

**REGULAR SESSION –WEDNESDAY FEBRUARY 19, 2020**

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, February 19, 2020 at 6:00 P.M. The following Board Members were present: Ryan Eidson, President; Robert L. Milan, Vice President; Mary Gonzales, Secretary; Jeff Bryant, Rose Mulvany Henry and Thomas Groneman.

Also present: William Johnson, General Manager; Angela Lawson, Deputy Chief Counsel; Lori Austin, Chief Financial Officer; David Mehlhaff, Chief Communications Officer; Jerry Ohmes, Executive Director Electric Supply; Jim Epp, Executive Director Water; Johnetta Hinson, Executive Director Customer Service; Jeff Bridgland, Chief Information Officer; Dong Quach, Executive Director Electric Production; Jeremy Ash, Executive Director Electric Operations; and Andrew Ferris, Director Electric Supply Planning.

A tape of this meeting is on file at the Board of Public Utilities.

Mr. Eidson called the Board Meeting to order at 6:03 P.M.

Roll call was taken and all Board Members were present.

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 Work Session of February 5, 2020 by Ms. Gonzales, seconded by Mr. Bryant, and carried.

Motion was made to approve the Minutes of the Regular Session of February 5, 2020 by Mr. Groneman, seconded by Mr. Milan, and carried.

**Item #6 - Customer Comments**

Aaron Coleman, 1316 S. 52nd Street. He discussed wanting the Board Meetings to be recorded, whether video or audio and asked for a date for when the service (live streaming) would be provided.

Mr. Johnson answered Mr. Coleman's questions.

Mr. Coleman asked several additional questions and Mr. Johnson provided answers and suggested he contact Mr. Mehlhaff for additional information.

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**Item #7 – KMEA Appointments – Jerry Ohmes**

Mr. Ohmes requested the re-appointment of Jerry Ohmes and Jerin Purtee to the Board of Directors of the Kansas Municipal Energy Agency (KMEA).

Mr. Eidson asked for approval of Resolution #5249 for the re-appointment of Jerry Ohmes; Director-2 to serve on the Board of Directors of the Kansas Municipal Energy Agency.

Motion was made to approve Resolution #5249 by Mr. Groneman seconded by Ms. Mulvany Henry, roll call was taken and the motion carried unanimously.

Mr. Eidson asked for approval of Resolution #5250 for the re-appointment of Jerin Purtee; Alternate to serve on the Board of Directors of the Kansas Municipal Energy Agency.

Motion was made to approve Resolution #5249 by Mr. Groneman seconded by Ms. Mulvany Henry, roll call was taken and the motion carried unanimously.

**Item #8 – Network Services Update – Jerry Ohmes/Andrew Ferris**

Mr. Ferris gave a PowerPoint presentation on the Network Transmission Service (attached).

Mr. Ferris answered questions from the Board and staff.

Mr. Johnson thanked Mr. Ferris and Mr. Ohmes and made additional comments.

**Item #9 – Customer Service Policies Approval – Johnetta Hinson**

Ms. Hinson asked for approval of Resolution #5251, revising and replacing the Customer Service Policies (attached).

Motion was made to approve Resolution #5251 by Mr. Eidson seconded by Ms. Mulvany Henry, roll call was taken and the votes were Mr. Edison, aye, Mr. Groneman, aye, Mr. Milan, aye, Mr. Bryant, nay, Ms. Gonzales, aye, Ms. Mulvany Henry, aye, and the resolution motion carried.

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Ms. Lawson asked for a motion to adopt the Customer Service Adopted Fee and Deposit Schedule effective February 20, 2020 and to replace the previous fee schedule in its entirety.

Motion was made to adopt the Customer Service Adopted Fee and Deposit Schedule by Ms. Gonzales seconded by Ms. Mulvany Henry, roll call was taken and the motion carried unanimously.

**Item #10 – Preliminary December 2019 Financials – Lori Austin**

Ms. Austin presented the preliminary December 2019 Financials (see attached).

Ms. Austin, Mr. Quach, and Mr. Ash answered questions from the Board.

**Item #11 - Board Comments**

Mr. Groneman had no comments.

Mr. Milan thanked the staff for their presentations and requested permission to attend the American Public Power Association (APPA) Conference June 5 – 10, 2020 in Long Beach, California.

Motion was made approve Mr. Milan’s travel by Ms. Gonzales seconded by Mr. Groneman, and carried.

Mr. Bryant commented that although he did not see eye-to-eye on all the Customer Service policies he appreciated the staff’s hard work and thanked Mr. Ferris for his presentation.

