

BOARD INFORMATION PACKET



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

Regular Meeting of

April 17, 2024



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Agenda Item #IV.....Approval of the Minutes of the Regular Session of April 3, 2024

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

Regular Session

April 17, 2024 – 6:00 P.M.

- I. Call to Order
- II. Roll Call
 - _____ Brett Parker, District 3
 - _____ Mary L. Gonzales, At Large, Position 1
 - _____ Tom Groneman, District 2
 - _____ David Haley, At Large, Position 2
 - _____ Stevie A. Wakes, Sr., District 1
 - _____ Rose Mulvany Henry, At Large, Position 3
- III. Approval of Agenda
- IV. Approval of the Minutes of the Regular Session of April 3, 2024
- V. Visitor Comments
- VI. General Manager / Staff Reports
 - i. Rubin Brown Audit Update
 - ii. Customer Service Quarterly Update
 - iii. Miscellaneous Comments
- VII. Public Comments on Agenda Items
- VIII. Board Comments
- IX. Executive Session
- X. Adjourn

REGULAR SESSION –WEDNESDAY, APRIL 3, 2024

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, April 3, 2024 at 6:00 PM. The following Board Members were present: Thomas Groneman, President; Stevie A. Wakes Sr., Secretary; Mary Gonzales, Brett Parker, and Rose Mulvany Henry. David Haley, Vice President, attended via Zoom.

Also present: William Johnson, General Manager; Angela Lawson, Acting Chief Counsel; Lori Austin, Chief Financial Officer; Jerry Sullivan, Chief Information Officer; Abbey Frye, Chief Administrative Officer; Johnetta Hinson, Executive Director Customer Service; Jerin Purtee, Executive Director Electric Supply; Steve Green, Executive Director Water Operations; Donald Stahl, Executive Director Electric Production; Dennis Dumovich, Director of Human Resources; Steve Hargis, Supervisor Water Operations; 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.

Mr. Groneman called the Board meeting to order at 6:00 PM. He welcomed all that were listening to or viewing the meeting. He informed all that the meeting was being recorded including video and audio. During the visitor comments section, those who attended in person, wishing to speak, should use the sign-up sheet at the entry and provide their name and address. In addition, there would be a public comments section after the General Manager/Staff Reports. During this section, the public could comment on the items presented in the General Manager/Staff Reports section that evening. Both visitor and public comments were limited to three 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 visitor and public comment sections. 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. He informed that all participants were to act respectfully to each other. Personal attacks or accusations would not be tolerated. All concerns would be directed to the Board only, they would then determine staff involvement. If side discussion was necessary, it was to be conducted outside of the Board room to avoid interfering with presenters or other attendees. If any rules are breached during this meeting, the attendee was subject to removal. Mr. Groneman introduced himself and the other Board members along with the General Manager, and Legal Counsel.

Roll call was taken and all Board members were present.

REGULAR SESSION –WEDNESDAY, APRIL 3, 2024

STATE OF KANSAS)
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CITY OF KANSAS CITY)

- iii. *KMEA Appointment – Resolution #5296:* Mr. Johnson presented Resolution #5296, which would appoint Mr. Purtee as Director- 2 to serve on the Board of Directors for the Kansas Municipal Energy Agency (KMEA). (See attached Resolution.)

A motion was made to approve Resolution # 5296, by Ms. Mulvany Henry, seconded by Ms. Gonzales, and unanimously carried.

Mr. Purtee and Mr. Johnson explained the affiliation with KMEA and what services they provided to BPU.

- iv. *Miscellaneous Comments:* Mr. Johnson gave an update on the in-person appointment soft launch and reminded the Board that the Wyandotte Economic Development Council (WYEDC) would have their Spring quarterly event on April 10th.

Item #7– Public Comments on Agenda Items

Mr. Johnson asked if there were any visitors who wished to address the Board on the previous items presented.

Ms. Louise Lynch, Kansas City, KS, spoke about summer rates and plant staffing.

Item #8– Board Comments

Ms. Mulvany Henry asked if there were any updates on the meetings with the UG regarding the bill separation process.

Mr. Johnson gave an update and said he would present a full update to the Board at an upcoming meeting.

Ms. Mulvany Henry suggested that the Board should request a joint meeting with the UG officials.

Ms. Gonzales thanked staff for their presentation and said the UG would be presenting their budget to the Rosedale community Saturday, April 6th, at the RDA (Rosedale Development Association) building from 3 – 5 PM.

Mr. Parker thanked staff for their informational presentations.

REGULAR SESSION –WEDNESDAY, APRIL 3, 2024

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Mr. Wakes spoke about the importance of meeting with the UG officials. He provided an update from the UG Economic Development and Finance Committee meeting he attended and said BPU was addressed in reference to a project near 114th Street and Delaware Pkwy. He thanked staff for their presentations and community members for attending the meeting.

Mr. Haley thanked staff for their educational presentations and spoke about the importance of continuing to communicate with the UG. He asked if there were any updates regarding the request for proposal (RFP) process for the Quindaro and Kaw properties.

Mr. Johnson gave an update on the status of the two locations.

Mr. Groneman echoed thanks to staff for their updates and said he would draft a letter to the UG Board of Commissioners to request a joint meeting. He asked that the Board provide items they would like to problem-solve at the joint meeting. The proposed items included;

- The separation of the bill.
- Lowering the PILOT fee.
- Addressing the in-kind services between BPU and the UG.

Mr. Wakes asked Ms. Johnetta Hinson, Executive Director Customer Service, for her perspective on the in-person appointment launch.

Ms. Hinson provided feedback to the Board and spoke about the progress being made regarding the in-person appointment launch.

Item 10 – Adjourn

At 8:19 PM a motion to adjourn was made by Ms. Mulvany Henry, seconded by Mr. Parker, and unanimously carried.

