

BOARD INFORMATION PACKET



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

Regular Meeting of

August 2, 2023



**Gold Award
for
Competitiveness
Achievement**



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Board of Public Utilities
Kansas City, Kansas

BOARD AGENDA

Regular Session
August 2, 2023 – 6:00 P.M.

- I. Call to Order
- II. Roll Call
 - _____ David Haley, At Large, Position 2
 - _____ Robert L. Milan, Sr., District 1
 - _____ Rose Mulvany Henry, At Large, Position 3
 - _____ Jeff Bryant, District 3
 - _____ Mary L. Gonzales, At Large, Position 1
 - _____ Tom Groneman, District 2
- III. Approval of Agenda
- IV. Approval of the Minutes of the Regular Session of July 19, 2023
- V. Public Comments
- VI. General Manager / Staff Reports
 - i. 2023 2nd Quarter Financials
 - ii. Electric System Storm Restoration Procedures
 - iii. Western Fuels Board Appointment
 - iv. Miscellaneous Comments
- VII. Board Comments
- VIII. Executive Session
- IX. Adjourn

Approval of Minutes
Regular Session 7-19-23
Agenda Item #IV

REGULAR SESSION –WEDNESDAY, JULY 19, 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, July 19, 2023 at 6:00 P.M. The following Board Members were present: Rose Mulvany Henry, President; Thomas Groneman, Vice President; Robert L. Milan, Secretary; Jeff Bryant, Mary Gonzales, and David Haley.

Also present: William Johnson, General Manager; Angela Lawson, Acting Chief Counsel; Lori Austin, Chief Financial Officer/Chief Administrative Officer; Jeremy Ash, Chief Operating Officer; Maurice Moss, Executive Director Corporate Compliance; Steve Green, Executive Director Water Operations; Glen Brendel, Executive Director Electric Production; Darrin McNew, Executive Director Electric Operations; Jerin Purtee, Executive Director Electric Supply; Jerry Sullivan, Chief Information Officer; David Mehlhaff, Chief Communications Officer; Chris Stewart, Director Civil Engineering; Dennis Dumovich, Director of Human Resources; Randy Otting, Director Accounting; Andrew Ferris, Director Financial Planning; Dustin Miller, Director of Applications; Gabriela Freeman, Supervisor Customer Service; 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. Mulvany Henry called the Board meeting to order at 6:00 P.M. She welcomed all that were listening to or viewing the meeting. She informed all that the meeting was being recorded including video and audio. During the public comment section, those attending in person, wishing to speak, should use the sign-up sheet at the entry and provide their name and address. Public comments were limited to five minutes and should be addressed to the Board. She informed all participants that the public comments section of the agenda was not part of the Rate Hearing. Any questions asked about the Rate Hearing would not be answered. 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. 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. She 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

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removal. Ms. Mulvany Henry 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 Ms. Gonzales, seconded by Mr. Bryant, and unanimously carried.

Item #4 – Approval of Work Session Minutes of July 5, 2023

A motion was made to approve the minutes of the Work Session of July 5, 2023, by Mr. Bryant, seconded by Mr. Groneman, and unanimously carried.

Item #5 – Approval of Regular Session Minutes of July 5, 2023

A motion was made to approve the minutes of the Regular Session of July 5, 2023, by Ms. Gonzales, seconded by Mr. Milan, and unanimously carried.

Item #6– Public Comments

Mr. Bill Griffith, Climate Protection Plan Steering Committee in Kansas City, MO, spoke about possible programs available to to help reduce utility costs and extended an invitation to work with BPU in regards to the Inflation Reduction Act.

Mr. Johnson confirmed we do have a team working on federal funding and would have a team member follow up with Mr. Griffith.

Mr. Rayan Makarem, CleanAirNow, expressed his view on the Unified Government (UG) and BPU continuing the discussion on how residents are billed and the impact it has on the community.

Ms. Ana Ramos, Wyandotte County resident, through interpreter Ms. Antenas Mena, expressed her thoughts on the possible rate increase, the separation of the UG charges from the BPU charges on the bill and customer service options.

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Ms. Antenas Mena, CleanAirNow, read a letter on behalf of Ms. Teresa Servin; she spoke about wanting better communication options for Spanish speaking customers and how she was affected by this.

Mr. Johnson asked for additional contact information for this customer so that we could follow up with her regarding her concerns.

Ms. Esther Almanza, 6020 Kansas Ave. Lot 16, expressed her thoughts on the BPU charges and the disconnects.