Ms. Gonzales had no comments.

Ms. Mulvaney Henry thanked the Customer Service team for helping her understand the processes and thanked the teams that helped with her orientation. She also thanked Mr. Coleman for his comments.

Mr. Eidson echoed that comments on the Customer Service team.

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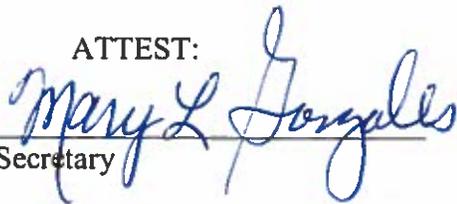
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**Item #12 - General Manager Comments**

Mr. Johnson thanked the staff, the Board, and thanked Mr. Coleman.

Motion was made to adjourn the meeting at 6:44 P.M. by Mr. Groneman, seconded by Ms. Gonzales, and carried.

ATTEST:

  
Secretary

APPROVED:

  
President



# Network Transmission Service

February 19, 2020

# NITS

## What is Network Service / NITS?

- Network Integration Transmission Service allows an electric transmission customer to integrate, plan, and economically dispatch and regulate its network reserves in a manner comparable to that in which the Transmission Owner serves Native Load.
  - It further integrates BPU's transmission system with that of the SPP / broader market transmission system.
  - It allows BPU and SPP to work more collaboratively on transmission system changes and if those changes provide value to the overall system than those charges will be shared by the broader system

## Network Service Requirements

- Network Service participants are required to file annually a list of transmission expenses so that interested parties and other utilities within that transmission zone can review and challenge.
- In BPU's case SPP has determined that we are of great enough scale that we would warrant our own transmission zone. Similarities in scale to the (Springfield) City Utilities transmission zone.

## NITS

### Why do Network Service?

- Our generation and therefore transmission needs stretch beyond our service territory to a much greater extent than ever before
  - Greater resource mix flexibility going forward
- Transmission customers receive no potential value for system upgrades that help support the broader transmission service
  - Transmission owners can receive compensation on projects that benefit the greater system
- Transmission customers are required to buy short-term transmission to cover any transmission short-falls between local generation and load
  - Reduced financial risk associated with the variability of load and local generation

# QUESTIONS





# December 2019 Preliminary Financial Results

February 19, 2020

## 2019 Billed kWh (YTD Jan – Dec)

Electric	(CY) 2019 YTD	(PY) 2018 YTD	
Residential	585,778,805	613,561,283	
Commercial	964,951,084	1,030,486,518	
Industrial	569,703,684	593,152,818	
	<b>2,120,433,573</b>	<b>2,237,200,619</b>	<b>-5.2%</b>

Lower usage in 2019 compared to 2018 due to weather

## 2019 Billed CCF's (YTD Jan - Dec)

	(CY) 2019 YTD	(PY) 2018 YTD	
<b>Water</b>			
Residential	3,411,749	3,505,753	
Commercial	2,653,012	2,757,990	
Industrial	1,967,293	2,098,641	
	<b>8,032,054</b>	<b>8,362,384</b>	<b>-4.0%</b>

Lower usage compared to 2018 due to very wet spring and summer



# Financial Results

## Revenues – December 2019

	(CY) 2019 December	(PY) 2018 December		Budget 2019 December	(CY) 2019 December	
Electric	\$ 28.989	\$ 27.987		\$ 21.210	\$ 28.989	
Water	3.353	3.096		4.139	3.353	
Combined	\$ 32.342	\$ 31.083	4.1%	\$ 25.349	\$ 32.342	27.6%

\*\*Dollars in millions



# 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



# Financial Results

## Operating Expenses – December 2019

	(CY) 2019 December	(PY) 2018 December		Budget 2019 December	(CY) 2019 December	
Electric	\$ 32.441	\$ 30.340		\$ 17.718	\$ 32.441	
Water	3.328	2.154		3.005	3.328	
Combined	\$ 35.769	\$ 32.494	10.1%	\$ 20.723	\$ 35.769	72.6%

\*\*Dollars in millions



# Financial Results

## Operating Expenses – 2019 YTD

	(CY) 2019 YTD	(PY) 2018 YTD		Budget 2019 YTD	(CY) 2019 YTD	
Electric	\$ 218.326	\$ 220.423		\$ 220.487	\$ 218.326	
Water	37.307	34.690		37.028	37.307	
Combined	\$ 255.633	\$ 255.113	0.2%	\$ 257.515	\$ 255.633	-0.7%

