

REGULAR SESSION –WEDNESDAY, MARCH 20, 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, March 20, 2024 at 6:00 PM. The following Board Members were present: Thomas Groneman, President; Stevie A. Wakes Sr., Secretary; Mary Gonzales and Brett Parker. Rose Mulvany Henry and David Haley, Vice President, attended via Zoom.

Also present: Angela Lawson, Acting Chief Counsel; Lori Austin, Chief Financial Officer; Jerry Sullivan, Chief Information Officer; Abbey Frye, Chief Administrative Officer; David Mehlhaff, Chief Communications Officer; Maurice Moss, Executive Director Corporate Compliance; Johnetta Hinson, Executive Director Customer Service; Jerin Purtee, Executive Director Electric Supply; Darrin McNew, Executive Director Electric Operations; Steve Green, Executive Director Water Operations; Donald Stahl, Executive Director Electric Production; Randy Otting, Director Accounting; Dennis Dumovich, Director of Human Resources; Phillip Brown, Senior Civil Engineer; Aaron Moore, Project Engineer II; 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 Chief Financial Officer, and Legal Counsel.

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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. Wakes, and unanimously carried.

Item #4– Approval of the Minutes of the Work Session of March 6, 2024:

A motion was made to approve the minutes of the Work Session of March 6, 2024, by Ms. Gonzales, seconded by Mr. Parker, and unanimously carried.

Item #5– Approval of the Minutes of the Regular Session of March 6, 2024:

A motion was made to approve the minutes of the Regular Session of March 6, 2024, by Mr. Wakes, seconded by Ms. Mulvany Henry, and unanimously carried.

Item #6– Visitors Comments

Ms. Edith Rodriguez and Ms. Susana Zavala, 2016 Darby Street, talked about their bill and why it was so high. They also spoke about the ability to speak to a Spanish speaking representative.

Ms. Lori Austin, Chief Financial Officer, asked them to speak with Ms. Johnetta Hinson, Executive Director Customer Service, regarding their account details.

Dr. Alma Rosas-Hall, spoke about cultural differences, the use of technology and expressed her thoughts about the lobby.

Item #7– General Manager / Staff Reports

- i. *Preliminary January 2024 Financials:* Mr. Randy Otting, Director Accounting, presented the Preliminary January 2024 Financials to the Board. (See attached PowerPoint.)

Mr. Otting and Mr. Donald Stahl, Executive Director Electric Production, responded to questions and comments from the Board.

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- ii. *2023 Internal Audit Overview:* Mr. Maurice Moss, Executive Director Corporate Compliance, reported on the importance of completing internal audits, which included; to ensure accountability, identify potential risks, improve efficiency, protect assets and allow for transparency. He spoke about the current internal auditor for BPU and explained there would be a Request for Proposal (RFP) for future services. (See attached PowerPoint.)

Mr. Moss responded to questions and comments from the Board.

- iii. *AWWA Benchmarking:* Mr. Phillip Brown, Senior Civil Engineer, presented the American Water Works Association (AWWA) Benchmarking data. He explained how the data gathered, by comparing BPU to other utilities, was used to track and improve Water Operation’s performance based on Key Performance Indicators (KPI). Mr. Brown introduced Mr. Aaron Moore, Project Engineer II, and said he would be taking on the role of gathering data for future benchmarking. (See attached PowerPoint.)

Mr. Brown and Mr. Steve Green, Executive Director Water Operations, responded to questions and comments from the Board.

- iv. *Miscellaneous Comments:* Ms. Austin, gave an update on in-person customer assistance and said the soft launch would be Tuesday, March 26th. Appointments could be made online only at this time and would be available from 9:00 AM to 3:00 PM.

She told the Board that this would be the last meeting for Mr. Moss and thanked him for his support and work during his time at BPU.

Item #8 Resolution #5295 – 2023 Contract Decision

Mr. Dennis Dumovich, Director of Human Resources, presented Resolution #5295, which would approve the working rules agreement with the International Brotherhood of Electrical Workers, Local No. 53, the Carpenters District Council and the Painters District Council No. 3 for the term of July 1, 2023 through June 30, 2026 for the physical bargaining unit, for consideration.

Mr. Dumovich explained and clarified the minor revisions that were made to each exhibit.

A motion was made to approve Resolution #5295, by Mr. Wakes, seconded by Mr. Parker, and unanimously carried.

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Item #9– Public Comments

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

Dr. Rosas-Hall, inquired about customer service and future lobby operations.

Item #8– Board Comments

Ms. Mulvany Henry had no comments.

Ms. Gonzales said farewell and thanked Mr. Moss for his service to BPU. She thanked Mr. Brown for his presentation and asked for Board approval to attend the 2024 American Public Power Association (APPA) National Conference in June.

A motion was made to approve Ms. Gonzales’ travel to the conference, by Ms. Mulvany Henry, seconded by Mr. Parker, and unanimously carried.

Mr. Parker thanked staff for their presentations and community members for their advocacy. He thanked Mr. Moss for his service and wished him well on his next venture.

