

REGULAR SESSION –WEDNESDAY, JANUARY 4, 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, January 4, 2023 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; Jeremy Ash, Interim Chief Operating Officer; Johnetta Hinson, Executive Director Customer Service; Steve Green, Executive Director Water Operations; Darrin McNew, Acting Executive Director Electric Operations; Glen Brendel, Executive Director Electric Production; Maurice Moss, Executive Director Corporate Compliance; David Mehlhaff, Chief Communications Officer; Dennis Dumovich, Director of Human Resources; Dustin Miller, Director of Applications; 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 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. During the public comment section, 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. Staff would assist those attending in person. 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 Regular Session Minutes of December 21, 2022

A motion was made to approve the minutes of the Regular Session of December 21, 2022, by Ms. Mulvany Henry, seconded by Mr. Bryant, and unanimously carried.

Item #5– Public Comments

Ms. Louise Lynch, conveyed concerns regarding having to state addresses. She also expressed her thoughts about the Board Work Session; the terminology used in wanting to make the public understand BPU’s value; the discussion about community engagement, and about returning constituents communications. She also inquired about retired employees benefits, and wanted to get a copy of the itemized budget without having to go through open records.

Mr. Rayan Makarem, Clean Air Now, 3730 Metropolitan Avenue, wanted to reemphasize his thoughts working together. He spoke about the next year’s budget, and conveyed his thoughts on pursuing changes with the Unified Government (UG) PILOT.

Mr. Ty Gorman, 2843 Parkwood Blvd., spoke about his opposition in stating addresses. He also conveyed his thoughts on the Board Work Session and about public priorities on no more shut-offs and lowering of the bills. He gave his views about the need to bring organizations and nonprofits, that had more expertise in the areas of how to help customers, into the utility process.

Ms. Lisa Walker Yeager, 1068 Webster, wished everyone a happy holiday and asked that the board set a date to engage with a community group to get together and move forward.

Ms. Susan Stevens, 4018 Silver Ave. wanted to remind that she was available to attend community action group meetings and echoed Ms. Yeager’s statement about setting a date. She also wished all a happy new year.

Item #6 – General Manager / Staff Reports

- i. *November 2022 Financials:* Ms. Lori Austin, Chief Financial Officer/Chief Administrative Officer, reviewed the November 2022 Financials with the Board. (See attached PowerPoint.)

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A motion was made to approve the November 2022 Financials as presented, by Ms. Mulvany Henry, seconded by Mr. Bryant, and unanimously carried.

Winter Preparation/Planning: Mr. Maurice Moss, Executive Director Corporate Compliance and Mr. Andrew Ferris, Director Electric Supply Planning presented an update on the energy market, both on a national and regional level, during the winter period, to inform the Board and public on what was being done during winter weather events. (See attached PowerPoint.)

Mr. Moss and Mr. Ferris responded to comments and questions from the Board.

- ii. *Miscellaneous Comments:* Mr. Johnson gave an update on customer issues from the last Board meeting. He also informed the Board about the upcoming Eagle Days event on January 21-22 at Wyandotte County Lake. He also reported that the Wyandotte County Legislation Delegation town hall meeting would be held on January 5th at the West Wyandotte Library.

Item #7 – Board Comments

Ms. Gonzales proposed that a public engagement meeting date be set for some time around January 23rd. She also thanked everyone for their presentations.

Mr. Groneman thanked Mr. Ferris and Mr. Moss for their presentation. He also commended the Board President, Ms. Gonzales, for setting up the Board self-evaluation.

Mr. Haley said he appreciated the evening’s presentations from Mr. Ferris, Mr. Moss, and Ms. Austin. He spoke about his one-year anniversary on the Board and about public participation. He reiterated Mr. Johnson’s comments about the town hall. He still wanted to push for greater customer service and opening the lobby and wished everyone a good new year.

Mr. Milan wished everyone a prosperous 2023.

Ms. Mulvany Henry wished Mr. Haley a happy anniversary. She also thanked the public for their participation and inquired if the comments and questions would be responded to.

Mr. Johnson said that he had notes on the issues raised and would prepare something on the responses to the inquiries for the next meeting.

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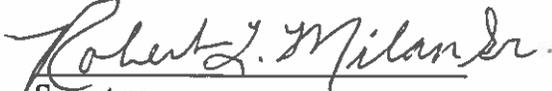
STATE OF KANSAS)
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Mr. Bryant expressed his interest in attending a community engagement meeting, it was important to hear all viewpoints. He asked that as much advanced notice possible be given as to the date of the meeting. He also wished all a happy new year.

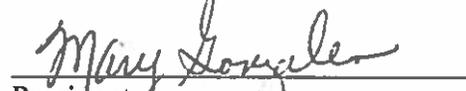
Item #8 – Adjourn

At 7:29 P.M. a motion to adjourn was made by Mr. Milan, seconded by Mr. Bryant and unanimously carried.

ATTEST:


Secretary

APPROVED:


President

November 2022 Financial Results

January 4, 2023

2022 Billed kWh (YTD Jan - November)

Electric	(CY) 2022 YTD	(PY) 2021 YTD	
Residential	548,776,368	548,695,433	
Commercial	919,550,587	881,710,019	
Industrial	496,102,125	431,044,429	
	1,964,429,080	1,861,449,881	5.5%

Residential – Up < 1% Commercial – Up 4% Industrial – Up 15%

2022 Billed CCF's (YTD Jan - November)

Water	(CY) 2022 YTD	(PY) 2021 YTD	
Residential	3,227,074	3,241,046	
Commercial	2,517,427	2,379,774	
Industrial	1,765,045	1,631,579	
	7,509,546	7,252,399	3.5%

Residential – Down < 1%

Commercial – Up 6%

Industrial - Up 8%



Financial Results

Revenues – November 2022

	(CY) 2022 November	(PY) 2021 November		Budget 2022 November	(CY) 2022 November	
Electric	\$ 20.244	\$ 18.091		\$ 21.027	\$ 20.244	
Water	4.256	4.085		4.238	4.256	
Combined	\$ 24.500	\$ 22.176	10.5%	\$ 25.265	\$ 24.500	-3.0%