\*\*Dollars in millions

## Operating Expenses – 2019 YTD minus Depreciation

	(CY) 2019 YTD	(PY) 2018 YTD		Budget 2019 YTD	(CY) 2019 YTD	
Electric	\$ 190.300	\$ 192.318		\$ 193.251	\$ 190.300	
Water	29.498	26.685		29.048	29.498	
Combined	\$ 219.798	\$ 219.003	0.4%	\$ 222.299	\$ 219.798	-1.1%

\*\*Dollars in millions

Variance – YTD comparing Budget to Actual 2019

Electric:  
 Purchased Power (\$1.6M)  
 Fuel \$1.6M  
 Production (\$3.1M)  
 T&D \$1.8M

Water:  
 Production (\$1.0K)  
 T&D \$1.8M  
 G&A (\$420K)



# Financial Results

## Change in Net Position – December 2019

	(CY) 2019 December	(PY) 2018 December		Budget 2019 December	(CY) 2019 December	
Electric	\$ (7.810)	\$ (6.648)		\$ (0.685)	\$ (7.810)	
Water	(0.604)	0.472		0.546	(0.604)	
Combined	\$ (8.414)	\$ (6.176)	36.2%	\$ (0.139)	\$ (8.414)	5953.2%

\*\*Dollars in millions



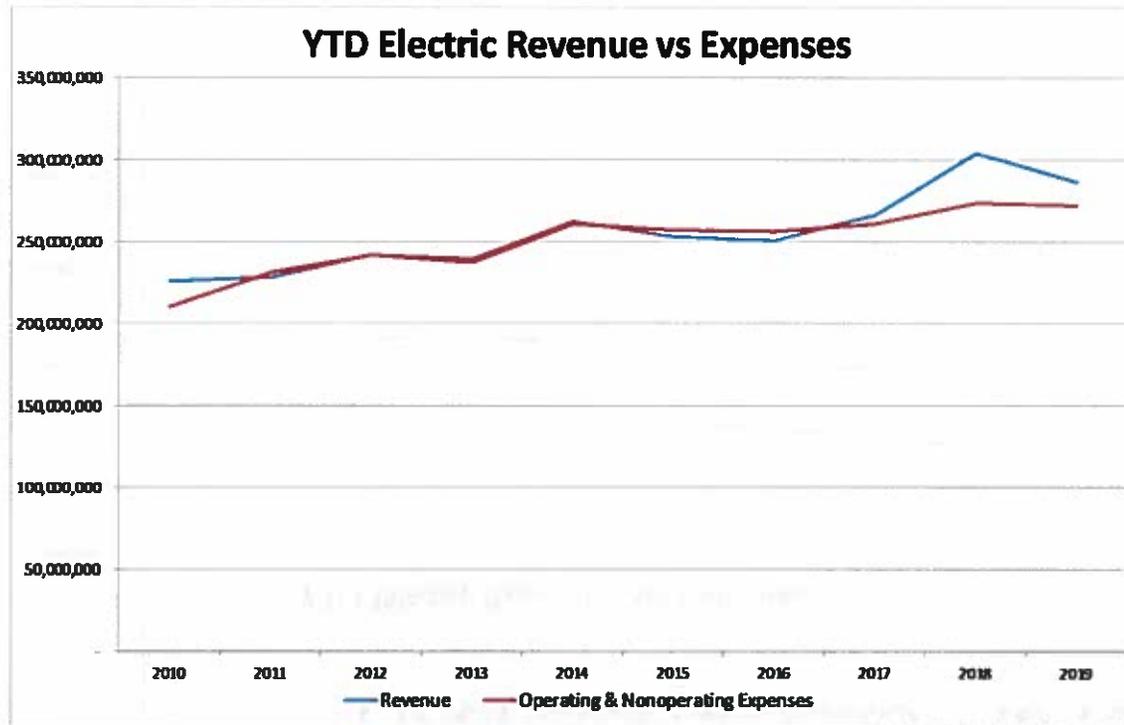
# Financial Results

## Change in Net Position – 2019 YTD

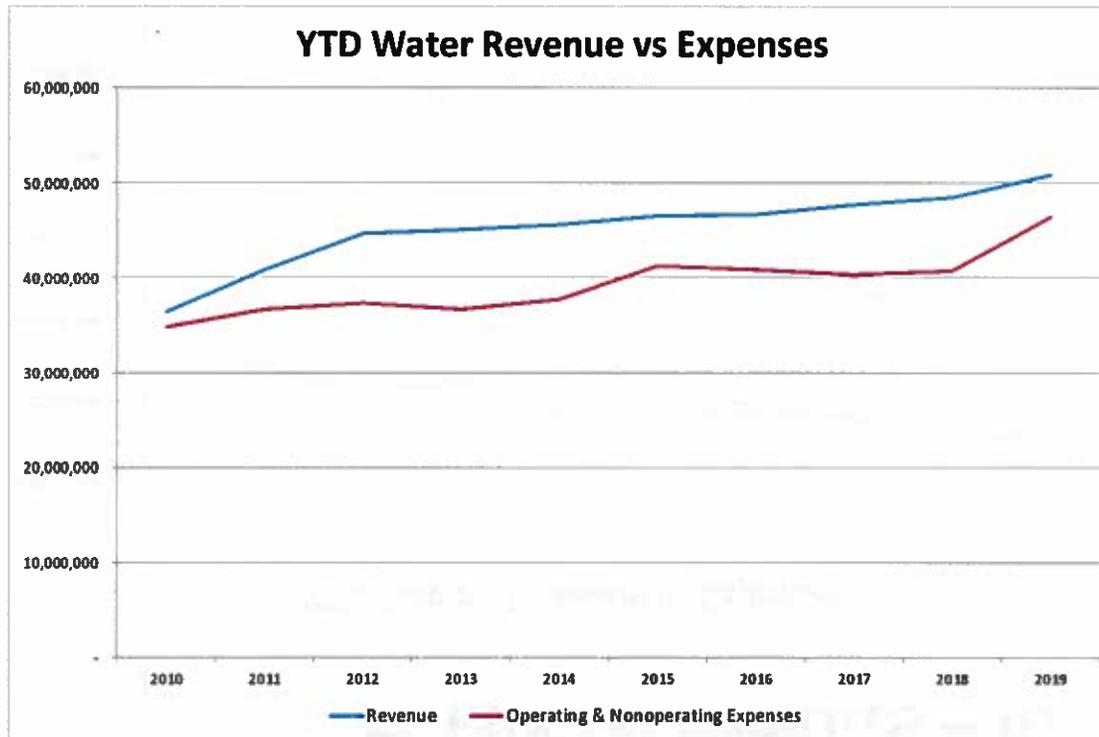
	(CY) 2019 YTD	(PY) 2018 YTD		Budget 2019 YTD	(CY) 2019 YTD	
Electric	\$ 14.295	\$ 30.597		\$ 2.748	\$ 14.295	
Water	4.825	8.108		6.517	4.825	
Combined	\$ 19.120	\$ 38.705	-50.6%	\$ 9.265	\$ 19.120	106.4%

\*\*Dollars in millions