Mr. Wakes echoed thanks to staff for their presentations and community members for participating. He also spoke about the lobby and thanked Mr. Moss for his service and presentation.

Mr. Groneman also thanked staff for their informative presentations. He said he was happy to hear the lobby would be open to help community members.

Mr. Haley thanked staff for their presentations, thanked Mr. Moss for his service and wished him well. He spoke about the lobby efforts and asked for Board approval to attend the 2024 American Water Works Association (AWWA) National Conference in June.

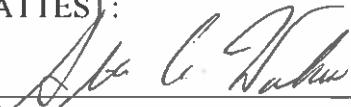
A motion was made to approve Mr. Haley’s travel to the conference, by Mr. Parker, seconded by Mr. Wakes, and unanimously carried.

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Item 10 – Adjourn

At 7:39 PM a motion to adjourn was made by Mr. Parker, seconded by Mr. Wakes and unanimously carried.

ATTEST:


Secretary


APPROVED:


President

January 2024 Preliminary Financial Results


March 20, 2024

2024 Billed kWh (YTD Jan)

Electric	(CY) 2024 YTD	(PY) 2023 YTD	
Residential	51,696,756	53,627,649	 <p>All customer classes were below 2023 levels</p>
Commercial	81,415,207	82,155,854	
Industrial	40,401,919	43,265,510	
	173,513,882	179,049,013	

Residential – Down 3.5% Commercial – Down 1% Industrial – Down 6.5%

2024 Billed CCF's (YTD Jan)

Water	(CY) 2024 YTD	(PY) 2023 YTD	
Residential	278,007	291,352	 <p>All customer classes were below 2023 levels</p>
Commercial	202,157	203,448	
Industrial	139,456	140,265	
	619,620	635,065	

Residential – Down 4.5%

Commercial – Down 1%

Industrial – Down 1%

Revenues – 2024 MTD & YTD

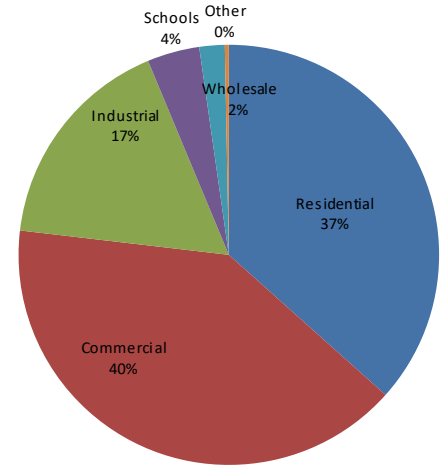
	(CY) 2024 YTD	(PY) 2023 YTD		Budget 2024 YTD	(CY) 2024 YTD	
Electric	\$ 25.900	\$ 27.263	↓	\$ 26.283	\$ 25.900	↓
Water	4.395	4.188	↑	4.374	4.395	↑
Combined	\$ 30.295	\$ 31.451	↓ -3.7%	\$ 30.657	\$ 30.295	↓ -1.2%

**Dollars in millions

Variance – YTD comparing Budget to Actual for 2024

Electric: **Down 1.5%**
 Residential **(\$ 424K)**
 Commercial **\$ 433K**
 Industrial **(\$ 327K)**
 Schools **\$ 51K**
 Wholesale **(\$700K)**

Water: **Up .5%**
 Residential **(\$ 70K)**
 Commercial **\$ 83K**
 Industrial **(\$ 6K)**
 Wholesale **\$ 3K**



Recognized 1st month of 2023 ERC Over Recovery of the ERC - \$681,255

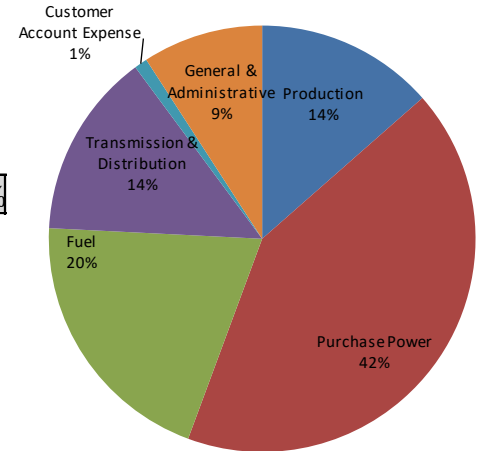
Operating Expenses – 2024 MTD & YTD

	(CY) 2024 YTD	(PY) 2023 YTD		Budget 2024 YTD	(CY) 2024 YTD	
Electric	\$ 27.160	\$ 19.290	↑	\$ 19.922	\$ 27.160	↑
Water	3.242	3.134		3.457	3.242	↓
Combined	\$ 30.402	\$ 22.424	↑ 35.6%	\$ 23.379	\$ 30.402	↑ 30.0%




