

BOARD INFORMATION PACKET



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

Regular Meeting of

July 21, 2021



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Approval of Agenda
Agenda Item #III



Board of Public Utilities
Kansas City, Kansas

BOARD AGENDA

Regular Session
July 21, 2021 – 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 Work Session of July 7, 2021
- V. Approval of the Minutes of the Regular Session of July 7, 2021
- VI. Approval of the Minutes of the Special Session of July 13, 2021
- VII. Public Comments
- VIII. 2020 Leadership - Marnie Morgan
- IX. General Manager / Staff Reports
 - i. KERA Program Update
 - ii. Electric Production Quarterly Report
 - iii. Human Resource Quarterly Report
 - iv. Miscellaneous Comments
- X. Board Comments
- XI. Adjourn

Approval of Minutes
Work Session 7-7-21
Agenda Item #IV

WORK SESSION MINUTES – WEDNESDAY, JULY 7, 2021

STATE OF KANSAS)
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The Board of Public Utilities of Kansas City, Kansas (aka BPU, We, Us, Our) met remotely in Work Session on Wednesday, July 7, 2021 at 5:00 P.M. The following Board Members were on the teleconference: Robert L. Milan, President; Mary Gonzales, Vice President; Rose Mulvany Henry, Secretary; Thomas Groneman, and Ryan Eidson. Jeff Bryant was absent.

Also on teleconference: William Johnson, General Manager; Angela Lawson, Deputy Chief Counsel; Lori Austin, Chief Financial Officer/Chief Administrative Officer; Jeremy Ash, Executive Director Electric Operations; Johnetta Hinson, Executive Director Customer Service; Dong Quach, Executive Director Electric Production; Jerry Sullivan, Chief Information Officer; Jerry Ohmes, Executive Director Electric Supply; Robert Kamp, IT Project Manager; Steve Nirschl, Director Water Processing; Dennis Dumovich, Director Human Resources, and Patrice Townsend, Director Utility Services.

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

Mr. Milan called the meeting to order at 5:00 P.M.

Roll call was taken, all Board Members were present, except for Mr. Bryant.

Item #3 – Approval of Agenda

A motion was made to approve the Agenda by Ms. Mulvany Henry, seconded by Mr. Groneman and unanimously carried.

Item #4 – Board Updates / GM Updates

There were no updates.

Item #5 – Future Board Work Session Topics

William Johnson, General Manager, presented possible topics for future Board Work Sessions. Some items of note included:

Ms. Gonzales wanted to add the topic of Succession Planning to the list.

WORK SESSION MINUTES – WEDNESDAY, JULY 7, 2021

STATE OF KANSAS)
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Mr. Eidson was interested in an update from Mr. Glen Brendel, Director Electric Production Operations/Maintenance as well an update from Mr. Jerry Sullivan, Chief Information Officer.

Mr. Groneman added that having the 2022 Budget Planning in Work Sessions has been very beneficial in the past.

Ms. Mulvany Henry also saw Succession Planning as an important topic, and should be considered for one of the top three. Strategic Planning, a Safety Program update, and a Risk Management Analysis.

Mr. Johnson gave his thoughts on highlighted items on the list. He would put together a list to be discussed at the next meeting.

Item #8 – Adjourn

A motion was made to adjourn the Work Session at 5:50 P.M. by Mr. Groneman, seconded by Ms. Gonzales and carried unanimously.

ATTEST:

APPROVED:

Secretary

President

Board Work Session Topics

- **Economic Development Projects**
- **Utility Staffing Benchmark Study**
- **BPU Strategic Planning**
- BPU Performance Management
- Nearman Power Asset Management
- **Distributed Energy Resource Vendors**
- Inventory Management
- **Future Generation / Capacity Planning**
- AWWA Benchmarking Study (BPU Water)
- Electric Supply Purchase Power Agreements
- Electric and Water GIS Project Development
- **IT Project Scorecard**
- Business Intelligence and Analytics
- Health Insurance Renewal
- **Environmental Updates**
- Risk Management Analysis
- BPU Safety Program Update
- NERC Compliance Update
- **UG / BPU Joint Project Coordination**
- Customer Service Survey
- Electric Operations Updates / KPIs
- Electric Production Updates / KPIs
- Water Operations Updates / KPIs
- Customer Service Updates / KPIs
- Human Resource Updates / KPIs
- Marketing Plan updates
- **2022 Budget Planning**
 - Fuel and Purchase Power
 - Revenue Forecast
 - Staffing
 - Capital Projects
- Board Governance Phase II
- Miscellaneous Industry Experts
 - American Water Works Guest Speaker
 - American Public Power Guest Speaker
 - Southwest Power Pool Guest Speaker
 - Rocky Mountain Electric League Guest Speaker
 - KMU Guest Speaker