Mr. Johnson asked Ms. Almanza to speak with Ms. Gabriela Freeman, Supervisor Customer Service.

Mr. Carlos Ramos, 1523 Pacific Ave., voiced his thoughts on the status of the BPU lobby and attending the joint BPU/UG meeting. He also spoke about trash and PILOT fees.

Mr. Johnson thanked him for attending the meeting and clarified the trash and PILOT fees were UG fees.

Ms. Mulvany Henry added the PILOT rate was set by the UG and that the BPU Board had no input. She advised they would continue to work with the UG Commissioners to lower that rate.

Mr. David Smith, 400 Troup Ave., expressed his views on the BPU lobby.

Ms. Valinta Locke, Wyandotte County, provided concern about the possible rate increase and the impact it could have on BPU customers.

Item #7– General Manager / Staff Reports

- i. *Continuation of 2023 Electric and Water Rate Hearing:* The official Rate Hearing transcript can be found on the BPU website, www.bpu.com.

A motion was made to adopt the original rate increase proposal made by staff for both Electric and Water, by Mr. Bryant, seconded by Mr. Groneman.

Before the vote, Mr. Milan received clarification on what the motion was for. It was further clarified that the vote was on the Proposed Order.

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Mr. Haley – no

Mr. Milan – yes

Ms. Mulvany Henry – no

Mr. Bryant – yes

Ms. Gonzales – yes

Mr. Groneman - yes

The motion carried, the Order was adopted.

Mr. Moore concluded and closed the rate hearing at 8:06 PM.

ii. *Miscellaneous Comments:*

Mr. Jeremy Ash, Chief Operating Officer, provided an update on the recent storm and the impact it had on the community. He gave an overview of the number of outages that had occurred, how BPU was able to manage the repairs, and how much this event could potentially cost BPU. He added this event might be a recoverable event through FEMA for BPU as well as the UG.

Mr. Johnson added that he would be sending out a message to staff as well as outside utilities, thanking them for their hard work and assistance.

Mr. Bryant also thanked staff for their work in restoring service to the community.

Item #8 – Board Comments

Mr. Haley thanked all who responded during the BPU outage. In addition, he thanked staff for their presentation in reference to the Rate Hearing. He provided, in more detail, the reason for his vote as it pertained to the community impact. However, he commended the BPU staff for providing the evidence as to why the increase is necessary for BPU. Mr. Haley would like to focus on relief of the UG taxes and added his support for opening the BPU lobby.

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Mr. Groneman spoke on why he thought the rate increase was necessary for the viability of the utility but wanted to make sure customers in need were also supported. He also thanked BPU staff for their work during the recent storm.

Mr. Milan thanked staff for restoring power quickly during the storm outages. He added the importance of increasing the rates in a way the community could manage. He also thanked Mr. Johnson for providing education at the Community Ministers meeting. He added that if there was a group that would like more information about the operations of BPU, they could contact Mr. Johnson.

Mr. Bryant stated that rate hearings are difficult, but necessary to maintain financial responsibilities. He was looking forward to getting a policy in place to help offset the price increase for those most vulnerable in the community. He thanked BPU staff and the public for their participation in the Rate Hearing.

Ms. Gonzales echoed Mr. Bryant’s comments regarding the need for the rate increase and how BPU would be able to further assist the customers in need. She thanked the public for their participation. Ms. Gonzales also thanked the BPU staff for their hard work during the storm.

Ms. Mulvany Henry reiterated the challenge of balancing the utility’s needs with the community needs. She provided more detail regarding her vote during the Rate Hearing. She appreciated the BPU staff and Board’s cooperation and effort throughout. She expressed her eagerness to make the changes to help the community, including continued work with the UG. She added appreciation towards BPU staff and those who assisted in storm restoration and voiced the need for BPU to take advantage of the infrastructure funding provided by the federal government.

Item #10 – Adjourn

At 8:38 PM a motion to adjourn was made by Mr. Bryant, seconded by Mr. Milan and unanimously carried.

ATTEST:

APPROVED:

Secretary

President

BEFORE THE BOARD OF PUBLIC UTILITIES

In the Matter of the 2023) Hearing Dates of
Electric and Water Revenue Changes) June 14 and 15, 2023

ORDER

With the approval of the governing body (the “Board”) of the Board of Public Utilities (the “BPU”), the staff of the BPU (the “BPU Staff”) caused a Notice of Public Hearing (the “Notice”) to be published in The Kansas City Star on March 10, 2023, for a public hearing to be held on June 14 and 15, 2023 relating to the proposed electric revenue changes, water revenue changes and changes to the Rate Application Manual relating to electric rates.