# Financial Results – 10 Year Trend



# Financial Results – 10 Year Trend





# Financial Results

## Cash Position

	(CY) 2019 December	(PY) 2018 December	2019 November
Combined (E&W)	\$ 51.88	\$ 45.34	\$ 51.63
Days Cash-on-Hand	86	76	87

1 Day = \$450K

\*\*Dollars in millions



# Financial Results

## Balance Sheet: Notables

	(CY) 2019 December	(PY) 2018 December
Fuel Inventory	\$ 6.043	\$ 6.561
Bond Dollars 2016A (AQC)	\$ -	\$ 5.167
Bond Dollars 2016C (Elec T&D)	\$ 14.660	\$ 32.269

\*\*Dollars in millions



# Financial Results

## Capital Spending

	(CY) 2019 YTD	(FY) 2018 YTD	2019 Budget	
Electric	\$ 49.13	\$ 44.33	\$ 54.99	
Water	6.70	11.14	8.99	
Common	0.45	0.55	0.88	
<b>Total YTD Capital</b>	<b>\$ 56.27</b>	<b>\$ 56.02</b>	<b>\$ 64.86</b>	<b>Remaining 13%</b>

\*\*Dollars in millions

Major projects in 2019:

- Rosedale Project - \$22.7M
- N1 Remote Chain – Bottom Ash - \$2.2M
- Nearman 316B Project - \$2.6M
- Nearman Structure - \$1.1M (insurance reimbursement-Jan 2020)
- Water Leak, Valve, System Imp. - \$2.8M

## Debt Coverage

### Debt Coverage with PILOT

	(CY) 2019 December	(PY) 2018 December
Electric	2.06	2.39
Water	1.78	2.06
Combined	2.03	2.36

### Debt Coverage w/o PILOT

	(CY) 2019 December	(PY) 2018 December
Electric	1.45	1.76
Water	1.35	1.62
Combined	1.45	1.76

Financial Guideline Target 1.6 to 2.1 times with PILOT