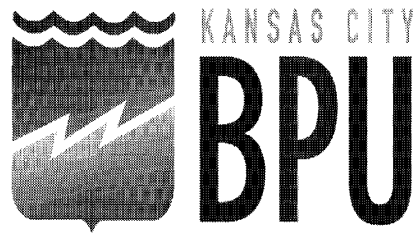


BOARD INFORMATION PACKET



**Board of Public Utilities
Kansas City, Kansas**

Regular Meeting of

October 21, 2020



**Gold Award
for
Competitiveness
Achievement**



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October 21, 2020

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Board of Public Utilities
Kansas City, Kansas

BOARD AGENDA

Regular Session
October 21, 2020 – 6:00 P.M.

- I. Call to Order
- II. Roll Call
 - ____ Ryan Eidson, At Large, Position 2
 - ____ Tom Groneman, District 2
 - ____ Robert L. Milan, Sr., District 1
 - ____ Jeff Bryant, District 3
 - ____ Mary L. Gonzales, At Large, Position 1
 - ____ Rose Mulvany Henry, At Large, Position 3
- III. Approval of Agenda
- IV. Approval of the Minutes of the Regular Session of October 7, 2020
- V. Visitors
- VI. General Manager / Staff Reports
 - i. COVID-19 Update
 - ii. Internal Audit Update
 - iii. 2021 Annual Delegates for Western Fuels
 - iv. Miscellaneous Comments
- VII. Board Comments
- VIII. Adjourn

Approval of Minutes
Regular Session 10-7-20
Agenda Item #IV

REGULAR SESSION –WEDNESDAY, OCTOBER 7, 2020

STATE OF KANSAS)
) SS
CITY OF KANSAS CITY)

The Board of Public Utilities of Kansas City, Kansas (aka BPU, We, Us, Our) met remotely in Regular Session on Wednesday, October 7, 2020 at 6:00 P.M. The following Board Members were on the teleconference: Mr. Eidson, President; Robert L. Milan, Vice President; Mary Gonzales, Secretary; Jeff Bryant, Rose Mulvany Henry and Thomas Groneman.

Also on teleconference: William Johnson, General Manager; Angela Lawson, Deputy Chief Counsel; Lori Austin, Chief Financial Officer/Chief Administrative Officer; Jim Epp, Executive Director Water Operations; Johnetta Hinson, Executive Director Customer Service; Jeremy Ash, Executive Director Electric Operations; Dong Quach, Executive Director Electric Production; Jerry Ohmes, Executive Director Electric Supply; Robert Kamp, IT Project Manager; Jody Franchett, Director Administrative Services; Dennis Dumovich, Director of Human Resources; David Mehlhaff, Chief Communications Officer; Sperlynn Byers, Acting Director of Information Technology; and Patrice Townsend, Director Utility Services.

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

Mr. Eidson called the Board Meeting to order at 6:00 P.M. He welcomed all that were listening or viewing the meeting. He stated the COVID-19 pandemic had resulted in a State of Emergency disaster declared by the Governor which made it necessary to conduct the meeting using technology instead of in person for the general public. Those wishing to offer comments during the Visitors Comments section could click on the raised hand feature at the bottom of the application or window or press Star 9 and be connected by phone. As always, the public could email or call the BPU with any concerns. The Agenda could be found on the BPU website. If they were using Zoom, it would appear on their screen. During the Executive Sessions they would not be able to hear the discussion however, the Board would return to either take action in the open session or adjourn after the last session. Mr. Eidson introduced himself and the other Board Members along with the GM, and Legal Counsel.

Roll call was taken and all Board Members were present via teleconference.

Item #3 – Approval of Agenda

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

REGULAR SESSION –WEDNESDAY, OCTOBER 7, 2020

STATE OF KANSAS)
) SS
CITY OF KANSAS CITY)

Item #4 – Approval of the Minutes

A motion was made to approve the Minutes of the Regular Session of September 16, 2020 by Ms. Gonzales seconded by Mr. Groneman, and unanimously carried.

Mr. Eidson turned the meeting over to Mr. Bill Johnson, General Manager.

Item #5 – Visitors

Mr. Johnson asked Mr. Robert Kamp, IT Project Manager, if there were any visitors wishing to speak.

Mr. Kamp said that no one had their hand raised via teleconference.