1898 & Co., a division of Burns & McDonnell Engineering Company, Inc. (“1898”), the BPU’s electric consultants, prepared a 2023 Electric Revenue Requirements, Cost of Service and Rate Design (the “Electric Report”) in connection with the proposed electric revenue changes and changes to the Rate Application Manual relating to electric rates. Black & Veatch Management Consulting, LLC (“B&V”), the BPU’s water consultants, prepared a Report on Revenue Requirements, Costs of Service and Water Rates (the “Water Report” and with the Electric Report, the “Reports”) in connection with the proposed water revenue changes.

As set forth in the Electric Report and summarized in the Notice, the BPU Staff and 1898 have recommended that the Board approve the following electric revenue changes and changes to the Rate Application Manual relating to electric rates, in summary: (1) base electric revenue increases, on average, on an annualized basis for each 12 month period beginning July 1 of each year commencing July 1, 2023, of 2.5% in 2023 and 2.5% in 2024; (2) merge the standard Residential and Residential Electric Heat classes into one residential class that reflects the rate design of the current residential electric heating rate; (3) increase the Customer Charge to reflect cost of service and recovery of more fixed costs through fixed charges; (4) modify the Energy Rate

Component (ERC) Rider to allow for additional recovery over costs to build and maintain an ERC Reserve Fund; and (5) create a new Green Rider for large Commercial and Industrial customers that want to procure energy with renewable attributes.

As set forth in the Water Report and summarized in the Notice, the BPU Staff and B&V have recommended that the Board approve the following water revenue changes, in summary: base water revenue increases, on average, on an annualized basis for each 12 month period beginning July 1 of each year commencing July 1, 2023, of 6.0% in 2023, 6.0% in 2024 and 6.0% in 2025.

A Petition to Intervene was filed by the Sierra Club, representing its own interests as an environmental organization and that of its Kansas members who are utility customers of the BPU.

Pursuant to the Charter Ordinance governing the BPU, a public hearing in this proceeding was held before the Board of Public Utilities on June 14, 2023 and June 15, 2023. In addition to the recognized intervener, a number of individual customers appeared to provide their input in the public comment portion of the rate hearing. At the conclusion of the public hearing on June 15, 2023, the technical portion of the proceedings commenced. Written testimony was filed, and presentations were made to the Board during the technical portion of the hearing, which was held on June 15, 2023.

Oral and written evidence, testimony and rebuttal testimony was presented during the public hearing sessions and the technical portion of the hearing by the BPU Staff, 1898 and B&V. Written testimony was filed by the Sierra Club, and representatives of the Sierra Club also made presentations to the Board. The Sierra Club filed a Post-Hearing Brief, and BPU Staff filed a BPU Staff Response to Sierra Club Post-Hearing Brief. The Board has reviewed all of such evidence and testimony as well as the public comments provided by interested customers.

The Board approves the goals of this rate proceeding as presented by the BPU Staff, 1898 and B&V, including the following as summarized by BPU Staff, 1898 and B&V: (1) Adjust rates to equitably recover revenue from customers based on their share of the cost of service; (2) Offer rate design options to match customer profiles and requests of customers; (3) Meet financial policy targets (cash operating reserve of 120 days of Operation and Maintenance expenses for electric and 100 days for water; annual debt service coverage of 1.60 times without inclusion of PILOT revenue and 2.00 times with inclusion of PILOT revenue); (4) Maintain current credit rating and retain the ability to issue debt affordably; (5) Provide for funding to implement 5-year electric and water capital plans.

The BPU Staff, 1898 and B&V have recommended a 2 year multi-year approach for electric and a 3 year multi-year approach for water to meet overall goals and financial targets. The Board finds that sufficient evidence has been presented in this proceeding to warrant a determination that the recommended multi-year approaches are appropriate, that electric rate increases should be approved for 2023 and 2024 and that water rate increases should be approved for 2023, 2024 and 2025. The Board further finds that such rate plans are consistent with the requirements of the ratemaking provisions of the Charter Ordinance governing the rates of the BPU specifically as follows:

The Board shall fix reasonable rates for Utility services and products furnished to its consumers which: (1) will secure an income sufficient to pay all salaries and wages of all officers and employees of any Utility; (2) will cover the cost of all materials and supplies used in the operation of any Utility; (3) will cover the cost of all repairs of any Utility; (4) will cover all miscellaneous expenses of any Utility; (5) will pay contractual and other financial obligations of the Board or the Unified Government incurred for the purpose of purchasing, improving or extending any Utility, including multi-year obligations directly or indirectly related to the payment of the principal of and interest upon revenue bonds, and will provide a sinking fund sufficient to pay the principal of and interest on such indebtedness at maturity; and (6) will cover the cost of all repairs and renewals of any Utility and all material used, together with a reasonable allowance for emergency and unforeseen expenses.