ATTEST:

APPROVED:

Secretary

President



February 2024 Preliminary Financial Results

April 3, 2024

Financial Results

2024 Billed kWh (YTD Feb)

| Electric | (CY) 2024 YTD | (PY) 2023 YTD |
|-------------|--------------------|--------------------|
| Residential | 104,790,790 | 104,375,975 |
| Commercial | 162,723,599 | 162,344,768 |
| Industrial | 83,198,772 | 86,266,967 |
| | 350,713,161 | 352,987,710 |

Residential and Commercial classes were slightly above 2023 while Industrial and YTD are below 2023

Residential – Up .5% Commercial – Up .5% Industrial – Down 3.5%

-0.6%

Financial Results

2024 Billed CCF's (YTD Feb)

| Water | (CY) 2024 YTD | (PY) 2023 YTD |
|-------------|------------------|------------------|
| Residential | 563,449 | 565,664 |
| Commercial | 413,874 | 393,216 |
| Industrial | 294,854 | 295,226 |
| | 1,272,177 | 1,254,106 |



Residential and Industrial were down slightly from 2023 while Commercial was up over 2023 levels

Residential – Down .5% Commercial – Up 5% Industrial – Down .5%

Financial Results

Revenues – February 2024

| | (CY) 2024 February | (PY) 2023 February | Budget 2024 February | (CY) 2024 February |
|----------|-----------------------|-----------------------|-------------------------|-----------------------|
| Electric | \$ 25.486 | \$ 27.386 | \$ 26.841 | \$ 25.486 |
| Water | 4.182 | 4.331 | 4.603 | 4.182 |
| Combined | \$ 29.668 | \$ 31.717 | \$ 31.444 | \$ 29.668 |
| | | | | -5.6% |
| | | | | -6.5% |

**Dollars in millions

Actual Compared to 2024 Budget

- Electric – Down 5%
- Water – Down 9%
- Combined – Down 5%

Financial Results

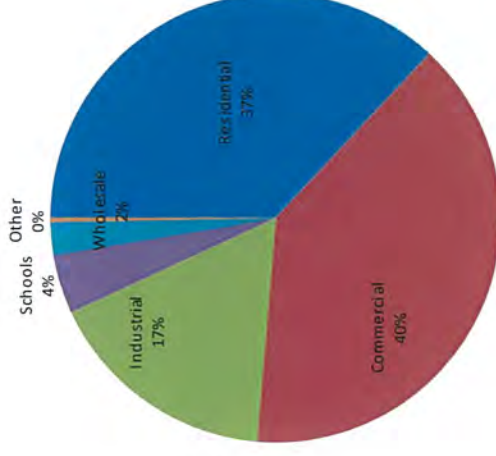
Revenues – 2024 YTD

| | (CY) 2024 YTD | (PY) 2023 YTD | Budget 2024 YTD | (CY) 2024 YTD |
|----------|------------------|------------------|--------------------|------------------|
| Electric | \$ 51.387 | \$ 54.649 | \$ 53.124 | \$ 51.387 |
| Water | 8.576 | 8.519 | 8.977 | 8.576 |
| Combined | \$ 59.963 | \$ 63.168 | \$ 62.101 | \$ 59.963 |
| | | | | -3.4% |

**Dollars in millions

Variance – YTD comparing Budget to Actual for 2024

| | | | |
|------------------|-----------|---------------|----------|
| <u>Electric:</u> | Down 3% | <u>Water:</u> | Down 4% |
| Residential | (\$ 643K) | Residential | (\$210K) |
| Commercial | \$ 172K | Commercial | \$ 89K |
| Industrial | (\$ 866K) | Industrial | (\$ 18K) |
| Schools | \$ 116K | Wholesale | (\$ 58K) |
| Wholesale | (\$ 1.1M) | | |



Recognized 2 months of 6 of the 2023 ERC Over Recovery of the ERC - \$1,362,509

Financial Results

Operating Expenses – February 2024

| | (CY) 2024 February | (PY) 2023 February | Budget 2024 February | (CY) 2024 February |
|----------|-----------------------|-----------------------|-------------------------|-----------------------|
| Electric | \$ 15.645 | \$ 19.055 | \$ 19.238 | \$ 15.645 |
| Water | 3.365 | 2.913 | 3.681 | 3.365 |
| Combined | \$ 19.010 | \$ 21.968 | \$ 22.919 | \$ 19.010 |
| | | | | -17.1% |
| | | | | -13.5% |

**Dollars in millions

Actual Compared to 2024 Budget

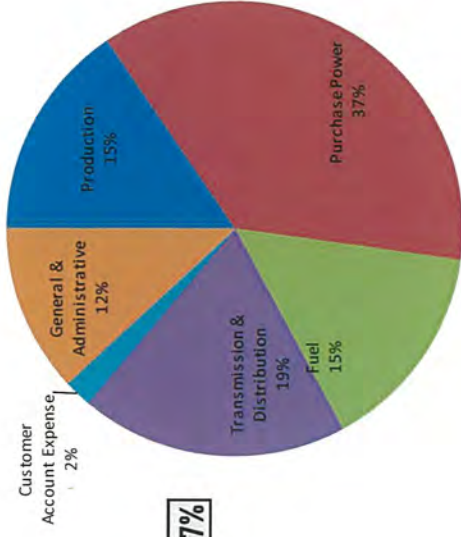
Electric – Down 19%

Water – Down 9%

Financial Results

Operating Expenses – 2024 YTD

| | (CY) 2024 YTD | (PY) 2023 YTD | Budget 2024 YTD | (CY) 2024 YTD |
|----------|------------------|------------------|--------------------|------------------|
| Electric | \$ 42.806 | \$ 38.345 | \$ 39.160 | \$ 42.806 |
| Water | 6.607 | 6.047 | 7.139 | 6.607 |
| Combined | \$ 49.413 | \$ 44.392 | \$ 46.299 | \$ 49.413 |
| | | | | 11.3% |
| | | | | 6.7% |