Item #6 – General Manager’s Reports

- i. *COVID-19 Update:* Mr. Johnson gave an update on company COVID -19 matters. Regarding the CARES Act, he reported to the Board work was currently going on to develop an emergency technology plan.
- ii. *APPA National Update:* Ms. Joy Ditto, President and CEO, American Public Power Association (APPA) gave an update about what was currently going on nationally. She touched on the following:
 - APPA was celebrating their 80th anniversary. During those 80 years, members had experienced many things; World Wars I and II, the Spanish Flu, 9/11, and other pandemics, not to mention tornados, hurricanes, wild fires, and other natural disasters.
 - Regarding COVID-19, pandemic plans were in place. Their mutual aid working group began calls on pandemic response in February which evolved into holding webinars with members to share information and keep everyone connected. Some of the conversations and discussions focused on challenges that were being faced and how the federal government could help eliminate some of those barriers.
 - The Electricity Subsector Coordinator Council (ESCC) was a group formed after 9/11 to give critical infrastructure sectors, such as electricity an opportunity to

REGULAR SESSION –WEDNESDAY, OCTOBER 7, 2020

STATE OF KANSAS)
) SS
CITY OF KANSAS CITY)

collaborate as an industry with the Department of Energy and talk about challenges faced relating to national security events. They had begun developing a COVID resource guide to help members respond to things like access issues due to quarantine, lack of PPE availability early on, etc.

- APPA had developed responses as Congress was developing aid packages around COVID for the low income customer. The Low Income Home Energy Assistance Program (LIHEAP) was a federal program that guided funds down to the state for distribution to help low income customers pay their utility bills. They were also exploring other resources to help, such as restoring the ability to advance refund bonds.
- Also regarding the pandemic, members had discussed the load impact due to changes in communities and where people were working from. Some residential loads increased while some areas experienced load losses due to shut downs. The financial impact of the moratoria on shut-offs wouldn't be fully known until probably 2021. The impact from 2020 events faced by public power utilities could be in the \$5 billion range.
- Insuring work place safety was also a big concern. Work was ongoing to educate the federal and state partners about what utilities did as essential workers. Utilities were now in the Tier 2 category just below healthcare workers as essential personnel.
- Storm response and recovery continued to be a key focus of the APPA. Hurricanes and wild fires were large issues.
- Cyber security as it related to technology was also discussed. Utilities were having more two way relationships with customers and upgrades were necessary.
- They were also looking at the different scenarios regarding the upcoming elections.

REGULAR SESSION –WEDNESDAY, OCTOBER 7, 2020

STATE OF KANSAS)
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- iii. *August 2020 Financials:* Ms. Lori Austin, Chief Financial Officer/Chief Administrative Officer, presented the August 2020 Financials with a PowerPoint presentation (see attached).

Ms. Austin answered questions from the Board.

A motion was made to approve the August 2020 Financials by Ms. Gonzales, seconded by Mr. Milan and carried unanimously.

- iv. *Miscellaneous Comments:* Mr. Johnson had no additional comments.

Item #7 – Board Comments

Mr. Eidson had no additional comments.

Mr. Groneman thanked the staff for holding expenses down during this time and reminded everyone to stay safe.

Mr. Milan echoed Mr. Groneman's comments.

Mr. Bryant had no additional comments.

Ms. Gonzales thanked Ms. Ditto for the APPA update.

Ms. Mulvany Henry had no additional comments.

Item #8 – Executive Session

At 6:49 p.m. Ms. Angela Lawson, Deputy Chief Counsel, proposed a motion for adoption as follows:

I move that the Board go into Executive Session in the first floor boardroom to discuss confidential matters related to labor as justified under the employer-employee negotiations exception in the Kansas Open Meetings Act; and that General Manager, William Johnson, Chief Administrative Officer, Lori Austin, Deputy Chief Counsel, Angela Lawson, Executive Director of Human Resources, Dennis Dumovich, outside counsel, Ryan Denk and consultant Don Felltham be present to participate in the discussion, all others to be dismissed from the room and electronic and telephonic transmissions cease, and that we reconvene in open session

REGULAR SESSION –WEDNESDAY, OCTOBER 7, 2020

STATE OF KANSAS)
) SS
CITY OF KANSAS CITY)

returning to both electronic and telephonic broadcasting at 7:20 p.m. in the boardroom to take action in an open session or move to the next topic.