Approval of Minutes
Regular Session 7-7-21
Agenda Item #V

REGULAR SESSION –WEDNESDAY, JULY 7, 2021

STATE OF KANSAS)
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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, July 7, 2021 at 6:00 P.M. The following Board Members were on the teleconference: Robert L. Milan, President; Mary Gonzales, Vice President; Rose Mulvany Henry, Secretary; Thomas Groneman, and Ryan Eidson. Jeff Bryant was absent.

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

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

Mr. Milan called the Board Meeting to order at 6:01 P.M. He welcomed all that were listening or viewing the meeting. He stated the COVID-19 pandemic had made it necessary to conduct the meeting using technology for staff as well as for the general public. Those wishing to offer comments during the Public 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. Mr. Milan introduced himself and the other Board Members along with the General Manager, and Legal Counsel.

Roll call was taken and all Board Members, except Mr. Bryant, were present via teleconference.

Item #3 – Approval of Agenda

A motion was made to approve the Agenda by Mr. Eidson, seconded by Ms. Gonzales, and unanimously carried.

Item #4 – Approval of Work Session Minutes

A motion was made to approve the minutes of the Work Session of June 16, 2021 by Ms. Mulvany Henry, seconded by Ms. Gonzales, and unanimously carried.

REGULAR SESSION –WEDNESDAY, JULY 7, 2021

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Item #5 – Approval of Regular Session Minutes

A motion was made to approve the minutes of the Regular Session of June 16, 2021 by Ms. Gonzales, seconded by Mr. Groneman, and unanimously carried.

Item #6 – Approval of Special Work Session Minutes

A motion was made to approve the minutes of the Special Work Session of June 22, 2021 by Ms. Mulvany Henry, seconded by Mr. Eidson, and unanimously carried.

Item #7 – Public Comments

Ms. Louise Lynch, 737 Miami Ave., commented on Zoom meetings versus in-person meetings, and also about devices on the DME list.

Ms. Mulvany Henry, Ms. Lawson, and Mr. Johnson addressed her comments.

Ms. Tsche Manck, N. 38th commented on the Public Comment agenda item.

Item #8 – Central Avenue Betterment Association

Mr. Edgar Galicia gave an update regarding the ongoing support for, and the challenges faced by the Central Avenue area. He was happy to report that 97% of the area businesses were able to stay afloat during the previous year. He also spoke about the youth mentoring program.

Mr. Galicia addressed comments from the Board.

Item #9 – General Manager / Staff Reports

- i. *KERA Program Update*: Mr. Johnson, gave an update on a call had with the Kansas Housing Resource Corporation about the KERA program. Topics of discussion included:
 - Process and reporting issues brought to BPU's attention.
 - The application process and staffing issues.
 - The differences between how programs were being administered to other counties.
 - Current and future funding for the program. The first phase would run through 2022. The second phase would run through 2024.

REGULAR SESSION –WEDNESDAY, JULY 7, 2021

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- Rent assistance versus utility payment issues in relation to landlords filling out their portion of the application.
- Ms. Hinson spoke about addressing the programs' policy when to offer assistance. Currently it was available when the customer's account was past due, however she conveyed to the plan administrators, BPU Customer Service could help in getting an average on a customer's upcoming usage, and perhaps assistance could be made then, instead of waiting until a customer was delinquent.
- The possibility of a homeowner's assistance program in the fall.

Mr. Johnson, Ms. Hinson and Ms. Austin answered questions from the Board.

- ii. *Finalizing Preliminary Financial Presentations:* Ms. Lori Austin, Chief Financial Officer/Chief Administrative Officer spoke about the documents delivered to the Board associated with the financial statements that had been presented in preliminary form. With the finalization of the audit, Ms. Austin was now requesting approval to finalize each of the reports.

A motion was made to approve the Fourth Quarter 2020, the January, February 2021, the First Quarter 2021, and April 2021 Financial Reports by Ms. Gonzales, seconded by Ms. Mulvany Henry, and carried unanimously.