Actual Compared to 2022 Budget

Electric - Down 4%

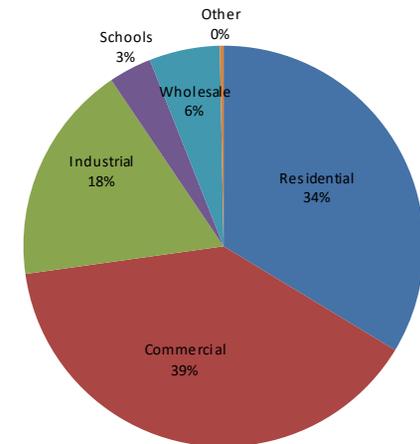
Water – Up 1%

Financial Results

Revenues – 2022 YTD

	(CY) 2022 YTD	(PY) 2021 YTD		Budget 2022 YTD	(CY) 2022 YTD	
Electric	\$ 291.946	\$ 261.072		\$ 256.057	\$ 291.946	
Water	49.111	47.431		48.173	49.111	
Combined	\$ 341.057	\$ 308.503	10.6%	\$ 304.230	\$ 341.057	12.1%

**Dollars in millions



Variance – YTD comparing Budget to Actual for 2022

<u>Electric:</u>	<i>Up 14%</i>	<u>Water:</u>	<i>Up 2%</i>
Residential	\$ 3.1M	Residential	\$424K
Commercial	\$15.1M	Commercial	\$610K
Industrial	\$ 5.2M	Industrial	\$ 82K
Schools	\$ 746K	Wholesale	\$124K
Wholesale	\$10.0M		



Financial Results

Operating Expenses – November 2022

	(CY) 2022 November	(PY) 2021 November		Budget 2022 November	(CY) 2022 November	
Electric	\$ 22.707	\$ 15.886		\$ 16.954	\$ 22.707	
Water	3.492	3.090		3.279	3.492	
Combined	\$ 26.199	\$ 18.976	38.1%	\$ 20.233	\$ 26.199	29.5%

Actual Compared to 2022 Budget

Electric – Up 34%

Water - Down 6%

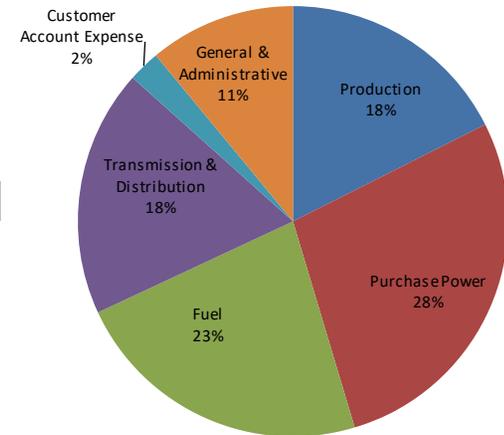
Operating Expenses – 2022 YTD (Total)

	(CY) 2022 YTD	(PY) 2021 YTD		Budget 2022 YTD	(CY) 2022 YTD	
Electric	\$ 229.700	\$ 189.981		\$ 191.033	\$ 229.700	
Water	34.054	32.727		35.734	34.054	
Combined	\$ 263.754	\$ 222.708	18.4%	\$ 226.767	\$ 263.754	16.3%

**Dollars in millions

Actual Compared to 2022 Budget

- Electric - Up 20%
- Water - Down 5%



Financial Results

Operating Expenses – 2022 YTD less Depreciation

	(CY) 2022 YTD	(PY) 2021 YTD		Budget 2022 YTD	(CY) 2022 YTD	
Electric	\$ 199.686	\$ 161.898		\$ 162.045	\$ 199.686	
Water	26.450	25.053		28.010	26.450	
Combined	\$ 226.136	\$ 186.951	21.0%	\$ 190.055	\$ 226.136	19.0%

**Dollars in millions

Variance – YTD comparing Budget to Actual 2022

Electric:

Purchased Power \$20.7M
 Fuel \$21.1M
 Production \$588K
 T&D (\$4.2M)
 G&A (\$2.9M)

Water:

Production (\$857K)
 T&D (\$72K)
 G&A (\$745K)



Financial Results

Change in Net Position – November 2022

	(CY) 2022 November	(PY) 2021 November	Budget 2022 November	(CY) 2022 November
Electric	\$ (6.262)	\$ (1.591)	\$ 0.374	\$ (6.262)
Water	0.840	0.448	0.473	0.840
Combined	\$ (5.422)	\$ (1.143)	\$ 0.847	\$ (5.422)

