Commercial and Industrial usage was above 2022 levels

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

2023 Billed CCF's (YTD Jan - Mar)




Water	(CY) 2023 YTD	(PY) 2022 YTD	
Residential	809,797	797,177	↑ All customer classes usage were above 2022 levels
Commercial	568,429	551,352	
Industrial	433,962	432,888	
	1,812,188	1,781,417	1.7%

Residential – Up 2%

Commercial – Up 3%

Industrial – Up <1%

Revenues – March 2023

	(CY) 2023 March	(PY) 2022 March		Budget 2023 March	(CY) 2023 March	
Electric	\$ 24.695	\$ 23.981		\$ 23.988	\$ 24.695	
Water	3.927	4.017		3.971	3.927	
Combined	\$ 28.622	\$ 27.998	2.2%	\$ 27.959	\$ 28.622	 2.4%

Actual Compared to 2023 Budget

Electric – Up 3%

Water – Down 1%

Combined – Up 2%

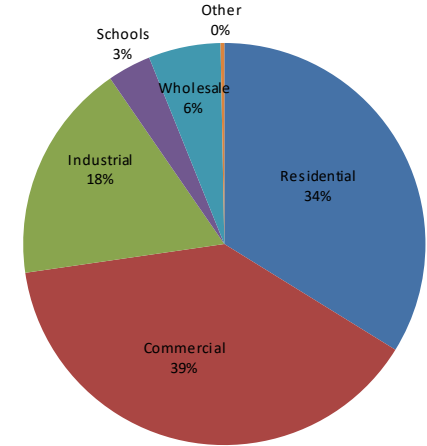
Revenues – 2023 YTD

	(CY) 2023 YTD	(PY) 2022 YTD		Budget 2023 YTD	(CY) 2023 YTD	
Electric	\$ 79.344	\$ 73.394	↑	\$ 74.647	\$ 79.344	↑
Water	12.447	12.097		12.339	12.447	
Combined	\$ 91.791	\$ 85.491	↑ 7.4%	\$ 86.986	\$ 91.791	↑ 5.5%




**Dollars in millions

Variance – YTD comparing Budget to Actual for 2023

<u>Electric:</u>	<i>Up 6%</i>	<u>Water:</u>	<i>Up 1%</i>
Residential	\$ 490K	Residential	\$177K
Commercial	\$ 2.7M	Commercial	\$105K
Industrial	\$ 618K	Industrial	\$ 22K
Schools	\$443K	Wholesale	(\$42K)
Wholesale	(\$210K)		



Operating Expenses – March 2023

	(CY) 2023 March	(PY) 2022 March		Budget 2023 March	(CY) 2023 March	
Electric	\$ 22.351	\$ 17.476		\$ 20.894	\$ 22.351	
Water	3.242	3.103		3.503	3.242	
Combined	\$ 25.593	\$ 20.579	24.4%	\$ 24.397	\$ 25.593	 4.9%

Actual Compared to 2023 Budget

Electric – Up 7%

Water - Down 7%

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

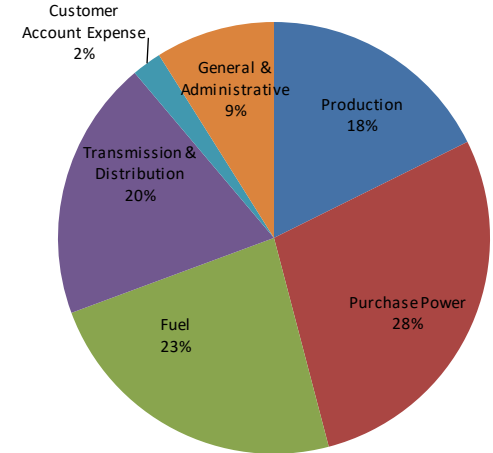
Operating Expenses – 2023 YTD

	(CY) 2023 YTD	(PY) 2022 YTD		Budget 2023 YTD	(CY) 2023 YTD	
Electric	\$ 60.697	\$ 52.886	↑	\$ 60.282	\$ 60.697	↑
Water	9.289	8.907		10.085	9.289	↓
Combined	\$ 69.986	\$ 61.793	↑ 13.3%	\$ 70.367	\$ 69.986	↓ -0.5%



**Dollars in millions

Actual Compared to 2023 Budget

- Electric - Down <1%
- Water - Down 8%
- Combined – Down 1%



Operating Expenses – 2023 YTD less Depreciation

	(CY) 2023 YTD	(PY) 2022 YTD		Budget 2023 YTD	(CY) 2023 YTD	
Electric	\$ 51.914	\$ 45.217		\$ 51.617	\$ 51.914	
Water	7.193	6.848		7.990	7.193	
Combined	\$ 59.107	\$ 52.065	13.5%	\$ 59.607	\$ 59.107	-0.8%

**Dollars in millions

Variance – YTD comparing Budget to Actual 2023

Electric:

Purchased Power \$532K
 Fuel (\$4.2M)
 Production (\$2.0M)
 T&D (\$928K)
 G&A (\$330K)

Water:

Production (\$400K)
 T&D (\$295K)
 G&A (\$ 57K)