- iii. *May 2021 Financials:* Lori Austin, Chief Financial Officer/Chief Administrative Officer, presented the May 2021 Financials with a PowerPoint presentation (see attached).

Ms. Austin answered questions from the Board.

A motion was made to approve the May 2021 Financials as presented by Ms. Gonzales, seconded by Mr. Eidson and carried unanimously.

- iv. *Miscellaneous Comments:* Mr. Johnson reminded the Board of the upcoming Executive Session.

REGULAR SESSION –WEDNESDAY, JULY 7, 2021

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Item #8 – Board Comments

Mr. Eidson asked Mr. Johnson for a time on the Executive Session.

Mr. Johnson said 6:00 p.m.

Mr. Groneman had no comments.

Ms. Gonzales had no comments.

Ms. Mulvany Henry conveyed concerns regarding messages she had received from the community.

Mr. Milan expressed his concern about returning to meeting in person.

Item #10 – Adjourn

A motion was made to adjourn the Regular Session at 7:25 P.M. by Ms. Mulvany Henry, seconded by Ms. Gonzales, and unanimously carried.

ATTEST:

APPROVED:

Secretary

President

May 2021 Financial Results

July 7, 2021

Financial Results

2021 Billed kWh (YTD Jan – May)

Electric	(CY) 2021 YTD	(PY) 2020 YTD	
Residential	220,838,290	207,695,364	
Commercial	367,977,482	352,499,929	
Industrial	185,661,038	202,328,406	
	774,476,810	762,523,699	1.6%

Lower usage in 2021 Industrial customers compared to 2020 due to continued slowdown of businesses

Residential usage increased over 2020 as a result colder weather especially in February

Residential – Up 6% Commercial – Up 4% Industrial – Down 8%

Financial Results

2021 Billed CCF's (YTD Jan – May)

Water	(CY) 2021 YTD	(PY) 2020 YTD	
Residential	1,362,112	1,352,072	
Commercial	903,474	903,660	
Industrial	694,056	774,760	
	2,959,642	3,030,492	-2.3%

Slightly lower usage compared to 2020 due to business slowdowns as a result of COVID-19

Residential – Up .75% Commercial – 0% Industrial - Down 10%

Financial Results

Revenues – May 2021

**Dollars in millions

	(CY) 2021 May	(PY) 2020 May		Budget 2021 May	(CY) 2021 May	
Electric	\$ 16.592	\$ 20.316		\$ 19.051	\$ 16.592	
Water	4.283	4.027		4.139	4.283	
Combined	\$ 20.875	\$ 24.343	-14.2%	\$ 23.190	\$ 20.875	-10.0%

Actual Compared to 2021 Budget

Electric down 13%

Water up 3%

Recognized ERC Over Collection for 3rd/4th Quarter of 2020 of \$11.7 million (\$1.9 million a month).
This is being recognized as revenue and amortized over the next 6 months (Jan-Jun 2021)

Financial Results

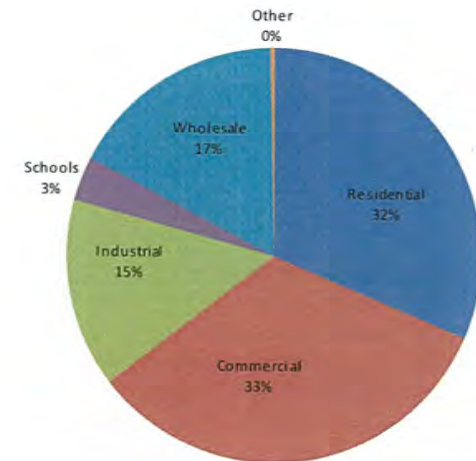
Revenues – 2021 YTD

	(CY) 2021 YTD	(PY) 2020 YTD		Budget 2021 YTD	(CY) 2021 YTD	
Electric	\$ 120.856	\$ 109.075		\$ 100.610	\$ 120.856	
Water	19.928	20.005		20.409	19.928	
Combined	\$ 140.784	\$ 129.080	9.1%	\$ 121.019	\$ 140.784	16.3%