**Dollars in millions

Actual Compared to 2024 Budget

- Electric – Up 9%
- Water - Down 7%
- Combined – Up 7%

Financial Results

Operating Expenses – 2024 YTD less Depreciation

| | (CY) 2024 YTD | (PY) 2023 YTD | Budget 2024 YTD | (CY) 2024 YTD |
|----------|------------------|------------------|--------------------|------------------|
| Electric | \$ 36.724 | \$ 32.489 | \$ 33.348 | \$ 36.724 |
| Water | 5.188 | 4.650 | 5.758 | 5.188 |
| Combined | \$ 41.912 | \$ 37.139 | \$ 39.106 | \$ 41.912 |
| | | | 12.9% | 7.2% |

**Dollars in millions

Electric:

| | |
|-----------------|----------|
| Purchased Power | \$5.9M |
| Fuel | \$ 72K |
| Production | (\$862K) |
| T&D | (\$675K) |
| G&A | (\$902K) |

Water:

| | |
|------------|----------|
| Production | (\$140K) |
| T&D | (\$136K) |
| G&A | (\$254K) |

Variance – YTD comparing Budget to Actual 2024

Financial Results

Change in Net Position – February 2024

| | (CY) 2024 February | (PY) 2023 February |
|----------|-----------------------|-----------------------|
| Electric | \$ 5.974 | \$ 4.104 |
| Water | 0.089 | 0.630 |
| Combined | \$ 6.063 | \$ 4.734 |

| | Budget 2024 February | (CY) 2024 February |
|----------|-------------------------|-----------------------|
| Electric | \$ 3.576 | \$ 5.974 |
| Water | 0.234 | 0.089 |
| Combined | \$ 3.810 | \$ 6.063 |



**Dollars in millions

Financial Results

Change in Net Position – 2024 YTD

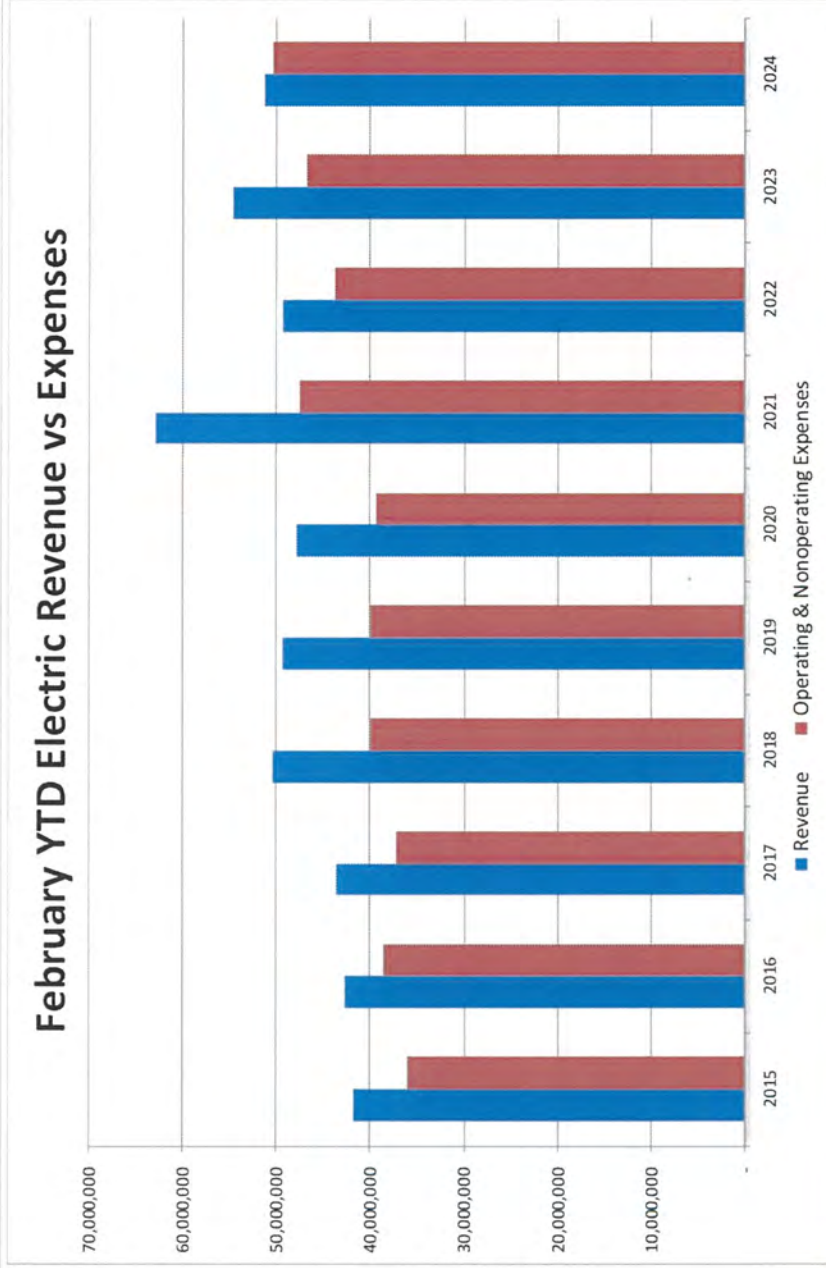
| | (CY) 2024 YTD | (PY) 2023 YTD |
|----------|------------------|------------------|
| Electric | \$ 0.954 | \$ 7.784 |
| Water | 1.454 | 1.194 |
| Combined | \$ 2.408 | \$ 8.978 |

| | Budget 2024 YTD | (CY) 2024 YTD |
|----------|--------------------|------------------|
| Electric | \$ 5.963 | \$ 0.954 |
| Water | 0.701 | 1.454 |
| Combined | \$ 6.664 | \$ 2.408 |