**Dollars in millions



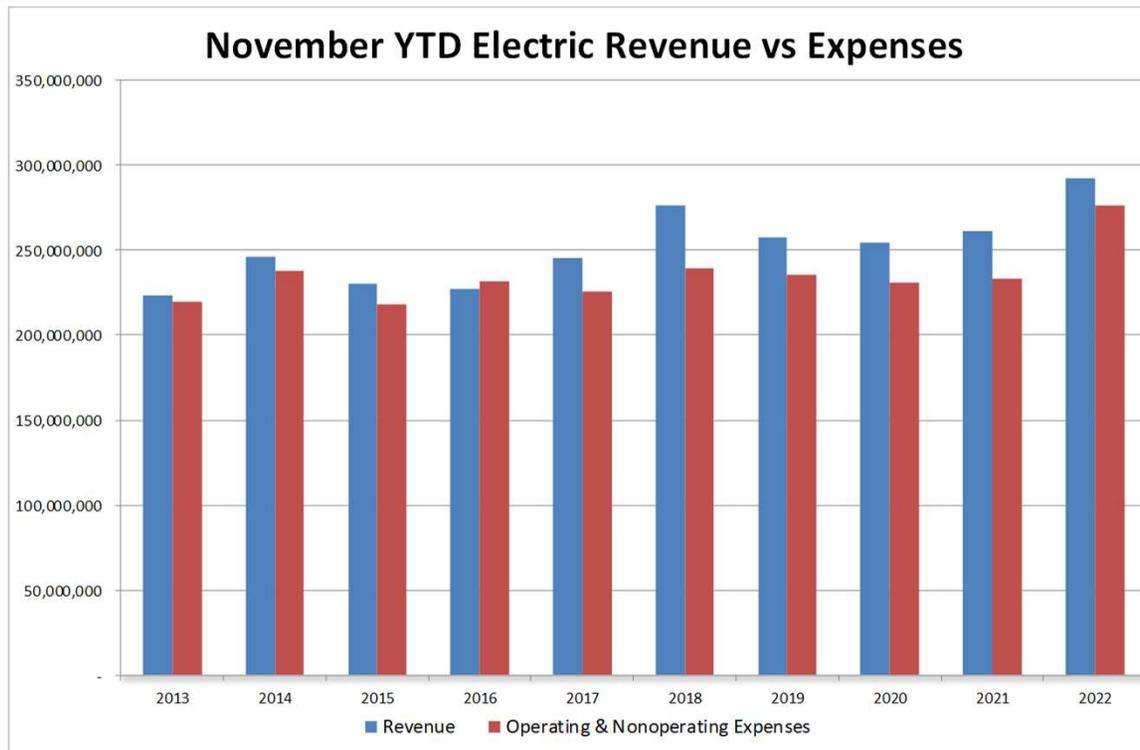
Financial Results

Change in Net Position – 2022 YTD

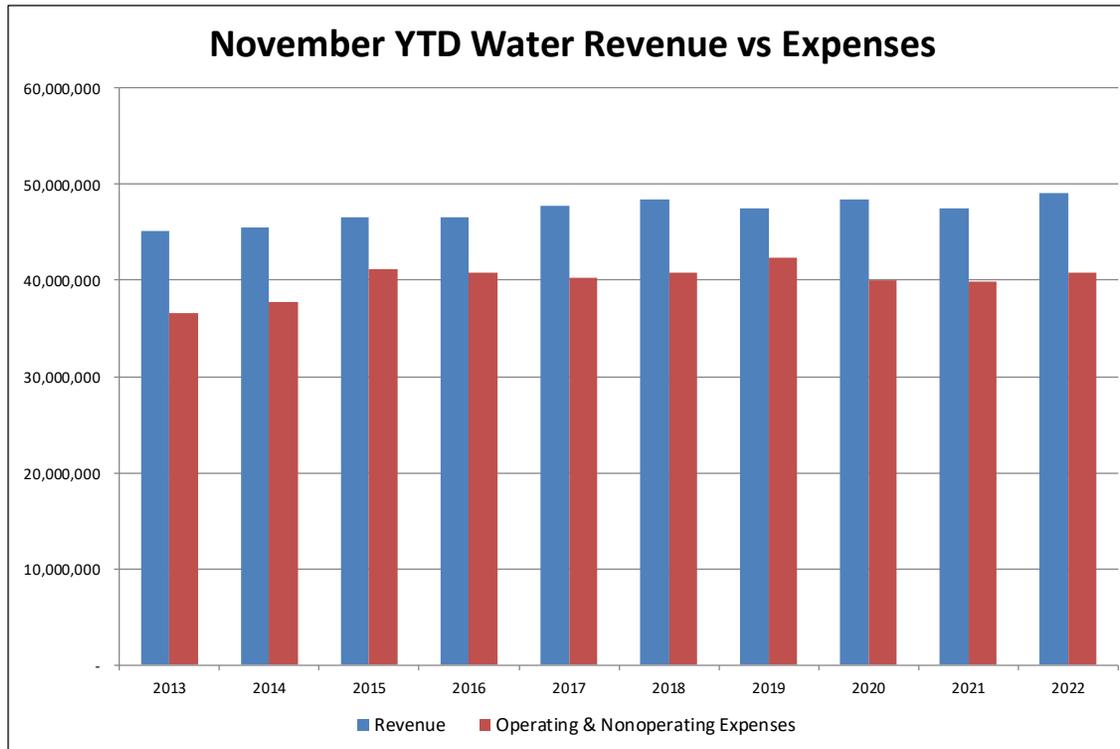
	(CY) 2022 YTD	(PY) 2021 YTD	Budget 2022 YTD	(CY) 2022 YTD
Electric	\$ 15.933	\$ 27.622	\$ 21.298	\$ 15.933
Water	9.671	8.521	6.194	9.671
Combined	\$ 25.604	\$ 36.143	\$ 27.492	\$ 25.604

