

**REGULAR SESSION –WEDNESDAY, MARCH 2, 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, March 2, 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, Jeff Bryant, and David Haley.

Also present: William Johnson, General Manager; Angela Lawson, Deputy Chief Counsel; Lori Austin, Chief Financial Officer/Chief Administrative Officer; Johnetta Hinson, Executive Director Customer Service; Jeremy Ash, Executive Director Electric Operations; Jerin Purtee, Executive Director Electric Supply; Steve Green, Executive Director Water Operations; Dong Quach, Executive Director Electric Production; Maurice Moss, Executive Director Corporate Compliance; Jerry Sullivan, Chief Information Officer; David Mehlhaff, Chief Communications Officer; Robert Kamp, IT Project Manager; Dennis Dumovich, Director Human Resources; Brian Laverack, Director of Network Operations 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 6:00 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. Members of the community who wished to speak to the Board during the public comment session must be logged in to the Zoom meeting through the internet using their browser or the Zoom application. Those wishing to offer comments during the public comments section could click on the raised hand feature at the bottom of the application or window or press Star 9 if connected by phone only. 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. Bryant, seconded by Ms. Mulvany Henry, and unanimously carried.

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**Item #4 – Approval of Work Session Minutes of February 16, 2022**

A motion was made to approve the minutes of the Work Session of February 16, 2022, by Mr. Milan, seconded by Mr. Groneman, and unanimously carried.

**Item #5 – Approval of Regular Session Minutes of February 16, 2022**

A motion was made to approve the minutes of the Regular Session of February 16, 2022, by Mr. Bryant, seconded by Ms. Mulvany Henry, and unanimously carried.

**Item #6 – Public Comments**

Mr. Jared Emmons, 12208 Pebble Beach Dr., inquired about the Cold Weather Rule plan of action.

Mr. Johnson said that it would be continued to be reviewed by staff and they would be coming back to the Board with any proposed changes and recommendations. A date to put it on the Agenda would be set a later time.

Ms. Mulvany Henry suggested setting a date.

Mr. Groneman suggested that an appointed committee meet and review the weather policies and come back possibly the June 1 meeting with recommendations.

Mr. Milan reminded that there was a Policy Committee already in place.

Ms. Gonzales confirmed that the Policy Committee included - Mr. Milan, Mr. Groneman, and Mr. Bryant.

Mr. Emmons inquired about supporting data from a slide regarding loss of revenue from the Cold Weather Rule presentation given at the last Work Session meeting.

Mr. Johnson said that he would not be able to furnish that information at this time but would be happy to report back.

Mr. Milan spoke about including the gas company policies when comparing other policies.

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Mr. Bryant requested that policies be pulled for review by the committee and that staff recommendations also be provided. He asked if the committee would be available to meet on April 6, for 45 minutes before the Work Session to discuss.

Mr. Groneman asked Ms. Angela Lawson, Deputy Chief Counsel, the best way to receive comments/suggestions from staff and other Board members before the policy discussion.

Ms. Lawson said that it would be best to forward them to the General Manager, Mr. Johnson, individually to be presented in the open meeting. She explained the Kansas Open Meetings Act.

**Item #7 – General Manager / Staff Reports**

- i. *NERC Audit Preparation:* Mr. Maurice Moss, Executive Director Corporate Compliance gave a PowerPoint presentation which provided an overview of the North American Electric Reliability Corporation (NERC), his department, which included Environmental Compliance, NERC Compliance and Risk Management, and explained the preparation for the upcoming NERC Audit. (See attached.)

Mr. Moss and Mr. Jerin Purtee, Executive Director Electric Supply, responded to questions and comments from the Board.

- ii. *Preliminary January 2022 Financials:* Ms. Lori Austin, Chief Financial Officer/Chief Administrative Officer, gave a PowerPoint presentation reviewing the preliminary financials from January 2022 with the Board. (See attached.)

Ms. Austin answered questions from the Board.

- iii. *Miscellaneous Comments:* Mr. Johnson said that Ms. Gonzales, had forwarded him the Committee List. He also commented that he would be meeting with Ms. Gonzales in the upcoming week to discuss Agenda topics.