A motion was made by Mr. Bryant, seconded by Ms. Gonzales and carried unanimously.

At 7:20 p.m. the meeting was opened and a motion was made to extend until 7:55 p.m. by Mr. Bryant, seconded by Ms. Gonzales and carried unanimously.

At 7:55 p.m. Ms. Lawson proposed a motion for adoption as follows:

I move that after a ten minute break, the Board go into Executive Session in the first floor boardroom to discuss confidential matters related to an update on a personnel matter of a non-elected employee which is an exception in the Kansas Open Meetings Act; and that General Manager, William Johnson, Chief Administrative Officer, Lori Austin, Deputy Chief Counsel, Angela Lawson, Executive Director of Human Resources, Dennis Dumovich, and outside counsel, Ryan Denk be present to participate in the discussion, all others to be dismissed from the room and electronic and telephonic transmissions cease, and that we reconvene in open session returning to both electronic and telephonic broadcasting at 8:15 p.m. in the boardroom to take action in an open session or move to the next topic.

A motion was made by Ms. Gonzales, seconded by Mr. Groneman and carried unanimously.

At 8:15 p.m. Ms. Lawson proposed a motion for adoption as follows:

I move that the Board go into Executive Session in the first floor boardroom to discuss confidential matters related to evaluation of the General Manager, a personnel matter of a non-elected personnel as justified under the personnel matters of a nonelected employee exception in the Kansas Open Meetings Act; and that General Manager, William Johnson, and Deputy Chief Counsel, Angela Lawson be present to participate in the discussion, all others to be dismissed from the room and electronic and telephonic transmissions cease, and that we reconvene in open session returning to both electronic and telephonic broadcasting at 8:35 p.m. in the boardroom to take action in an open session or to adjourn.

A motion was made by Mr. Bryant, seconded by Ms. Gonzales and carried unanimously.

REGULAR SESSION –WEDNESDAY, OCTOBER 7, 2020

STATE OF KANSAS)
) SS
CITY OF KANSAS CITY)

Item #9 – Adjourn

Motion was made to adjourn the meeting at 8:35 P.M. by Mr. Milan, seconded by Mr. Groneman and carried unanimously.

ATTEST:

APPROVED:

Secretary

President

August 2020 Financial Results

October 7, 2020

Financial Results

2020 Billed kWh (YTD Jan – Aug)

| Electric | (CY) 2020 YTD | (PY) 2019 YTD | |
|-------------|------------------|------------------|-------|
| Residential | 397,798,459 | 393,756,961 | |
| Commercial | 606,682,540 | 645,519,916 | |
| Industrial | 334,684,731 | 388,588,758 | |
| | 1,339,165,730 | 1,427,865,635 | -6.2% |

Lower usage in 2020 compared to 2019 due to COVID-19 shutdown of businesses.

Residential – up 1.0%

Commercial – down 6.0%

Industrial – down 13.9%

Financial Results

2020 Billed CCF's (YTD Jan – Aug)

| | (CY) 2020 YTD | (PY) 2019 YTD | |
|-------------|------------------|------------------|-------|
| Water | | | |
| Residential | 2,364,732 | 2,272,973 | |
| Commercial | 1,631,593 | 1,714,326 | |
| Industrial | 1,240,447 | 1,297,131 | |
| | 5,236,772 | 5,284,430 | -0.9% |

Slightly lower usage compared to 2019 due to business shutdowns due to COVID-19

Residential – Up 4% Commercial – Down 5% Industrial - Down 4%

Financial Results

Revenues – August 2020

| | (CY) 2020 August | (PY) 2019 August | | Budget 2020 August | (CY) 2020 August | |
|----------|---------------------|---------------------|-------|-----------------------|---------------------|------|
| Electric | \$ 30.427 | \$ 28.298 | | \$ 27.505 | \$ 30.427 | |
| Water | 5.574 | 4.424 | | 5.273 | 5.574 | |
| Combined | \$ 36.001 | \$ 32.722 | 10.0% | \$ 32.778 | \$ 36.001 | 9.8% |