**Dollars in millions

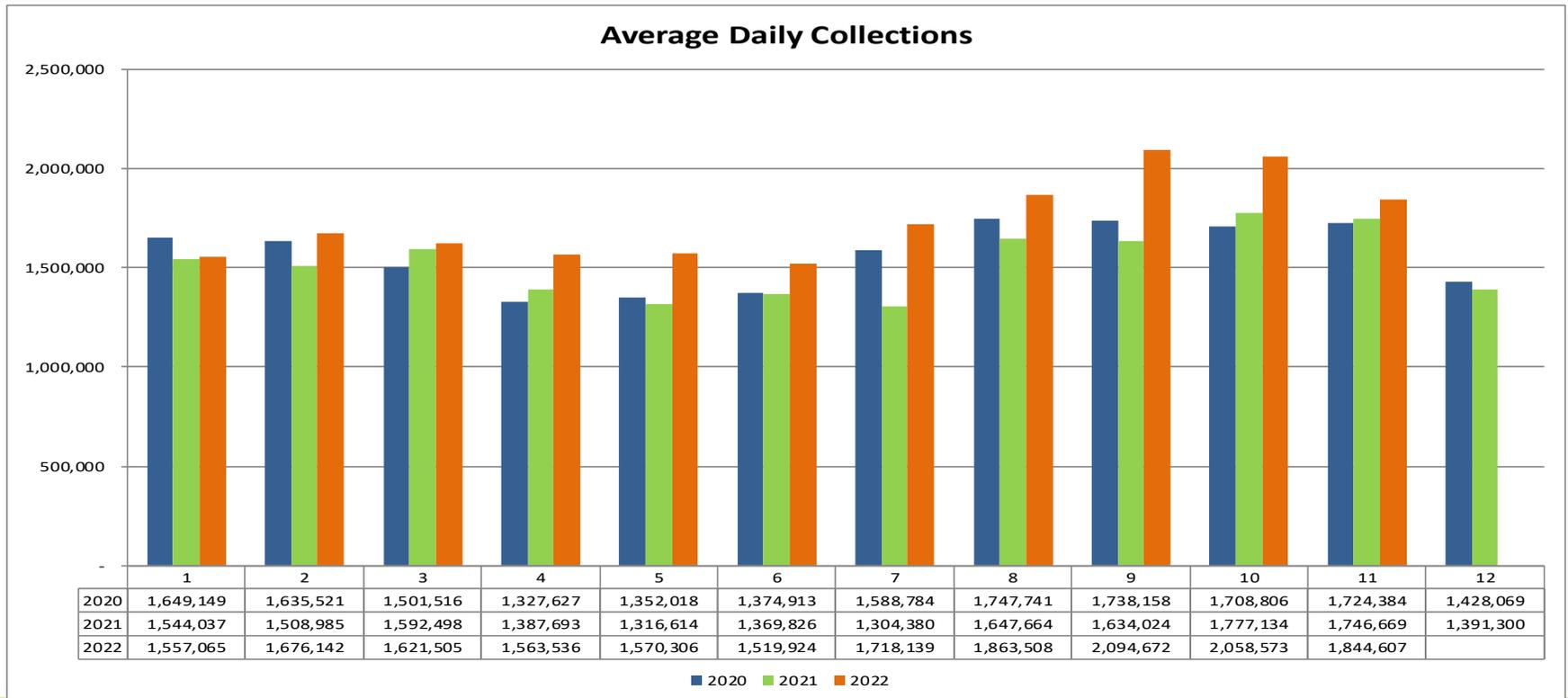
Financial Results – 10 Year Trend



Financial Results – 10 Year Trend

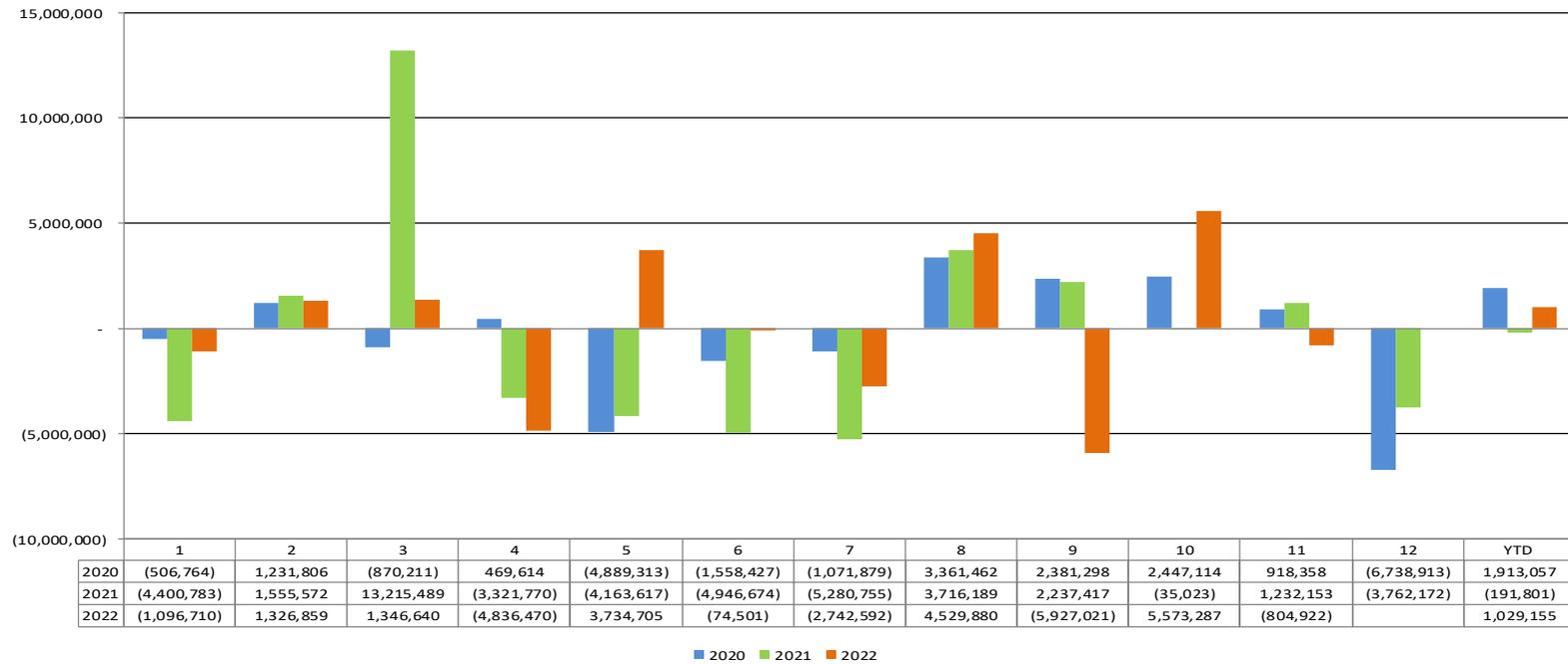


Financial Results



Financial Results

Historical Monthly Cash Comparison



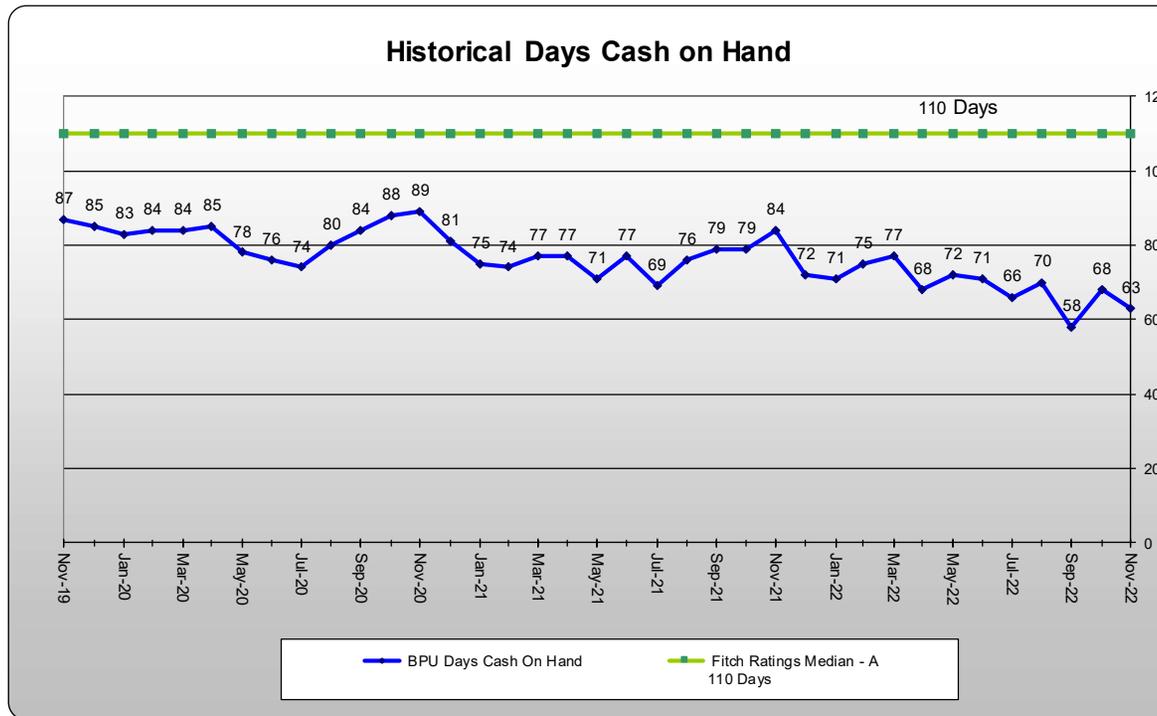
Cash Position

	(CY) 2022 November	(PY) 2021 November	2022 October
Combined (E&W)	\$ 44.80	\$ 49.25	\$ 47.00
Days Cash-on-Hand	63	84	68