**Item #8 – Board Comments**

Mr. Haley thanked all for the information given in the evening’s presentations and discussions. He said that he would forward the information to Mr. Johnson on Bill 477. He also suggested that maybe there could be a future policy review to look at back billing. He spoke about Board compensation. He would like for it to be an upcoming Agenda topic.

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Mr. Groneman had no comments.

Mr. Milan said that he appreciated the presentations and dialog of the evening.

Mr. Bryant thanked all for the important and educational presentations of the evening. He looked forward to the discussion regarding Board compensation. A precursor of his opinion was that if you increased compensation you could possibly have people run for the wrong reason.

Ms. Mulvany Henry thanked Mr. Sullivan and Mr. Laverack for the information presented at the Work Session. She really appreciated receiving it sooner than expected. She also thanked Mr. Moss for his presentation.

Ms. Mulvany Henry requested to attend the APPA National Conference, June 10-15. With June 15 being a meeting date, she requested to attend the meeting via Zoom if necessary.

Ms. Gonzales said that, in the past, if several members were attending a conference on a meeting date, they would consider changing the date of the meeting.

A motion was made to approve Ms. Mulvany Henry’s attendance to the conference by Mr. Bryant, seconded by Mr. Groneman.

Roll call was taken:

Mr. Haley – yes

Mr. Groneman – yes

Mr. Milan – yes. He also included that the AWWA National Conference was scheduled to be held in June.

Mr. Bryant – yes

Ms. Gonzales – yes

Ms. Mulvany Henry – yes

The motion carried unanimously.

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Ms. Gonzales echoed the other Board member comments about the evening’s presentations.

Mr. Johnson added that the AWWA National Conference was actually going to be held the very same week as the APPA National Conference.

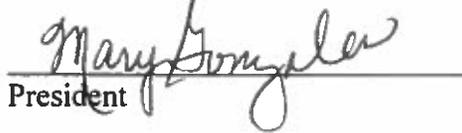
**Item #9 – Adjourn**

A motion was made to adjourn the Regular Session at 7:04 P.M. by Mr. Bryant, seconded by Ms. Mulvany Henry, and unanimously carried.

ATTEST:

  
Secretary

APPROVED:

  
President

# NERC Audit Preparation

March 02, 2022

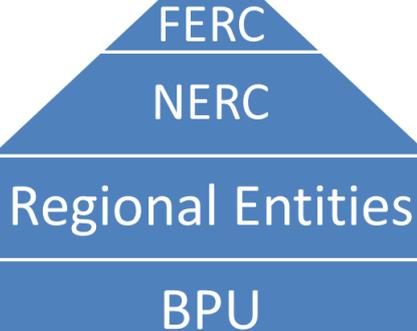


# NERC

NORTH AMERICAN ELECTRIC  
RELIABILITY CORPORATION

# NERC AUDIT

- Energy Policy Act of 2005
- Formed in 2006
- Authority
  - Develop
  - Monitor & Enforce Compliance
  - Qualify, Educate and Train
  - Investigate
- Regional Reliability Entities





Auditing is one of the primary tools used by MRO to monitor compliance with the standards.

- Minimum 90 days advance notice
- Scope of Audit
- Request for Information

The objective of a compliance audit is to provide reasonable assurance of compliance to the applicable standards.

## BPU NERC Audit

Notification Letter: November 8, 2021

Dates: March 7, 2022 - April 1, 2022

Audit Period: November 7, 2018 - November 8, 2021

- Review Evidence
- Interview Subject Matter Experts
- Organization Structure

## Audit Preparation

- Reviewed and Produced
- Conducted Training
- Collaborated
- Audit Guidance



# Questions

# January 2022 Preliminary Financial Results

March 2, 2022

## 2022 Billed kWh (YTD Jan)

Electric	(CY) 2022 YTD	(PY) 2021 YTD	
Residential	49,847,104	51,229,575	
Commercial	76,900,688	73,323,066	
Industrial	36,065,626	40,915,623	
	162,813,418	165,468,264	-1.6%

Industrial usage continues at lower levels due to production

Residential – Down 3%    Commercial – Up 6%    Industrial – Down 9%

## 2022 Billed CCF's (YTD Jan)

Water	(CY) 2022 YTD	(PY) 2021 YTD	
Residential	280,037	275,595	
Commercial	184,423	175,495	
Industrial	141,016	146,000	
	605,476	597,090	1.4%