**Dollars in millions

Actual Compared to 2020 Budget

Electric up 11%

Water up 6%

Financial Results

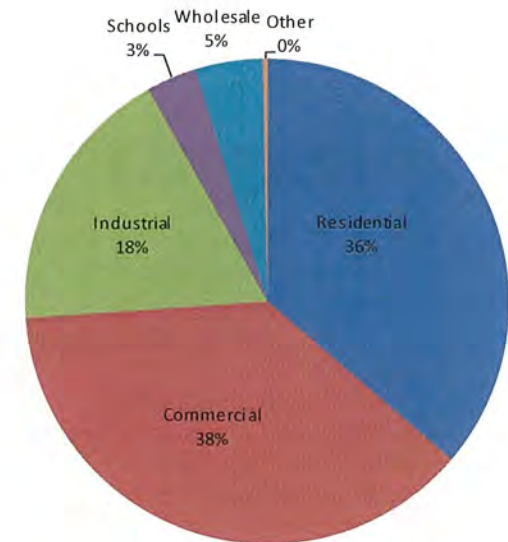
Revenues – 2020 YTD

| | (CY) 2020 YTD | (PY) 2019 YTD | | Budget 2020 YTD | (CY) 2020 YTD | |
|----------|------------------|------------------|------|--------------------|------------------|-------|
| Electric | \$ 191.498 | \$ 190.506 | | \$ 193.649 | \$ 191.498 | |
| Water | 34.799 | 33.971 | | 35.840 | 34.799 | |
| Combined | \$ 226.297 | \$ 224.477 | 0.8% | \$ 229.489 | \$ 226.297 | -1.4% |

**Dollars in millions

Variance – YTD comparing Budget to Actual for 2020

| | | | |
|------------------|----------------|---------------|----------------|
| <u>Electric:</u> | <i>Down 1%</i> | <u>Water:</u> | <i>Down 3%</i> |
| Residential | \$360K | Residential | (\$194K) |
| Commercial | (\$2.5M) | Commercial | (\$780K) |
| Industrial | (\$1.6M) | Industrial | \$510K |



Recognized \$5.5 deferred revenue YTD from the 2019 ERC

Financial Results

Operating Expenses – August 2020

| | (CY) 2020 August | (PY) 2019 August | | Budget 2020 August | (CY) 2020 August | |
|----------|---------------------|---------------------|-------|-----------------------|---------------------|-------|
| Electric | \$ 17.487 | \$ 17.649 | | \$ 18.391 | \$ 17.487 | |
| Water | 2.784 | 3.196 | | 3.163 | 2.784 | |
| Combined | \$ 20.271 | \$ 20.845 | -2.8% | \$ 21.554 | \$ 20.271 | -6.0% |

**Dollars in millions

Variance – Comparing Budget to Actual for 2020

Electric – down 5%

| | |
|-----------------|------------|
| Production | - 14% down |
| Purchased Power | - 1% down |
| Fuel | - 1% up |
| T&D | - 12% down |
| G &A | - 26% down |

Water – down 12%

| | |
|------------|------------|
| Production | - 15% down |
| T&D | - 15% down |
| G &A | - 22% down |



Financial Results

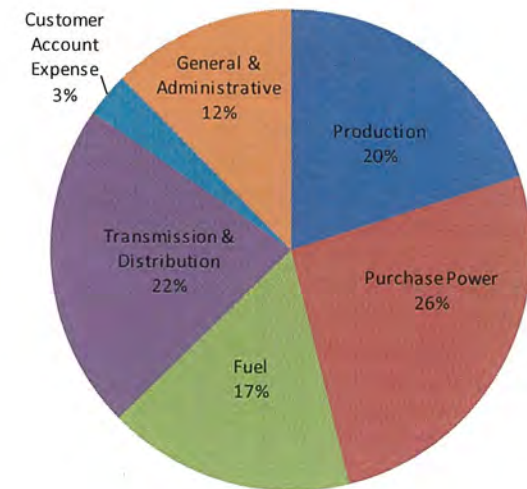
Operating Expenses – 2020 YTD (Total)

| | (CY) 2020 YTD | (PY) 2019 YTD | | Budget 2020 YTD | (CY) 2020 YTD | |
|----------|------------------|------------------|-------|--------------------|------------------|--------|
| Electric | \$ 130.879 | \$ 134.563 | | \$ 146.012 | \$ 130.879 | |
| Water | 22.646 | 24.358 | | 25.291 | 22.646 | |
| Combined | \$ 153.525 | \$ 158.921 | -3.4% | \$ 171.303 | \$ 153.525 | -10.4% |

