

BOARD INFORMATION PACKET



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

Regular Meeting of

May 20, 2020



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Board of Public Utilities
Kansas City, Kansas

BOARD AGENDA

Regular Session
May 20, 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 May 6, 2020
- III. General Manager's Reports
 - i. COVID-19 Update
 - ii. Finalized Financial Reports
 - iii. BPU Website Development
 - iv. BPU SCADA Update
 - v. Miscellaneous Comments
- V. Board Comments
- VI. Adjourn

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REGULAR SESSION –WEDNESDAY MAY 6, 2020

STATE OF KANSAS)
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Mr. Johnson said next was the 2019 Annual Financial Audit and he asked Ms. Austin to report.

Ms. Austin spoke about the external audit being done by BKD. She had a presentation on 2019 Audited Financial Results. (attached)

Ms. Austin introduced the BKD staff that was on the teleconference. Ms. Rachel Dwiggin, Client Relation Partner, Mr. Jacob Holman, Lead Audit Director and Kelsey Darnell which was the main person they worked with.

Ms. Austin asked for Board approval of the over recovery of the Energy Rate Component for 2019 for \$5.5 million. This would be recovered over the first six months of 2020.

Motion was made by Mr. Bryant, seconded by Ms. Gonzales and carried.

Ms. Austin asked for Board approval of the 2019 Annual Audited Financial Report as presented that evening.

Motion was made by Ms. Gonzales, seconded by Ms. Mulvany Henry and carried.

Ms. Austin said with the approval of the 2019 report, they will move forward with finalizing all the preliminary reports and come back to them at the next Board Meeting and ask for Board approval.

Ms. Austin presented the March 2020 Preliminary Financials. (attached)

Mr. Johnson asked Mr. Quach to give an update on Dogwood.

Mr. Quach had a Power Point presentation. (attached)

Mr. Johnson recapped some of the conversations from the day. He said we were continuing to work every day with the Unified Government and a big part of that was speaking to the Health Department on an almost daily basis to get a grasp on what was going on within our community and tracking the virus as it continued to spread.

REGULAR SESSION –WEDNESDAY MAY 6, 2020

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We are just beginning to see the full impact on revenue. This was the month where we were going to get a better understanding of the full impact financially. To prepare for the worst he did ask a number of employees to hold the line on spending and you've seen that in the financial reports.

We are starting to hear quite a bit from our customers, both Industrial and commercial businesses, as they attempted to open back up and restart. Some of the residential concerns were coming in as well so we were addressing those. He said he would be updating the Board about some of the things that were currently in place and some we were thinking about and some that we anticipated coming our way.

Mr. Johnson acknowledged Ms. Mulvany Henry's birthday Friday, May 15.

Board Comments

Mr. Eidson thanked everyone for their updates and reports. He wished Ms. Mulvany Henry a Happy Birthday and told everyone to be safe.

Mr. Groneman thanked staff and all of our employees for stepping up in these trying times. Everyone was doing a great job. He said we were going to get through this and he was ready for it to be over. He wished Ms. Mulvany Henry a Happy Birthday.

Mr. Bryant just wanted to remind everybody as the restrictions start being released to be careful. Continue with caution as we move forward so we can see each other again.

Ms. Gonzales said since this was National Drinking Water Week she wanted to give a shout out to Mr. Epp and the staff of the Water Department. Thanks for keeping the water reliable and safe. She wished Ms. Mulvany Henry a Happy Birthday.

Ms. Mulvany Henry thanked Mr. Johnson and the rest of the Board for wishing her a happy birthday. She thanked Mr. Dumovich, Ms. Austin and Mr. Quach and all of the folks from BKD for all of the information and reports. She found it very helpful. She would certainly echo everyone else's comments. We were relaxing some things out in the community right now but please stay safe. Listen to the Health Department.

Motion was made to adjourn the meeting at 7:18 P.M. by Mr. Bryant, seconded by Mr. Groneman and carried.

REGULAR SESSION –WEDNESDAY MAY 6, 2020

STATE OF KANSAS)
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ATTEST:

Secretary

APPROVED:

President

BPU Coronavirus Update

May 6, 2020

Coronavirus Update

- Leadership Team developed back to new normal plans for each division
- Started slow plan implementation for some divisions this week
- Most employees on PAL were back to work on Monday
- Customer Service/Muncie/Service Center - not allowing customers in lobby areas
- GM meeting with each division's management team regarding morale & communication of coronavirus plans
- Only three employees currently quarantined & forty (40) back to work from quarantine
- Only two positive tests so far & first positive is back to work



Safeguards for Employees

- Regular sanitization beyond enhanced cleaning
- All departments adjusted shifts to enhance social distancing, create less exposure to co-workers, less employees in the office
- Stopped or reduced access to the public
- Providing masks, sanitizer, gloves where needed
- Removed chairs from cafeteria (one per table)
- Eliminated self-serve ice machines in field