**Dollars in millions

Actual Compared to 2024 Budget

- Electric – Up 36%
- Water - Down 6%
- Combined – Up 30%



Operating Expenses – 2024 YTD less Depreciation

	(CY) 2024 YTD	(PY) 2023 YTD		Budget 2024 YTD	(CY) 2024 YTD	
Electric	\$ 24.060	\$ 16.361		\$ 17.016	\$ 24.060	
Water	2.518	2.435		2.767	2.518	
Combined	\$ 26.578	\$ 18.796	41.4%	\$ 19.783	\$ 26.578	34.3%

**Dollars in millions

Variance – YTD comparing Budget to Actual 2024

Electric:

Purchased Power	\$6.0M
Fuel	\$2.1M
Production	(\$ 14K)
T&D	(\$407K)
G&A	(\$501K)

Water:

Production	(\$ 25K)
T&D	(\$ 26K)
G&A	(\$146K)

Change in Net Position – January 2024

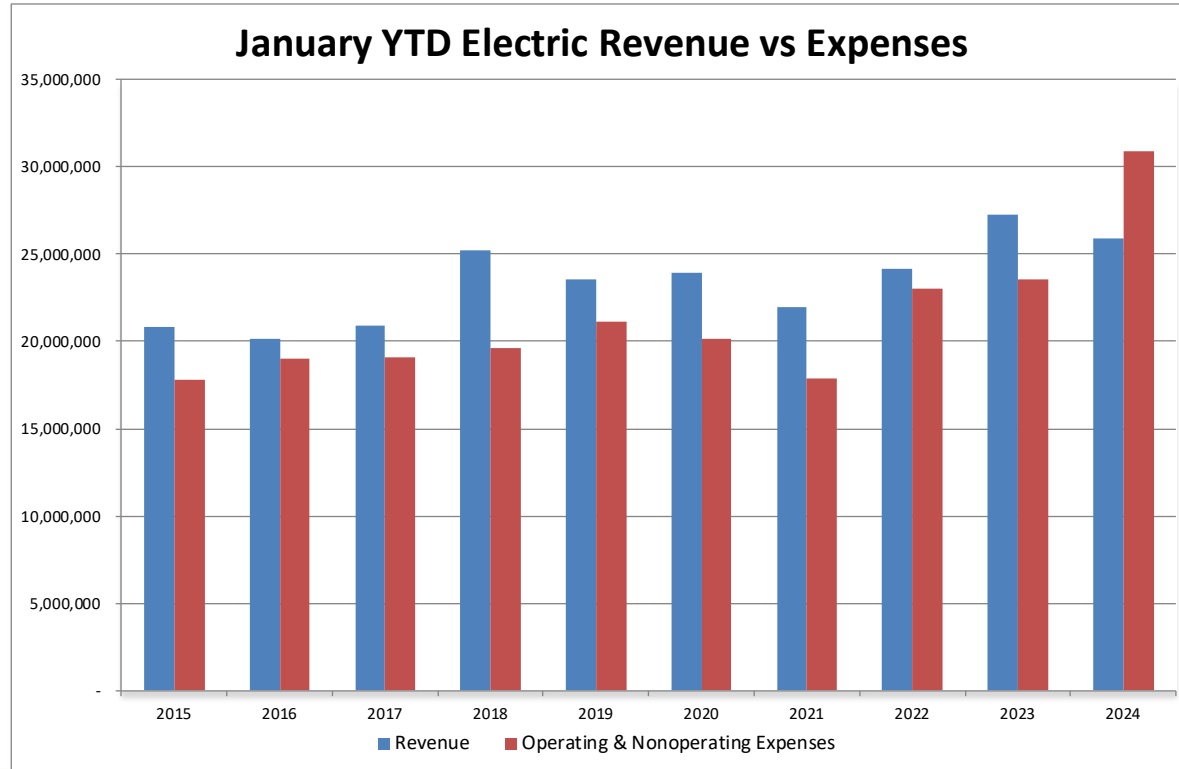
	(CY) 2024 January	(PY) 2023 January
Electric	\$ (5.020)	\$ 3.680
Water	1.365	0.564
Combined	\$ (3.655)	\$ 4.244

Budget 2024 January	(CY) 2024 January
\$ 2.387	\$ (5.020)
0.467	1.365
\$ 2.854	\$ (3.655)