**Dollars in millions

Actual Compared to 2020 Budget

- Electric down 10%
- Water down 10%



Financial Results

Operating Expenses – 2020 YTD less Depreciation

| | (CY) 2020 YTD | (PY) 2019 YTD | | Budget 2020 YTD | (CY) 2020 YTD | |
|----------|------------------|------------------|-------|--------------------|------------------|--------|
| Electric | \$ 112.379 | \$ 115.842 | | \$ 127.267 | \$ 112.379 | |
| Water | 17.462 | 19.161 | | 20.105 | 17.462 | |
| Combined | \$ 129.841 | \$ 135.003 | -3.8% | \$ 147.372 | \$ 129.841 | -11.9% |

**Dollars in millions

Variance – YTD comparing Budget to Actual 2020

Electric:

Purchased Power (\$3.8M)
 Fuel (\$.4K)
 Production (\$4.7M)
 T&D (\$2.8M)
 G&A (\$3.9M)

Water:

Production (\$720K)
 T&D (\$1.3M)
 G&A (\$650K)

Financial Results

Change in Net Position – August 2020

| | (CY) 2020 August | (PY) 2019 August |
|----------|---------------------|---------------------|
| Electric | \$ 6.781 | \$ 5.720 |
| Water | 2.487 | 0.568 |
| Combined | \$ 9.268 | \$ 6.288 |

| Budget 2020 August | (CY) 2020 August |
|-----------------------|---------------------|
| \$ 4.289 | \$ 6.781 |
| 1.234 | 2.487 |
| \$ 5.523 | \$ 9.268 |

**Dollars in millions

Financial Results

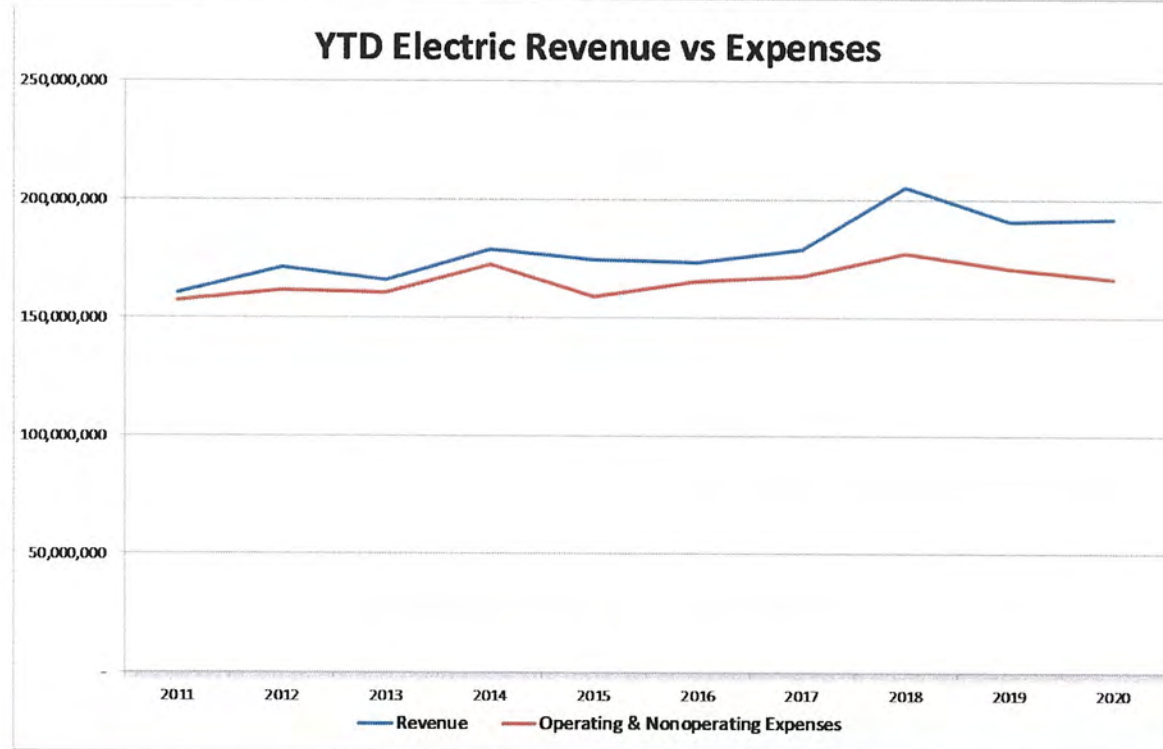
Change in Net Position – 2020 YTD

| | (CY) 2020 YTD | (PY) 2019 YTD |
|----------|------------------|------------------|
| Electric | \$ 25.188 | \$ 19.799 |
| Water | 6.385 | 3.294 |
| Combined | \$ 31.573 | \$ 23.093 |

| Budget 2020 YTD | (CY) 2020 YTD |
|--------------------|------------------|
| \$ 11.728 | \$ 25.188 |
| 4.630 | 6.385 |
| \$ 16.358 | \$ 31.573 |