2019 Audited Financial Results

May 6, 2020

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 – 2019 YTD

	(CY) 2019 YTD	(PY) 2018 YTD		Budget 2019 YTD	(CY) 2019 YTD	
Electric	\$ 220.637	\$ 220.423		\$ 220.487	\$ 220.637	
Water	37.957	34.690		37.028	37.957	
Combined	\$ 258.594	\$ 255.113	1.4%	\$ 257.515	\$ 258.594	0.4%

**Dollars in millions

Variance – YTD comparing Budget to Actual 2019

Electric:

Purchased Power **(\$1.6M)**
 Fuel \$1.6M
 Production **(\$1.9M)**
 T&D \$2.6M

Water:

Production **(\$800K)**
 T&D \$2.1M
 G&A **(\$420K)**

Financial Results

Change in Net Position – 2019 YTD

	(CY) 2019 YTD	(PY) 2018 YTD		Budget 2019 YTD	(CY) 2019 YTD	
Electric	\$ 12.013	\$ 30.597		\$ 2.748	\$ 12.013	
Water	4.175	8.108		6.517	4.175	
Combined	\$ 16.188	\$ 38.705	-58.2%	\$ 9.265	\$ 16.188	74.7%

**Dollars in millions

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	85	76	87
1 Day = \$450K			

**Dollars in millions

Financial Results

Debt Coverage

Debt Coverage with PILOT

	(CY) 2019 December	(PY) 2018 December
Electric	2.01	2.39
Water	1.72	2.06
Combined	1.98	2.36

Debt Coverage w/o PILOT

	(CY) 2019 December	(PY) 2018 December
Electric	1.40	1.76
Water	1.29	1.62
Combined	1.40	1.76

Financial Guideline Target 1.6 to 2.1 times with PILOT

March, 2020 Preliminary Financial Results

May 6, 2020

Financial Results

2020 Billed kWh (YTD Jan – Mar)

Electric	(CY) 2020 YTD	(PY) 2019 YTD	
Residential	138,384,477	153,695,137	
Commercial	223,163,229	233,028,914	
Industrial	134,452,858	141,944,263	
	496,000,564	528,668,314	-6.2%

Lower usage in 2020 compared to 2019 mostly due to weather. The downturn has not occurred yet.

Residential – down 10%

Commercial – down 5%

Industrial – down 5%

Financial Results

2020 Billed CCF's (YTD Jan – Mar)

Water	(CY) 2020 YTD	(PY) 2019 YTD	
Residential	786,405	793,376	
Commercial	559,235	544,815	
Industrial	479,480	490,773	
	1,825,120	1,828,964	-0.2%

Lower usage compared to 2019 due to milder weather through the first 3 months
 Residential – Down 1% Commercial – Up 3% Industrial - down 3%

Financial Results

Revenues – March 2020

	(CY) 2020 March	(PY) 2019 March		Budget 2020 March	(CY) 2020 March	
Electric	\$ 22.099	\$ 23.159		\$ 21.480	\$ 22.099	
Water	3.809	3.629		3.832	3.809	
Combined	\$ 25.908	\$ 26.788	-3.3%	\$ 25.312	\$ 25.908	2.4%

**Dollars in millions

Actual Compared to 2020 Budget

Electric up 3%

Water down 1%

Financial Results

Revenues – 2020 YTD

	(CY) 2020 YTD	(PY) 2019 YTD		Budget 2020 YTD	(CY) 2020 YTD	
Electric	\$ 69.923	\$ 72.594		\$ 70.400	\$ 69.923	
Water	12.145	12.111		11.998	12.145	
Combined	\$ 82.068	\$ 84.705	-3.1%	\$ 82.398	\$ 82.068	-0.4%

**Dollars in millions

Variance – YTD comparing Budget to Actual for 2020

Electric: - Down 1%
Residential **(\$1.9M)**
Commercial **(1.0M)**
Industrial \$36K

Water: Up 1%
Residential **(\$410K)**
Commercial \$68K
Industrial \$560K

Through first 3 months we have recognized \$2.8 million of the \$5.6 million deferred revenue from the 2019 ERC

Financial Results

Operating Expenses – March 2020

	(CY) 2020 March	(PY) 2019 March		Budget 2020 March	(CY) 2020 March	
Electric	\$ 15.850	\$ 18.216		\$ 17.142	\$ 15.850	
Water	2.926	2.895		3.144	2.926	
Combined	\$ 18.776	\$ 21.111	-11.1%	\$ 20.286	\$ 18.776	-7.4%

**Dollars in millions

Variance – MTD comparing Budget to Actual for 2020

Electric

Production	- 8% down
Purchased Power	- 25% down
Fuel	- 51% up
T&D	- 16% down
G &A	- 12% down

Water

Production	- 11% down
T&D	- 13% down
G &A	- 2% up

Financial Results

Operating Expenses – 2020 YTD (Total)

	(CY) 2020 YTD	(PY) 2019 YTD		Budget 2020 YTD	(CY) 2020 YTD	
Electric	\$ 46.544	\$ 49.155		\$ 51.922	\$ 46.544	
Water	8.845	8.726		9.477	8.845	
Combined	\$ 55.389	\$ 57.881	-4.3%	\$ 61.399	\$ 55.389	-9.8%