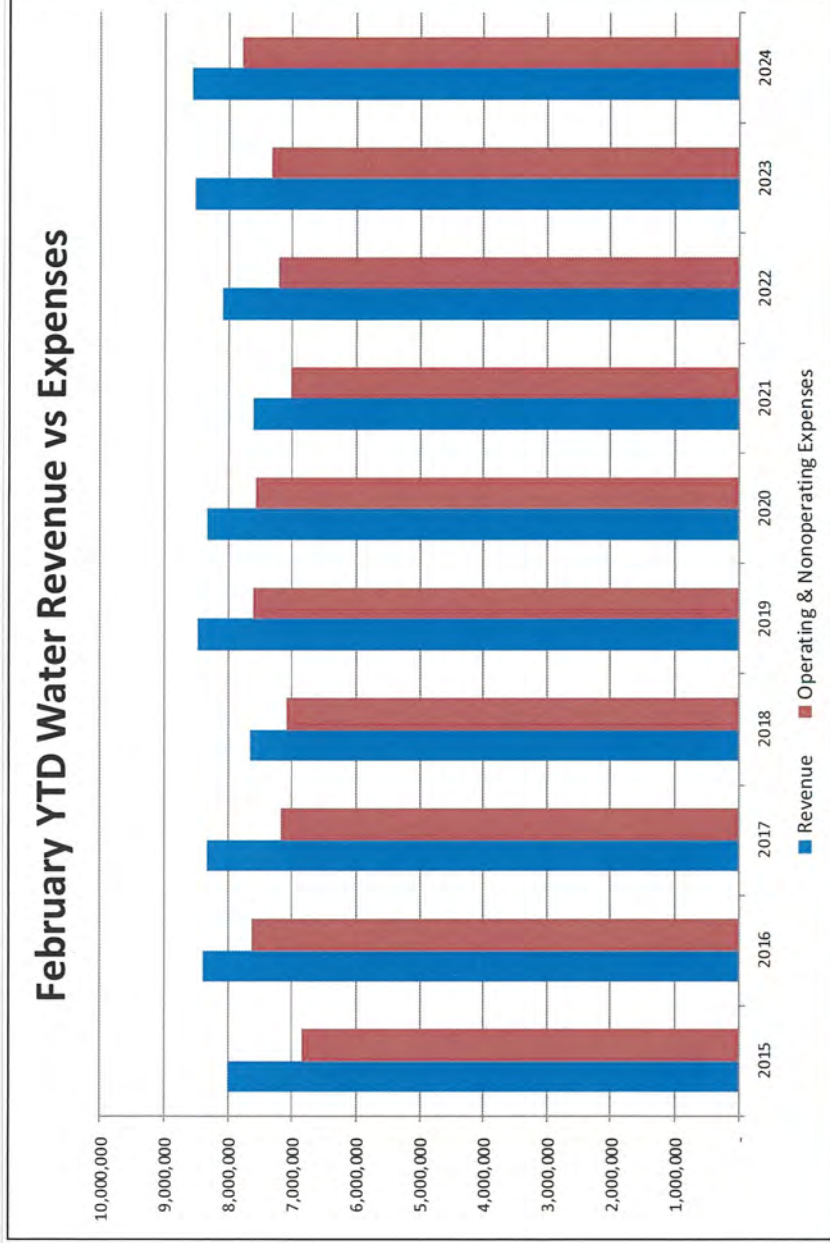


**Dollars in millions

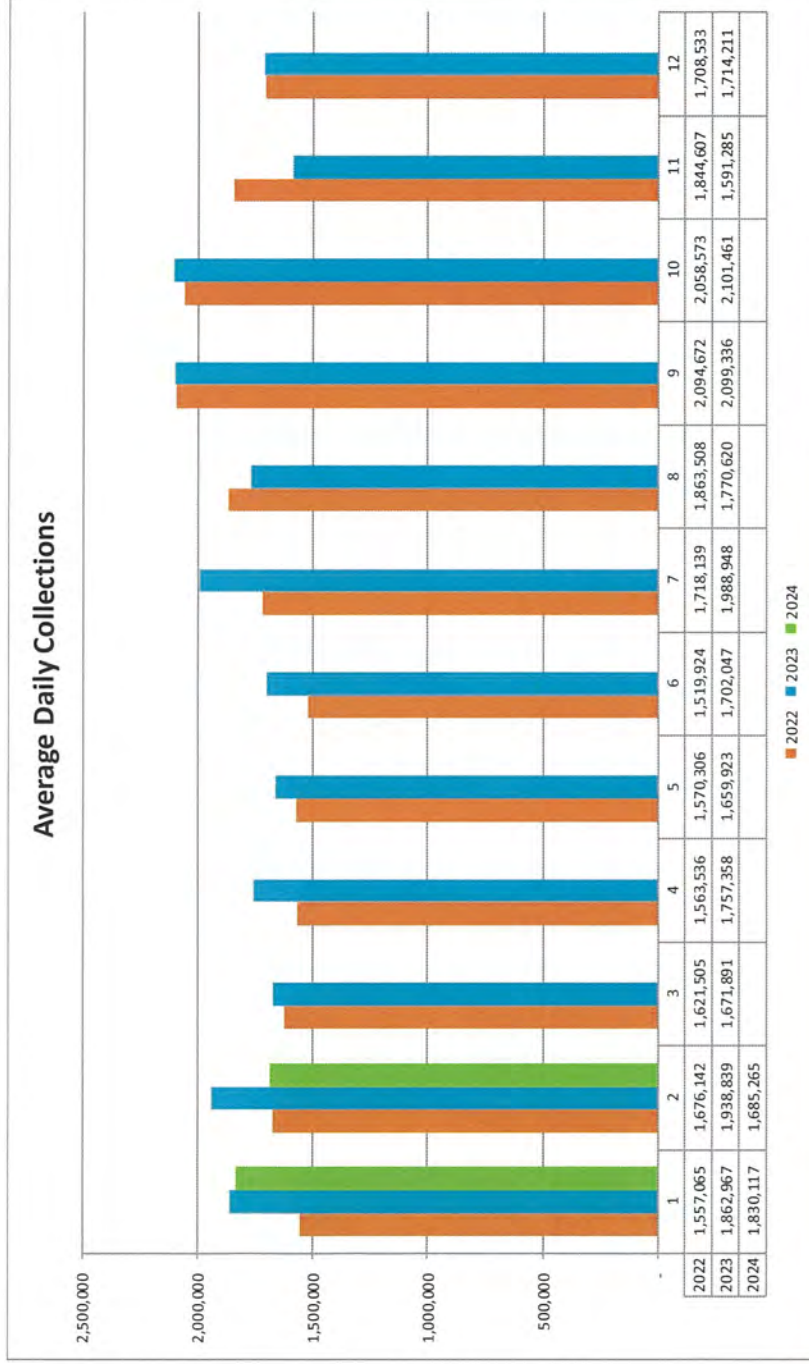
Financial Results – 10 Year Trend



Financial Results – 10 Year Trend

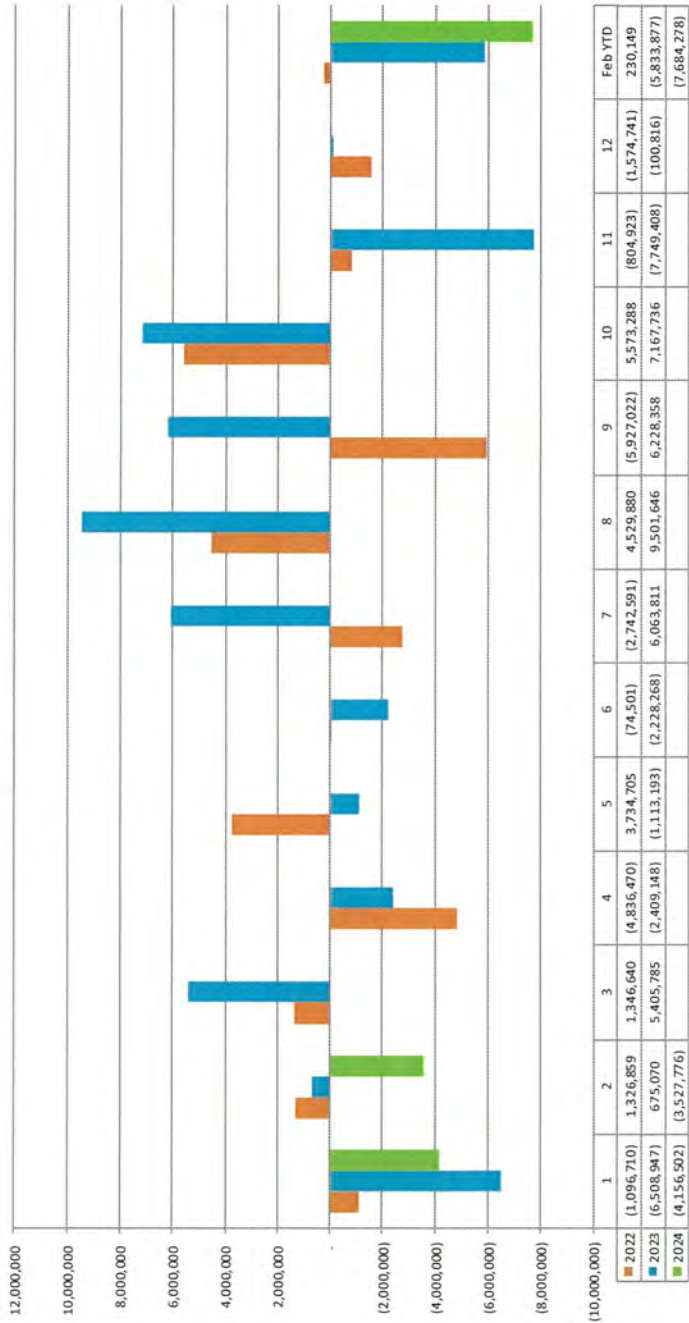


Financial Results



Financial Results

Historical Monthly Cash Comparison



Financial Results

Cash Position

Combined (E&W)
Days Cash-on-Hand

| | (CY) 2024 February | (PY) 2023 February | 2024 January |
|----|-----------------------|-----------------------|-----------------|
| \$ | 50.05 77 | \$ 38.21 59 | \$ 52.88 81 |