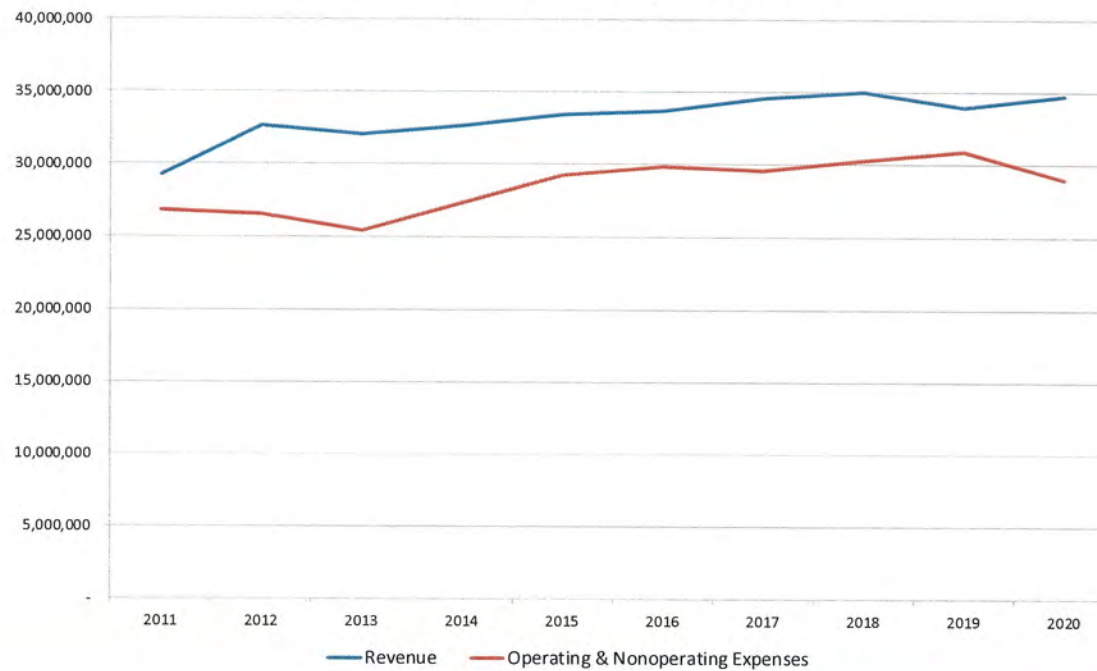
**Dollars in millions

Financial Results – 10 Year Trend



Financial Results – 10 Year Trend

YTD Water Revenue vs Expenses



Financial Results

Cash Position

| | (CY) 2020 August | (PY) 2019 August | 2020 July |
|-------------------|---------------------|---------------------|--------------|
| Combined (E&W) | \$ 47.82 | \$ 44.60 | \$ 44.23 |
| Days Cash-on-Hand | 80 | 77 | 74 |

**Dollars in millions

Financial Results

Balance Sheet: Notables

| | (CY) 2020 August | (PY) 2019 August |
|-------------------------------|---------------------|---------------------|
| Fuel Inventory | \$ 5.379 | \$ 4.012 |
| Bond Dollars 2016A (AQC) | \$ - | \$ 1.832 |
| Bond Dollars 2016C (Elec T&D) | \$ 1.542 | \$ 24.671 |

**Dollars in millions

Financial Results

Capital Spending

| | (CY) 2020 YTD | (PY) 2019 YTD | 2020 Budget | | |
|-------------------|------------------|------------------|-------------|-----------|-----|
| Electric | \$ 27.49 | \$ 22.29 | \$ 41.27 | | |
| Water | 5.16 | 3.46 | 12.73 | | |
| Common | 1.54 | 0.24 | 4.60 | | |
| Total YTD Capital | \$ 34.19 | \$ 25.98 | \$ 58.60 | Remaining | 42% |