**Dollars in millions

Financial Results

Operating Expenses – 2020 YTD less Depreciation

	(CY) 2020 YTD	(PY) 2019 YTD		Budget 2020 YTD	(CY) 2020 YTD	
Electric	\$ 39.700	\$ 42.114		\$ 44.636	\$ 39.700	
Water	6.920	6.773		7.532	6.920	
Combined	\$ 46.620	\$ 48.887	-4.6%	\$ 52.168	\$ 46.620	-10.6%

**Dollars in millions

Variance – YTD comparing Budget to Actual 2020

Electric:

Purchased Power	(\$2.3M)
Fuel	\$1.3M
Production	(\$1.7M)
T&D	(\$1.1M)
G&A	(\$1.0M)

Water:

Production	(\$175K)
T&D	(\$308)
G&A	(\$150K)

Financial Results

Change in Net Position – March 2020

	(CY) 2020 March	(PY) 2019 March		Budget 2020 March	(CY) 2020 March	
Electric	\$ 1.982	\$ 0.475		\$ 0.086	\$ 1.982	
Water	0.235	0.100		(0.029)	0.235	
Combined	\$ 2.217	\$ 0.575	285.6%	\$ 0.057	\$ 2.217	3789.5%

**Dollars in millions

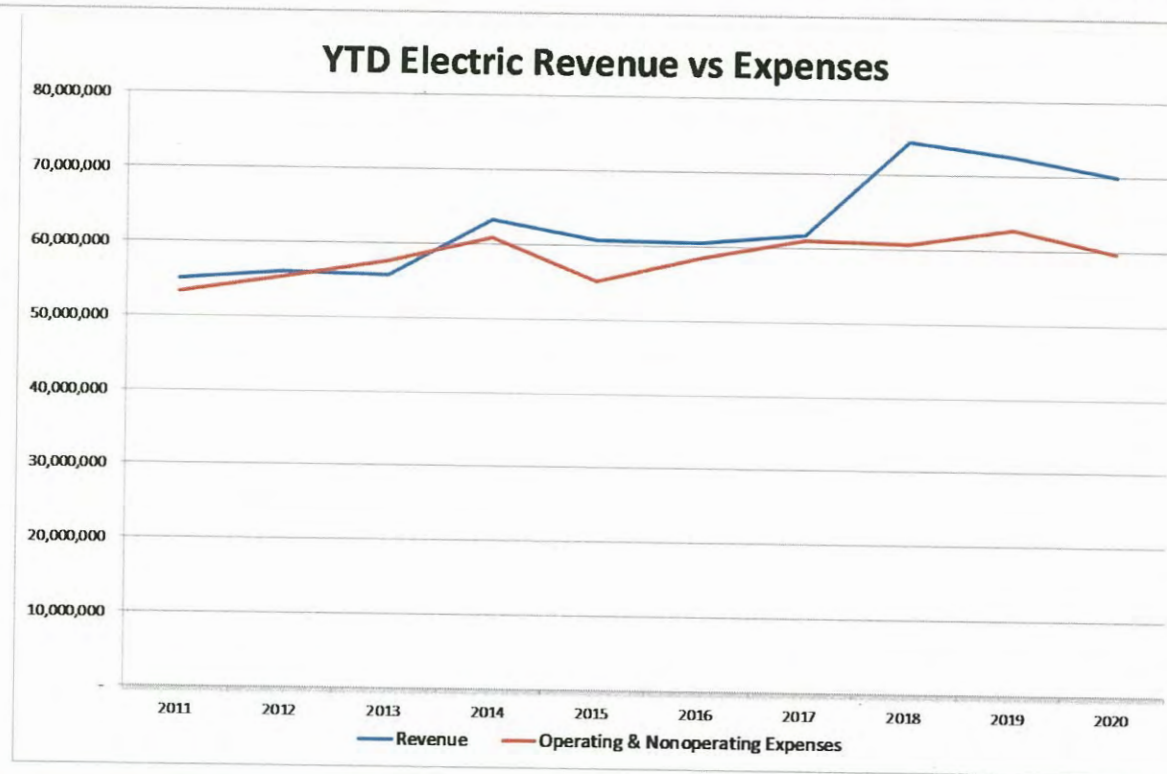
Financial Results

Change in Net Position – 2020 YTD

	(CY) 2020 YTD	(PY) 2019 YTD		Budget 2020 YTD	(CY) 2020 YTD	
Electric	\$ 10.374	\$ 9.941		\$ 5.179	\$ 10.374	
Water	1.012	0.967		0.318	1.012	
Combined	\$ 11.386	\$ 10.908	4.4%	\$ 5.497	\$ 11.386	107.1%