**Dollars in millions

Variance – YTD comparing Budget to Actual for 2021

<u>Electric:</u>	<i>Up 20%</i>	<u>Water:</u>	<i>Down 2%</i>
Residential	(\$1.8M)	Residential	\$126K
Commercial	(\$2.0M)	Commercial	(\$141K)
Industrial	(\$2.4M)	Industrial	(\$258K)
Schools	\$113K		
Wholesale	\$17.7M		



Recognized \$9.7M deferral of revenue YTD from the 2020 ERC in 2021

Financial Results

Operating Expenses – May 2021

	(CY) 2021 May	(PY) 2020 May		Budget 2021 May	(CY) 2021 May	
Electric	\$ 14.548	\$ 13.825		\$ 17.177	\$ 14.548	
Water	2.697	2.553		3.163	2.697	
Combined	\$ 17.245	\$ 16.378	5.3%	\$ 20.340	\$ 17.245	-15.2%

**Dollars in millions

Variance – Comparing Budget to Actual for 2021

Electric – Down 15%

Production	- 26% down
Purchased Power	- 24% down
Fuel	- 8% down
T&D	- 19% down
G &A	- 14% down

Water – Down 15%

Production	- 34% down
T&D	- 23% down
G &A	- 4% down

Financial Results

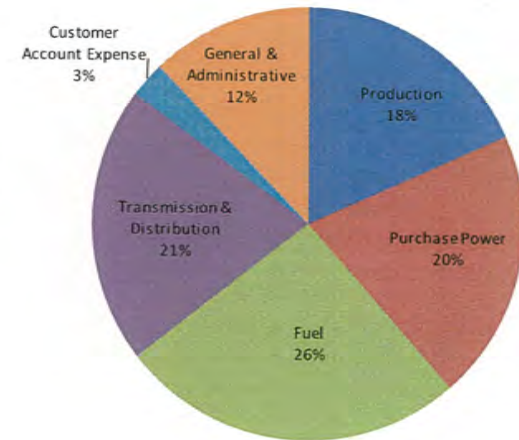
Operating Expenses – 2021 YTD (Total)

	(CY) 2021 YTD	(PY) 2020 YTD		Budget 2021 YTD	(CY) 2021 YTD	
Electric	\$ 86.095	\$ 75.662		\$ 84.144	\$ 86.095	
Water	14.486	14.190		16.052	14.486	
Combined	\$ 100.581	\$ 89.852	11.9%	\$ 100.196	\$ 100.581	0.4%

**Dollars in millions

Actual Compared to 2021 Budget

- Electric up 2%
- Water down 9%



Financial Results

Operating Expenses – 2021 YTD less Depreciation

	(CY) 2021 YTD	(PY) 2020 YTD		Budget 2021 YTD	(CY) 2021 YTD	
Electric	\$ 73.340	\$ 64.912		\$ 71.850	\$ 73.340	
Water	11.000	10.956		12.746	11.000	
Combined	\$ 84.340	\$ 75.868	11.2%	\$ 84.596	\$ 84.340	-0.3%

**Dollars in millions

Variance – YTD comparing Budget to Actual 2021

Electric:

Purchased Power (\$2.1M)
 Fuel \$10.1M
 Production (\$2.2M)
 T&D (\$2.3M)
 G&A (\$1.8M)

Water:

Production (\$608K)
 T&D (\$589K)
 G&A (\$485K)

Financial Results

Change in Net Position – May 2021

	(CY) 2021 May	(PY) 2020 May
Electric	\$ (1.414)	\$ 2.727
Water	1.231	0.917
Combined	\$ (0.183)	\$ 3.644

Budget 2021 May	(CY) 2021 May
\$ (1.700)	\$ (1.414)
0.476	1.231
\$ (1.224)	\$ (0.183)