Industrial usage continues at lower levels due to decrease business production

Residential – Up 2%      Commercial – Up 2%      Industrial - Down 5%

# Financial Results

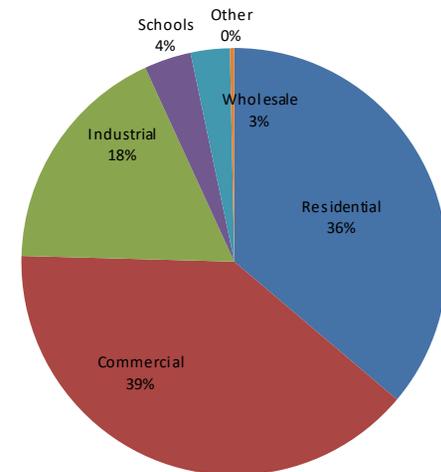
## Revenues – 2022 YTD

	(CY) 2022 YTD	(PY) 2021 YTD		Budget 2022 YTD	(CY) 2022 YTD	
Electric	\$ 24.182	\$ 21.975		\$ 23.303	\$ 24.182	
Water	3.994	3.590		4.173	3.994	
Combined	\$ 28.176	\$ 25.565	10.2%	\$ 27.476	\$ 28.176	2.5%

\*\*Dollars in millions

### Variance – YTD comparing Budget to Actual for 2022

<u>Electric:</u>	<i>Up 4%</i>	<u>Water:</u>	<i>Down 4%</i>
Residential	(\$191K)	Residential	\$47K
Commercial	\$420K	Commercial	\$31K
Industrial	\$ 80K	Industrial	(\$24K)
Schools	(\$120K)	Wholesale	(\$14K)
Wholesale	\$128K		



## Operating Expenses – 2022 YTD (Total)

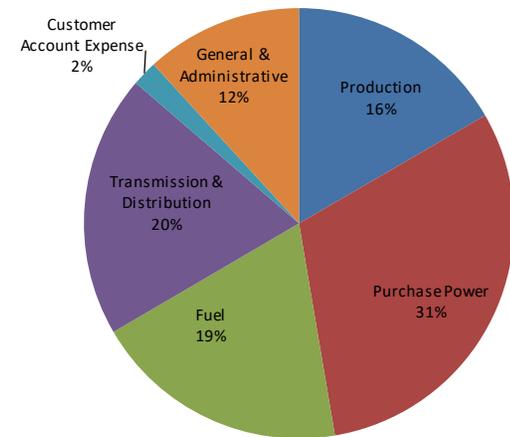
	(CY) 2022 YTD	(PY) 2021 YTD		Budget 2022 YTD	(CY) 2022 YTD	
Electric	\$ 18.877	\$ 13.980		\$ 17.620	\$ 18.877	
Water	2.928	2.676		3.344	2.928	
Combined	\$ 21.805	\$ 16.656	30.9%	\$ 20.964	\$ 21.805	4.0%

\*\*Dollars in millions

### Actual Compared to 2022 Budget

- Electric up 7%
- Water down 12%

*Amortized 1/6<sup>th</sup> of the 2021 ERC Under Recovery in January 2022 - \$385,500*



## Operating Expenses – 2022 YTD less Depreciation

	(CY) 2022 YTD	(PY) 2021 YTD		Budget 2022 YTD	(CY) 2022 YTD	
Electric	\$ 16.338	\$ 11.435		\$ 14.750	\$ 16.338	
Water	2.242	1.981		2.642	2.242	
<b>Combined</b>	<b>\$ 18.580</b>	<b>\$ 13.416</b>	<b>38.5%</b>	<b>\$ 17.392</b>	<b>\$ 18.580</b>	<b>6.8%</b>

\*\*Dollars in millions

Variance – YTD comparing Budget to Actual 2022

**Electric:**

Purchased Power \$1.7M  
 Fuel \$983K  
 Production (\$288K)  
 T&D (\$550K)  
 G&A (\$515K)

**Water:**

Production (\$ 90K)  
 T&D (\$108K)  
 G&A (\$167K)