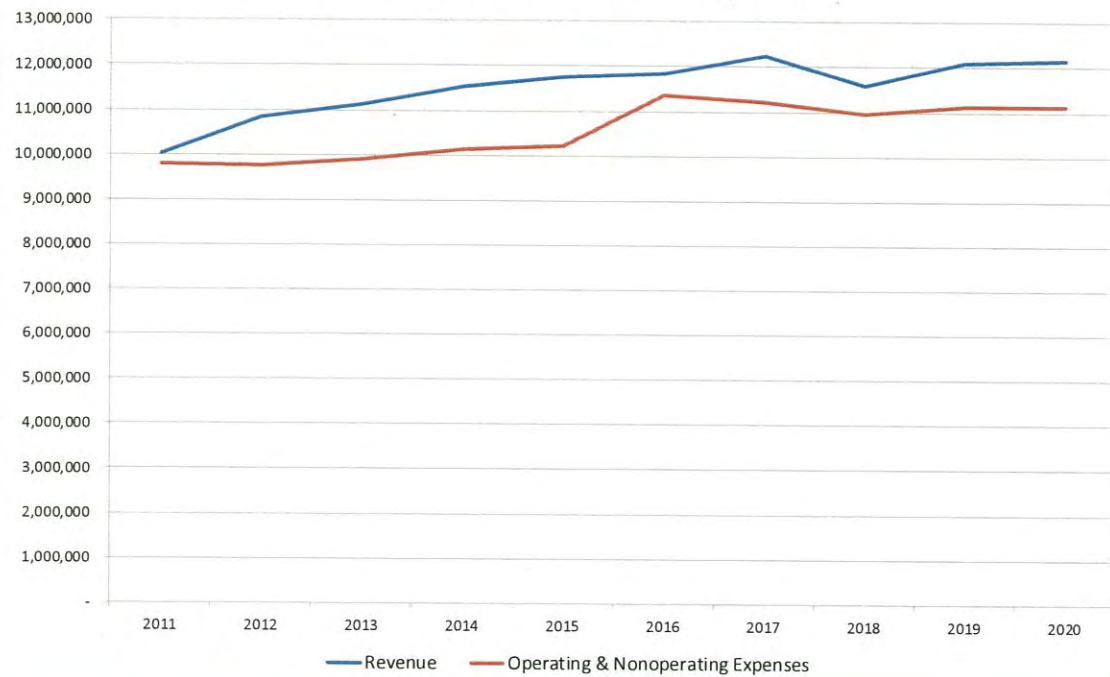
**Dollars in millions

Financial Results – 10 Year Trend



Financial Results – 10 Year Trend

YTD Water Revenue vs Expenses



Financial Results

Cash Position

	(CY) 2020 March	(PY) 2019 March	2020 February
Combined (E&W)	\$ 50.82	\$ 42.12	\$ 51.20
Days Cash-on-Hand	85	70	85

1 Day = \$550K

**Dollars in millions

Financial Results

Balance Sheet: Notables

	(CY) 2020 March	(PY) 2019 March
Fuel Inventory	\$ 6.312	\$ 3.569
Bond Dollars 2016A (AQC)	\$ -	\$ 3.521
Bond Dollars 2016C (Elec T&D)	\$ 8.153	\$ 32.128

**Dollars in millions

Financial Results

Capital Spending

	(CY) 2020 YTD	(PY) 2019 YTD	2020 Budget	
Electric	\$ 6.06	\$ 6.77	\$ 45.19	
Water	1.67	0.96	12.59	
Common	0.07	0.09	0.84	
Total YTD Capital	\$ 7.80	\$ 7.82	\$ 58.61	Remaining 87%

**Dollars in millions

Major projects in 2020:

Rosedale Project - \$1.8M
 N1 Remote Chain – Bottom Ash - \$675K
 Nearman 316B Project - \$125K
 Mill Liners - \$555K
 Water Leak, Valve, System Imp. - \$420K
 UG/CMIP Water Distribution - \$520K