**Dollars in millions

Financial Results

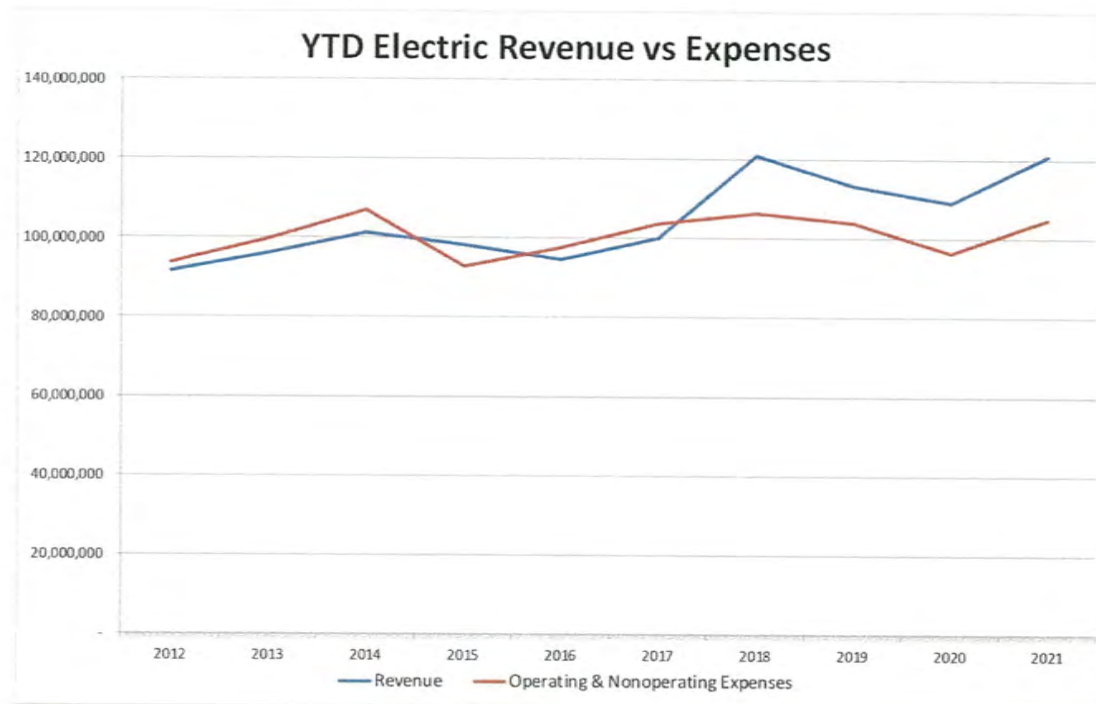
Change in Net Position – 2021 YTD

	(CY) 2021 YTD	(PY) 2020 YTD
Electric	\$ 16.059	\$ 12.535
Water	2.864	2.305
Combined	\$ 18.923	\$ 14.840

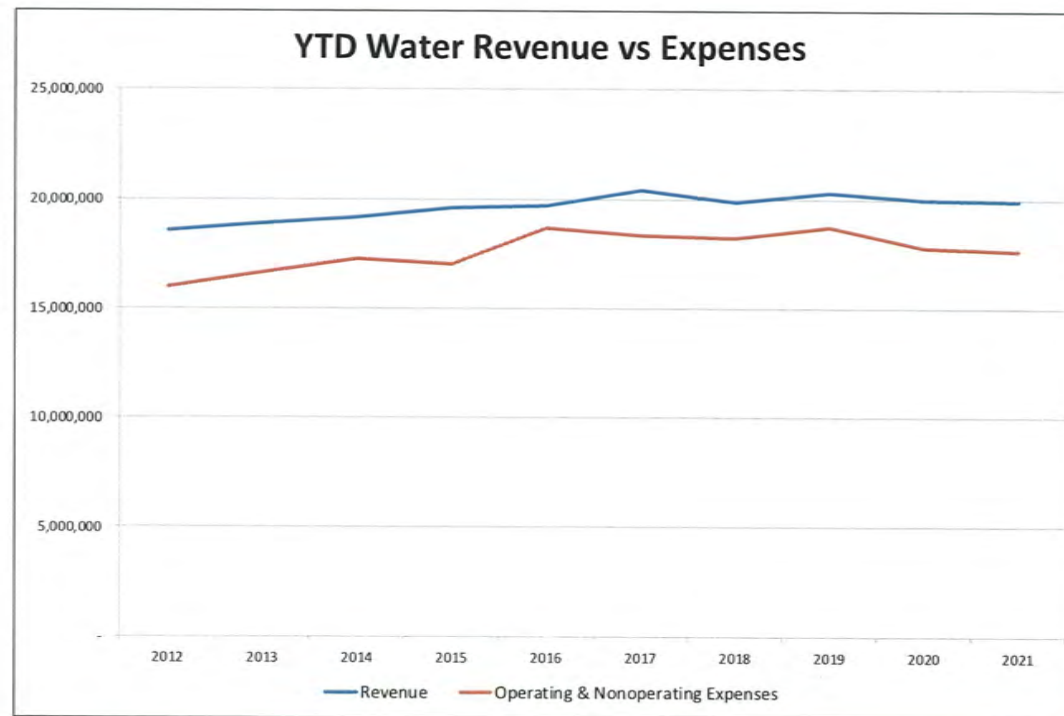
Budget 2021 YTD	(CY) 2021 YTD
\$ (2.033)	\$ 16.059
1.533	2.864
\$ (0.500)	\$ 18.923