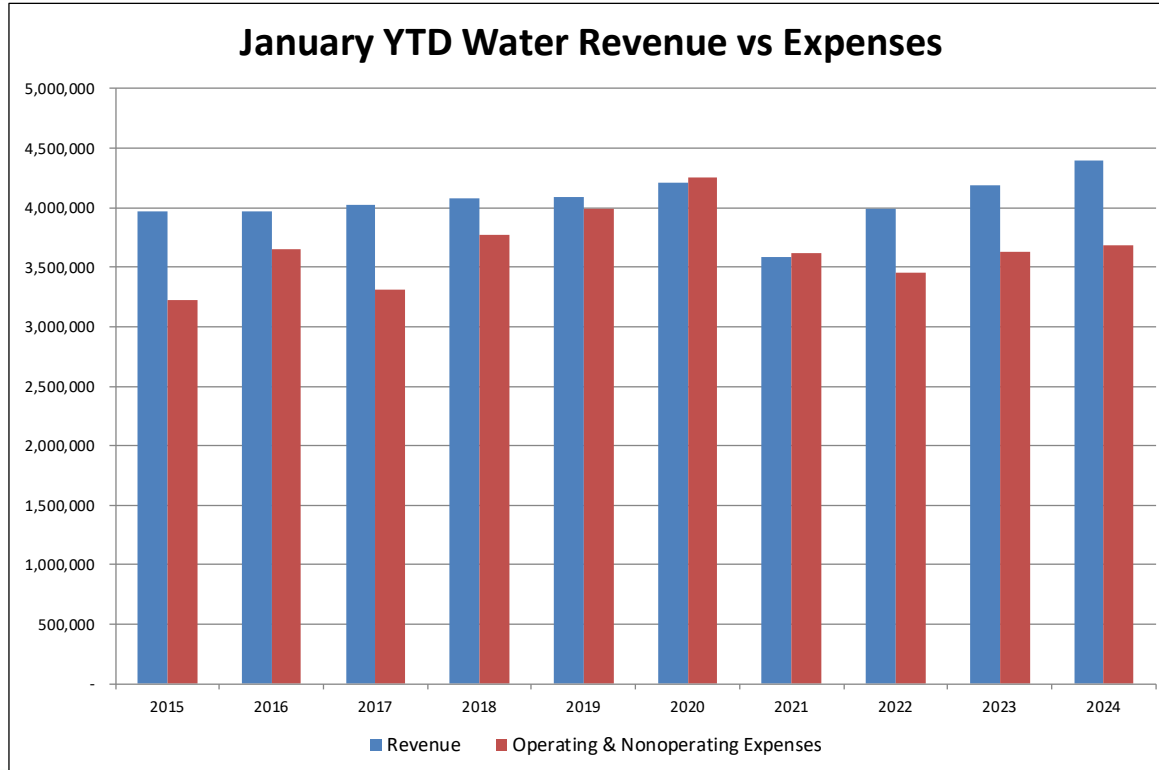


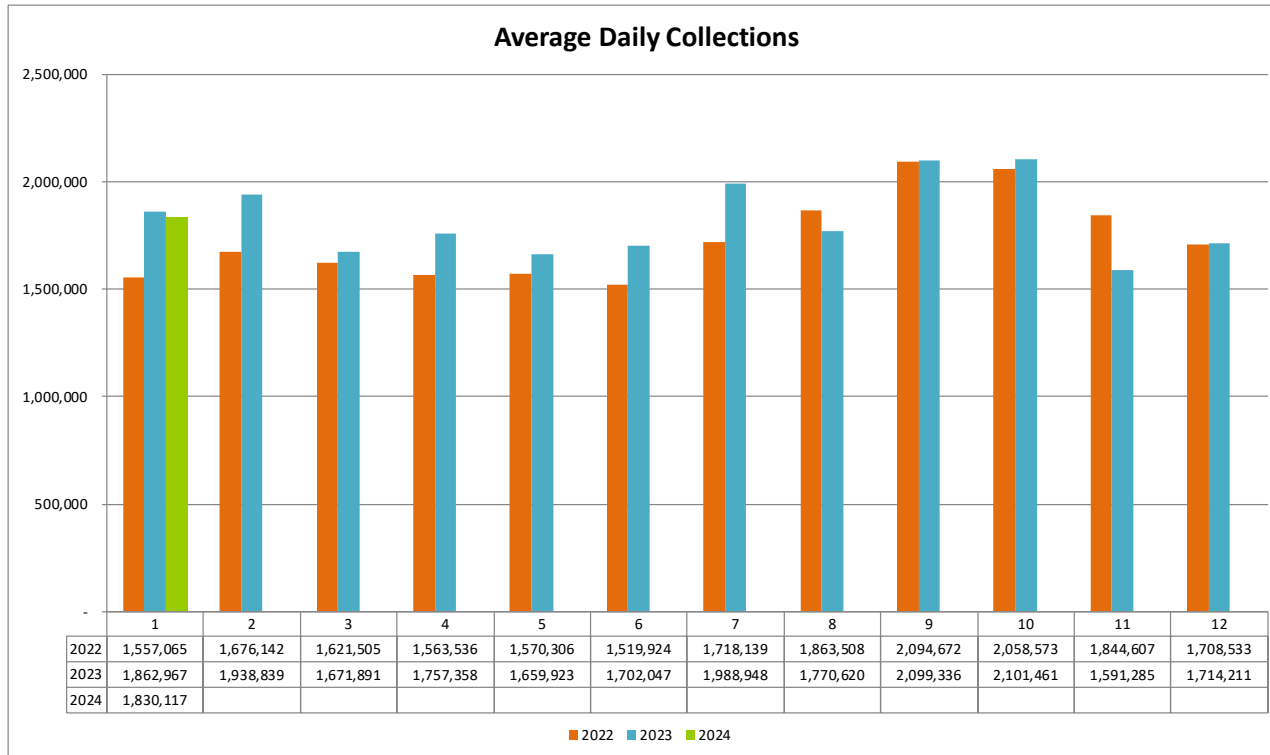
**Dollars in millions

Financial Results – 10 Year Trend

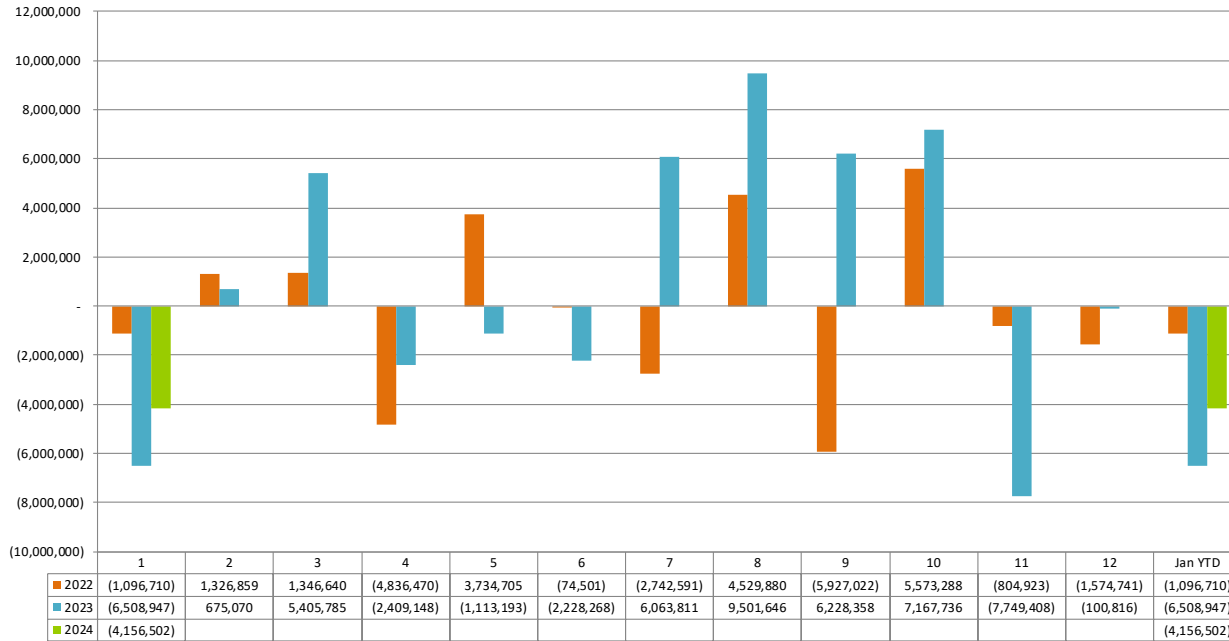


Financial Results – 10 Year Trend