Financial Results

Debt Coverage

Debt Coverage with PILOT

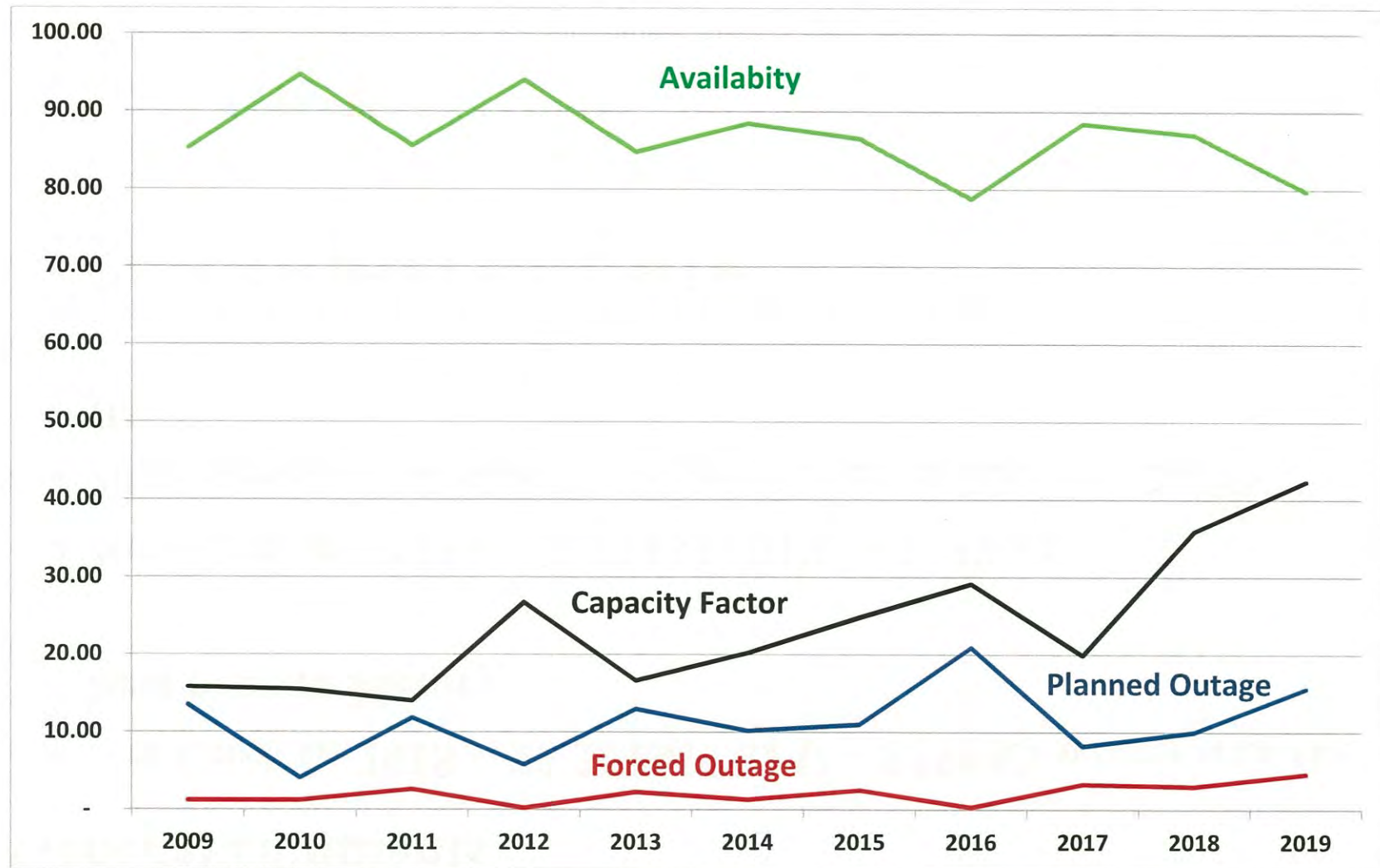
	(CY) 2020 March	(PY) 2019 March
Electric	2.05	2.32
Water	1.78	2.09
Combined	2.03	2.32

Debt Coverage w/o PILOT

	(CY) 2020 March	(PY) 2019 YTD
Electric	1.45	1.69
Water	1.34	1.65
Combined	1.46	1.71