1 Day = Approximately \$600K-\$625K
(Based on 12 month rolling average of expenses)

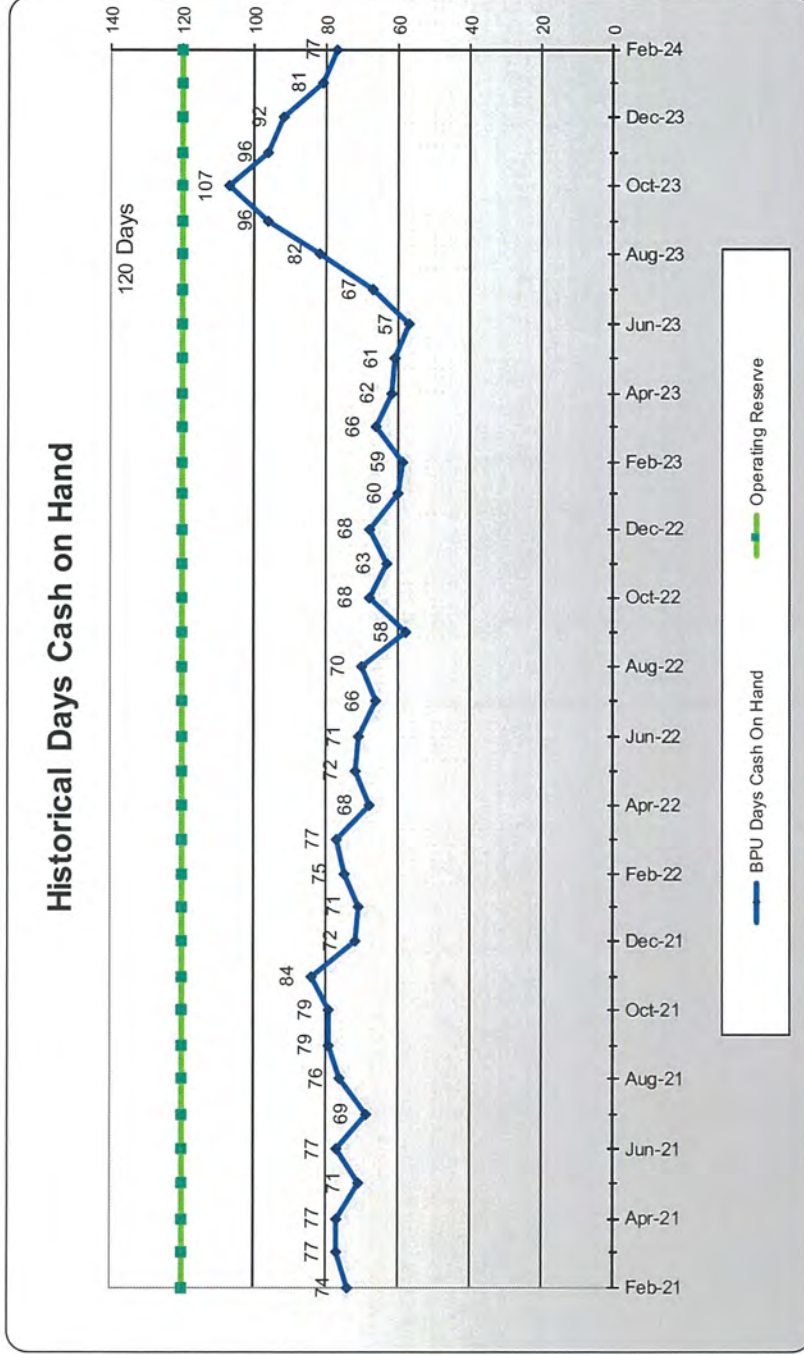
Balance Sheet: Notables

Fuel Inventory

| | (CY) 2024 February | (PY) 2023 February |
|----|-----------------------|-----------------------|
| \$ | 10,424 | \$ 8,141 |

**Dollars in millions

Financial Results





Financial Results

Capital Spending

| | (CY) 2024 YTD | (PY) 2023 YTD | 2024 Budget |
|--------------------------|------------------|------------------|------------------|
| Electric | \$ 1.62 | \$ 2.26 | \$ 35.58 |
| Water | 0.66 | 1.54 | 26.38 |
| Common | 0.27 | 0.50 | 5.13 |
| Total YTD Capital | \$ 2.55 | \$ 4.30 | \$ 67.09 |
| | | | Remaining |
| | | | 96% |

**Dollars in millions

Major projects in 2024:

- Electric Overhead Distribution - \$411K
- Electric Underground Distribution - \$317K
- Distribution Pole Inspection - \$319K
- Underground Transformers - \$352K
- Enterprise Technology - \$270K
- Water Distribution - \$186K

Financial Results

Debt Coverage

Debt Coverage with PILOT

| | (CY) 2024 February | (PY) 2023 February |
|----------|-----------------------|-----------------------|
| Electric | 2.24 | 2.81 |
| Water | 2.46 | 2.22 |
| Combined | 2.37 | 2.90 |

Financial Guideline Target
2.0 times with PILOT

Debt Coverage w/o PILOT

| | (CY) 2024 February | (PY) 2023 February |
|----------|-----------------------|-----------------------|
| Electric | 1.53 | 2.09 |
| Water | 1.87 | 1.74 |
| Combined | 1.65 | 2.18 |