Historical Monthly Cash Comparison



2022 2023 2024

Cash Position

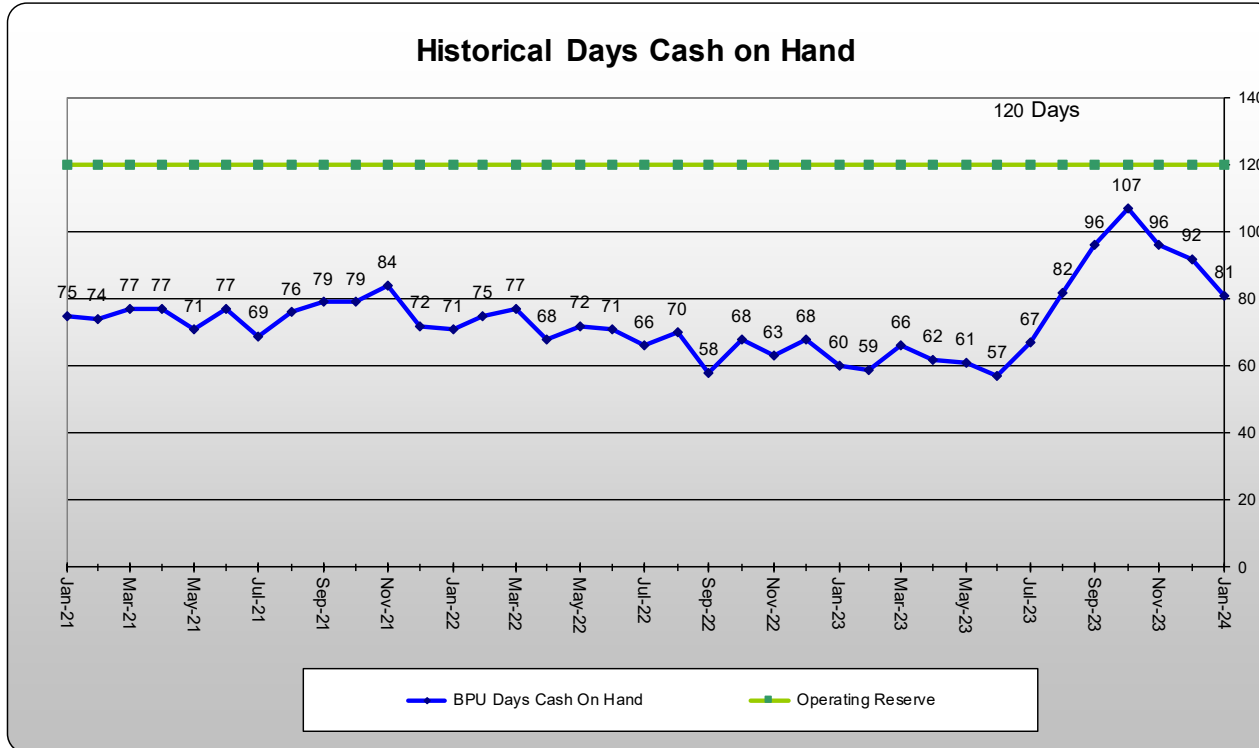
	(CY) 2024 January	(PY) 2023 January	2023 December
Combined (E&W)	\$ 52.88	\$ 38.94	\$ 57.35
Days Cash-on-Hand	81	60	92