Financial Guideline Target 1.6 to 2.1 times with PILOT

Dogwood Operating Statistics

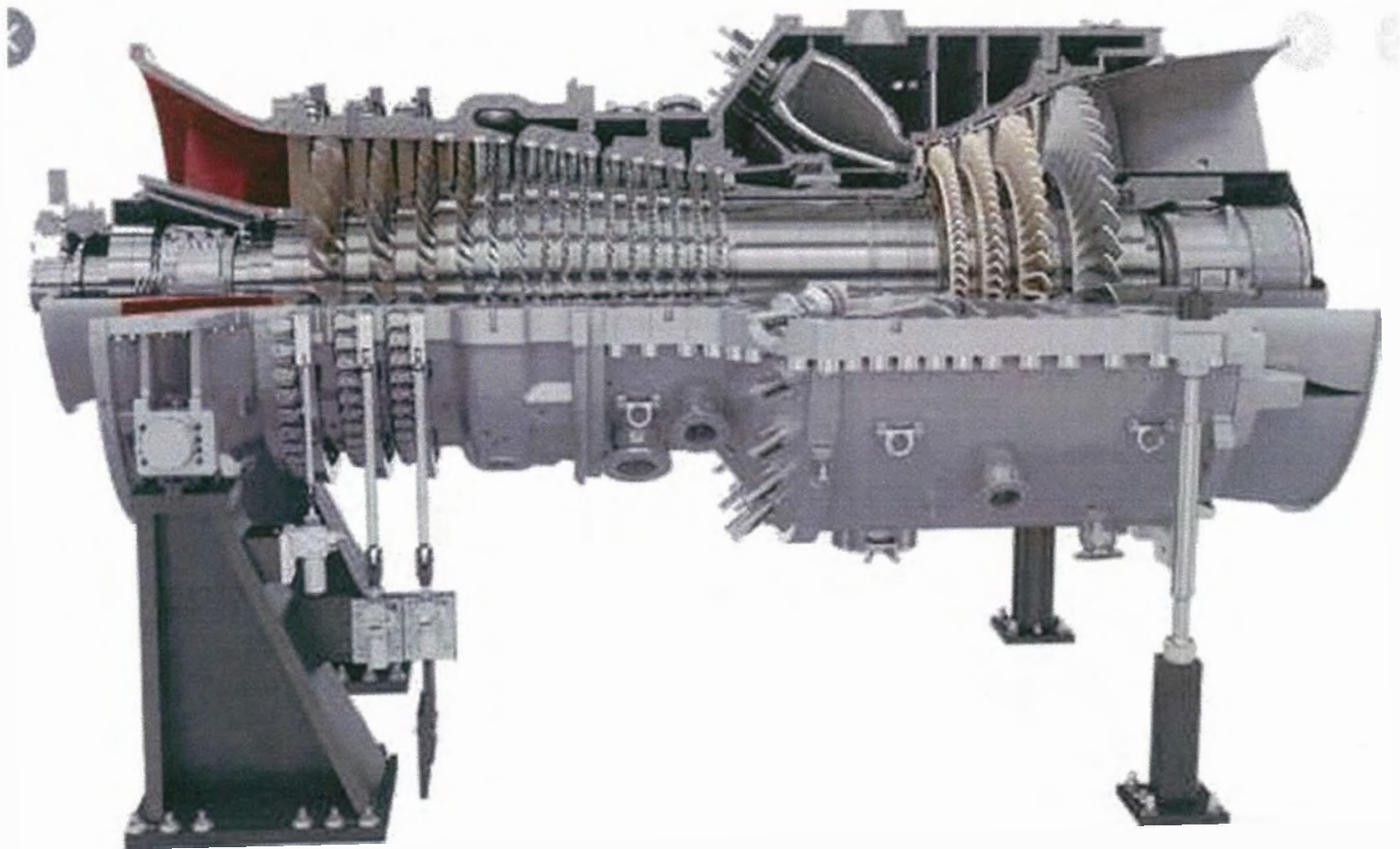


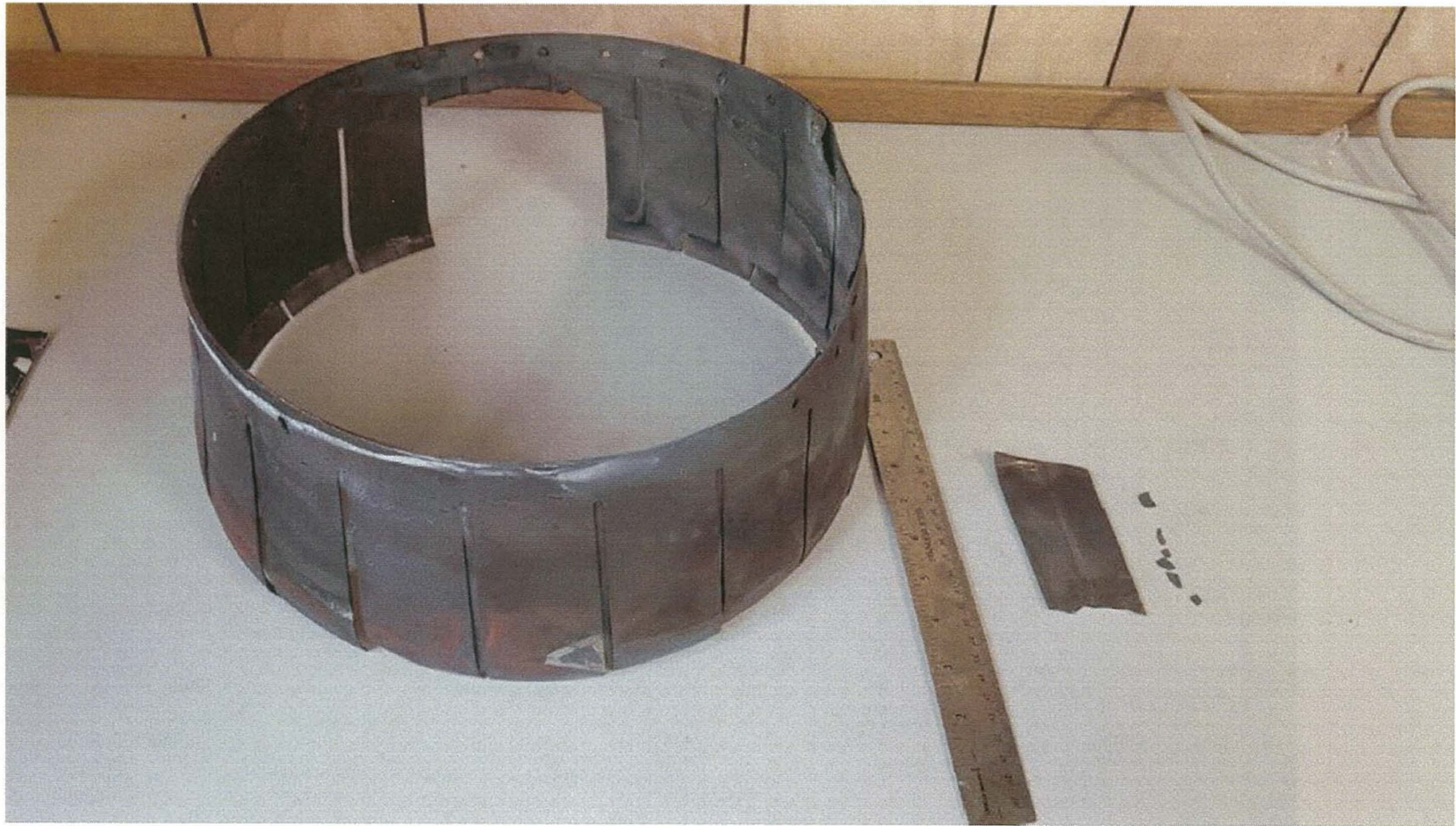
General comments

- Net Cash in 2018 – \$2.302M (BPU – \$391K) which was the best ever in history
- Net Cash in 2019 – **(\$1.171M (BPU – \$199K))**
- 2019 production was the highest ever in history, 2,409 BWHr
- Q1 2020 is pretty strong so far

Dogwood Spring Outage on 2020 0418

1. Just a 2 week routine work and inspection outage
 - Borescope inspection on both units
2. Initial indication on U1 going back to December 2019
3. Combustor piece (spring) broke off
4. Damaging blades and vanes
5. Parts are from a used machine from Ulta
6. Major repair cost is covered by Siemens
7. \$300,000 to owners (BPU – 17%) (also add 3,000 additional operating hours of warranty)
8. U1 is scheduled to be back online by 5/11