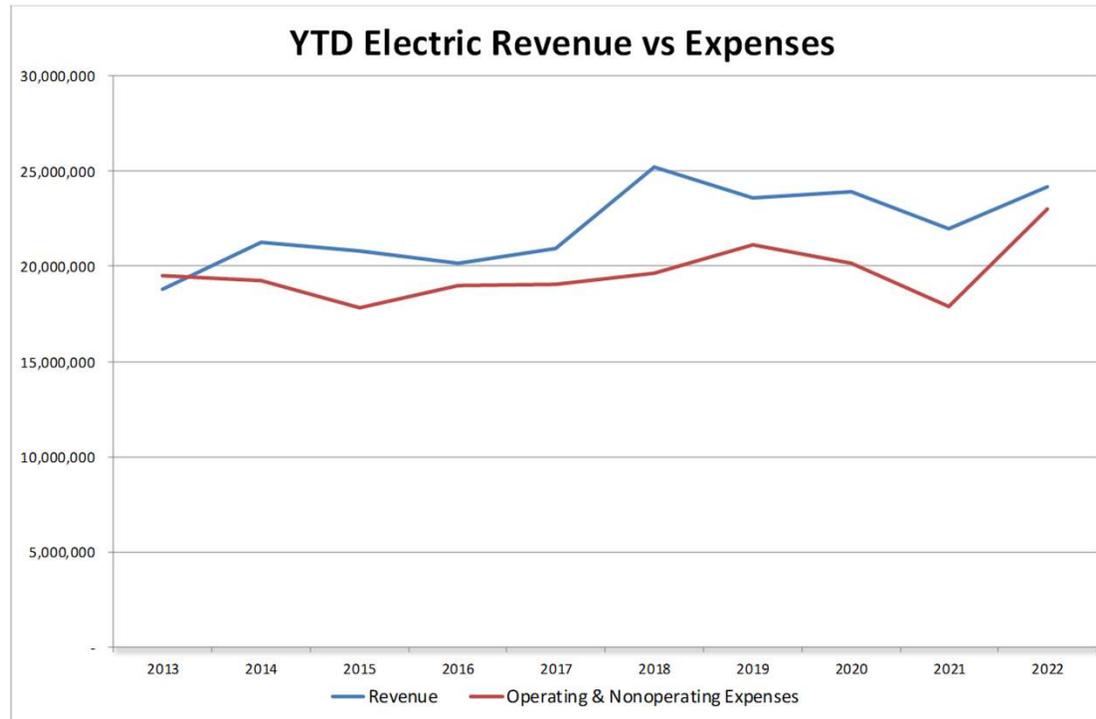
# Financial Results

## Change in Net Position – January 2022

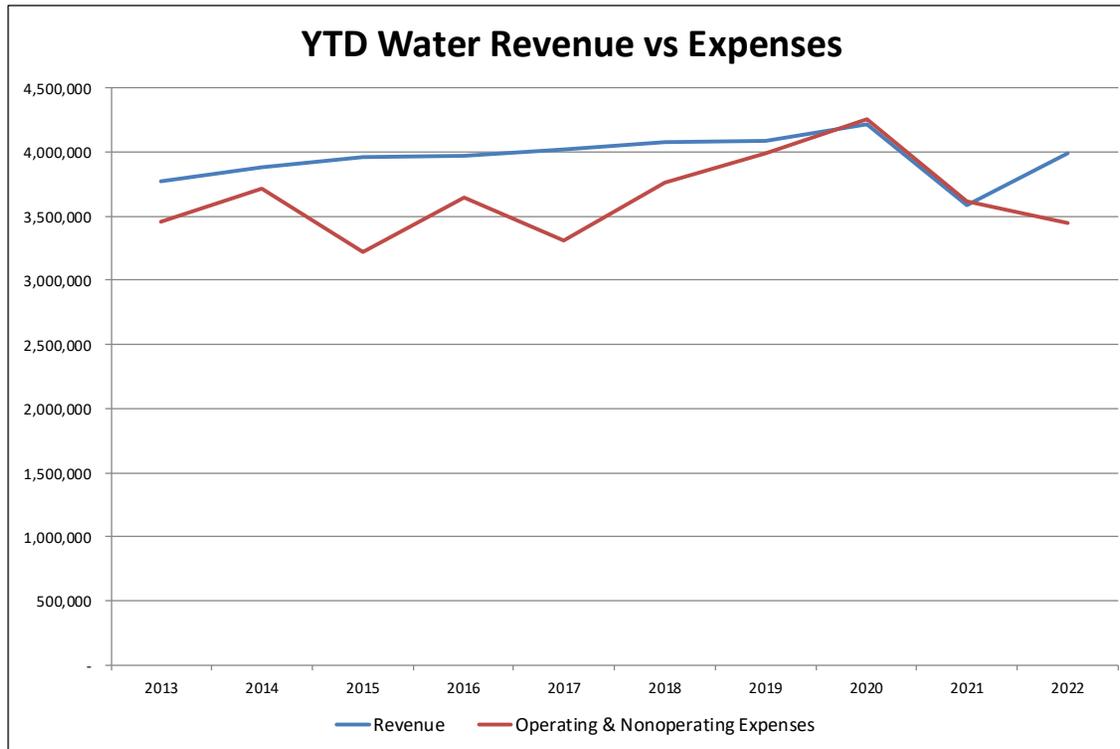
	(CY) 2022 January	(PY) 2021 January	Budget 2022 January	(CY) 2022 January
Electric	\$ 1.158	\$ 4.112	\$ 1.611	\$ 1.158
Water	0.950	(0.025)	0.235	0.950
Combined	\$ 2.108	\$ 4.087	\$ 1.846	\$ 2.108