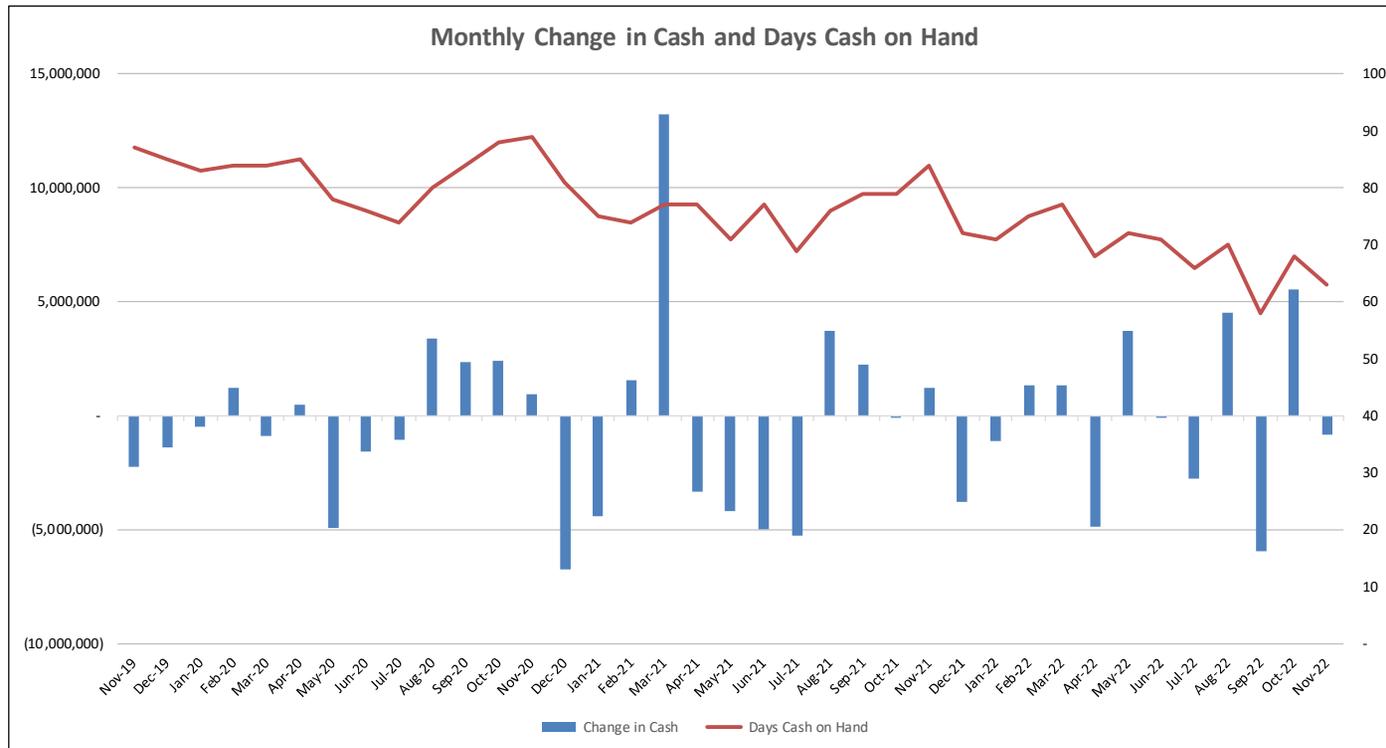
**Dollars in millions

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

Financial Results



Financial Results



Balance Sheet: Notables

	(CY) 2022 November	(PY) 2021 November
Fuel Inventory	\$ 7.462	\$ 4.519
Bond Dollars 2016C (Elec T&D)	\$ 0.715	\$ 0.709
Bond Dollars 2020A (Elec)	\$ 0.804	\$ 7.814

**Dollars in millions

Capital Spending

	(CY) 2022 YTD	(PY) 2021 YTD	2022 Budget	
Electric	\$ 18.53	\$ 18.32	\$ 28.09	
Water	9.78	7.66	22.28	
Common	3.56	3.42	5.85	
Total YTD Capital	\$ 31.87	\$ 29.41	\$ 56.22	Remaining 43%

**Dollars in millions

Major projects in 2022:

- Piper OH Feeders - \$928K
- Fisher UG Feeders - \$3.3M
- Annual Underground - \$2.7M
- Annual Overhead - \$1.5M
- Water Leak, Valve, System Imp. - \$1.5M
- Water Transmission Imp. - \$2.1M
- UG/CMIP Water Dist. - \$525K

Debt Coverage

Debt Coverage with PILOT

	(CY) 2022 November	(PY) 2021 November
Electric	2.21	1.97
Water	1.97	1.98
Combined	2.35	2.14

Debt Coverage w/o PILOT

	(CY) 2022 November	(PY) 2021 November
Electric	1.52	1.39
Water	1.51	1.53
Combined	1.65	1.54

Financial Guideline Target 1.6 to 2.1 times with PILOT

Winter Preparation/Planning Review

January 04, 2023

- Purpose
- Nation-wide Outlook
- Regional Outlook
- Winter Storm Elliott
- Southwest Power Pool
- Questions?

Purpose

Purpose of this presentation is to inform you of projected reliability concerns to the bulk power system during the winter season.

North American Electric Reliability Corporation (NERC):
Responsible for annually assessing the seasonal and long-term reliability of the Bulk Electric System.