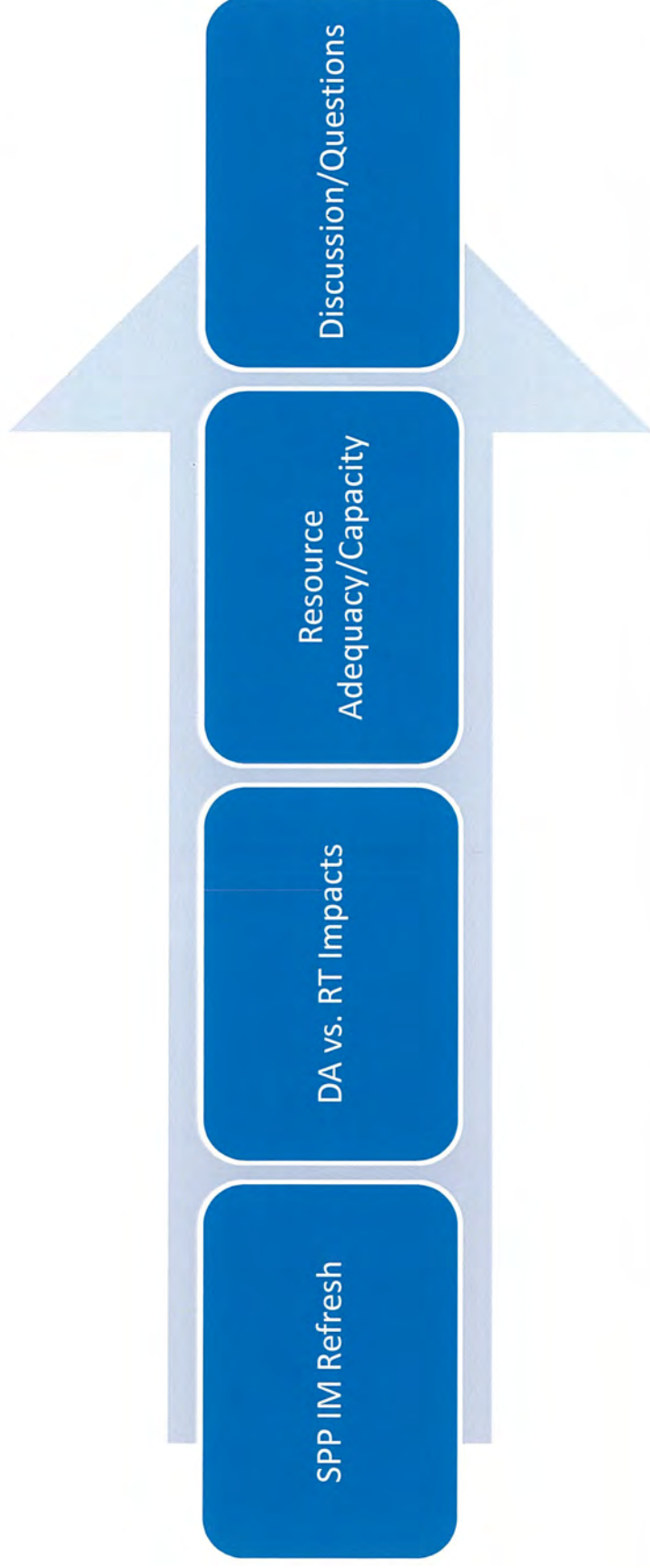
Financial Guideline Target
1.6 times without PILOT



SPP Market Trends & EPROD Training Discussion

4/3/2024

Topics



SPP Integrated Marketplace

- Co-optimizes the deployment of energy and operating reserves to dispatch resources on a least-cost basis
- Consolidated Balancing Authority (CBA)
- Day-Ahead Market
- Real-Time Balancing Market
- Reliability Unit Commitment process (RUC)



Day-Ahead & Real Time

Day-Ahead Market

- Bid/offer window closes 0930
- Bid Load
- Offer resources
- DA RUC ~1445

Real-Time Balancing Market

- Market operated continuously in real-time to balance the system through Energy deployment and to clear Regulation-Up, Regulation-Down, Spinning Reserve, and Supplemental Reserve

DA & RT

Day-Ahead & Real-Time Results

- Load DA – Purchase amount of forecasted load at cleared DA Locational Marginal Price (LMP)
- Load RT – Account for any deviation from forecasted DA load at Real Time LMPs
- Resource Offer DA – Offer available generation with associated parameters to SPP. Financially binding
- Resource Offer RT – Fulfill any commitment from DA offer; respond to real time operating reserve commitments

DA & RT

Day-Ahead & Real-Time Metrics

- Inability to fulfill DA commitment exposes BPU to potential volatility of RT market pricing
- Energy sales of BPU generated MWs in SPP IM offsets the purchase power costs reflected in weekly invoice from SPP

Factors to Consider

Contributing Factors

- Natural Gas prices
- Wind output across SPP footprint
- Scheduled outages impacting supply
- Local Reliability
- Season/Temps

Resource Adequacy

Resource Adequacy/Capacity

- SPP moving toward Performance Based Approach (PBA); approximate effective date 2026/2027 (7 years of performance data)
- Effective Load Carrying Capability (ELCC)
 - Wind accreditation to fall by ~70%
 - Solar 50-70% Summer 10-20% Winter
- 115% capacity requirement of annual peak load
- Will use GADS data; include forced de-rates in addition to forced outages

Resource Adequacy

Resource Adequacy/Capacity

- SPP is anticipating 3%-7% impact on registered capacity with PBA
- This approach will increase the value of capacity emphasizing the importance of unit availability and performance while minimizing the number of forced outages and de-rates
- Capacity market volatility expected to increase

Unit Offer Opportunities

Unit Offer Opportunities

- Increase
 - Unit efficiency
 - Ramp rates
 - Max output
 - Operating range
- Reduce
 - Chemicals
 - Reagents

Resource Adequacy Opportunities

- Reduce forced outages
- Strategic planned and maintenance outages
- Increased focus on inspection and preventative maintenance programs

Resource Adequacy
Opportunities



Ongoing efforts

Ongoing efforts

- Training
 - EPROD Supervisors
 - EPROD Staff
- Improved communication initiatives
- Operational strategies
- Outage coordination



CERTIFICATE – DIRECTOR-2

RESOLUTION NO: 5296
KANSAS MUNICIPAL ENERGY AGENCY
BOARD OF DIRECTORS

This certificate duly documents the appointment of a **Director-2** to serve on the Board of Directors of the Kansas Municipal Energy Agency (KMEA) as provided for in Article V, Section 5.1 of KMEA's Bylaws.

I, the undersigned Board Secretary of the Kansas City Board of Public Utilities of Kansas City, Kansas, a member of KMEA, do hereby certify that at a Board meeting of the Kansas City Board of Public Utilities duly held on the 3rd day of April, 2024;

| | | | |
|----------------|--|-------------|--|
| Name: | <u>Jerin Purtee</u> | Title: | <u>Executive Director Electric Supply</u> |
| Address: | <u>540 Minnesota Avenue,</u> | | |
| City: | <u>Kansas City Board of Public Utilities</u> | State: | <u>KS</u> Zip Code: <u>66101</u> |
| Office Phone: | <u>913-573-6833</u> | Cell Phone: | <u>913-244-8736</u> Fax: <u>913-573-9175</u> |
| Email Address: | <u>jpurtee@bpu.com</u> | | |

who resides within the territory served by the Kansas City Board of Public Utilities; or is an employee of the Kansas City Board of Public Utilities, was appointed to serve on the KMEA Board of Directors for a two-year term ending April 30, 2026.