Change in Net Position – March 2023

	(CY) 2023 March	(PY) 2022 March
Electric	\$ (1.547)	\$ 2.505
Water	0.561	0.398
Combined	\$ (0.986)	\$ 2.903

Budget 2023 March	(CY) 2023 March
\$ (0.812)	\$ (1.547)
0.025	0.561
\$ (0.787)	\$ (0.986)

**Dollars in millions

Change in Net Position – 2023 YTD

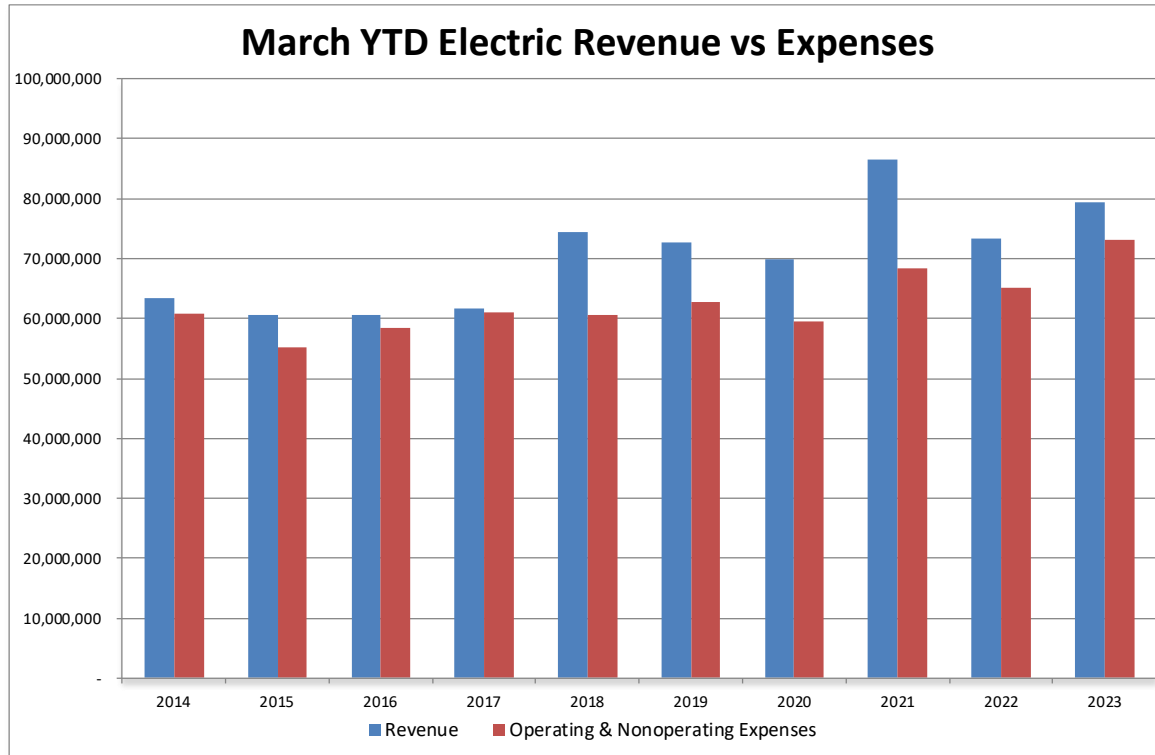
	(CY) 2023 YTD	(PY) 2022 YTD
Electric	\$ 6.237	\$ 8.211
Water	1.755	1.732
Combined	\$ 7.992	\$ 9.943