**Dollars in millions

Financial Results – 10 Year Trend



Financial Results – 10 Year Trend



Financial Results

Cash Position

	(CY) 2021 May	(PY) 2020 May	2021 April
Combined (E&W) Days Cash-on-Hand	\$ 41.94 71	\$ 46.11 78	\$ 45.26 77

1 Day = Approximately \$550K-\$600K

**Dollars in millions

** Established Cash Reserve – Market – All settlements will be finalized by end of June 2021

Financial Results

Balance Sheet: Notables

	(CY) 2021 May	(PY) 2020 May
Fuel Inventory	\$ 5.967	\$ 4.622
Bond Dollars 2016C (Elec T&D)	\$ 1.544	\$ 2.595
Bond Dollars 2020A (Elec)	\$ 8.201	\$ -

**Dollars in millions

Financial Results

Capital Spending

	(CY) 2021 YTD	(PY) 2020 YTD	2021 Budget	
Electric	\$ 5.22	\$ 17.85	\$ 38.94	
Water	2.45	3.24	12.34	
Common	1.85	0.94	5.91	
Total YTD Capital	\$ 9.52	\$ 22.03	\$ 57.20	Remaining 83%

**Dollars in millions

Major projects in 2021:

Dogwood Capital (BPU's portion) - \$810K
 New Development - \$963K
 Transformers (OH & UG) - \$768K
 Pole Inspection Replacement - \$1.0M
 Annual UG & OH Construction - \$693K
 Water Leak, Valve, System Imp. - \$785K
 UG/CMIP Water Distribution - \$150K

Financial Results

Debt Coverage

Debt Coverage with PILOT

	(CY) 2021 May	(PY) 2020 May
Electric	2.00	2.03
Water	2.08	1.75
Combined	2.19	2.01

Debt Coverage w/o PILOT

	(CY) 2021 May	(PY) 2020 May
Electric	1.41	1.45
Water	1.63	1.32
Combined	1.58	1.44

Financial Guideline Target 1.6 to 2.1 times with PILOT

SPECIAL SESSION – WEDNESDAY, JULY 13, 2021

STATE OF KANSAS)
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CITY OF KANSAS CITY)

The Board of Public Utilities of Kansas City, Kansas (aka BPU, We, Us, Our) met in a Special Session on Tuesday, July 13, 2021 at 6:00 P.M. The following Board Members were on the teleconference: Bob Milan, President; Mary Gonzales, Vice President; Rose Mulvany Henry, Secretary; Jeff Bryant, Ryan Eidson and Thomas Groneman.

Executive Session #1

Mr. Milan called the meeting to order at 6:00 P.M. Roll call was taken with all Board members present.

Ms. Angela Lawson, Deputy Chief Counsel proposed a motion for adoption as follows:

I move that the Board go into Executive Session until 6:20 P.M. to consult with our attorneys and to discuss, under the attorney – client privilege, confidential matters related to pending claims and litigation, as permitted under the Kansas Open Meetings Act; and that the General Manager and our attorneys, Angela Lawson and James Bain, 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 with electronic and telephonic transmission resuming at 6:20 P.M.

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

At 6:20 P.M. the Board moved back into open session without taking action.

Executive Session #2

Mr. Milan called the meeting to order. Roll call was taken with all Board members present.

Ms. Lawson at 6:22 P.M. proposed a motion for adoption as follows:

I move that the Board go into Executive Session in the first floor Board room to discuss confidential matters related to an update on labor negotiations which is an exception to 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; Ashley Culp,

SPECIAL SESSION – WEDNESDAY, JULY 13, 2021

STATE OF KANSAS)
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CITY OF KANSAS CITY)

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 the meeting will adjourn when the discussion is over without taking action.

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

At 9:00 P.M. the meeting concluded with no action taken.

ATTEST:

APPROVED:

Secretary

President