**Dollars in millions

Major projects in 2020:

Rosedale Project - \$10.2M
 N1 Bottom Ash Handling System- \$3.9M
 Nearman 316B Project - \$161K
 Water Leak, Valve, System Imp. - \$1.3M
 UG/CMIP Water Distribution - \$2.0M

Financial Results

Debt Coverage

Debt Coverage with PILOT

| | (CY) 2020 August | (PY) 2019 August |
|----------|---------------------|---------------------|
| Electric | 2.09 | 2.23 |
| Water | 1.94 | 1.95 |
| Combined | 2.09 | 2.21 |

Debt Coverage w/o PILOT

| | (CY) 2020 August | (PY) 2019 August |
|----------|---------------------|---------------------|
| Electric | 1.51 | 1.61 |
| Water | 1.50 | 1.52 |
| Combined | 1.53 | 1.62 |

Financial Guideline Target 1.6 to 2.1 times with PILOT

**General Manager/
Staff Reports**
Agenda Item #VI

RESOLUTION NO. 5255

(CLASS A MEMBER)

RESOLUTION APPOINTING DELEGATES AND ALTERNATE DELEGATES TO 2020 ANNUAL MEETING OF WESTERN FUELS ASSOCIATION, INC.

BE IT RESOLVED by the Board of Directors of KC-BPU

_____ that the following named persons are hereby
appointed as its Delegates and Alternate Delegates, to-wit:

BILL JOHNSON Delegate

DONG QUACH Delegate

_____ Alternate Delegate

_____ Alternate Delegate

to the 2020 Annual Meeting of the Members of Western Fuels Association, Inc.

SECRETARY'S CERTIFICATE

I, _____, Secretary of _____
_____, do hereby certify that the above and foregoing Resolution
was adopted by the Board of Directors in a meeting on the 21st day of
October, 2020, and that this Resolution has not been amended or modified.

Dated this 21st day of October, 2020.

Secretary

NOTICE OF THE 2020 ANNUAL MEETING
OF
WESTERN FUELS ASSOCIATION, INC.

TO ALL MEMBERS OF WESTERN FUELS ASSOCIATION, INC.:

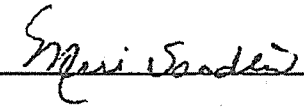
TAKE NOTICE that the Forty-Sixth Annual Meeting of the Members of Western Fuels Association, Inc. will be held electronically on Thursday, October 29, 2020, immediately following the regular meeting of the Board of Directors. The information necessary to join the meeting will be provided, via e-mail, prior to the meeting.

The Annual Meeting is held pursuant to Article III of the Bylaws of Western Fuels Association, Inc. for the purpose of electing directors, passing upon reports for the previous fiscal year, transacting such other business as may come before the meeting, and to consider a proposed amendment to the Bylaws of the Association.

The four Directors who are to be elected for three-year terms shall be the nominees from Tri-State Generation and Transmission Association, Inc., Basin Electric Power Cooperative, Sunflower Electric Power Corporation, and Sikeston Board of Municipal Utilities.

Pursuant to Article IV, Section 1(d) of the Bylaws, an Alternate Director may be elected by the Members for each Director position.

Dated this 8 day of September, 2020.



Meri Sandlin - CEO

September 8, 2020

**TO: CLASS "A" MEMBERS
WESTERN FUELS ASSOCIATION, INC.**

FR: MERI SANDLIN - CEO

RE: 2020 ANNUAL MEETING OF WESTERN FUELS ASSOCIATION, INC.

Enclosed you will find a Notice of the 2020 Annual Meeting of Western Fuels Association, Inc. and a suggested Resolution Appointing Delegates and Alternate Delegates to the meeting. Please have your organization select its Delegates and Alternate Delegates and return the completed Resolution form to:

Western Fuels Association, Inc.
12050 N Pecos Street, Suite 310
Westminster, CO 80234
Fax: 720-697-6957

The terms of the following Directors expire this year:

Tri-State Generation and Transmission Association, Inc. - Barry Ingold

Basin Electric Power Cooperative - Paul Baker

Sikeston Board of Municipal Utilities - Rick Landers

Sunflower Electric Power Corporation - Jana Horsfall

Thank you for your cooperation and assistance.



Meri Sandlin - CEO

Enclosures

pc: Rex E. Johnson