Budget 2023 YTD	(CY) 2023 YTD
\$ 2.360	\$ 6.237
0.625	1.755
\$ 2.985	\$ 7.992

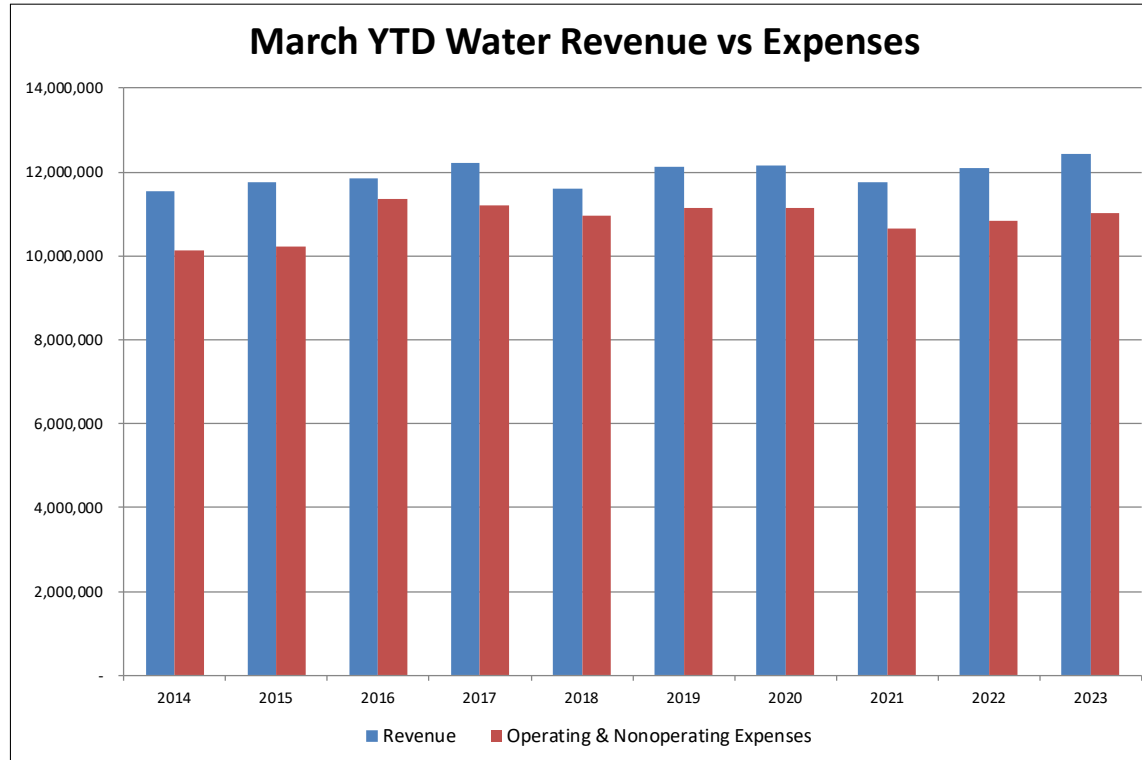


**Dollars in millions

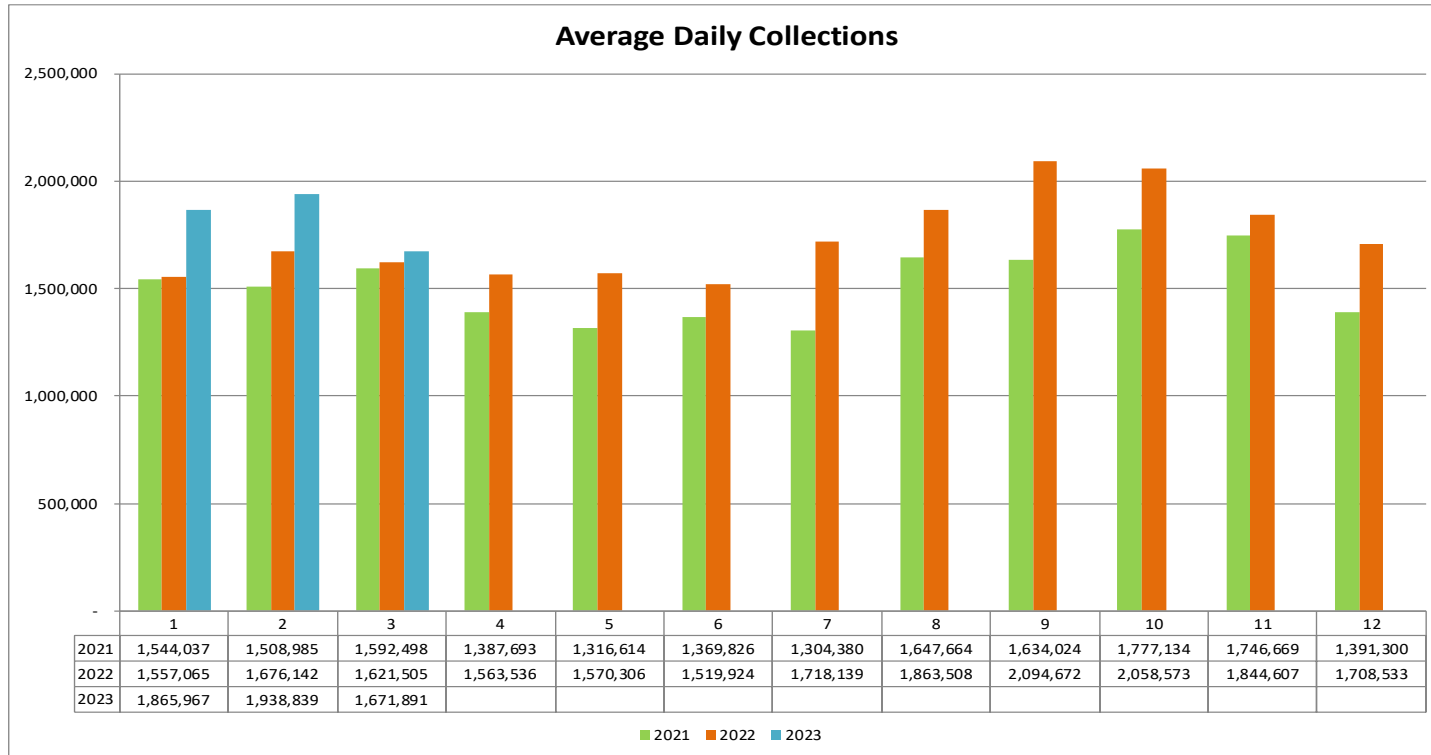
Financial Results – 10 Year Trend



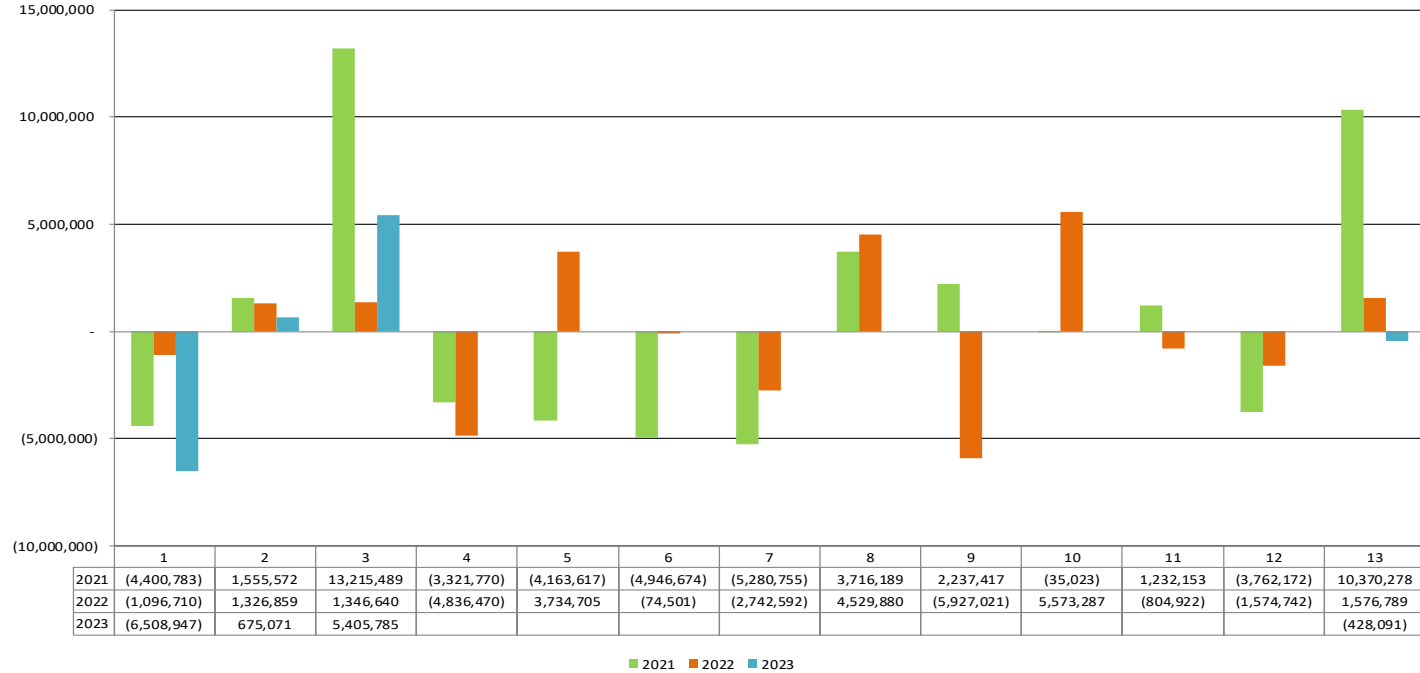
Financial Results – 10 Year Trend



Financial Results



Historical Monthly Cash Comparison

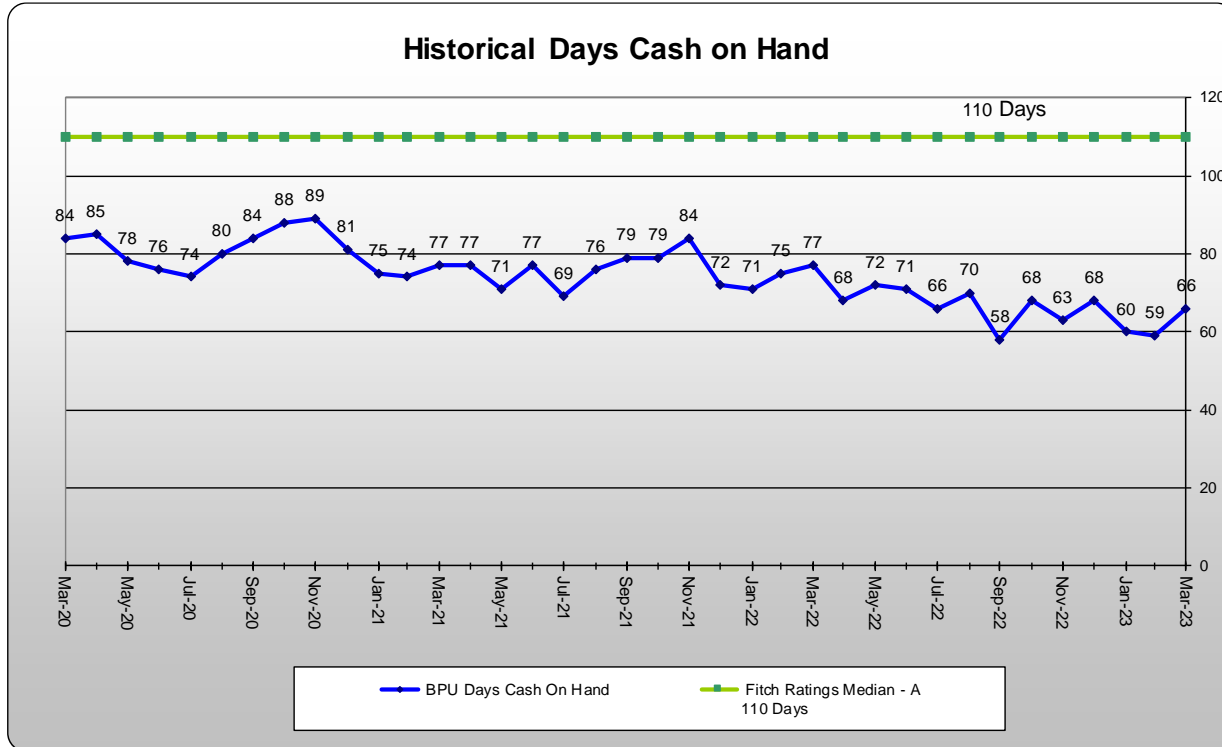


Cash Position

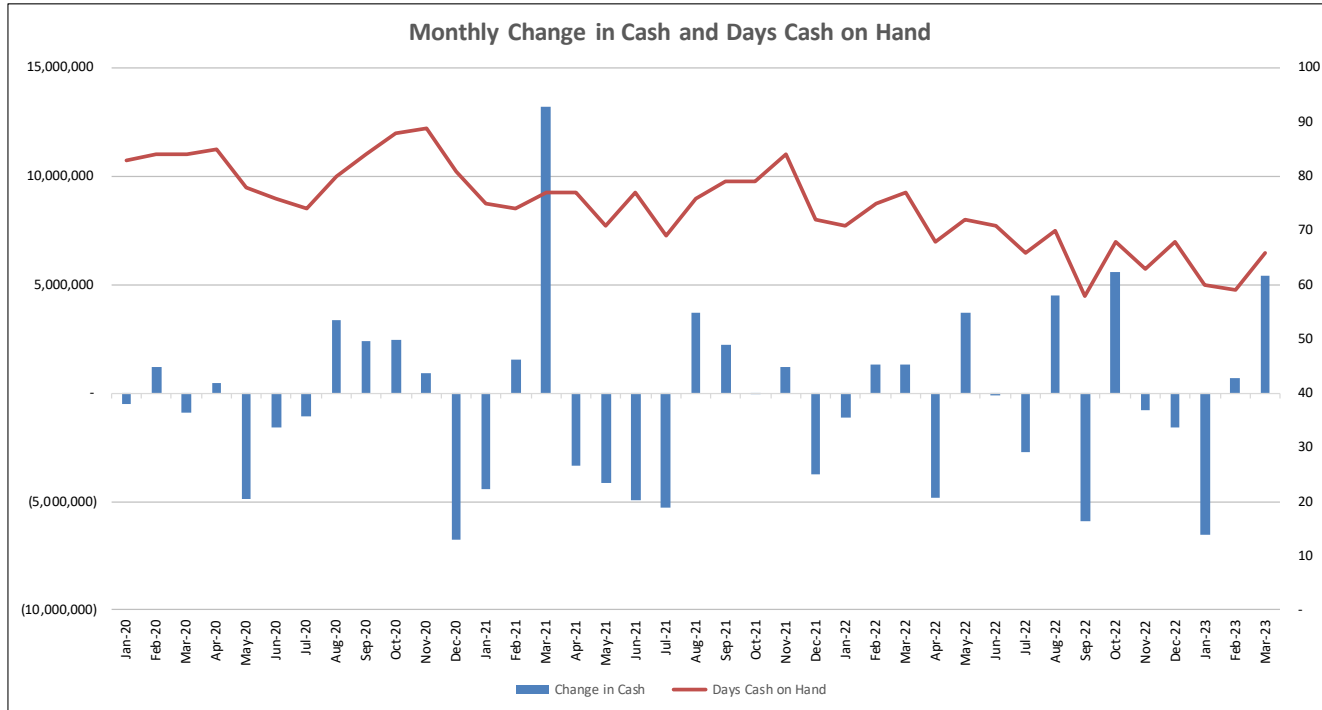
	(CY) 2023 March	(PY) 2022 March	2023 February
Combined (E&W)	\$ 43.05	\$ 45.71	\$ 38.21
Days Cash-on-Hand	66	77	59

**Dollars in millions

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



Financial Results



Balance Sheet: Notables

	(CY) 2023 March	(PY) 2022 March
Fuel Inventory	\$ 8.896	\$ 4.853
Bond Dollars 2016C (Elec T&D)	\$ 0.723	\$ 0.709
Bond Dollars 2020A (Elec)	\$ 0.813	\$ 0.797

**Dollars in millions

Capital Spending

	(CY) 2023 YTD	(PY) 2022 YTD	2023 Budget	
Electric	\$ 3.90	\$ 5.14	\$ 30.67	
Water	2.12	1.45	24.71	
Common	0.65	0.63	5.20	
Total YTD Capital	\$ 6.66	\$ 7.22	\$ 60.58	Remaining

89%

Major projects in 2023:

**Dollars in millions

Fisher UG Feeders - \$1.1M
 Annual Underground - \$604K
 Annual Overhead - \$643K
 N1 Burner Coal Nozzle Replacement – \$580K
 Water Sys Imp, Valves & Leaks - \$975K
 Argentine 7 MG Tank Replacement - \$553K