Winter Reliability Assessment

- Generation Resource
- Transmission System Adequacy
- Operating Reserves
- Winter Peak Demands

WECC
Alberta

-1.1%

- Peak electricity demand growth strains tight winter reserve margins

WECC
Northwest

Lower risk of supply shortfall due to improved winter hydro outlook

SPP

Lower risk due to added generation (natural gas and wind) since last winter

Texas RE

ERCOT
-21.4%

- Risk of high generator outages, fuel disruption and volatile demand in extreme cold

MISO

-7.6%

- 4.2 GW of coal and nuclear plant retirements since last winter
- Risk of extreme cold impact to generation and fuel

NPCC
Maritimes

-8.6%

- Peak electricity demand growth strains tight winter reserve margins
- Natural gas transportation infrastructure is limited
- Global LNG supply is strained, adding availability risk
- Power plant oil inventories are at 40% of capacity (equal to the amount used in 2017–2018 cold snap)

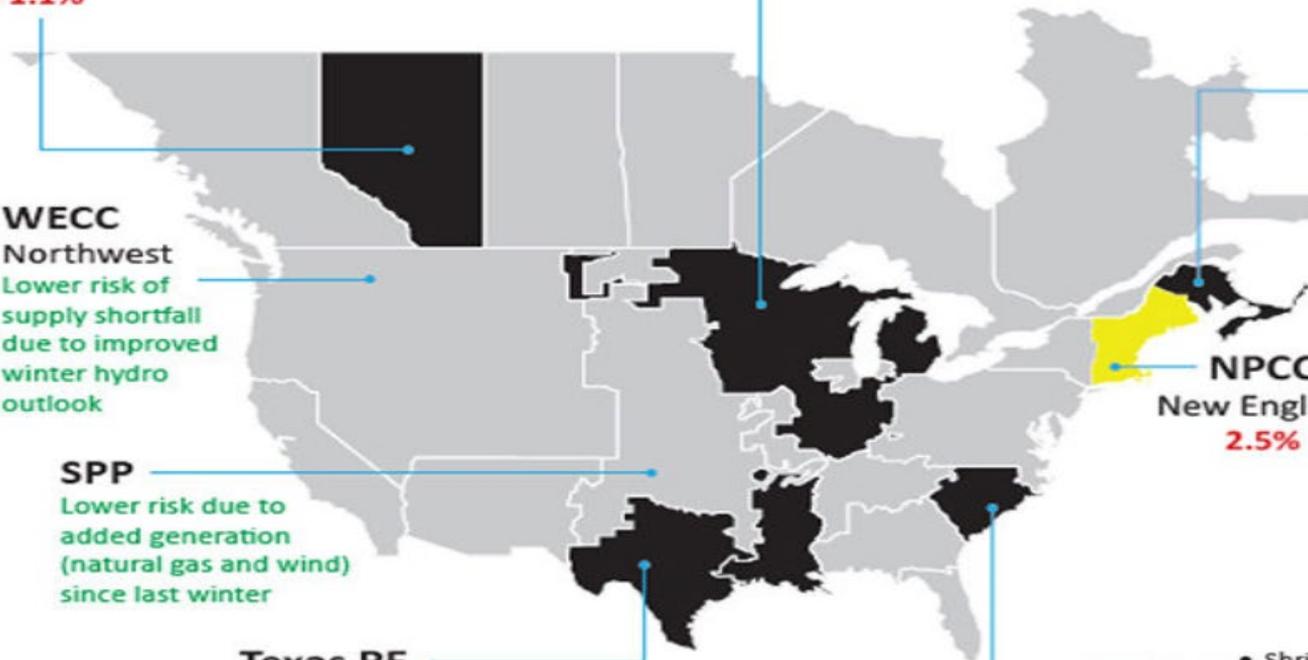
NPCC
New England

2.5%

SERC-E

1.0%

- Shrinking capacity and demand growth cause risk of shortfall in extreme cold
- Coal stocks lower due to supply and transportation issues