Dong Quach # 5

Fig 5

Row 1 & 2 – borescope inspection on 2020 0421

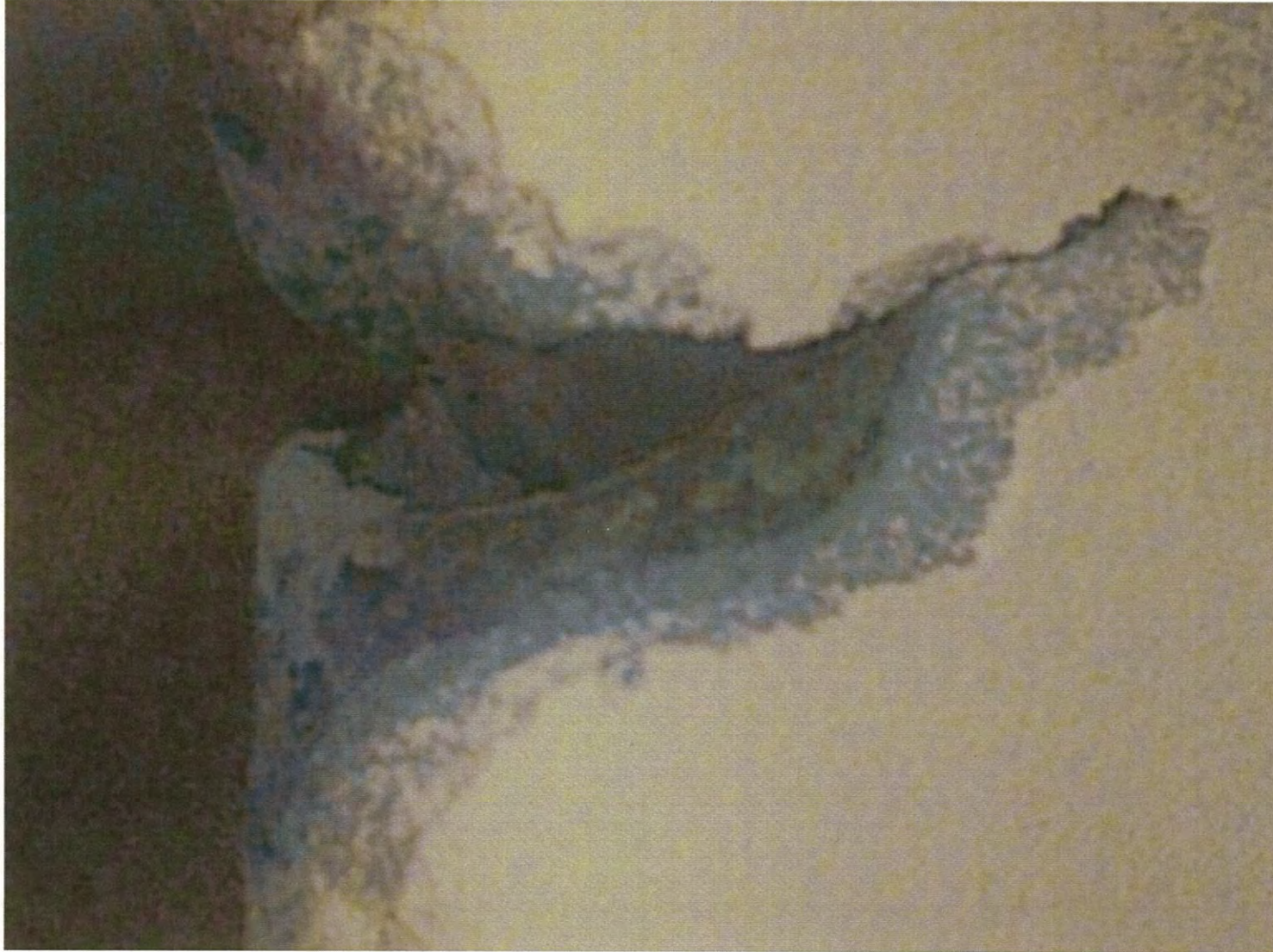


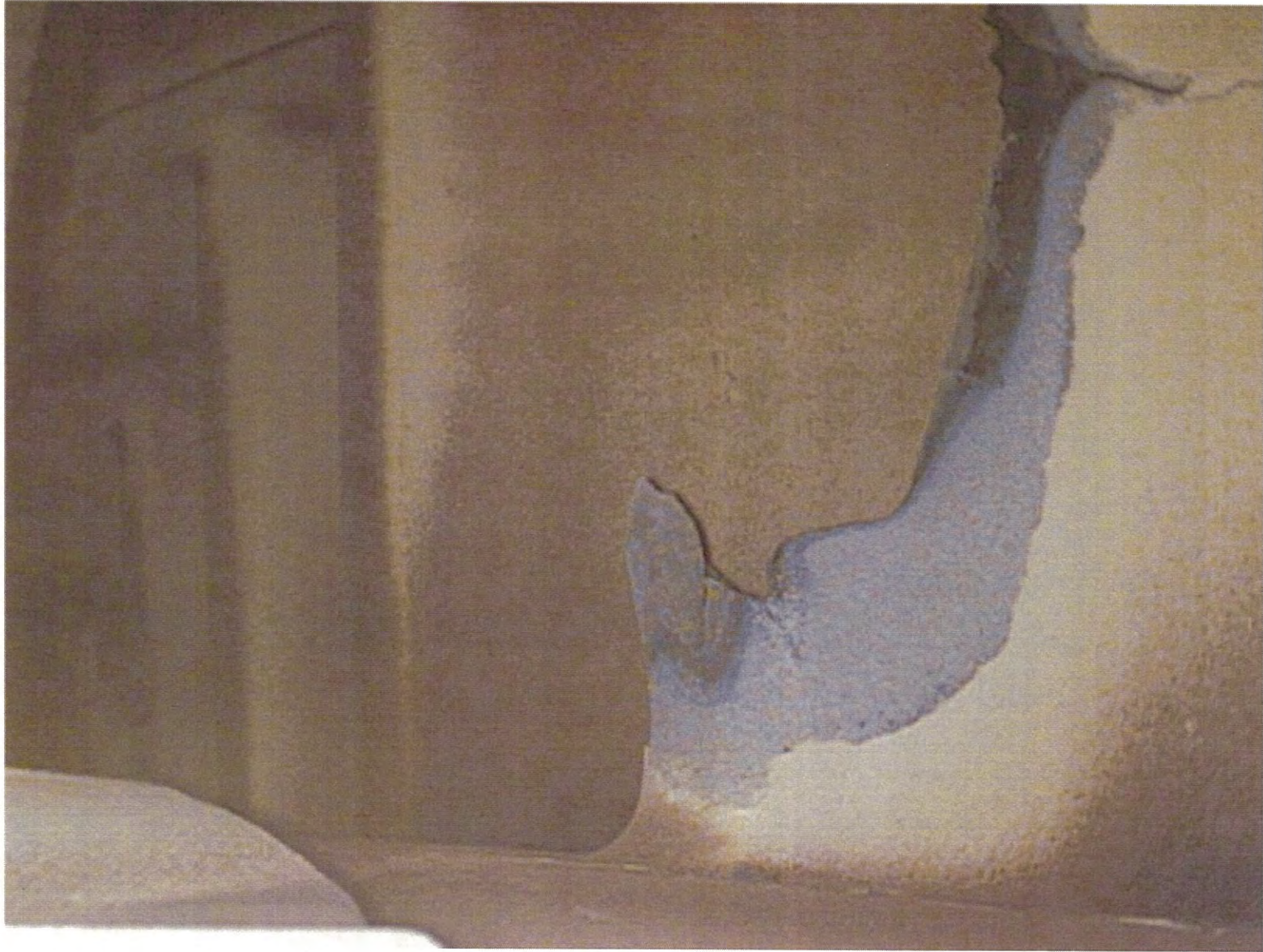




The same blade after taking apart

Row 2, Vane – borescope on 2020 0422





Row 3 & 4 – Borescope on 2020 0421







On 2020 0505

Replacement
Row 1 Vanes
Pre-
Installation
Fit Check