Debt Coverage

Debt Coverage with PILOT

	(CY) 2023 March	(PY) 2022 March
Electric	2.73	2.13
Water	2.20	1.94
Combined	2.83	2.28

Debt Coverage w/o PILOT

	(CY) 2023 March	(PY) 2022 March
Electric	2.01	1.53
Water	1.73	1.48
Combined	2.10	1.65

Financial Guideline Target 1.6 to 2.1 times with PILOT

Fleet Maintenance Board Presentation 2023

- Fleet Maintenance Team
- Fleet Maintenance Facilities
- Fleet Units & Types
- Maintenance Practices & Procedures
- Maintenance & Fuel Cost
- Fleet Replacement Procedure & Grading System
- Future Fleet Outlook
- Fleet Retirement & Auction

Fleet Maintenance Team

- Jason McVay - Superintendent
- Loren Jackson - Shift Supervisor
- 2 Clerks
- 4 Working Foremen
- 6 Garage Mechanics
- 5 Service Persons
- 1 Refueler

Service Center Fleet Facility



Muncie Fleet Facility



Fleet Inventory

- 370 active units to date. On Road 277 units, Off Road 93 units.
- BPU owns 100% of the assets.
- Numerous powered tools serviced such as chainsaws, water pumps & hydraulic tools.
- Inventory has decreased by 49 units since 2017.
- Inventory consist of Sedans, SUVs, Light trucks, Medium & Heavy duty trucks, small to large off road equipment and trailers.
- Specialty trucks such as Aerials, Digger Derricks, Crane mounted trucks, Vacuum trucks and trucks with 3 in 1 power systems.

Sedans, SUVs, Vans & Light Trucks



Medium & Heavy Duty Trucks



Aerials & Digger Derricks



Other Unit Types



Trailers



Off-road and Utility Vehicles



Large Equipment



Preventative Maintenance Program

- All maintenance and repairs are done in house other than warranty repairs & accident/body repairs.
- Units are brought in for service based on utilization of mileage, engine hours and/or a set amount of days.
- Annual and Bi-Annual inspections are performed on a set monthly schedule.
- Oil changes are completed on a set amount miles or engine hours based on manufacturer maintenance recommendations.
- Inspection forms are completed, hours spent on maintenance and repairs and comments are entered in TMT Fleet Software.
- Aerial Inspections are performed annually by a certified vendor that meet OSHA, ASME, ANSI and NDT standards.

Fleet Maintenance Cost

- Maintenance cost and fuel cost are tracked by TMT Fleet Software.
- TMT tracks hours spent on repairs, parts, services and cost.
- Able to track fuel usage, unit utilization, maintenance cost, repair cost and accident cost.
- Life cycle cost of unit are considered in replacement criteria.
- Repair cost year to year vary due to utilization, average fleet life cycle and weather.
- Average 3,355 Repair Orders annually. Includes scheduled maintenance, repairs and accidents.

Fleet Replacement Program

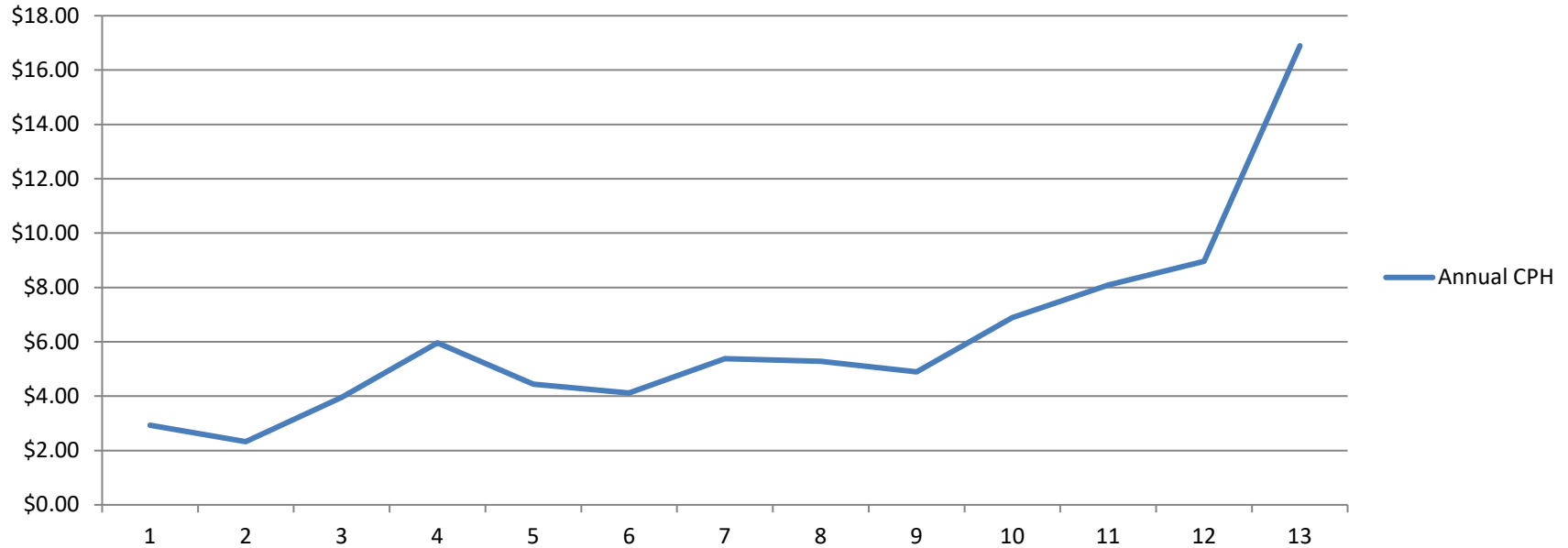
- Replacement Criteria Considerations:
 - Age
 - Mileage/Hours
 - Condition
 - Life cycle cost
 - Utilization
 - Unit configured or sized correctly
 - Business need