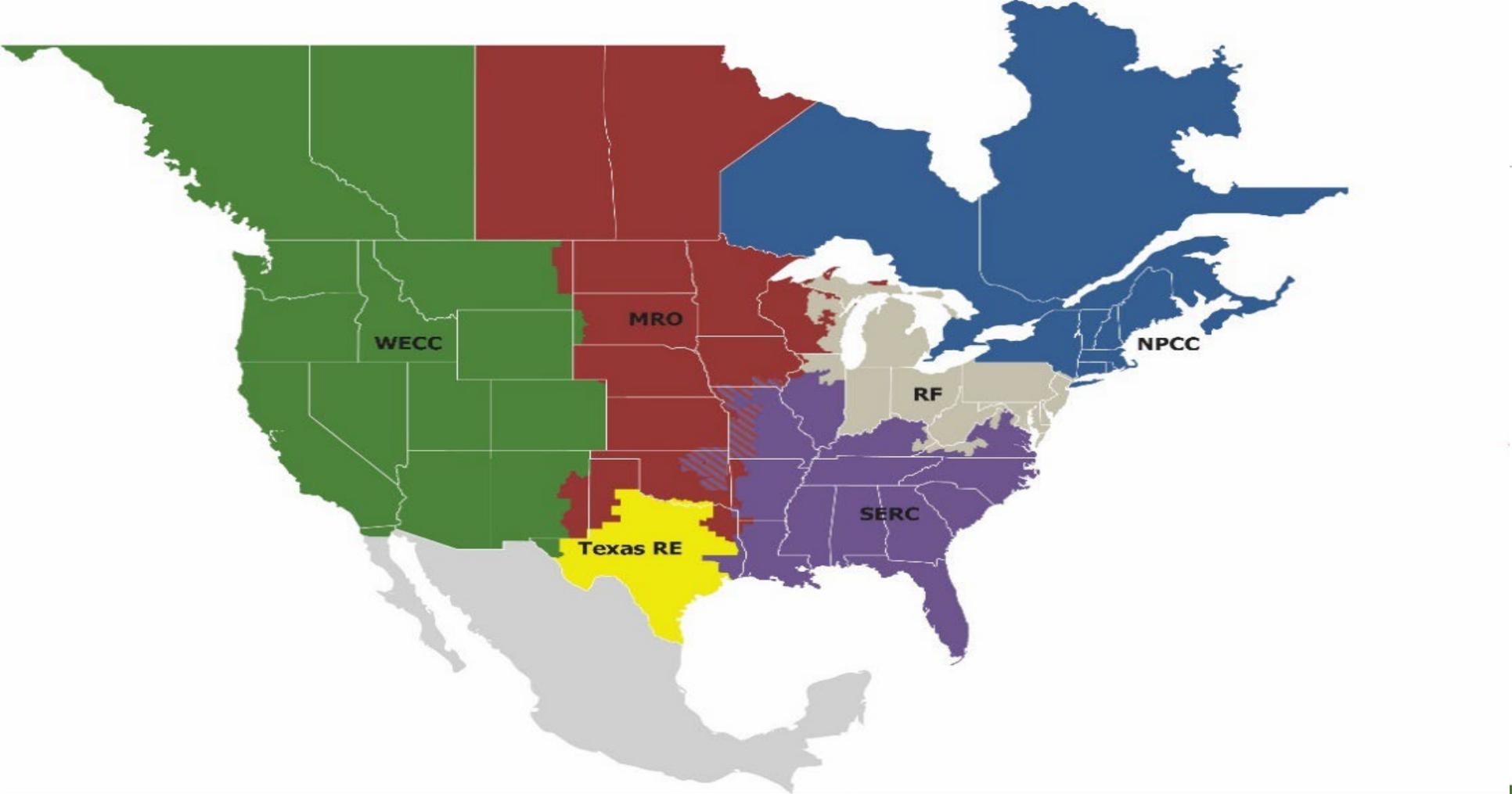


Midwest Reliability Organization (MRO):

Ensure compliance with mandatory reliability standards by entities; conduct assessments of the grid's ability to meet electric power demand in the region; and analyze regional system events.

MRO Regional Assessment:

- Complements National Assessment
- Historical Performance Data
- Generation Resource
- Transmission System Adequacy



Winter Storm Uri

SPP Implemented Policy Changes and Assessments:

- Fuel assurance
- Resource Planning and Availability
- Emergency Response
- Communication

MRO Regional Assessment Findings (SPP):

- Coal transport is an emerging risk
- SPP has sufficient resources to meet reserve requirements under normal peak winter conditions
- Robust excess capacity still impacted by extreme weather events

Winter Storm Elliott

Estimated **1.7 million** businesses and homes faced power outages.

TVA at one-time lost 6,000 MW of generation

TVA and Duke Energy used rolling blackouts

PJM Interconnection, which serves 65 million people in 13 eastern states, faced triple the power plant outages than it expected.

Texas (ERCOT) barely escaped another crisis with day-ahead projections being substantially higher than real-time demand

Winter Storm Elliott

FERC *announced* Dec. 28 it would conduct the joint investigation with NERC and its regional entities into Winter Storm Elliott.

FERC Chair Richard Glick said “the behavior of the bulk power system during the storm shows that the BPS is critical to public safety and health.”

NERC CEO Jim Robb said. “This storm underscores the increasing frequency of significant extreme weather events ... and underscores the need for the electric sector to change its planning scenarios and preparations for extreme events.”

Southwest Power Pool

WHO IS SPP?

501(c)(6) nonprofit corporation

One of 9 regional grid operators

104 member companies in 14 states

"Air traffic control" for high-voltage grid

Balances supply and demand across region

Maintains reliable grid operations

Operates wholesale energy market

Plans future transmission needs

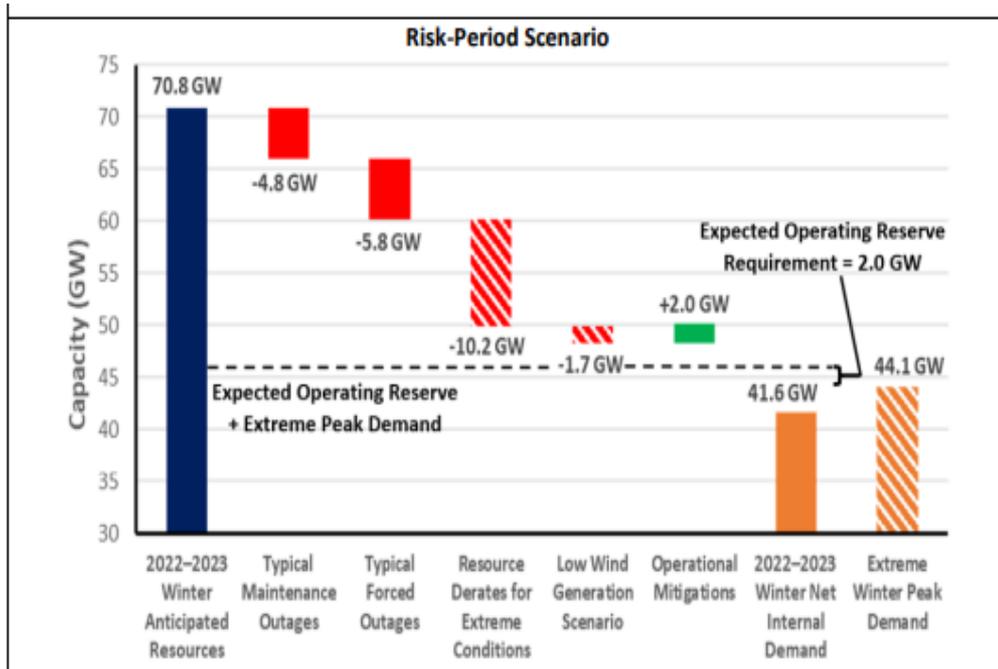


4 Emergency Plan Overview

4.1 Authority and Responsibility

The SPP BA has the responsibility and clear decision-making authority to take whatever actions are determined necessary to ensure the reliability of its BAA. This includes taking specific action to alleviate emergencies that may jeopardize the integrity of the SPP BAA. In order to implement the required mitigating actions in the necessary time frame, the SPP BA System Operators have the authority to take or direct timely and appropriate real-time actions up to and including shedding firm load without approval from higher level personnel within SPP. The SPP BA System Operators have the authority to issue Operating Instructions to Stakeholders to maintain the reliable operation of the Bulk Electric System.

The SPP BA will work in coordination with the SPP Reliability Coordinator (RC) and the Transmission Operators (TOP) and Generator Operators (GOP) within the SPP BAA to ensure that the integrity of the Eastern Interconnect is not jeopardized as a result of actions taken in response to an Emergency. This includes following all Operating Instructions given by the SPP RC and TOPs within the SPP BAA.