The Board further finds and determines that the evidence supports the electric rate design and cost allocation methodologies as recommended by 1898 in the Electric Report and by B&V in the Water Report, and approves such methodologies, and that the evidence supports the modifications to the Rate Application Manual relating to electric rates.

The Board orders as follows:

1. The Board determines that it is in the best interests of the Utility to approve, and does approve, multi-year electric and water plans, approving electric rate increases for 2023 and 2024, and approving water rate increases for 2023, 2024 and 2025.

2. The Board finds that it is in the best interests of the Utility to approve, and does approve, the cost of service and cost allocation methodologies recommended by 1898 in the Electric Report and by B&V in the Water Report.

3. The BPU Board orders that electric rates will be increased to produce increased electric revenues, increased on average on an annualized basis for each 12 month period beginning July 1 of each year, by the following percentages as of the following dates:

- a. 2.5% as of July 1, 2023
- b. 2.5% as of July 1, 2024

4. The BPU Board orders that the electric base rate increases for customer classes in 2023 and 2024 shall be as set forth on Exhibit A attached hereto.

5. The BPU Board orders that water rates will be increased to produce increased water revenues, increased on average on an annualized basis for each 12 month period beginning July 1 of each year, by the following percentages as of the following dates:

- a. 6.0% as of July 1, 2023
- b. 6.0% as of July 1, 2024

c. 6.0% as of July 1, 2025

6. The BPU Board orders that the water base rate increases for customer classes in 2023, 2024 and 2025 shall be as set forth on Exhibit B attached hereto.

7. The BPU Board approves the modification of the Energy Rate Component Rider as recommended, in the form contained in the Rate Application Manual attached to the Electric Report.

8. The BPU Board approves the Green Energy Rider as recommended, in the form contained in the Rate Application Manual attached to the Electric Report.

9. The BPU Board approves the changes to the Rate Application Manual as set forth in the Electric Report.

Dated this 19th day of July, 2023.

BOARD OF PUBLIC UTILITIES

By: _____
President

ATTEST:

Secretary

EXHIBIT A

ELECTRIC

BASE RATE SUMMARY	2023	2024
Residential	3.75%	3.75%
Small General Service	1.75%	1.73%
Medium General Service	1.75%	1.73%
Large General Service	1.75%	1.73%
Large Power Service	1.75%	1.73%
USD #500	2.50%	2.50%
Private Area Lighting	2.50%	2.50%
BPU Interdepartmental	2.50%	2.50%

EXHIBIT B

WATER

6.0 PERCENT AVERAGE (SYSTEM-WIDE) - 3-YEAR'S

Description	2023	2024	2025
Recommended Rate Increase - Water	6.0%	6.0%	6.0%
Date of Increase	July 1, 2023	July 1, 2024	July 1, 2025

Base Rate Summary			
Class	2023	2024	2025
Residential	4.60%	4.80%	5.10%
Commercial	8.20%	8.70%	9.10%
Industrial	8.80%	8.80%	9.50%
Schools	8.80%	9.50%	10.10%
Private Fireline	0.10%	0.90%	0.90%
Wholesale	6.20%	6.20%	6.70%

**ACTUAL BILL ADJUSTMENTS MAY DIFFER BASED ON WATER USAGE AND METER SIZE

(CLASS A MEMBER)

RESOLUTION APPOINTING DELEGATES AND ALTERNATE
DELEGATES TO 2023 ANNUAL MEETING
OF
WESTERN FUELS ASSOCIATION, INC.

BE IT RESOLVED by the Board of Directors of KANSAS CITY
B. P. U. that the following named persons are hereby
appointed as its Delegates and Alternate Delegates, to-wit:

BILL JOHNSON Delegate

JEREMY ASH Delegate

JERIN PURTEE Alternate Delegate

_____ Alternate Delegate

to the 2023 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 _____ day of
_____, 2023, and that this Resolution has not been amended or modified.

Dated this _____ day of _____, 2023.

Secretary