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

Balance Sheet: Notables

	(CY) 2024 January	(PY) 2023 January
Fuel Inventory	\$ 10.858	\$ 8.435

**Dollars in millions



Capital Spending

	(CY) 2024 YID	(PY) 2023 YID	2024 Budget		
Electric	\$ 0.80	\$ (0.05)	\$ 35.58		
Water	0.21	0.42	26.38		
Common	0.05	0.33	5.13		
Total YID Capital	\$ 1.07	\$ 0.70	\$ 67.09	Remaining	98%

**Dollars in millions

Major projects in 2024:

- Electric Overhead Distribution - \$361.6K
- Electric Underground Distribution - \$ 56.5K
- Enterprise Technology - \$53K
- Water Distribution - \$105K

Debt Coverage

Debt Coverage with PILOT

Financial Guideline Target
2.0 times with PILOT

	(CY) 2024 January	(PY) 2023 January
Electric	2.19	2.81
Water	2.53	2.19
Combined	2.34	2.89

Debt Coverage w/o PILOT

Financial Guideline Target
1.6 times without PILOT

	(CY) 2024 January	(PY) 2023 January
Electric	1.47	2.09
Water	1.93	1.72
Combined	1.62	2.18

Internal Auditing

March 20, 2024

Objectives

- Introduction to Internal Auditing
- Importance of Internal Auditing
- Key Functions and Responsibilities
- Benefits to the Utility
- BPU Internal Auditing
- Questions



Introduction to Internal Auditing

Definition: Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations.

Purpose: To help the organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.



Importance of Internal Auditing

Promotes Accountability: Ensures compliant resource use

Identifies Risks: Identifies potential vulnerabilities

Enhances Efficiency: Assesses processes for improvements

Strengthens Compliance: Ensures legal adherence

Safeguards Assets: Protects against fraud and theft



Key Functions and Responsibilities

Risk Assessment: Identifying and assessing risks to goals

Control Evaluation: Assessing internal control effectiveness

Compliance Monitoring: Ensuring legal and policy adherence

Fraud Detection: Detecting and investigating misconduct

Reporting: Communicating findings to management and board



Benefits to the Utility

Enhanced Oversight: Provides independent assurance on controls and risk management

Informed Decision-Making: Offers timely information for aligned decisions

Accountability: Fosters transparency and trust

Risk Management: Identifies and mitigates strategic risks

Regulatory Compliance: Ensures regulatory adherence, minimizing penalties

BPU Internal Auditing

RubinBrown

Annual Audit Schedule

Audit Reports

Request for Proposals



Questions?

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Water Operations Update: AWWA Benchmarking

March 20, 2024

AWWA Benchmarking

- KPI is used to Measure Performance in Key Areas
- A Benchmark is used to compare performance to other Utilities
- Track and Improve your Performance based on your KPI





- Timeline
 - Kickoff Jan. 2023
 - Individual Department Meetings and Data Gathering Feb - March
 - April 1st Initial Dataset required
 - May 3rd Final submittal
 - June - Sept AWWA QA/QC
 - Oct. Final Reports Available