\*\*Dollars in millions

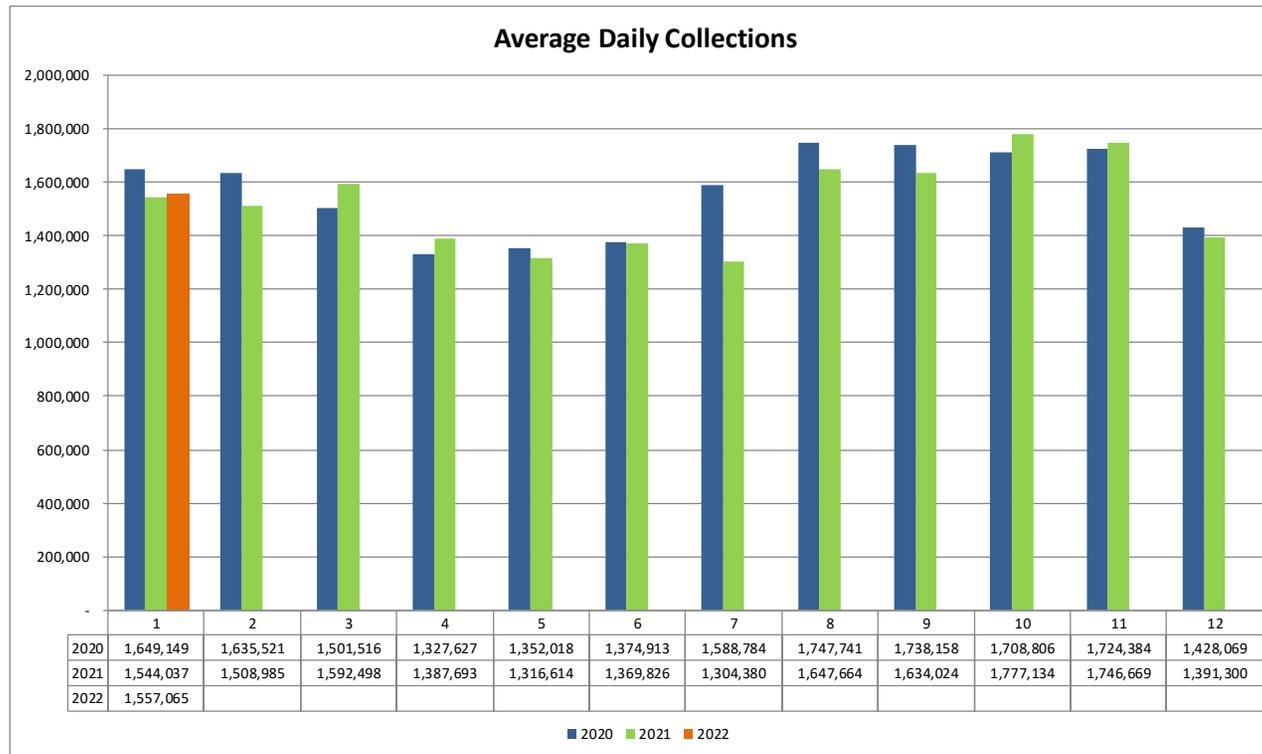
# Financial Results – 10 Year Trend



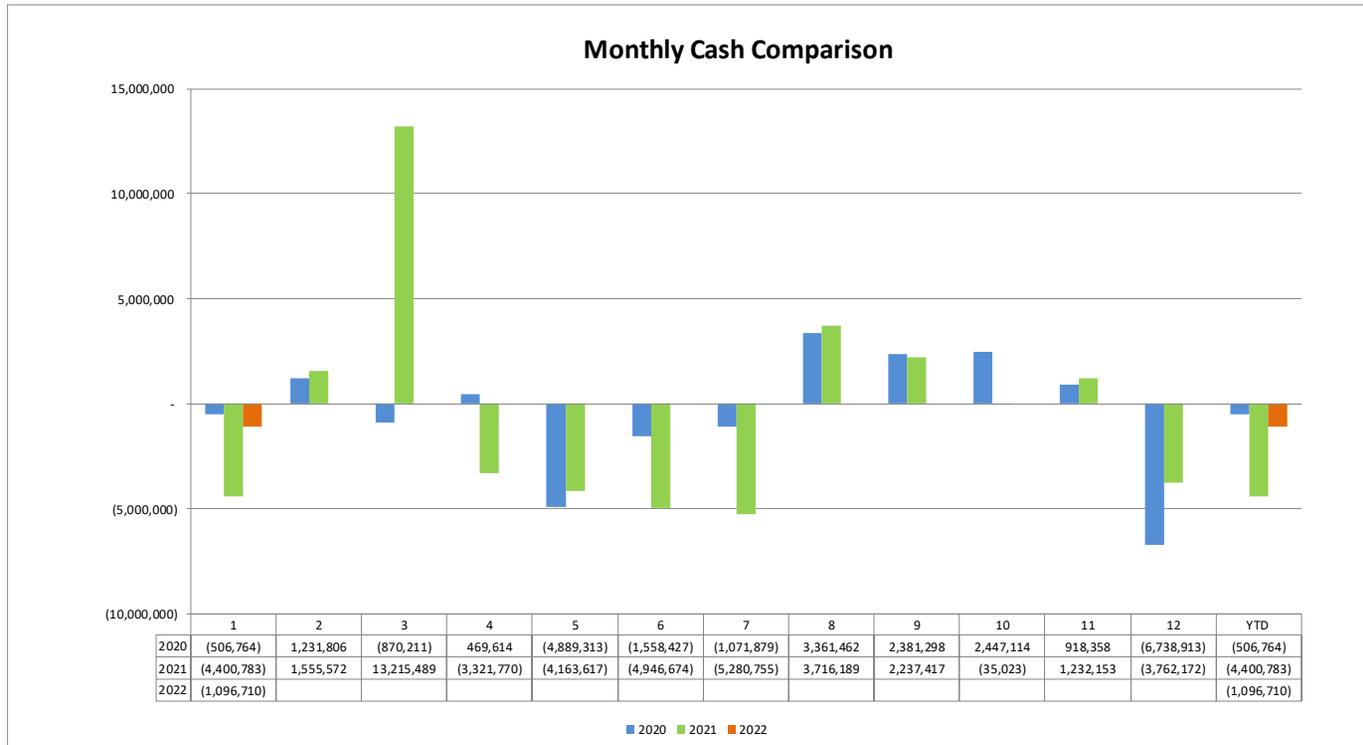
# Financial Results – 10 Year Trend



# Financial Results



# Financial Results



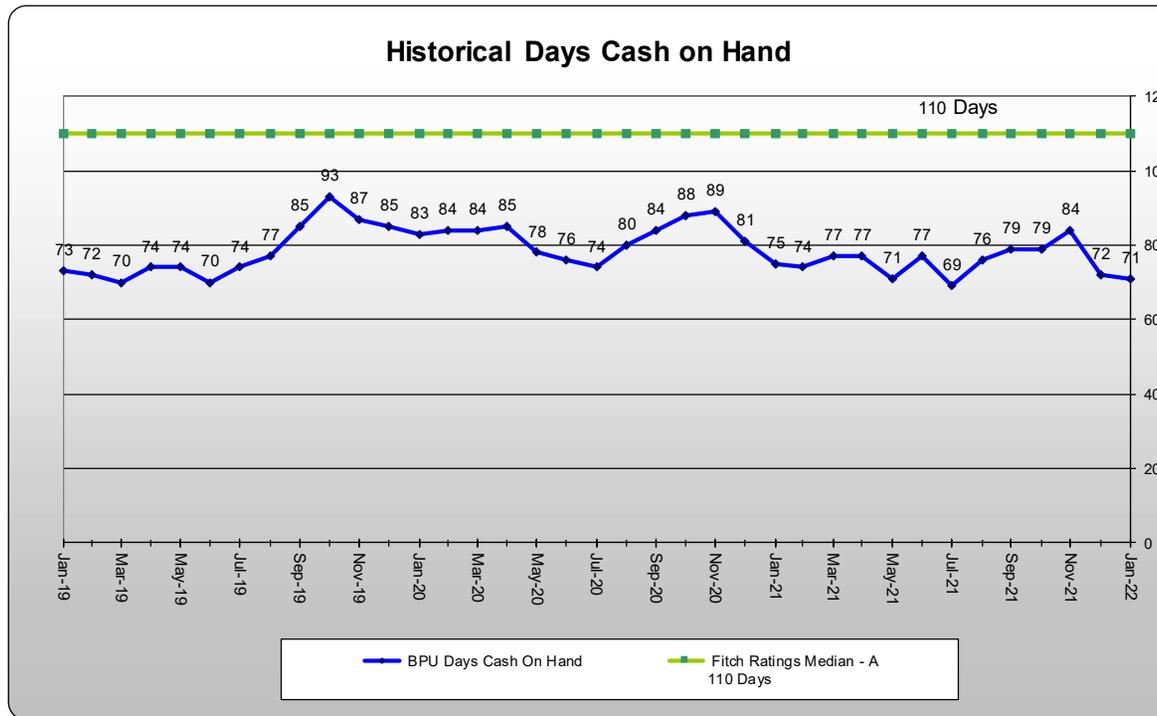
## Cash Position

	(CY) 2022 January	(PY) 2021 January	2021 December
Combined (E&W)	\$ 44.12	\$ 43.85	\$ 43.74
Days Cash-on-Hand	71	75	72

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

\*\*Dollars in millions