Scenario Description (See [Data Concepts and Assumptions](#))

Risk Period: Highest risk for unserved energy at peak demand hour

Demand Scenarios: Net internal demand (50/50) and (90/10) demand forecast

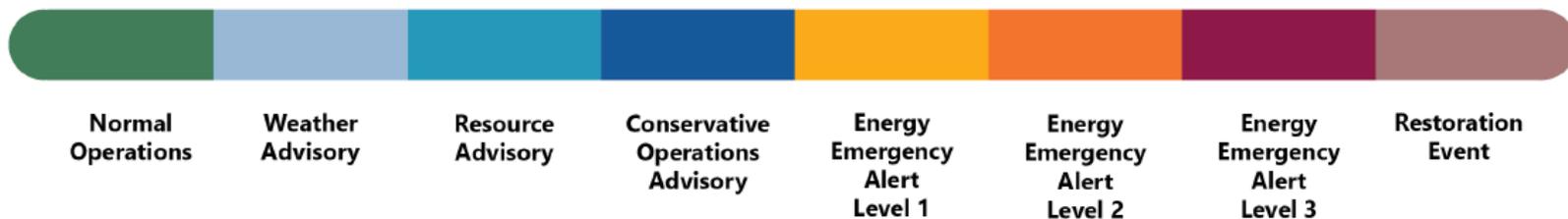
Maintenance and Forced Outages: A capacity derate for maintenance outages, forced outages, and performance in extreme weather based on historical data

Extreme Derates: A capacity derate for generator performance in extreme weather based on historical data

Low Wind Scenario: 1.7 GW of wind potentially off-line when temperatures fall below their cold weather performance packages

Operational Mitigations: A total of 2 GW based on operational/emergency procedures (External Assistance)

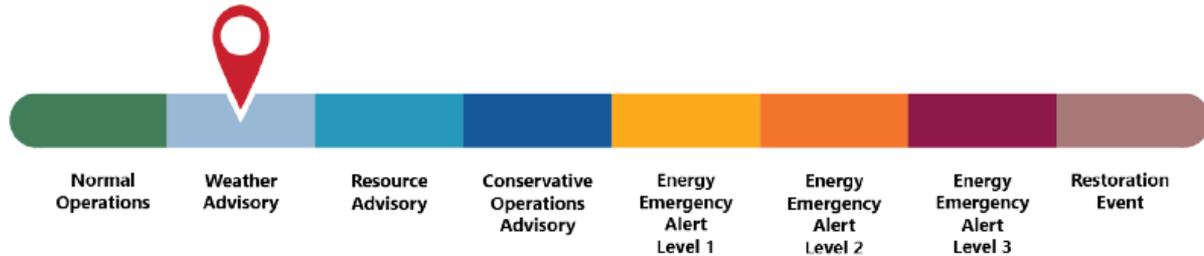
SOUTHWEST POWER POOL GRID CONDITIONS



Advisories raise awareness and do not require general audiences to take action. SPP member utilities should follow applicable procedures.

Alerts indicate all available generation has been committed to meet region-wide demand. As conditions worsen, voluntary conservation or service interruptions may be necessary to prevent uncontrolled outages.

WEATHER AND RESOURCE ADVISORIES



- Weather Advisory: Extreme weather expected in SPP's RC area.
- Resource Advisory: Severe weather conditions, significant outages, wind forecast uncertainty, and/or load forecast uncertainty are expected in the SPP BA area.

CONSERVATIVE OPERATIONS ADVISORY



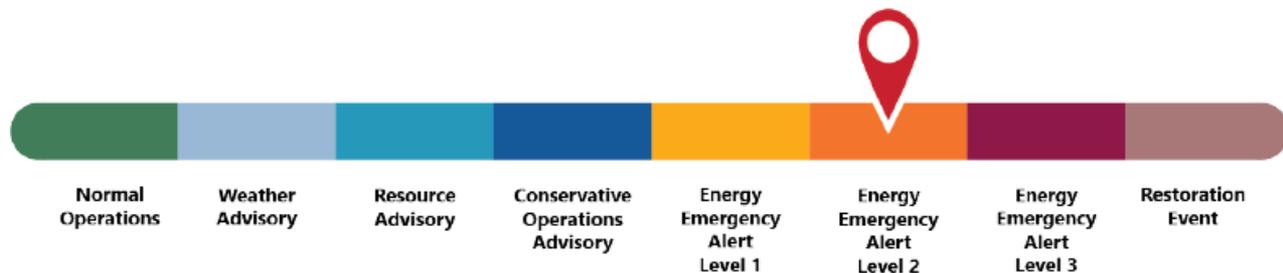
- Triggered by: Ops may declare a need to operate conservatively (including postponing or canceling outages, committing long-lead resources, and other actions) based on weather, environmental, operational, terrorist, or cyber events.

ENERGY EMERGENCY ALERT (EEA) LEVEL 1



- **Definition:** Declared when all available resources have been committed to meet obligations, and SPP is at risk of not meeting required operating reserves. Entities operating behind-the-meter generation should contact the SPP BA regarding capabilities and availability.

PUBLIC APPEAL FOR CONSERVATION



- An appeal for conservation is required along with issuance of an EEA 2. If Operations determines earlier conservation may mitigate operational risk, it may be requested (not directed) earlier.

ENERGY EMERGENCY ALERT (EEA) LEVEL 2



- **Definition:** Declared when SPP can no longer provide expected energy requirements and is an Energy Deficient Entity, or when SPP foresees or has implemented procedures up to, but excluding, interruption of firm load commitments. Entities operating behind-the-meter generation are expected to be on-line, if available. Entities with non-firm load shed capabilities can expect curtailments to be implemented by their Transmission Operator.

ENERGY EMERGENCY ALERT (EEA) LEVEL 3



- **Definition:** SPP is utilizing operating reserves such that it is carrying reserves below the required minimum and has initiated assistance through the Reserve Sharing Group. Declared when SPP foresees or has implemented firm load obligation interruption. Before requesting an EEA 3, SPP will have already provided the appropriate internal notifications to its Market Participants. Entities operating behind-the-meter generation are expected to be on-line, if available. Entities with non-firm load shed capabilities can expect curtailments to be implemented by their Transmission Operator.

LOAD SHED / CONTROLLED SERVICE INTERRUPTION



- **Definition:** SPP deems it necessary to direct controlled service interruptions to balance region-wide demand with available generation and prevent uncontrolled outages.

- On 12/19 SPP issued a cold-weather advisory for 12/21 - 12/26
- On 12/20 SPP issued a Resource alert for 12/22 - 12/25
- On 12/23 SPP issued Conservative Operations
- On 12/23 SPP issued an Energy Emergency Alert Level 1
- On 12/23 SPP returned to Conservative Operations
- On 12/23 SPP issued another Energy Emergency Alert Level 1
- On 12/23 SPP issued Conservative Operations for 12/23 - 12/25
- On 12/25 SPP resumed Normal Operations

Questions?

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