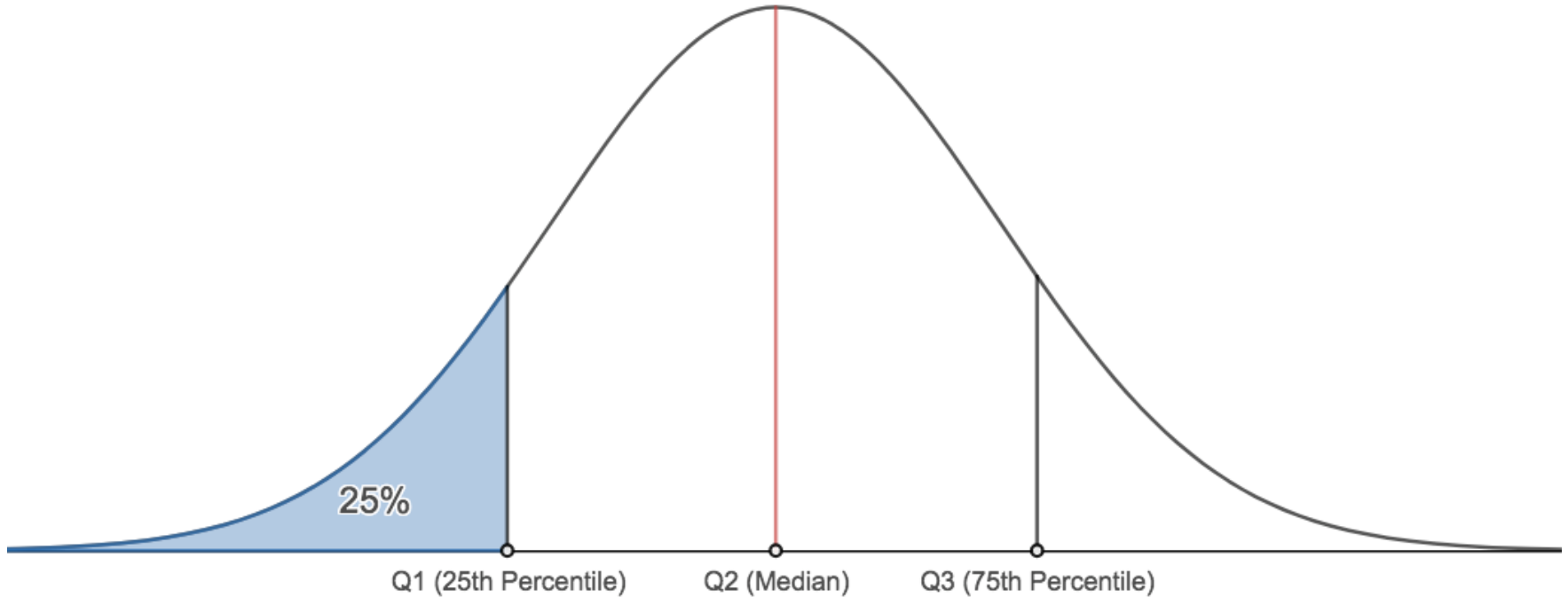
Goals for Good KPI

- Specific
- Measurable
- Accurate
- Relevant
- Practical
- Understandable

Problems/Issues

- Grey Areas
- Definitions used for data
- How to measure
- How to report information
- Is it relevant
- Are the systems in place to verify quality of data

What is a Percentile?





Business Operation & Organizational Development

	BPU	75 TH PERCENTILE	Median	25 th Percentile	Count
Customer Accounts Per Employee	384	582	452	375	35
Employee Turnover Rate	2.9%	6.3%	10.9%	14.3%	37
Debt Ratio	0.34	0.26	0.34	0.49	38
Debt Service Coverage Ratio	2.19	3.41	2.74	2.04	35
Operating Ratio (O&M/Revenue)	0.54	0.42	0.55	0.68	36
System Renewal/Replace Funding Allocation Water Transmission & Distribution Pipe Networks (\$/\$)	0.3%	2.8%	1.4%	0.6%	28

Business Operation & Organizational Development Over Time

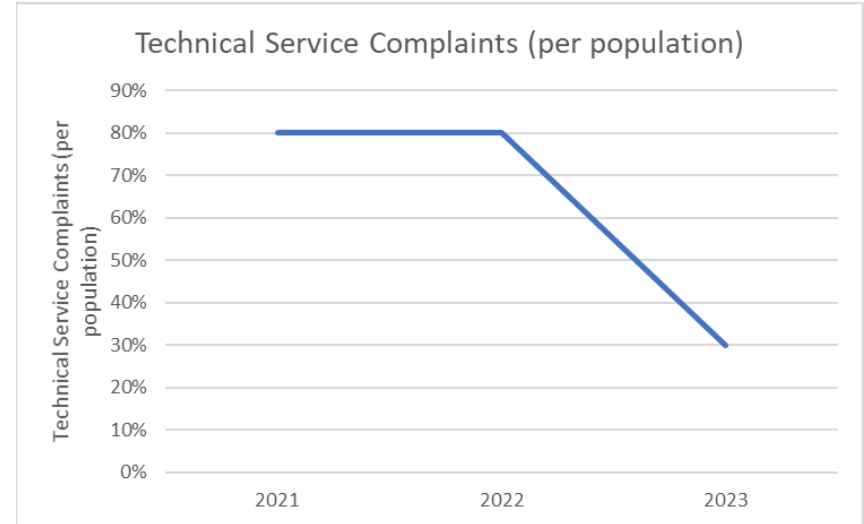
	2021	2022	2023
Customer Accounts Per Employee	335	348	384
Employee Turnover Rate %	3.20	1.90	2.90
Debt Ratio %	0.4	.38	0.34
Debt Service Coverage Ratio	2.16	1.91	2.19
Operating Ratio (O&M/Revenue)	0.5	0.56	0.54
System Renewal/Replace Funding Allocation Water Transmission & Distribution Pipe Networks	0.70%	0.70%	0.30%