Fleet Replacement Program

- Heavy Duty Trucks - 10/12 years or 10,000 to 12,000 hours
- Heavy Duty Trucks with Aerials - 7/10 years or 10,000 hours
- Medium Duty Trucks - 8/10 years or 8,000 to 10,000 hours
- Medium Duty Trucks with Aerials - 7/10 years, 8,000 hours or 120,000 miles
- Light Duty Vehicles - 7/10 years or 120,000 to 150,000 miles

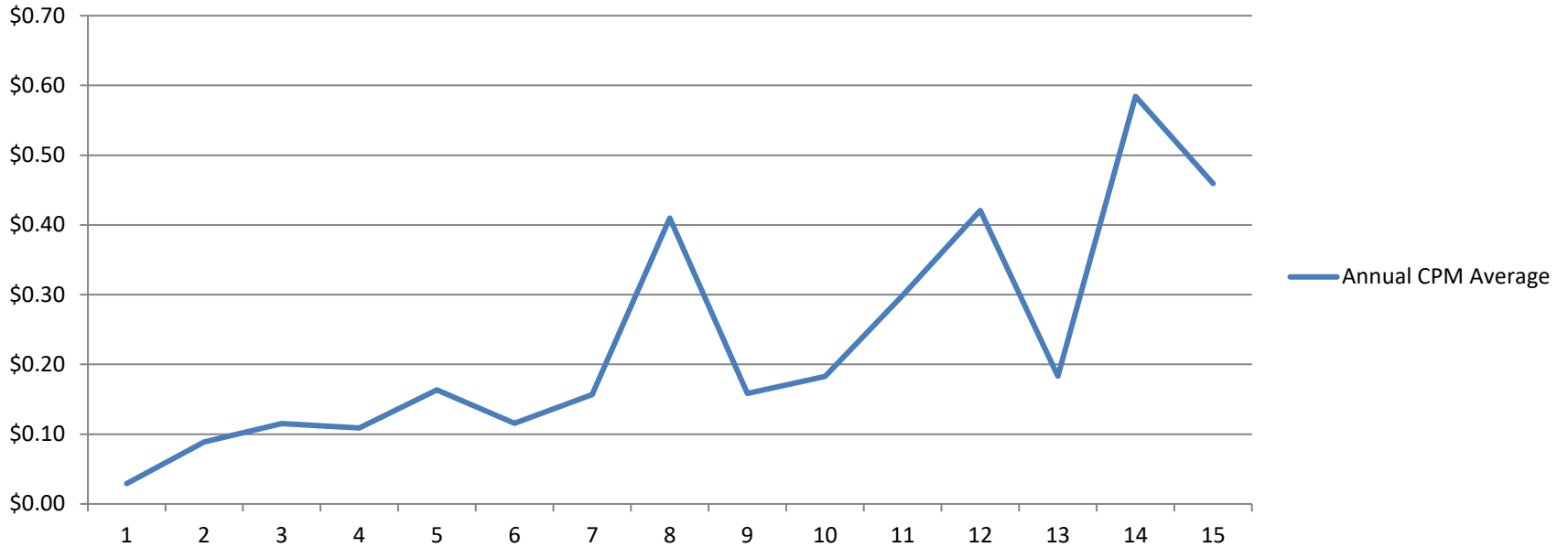
Cost Per Hour Heavy Duty Trucks

Annual CPH



Cost Per Mile Light Duty Trucks

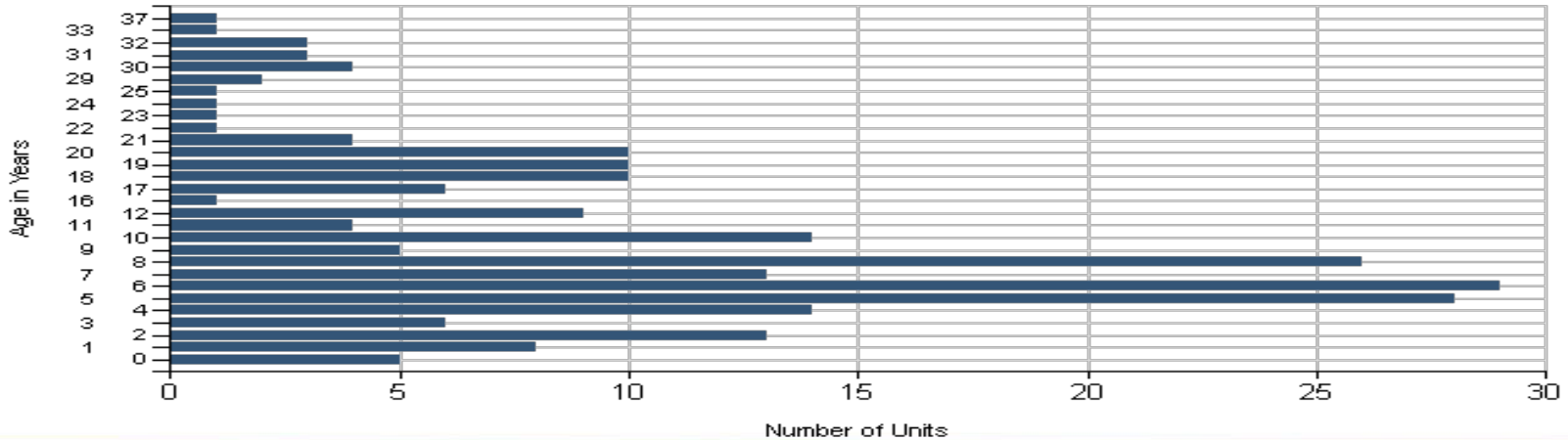
Annual CPM Average



Current Fleet Outlook

- Current on-road fleet average age is 10 years.
- Ideal average age would be 5 to 6 years.
- Maintenance cost goes up substantially after 7 years of service.

Number of Units for Age in Years



New Unit Benefits

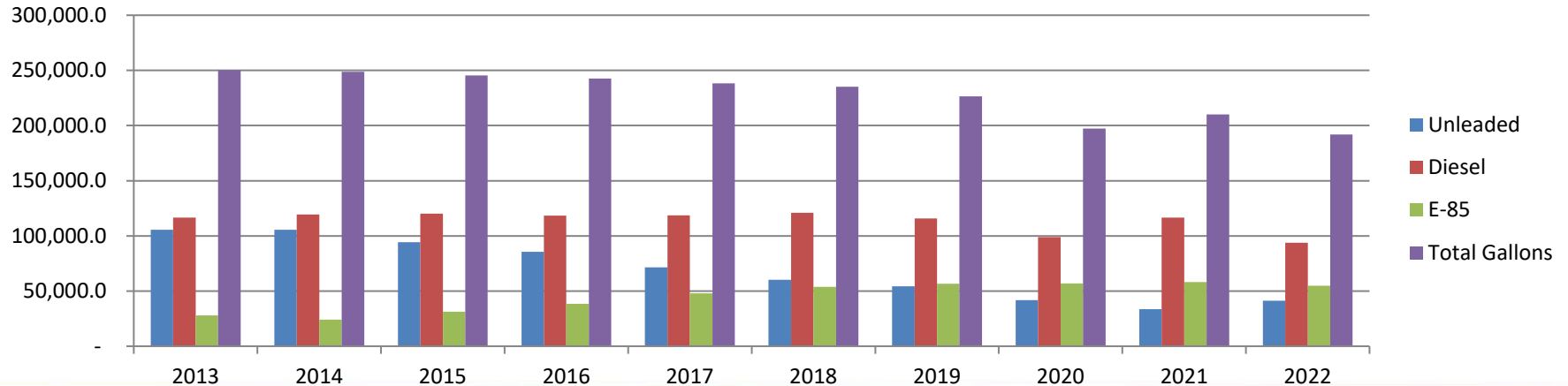
- New fleet purchases are more reliable, safer and more efficient.
 - More reliable with less down time and maintenance costs.
 - More fuel efficient saving fuel costs and less emissions.
 - Safer with new equipment that better fit the Utility needs.
 - Strobe Lights and Traffic Advisors
 - Work Lighting
 - Back up cameras
 - Lower egress steps & grab handles

Future Fleet Outlook

- Continue to purchase units that are more cost effective, safe and fuel efficient.
- Spec units that are correctly sized for the job intended.
- Stay abreast of current and future model and industry standards.
- EV's and hybrids will fit some roles of future units.
- Keep renewable fueled units such as E-85 capable units in our fleet portfolio.
- Keep fleet cost effective as possible within current market trends and options available.

Fuel Usage

- Fuel Usage has decreased over the past 10 years.
- Fewer units, more efficient units, updated vehicle specs and no idle policy have helped decrease the amount of fuel used annually.
- Fuel types include Diesel, Unleaded & E-85.



Retired Fleet Sales

- Retired fleet assets are listed and sold on the Purple Wave Auction Government listing.
- Kansas State Contract. BPU receives 100% of auction amount.
- Units are listed online and marketed by Purple Wave Auction.
- Nationwide viewership. Units have been sold to buyers all over the country.
- BPU receives entire auction amount. Buyer pays percentage to Purple Wave.

Auction Results

- In some cases the auction process has increased unit sales by as much as 400% over trading units in on new unit purchases.
- Sold 150 units since 2017.
- Auction proceeds since 2017 is \$778,258.
- Auction funds are applied back to the depreciation of the asset.