I further certify that the foregoing appointment will be reflected in the official Board meeting minutes of the Kansas City Board of Public Utilities for the meeting on the date indicated above.

This certificate is given this _____ day of _____, 2024.

Board Secretary
Kansas City Board of Public Utilities

KANSAS CITY BOARD OF PUBLIC UTILITIES

APRIL 17, 2024



Internal Audit RFP

RFP Posted on March 28, 2024

Intent to Bid due April 5, 2024

Proposer Questions due
April 12, 2024

Responses to Questions due April
19, 2024

Proposal Due Date/Time May 1,
2024 @ 12:00 CT



Who is RubinBrown?

- 6 offices across the U.S.
- Offices in Kansas City and St. Louis
- 36th largest firm in the U.S.
- Internal Audit staff includes IT, Cyber and Accounting professionals
- 12-year history working with BPU



Our Team



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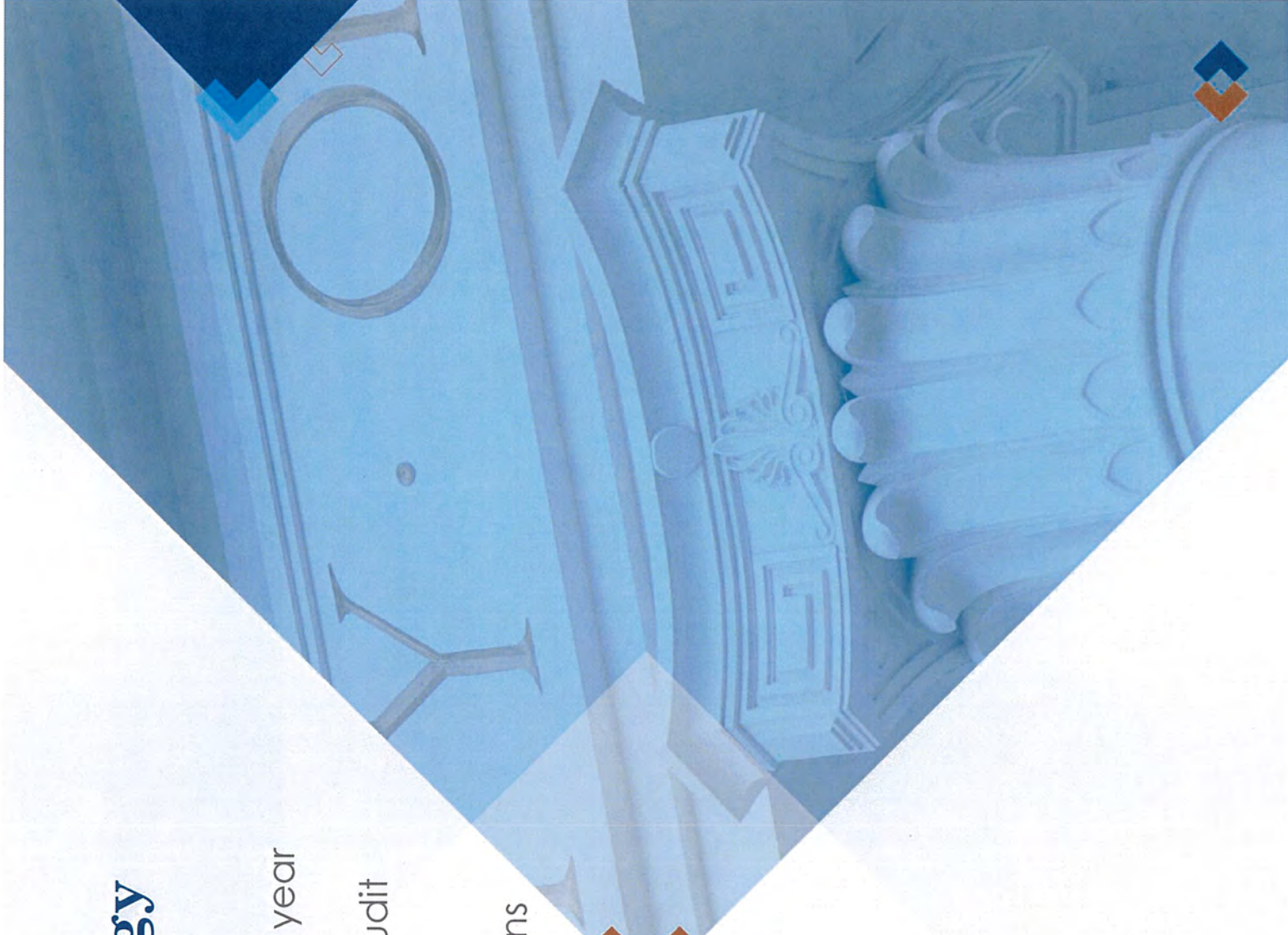


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Internal Audit Strategy

- Complete 5 – 6 internal audits per year
- Conduct at least one IT internal audit per year
- Include internal audits of operations
 - Electric
 - Water
 - Non-financial functions
- Majority of time spent on accounting controls
- Ensure fraud controls are present
 - Will not detect/prevent all fraudulent activity



Internal Audits Completed 2021 through Present

- 2021
 - Customer Engagement
 - System Access Review and Segregation of Duties
 - Cybersecurity Assessment
 - Vendor Management
- 2022
 - Billings/Online Payments
 - Purchasing of Power and Energy
 - Customer Service
- 2023
 - Vendor Contract Compliance
 - Payroll and Human Resources
 - IT General Controls
 - Purchasing Card Administration Review

NOTE: All internal audit reports are provided to the Board.





Questions?