Metrics Important to Customers

	BPU	75 TH PERCENTILE	Median	25 th Percentile	Count
Technical Service Complaints (per 1000 customer accounts)	0.3	0.1	1.0	2.0	24

Metrics Important to Customers

	2021	2022	2023
Technical Service Complaints (per 1000 customer accounts)	0.8	0.8	0.3



Metrics Important to NWTP

	BPU	75 TH PERCENTILE	Median	25 th Percentile	Count
Regulatory Compliance	100%	100%	100%	100%	38
Available Water Supply (years)	64	63	51	24	22



Metrics Important to NWTP Over Time

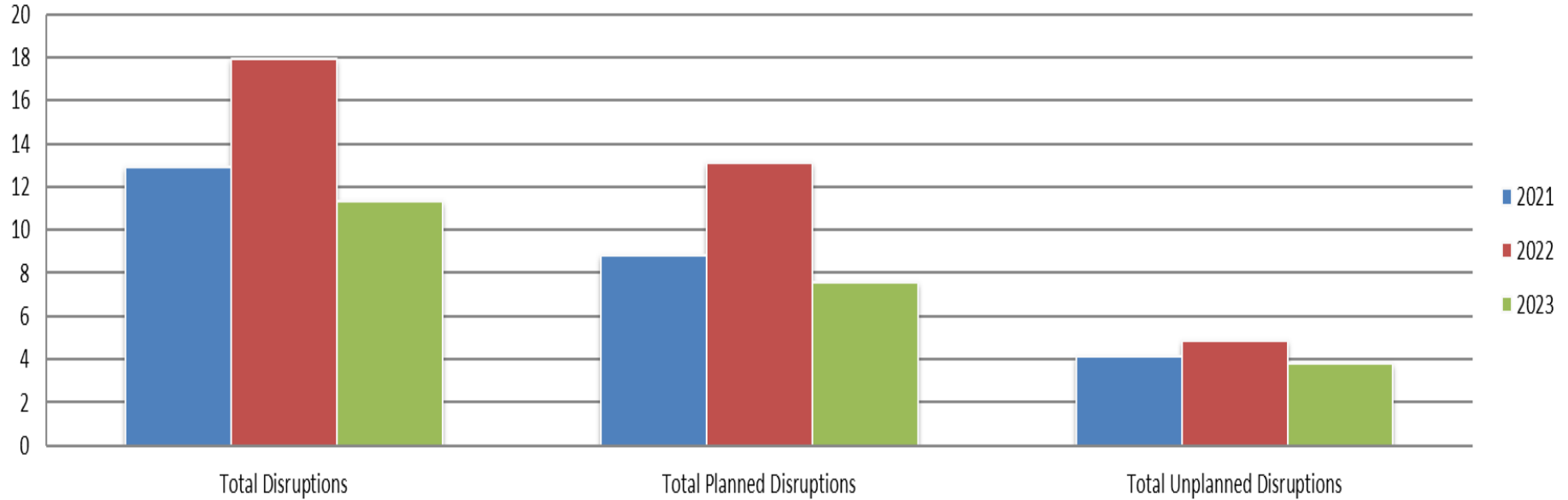
	2021	2022	2023
Regulatory Compliance	100%	100%	100%
Available Water Supply (years)	64	64	64

Leaks and Breaks

	BPU	75 TH PERCENTILE	Median	25 th Percentile	Count
Water Distribution System Integrity Total (Breaks & Leaks Per 100 Miles)	68.6	6.5	15.7	22.9	32
Total O&M Cost per account	\$474	\$344	\$474	\$600	33
Total O&M Cost per MG	\$2,562	\$1,823	\$2,815	\$3,565	35
Infrastructure Leakage Index (ILI)	6	0.83	1.55	2.78	22
Disruption of Water Services Frequency Index	11.33	0.79	2.97	4.60	32

Disruptions per 1000 accounts

Water Distribution System Disruptions per 1000 accounts



Leaks and Breaks Over Time

	2021	2022	2023
Water Distribution System Integrity Total	52.90	52.90	68.60
Total O&M Cost per account	\$514.00	\$521.00	\$474.00
Total O&M Cost per MG	\$2,541.00	\$2,662.00	\$2,562.00
Infrastructure Leakage Index (ILI)	5.82	6.10	6.00
Disruption of Water Services Frequency Index	12.93	17.95	11.33

Lesson Learned

- Definitions
- Data Collection - will improve over time
- System of Record
- Thanks - Very thankful for all the assistance from the various departments.

Questions?