# Financial Results



## Balance Sheet: Notables

	(CY) 2022 January	(PY) 2021 January
Fuel Inventory	\$ 5.180	\$ 5.324
Bond Dollars 2016C (Elec T&D)	\$ 0.709	\$ 1.543
Bond Dollars 2020A (Elec)	\$ 6.205	\$ 10.000

\*\*Dollars in millions



# Financial Results

## Capital Spending

	(CY) 2022 YTD	(PY) 2021 YTD	2022 Budget	
Electric	\$ 0.81	\$ 0.19	\$ 27.28	
Water	0.26	0.19	22.03	
Common	0.18	0.18	5.64	
<b>Total YTD Capital</b>	<b>\$ 1.24</b>	<b>\$ 0.55</b>	<b>\$ 54.95</b>	<b>Remaining 98%</b>

\*\*Dollars in millions

Major projects in 2022:

- Elect Ops Facility Improvements - \$145K
- Piper OH Feeders - \$335K
- Fisher UG Feeders - \$154K
- Water Leak, Valve, System Imp. - \$76K
- UG/CMIP Water Distribution - \$38K

## Debt Coverage

### Debt Coverage with PILOT

	(CY) 2022 January	(PY) 2021 January
Electric	2.27	1.95
Water	1.93	2.10
Combined	2.39	2.15

### Debt Coverage w/o PILOT

	(CY) 2022 January	(PY) 2021 January
Electric	1.68	1.34
Water	1.47	1.64
Combined	1.78	1.53

Financial Guideline Target 1.6 to 2.1 times with PILOT