

Regular Session

May 15, 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 May 1, 2024
- V. Visitor Comments
- VI. United Way Update – Todd Jordan
- VII. General Manager / Staff Reports
 - i. Customer Service Survey Results
 - ii. 2023 Annual Audit
 - iii. Resolution # 5299 Approval of 2023 ERC Over Recovery
 - iv. Resolution # 5300 Adoption of 2023 Audited Financials
 - v. Miscellaneous Comments
- VIII. Public Comments on Agenda Items
- IX. Board Comments
- X. Executive Session
- XI. Adjourn



KANSAS CITY

BPU

THE POWER OF COMMUNITY

2024 KCBPU Customer Satisfaction Survey

PRESENTED BY

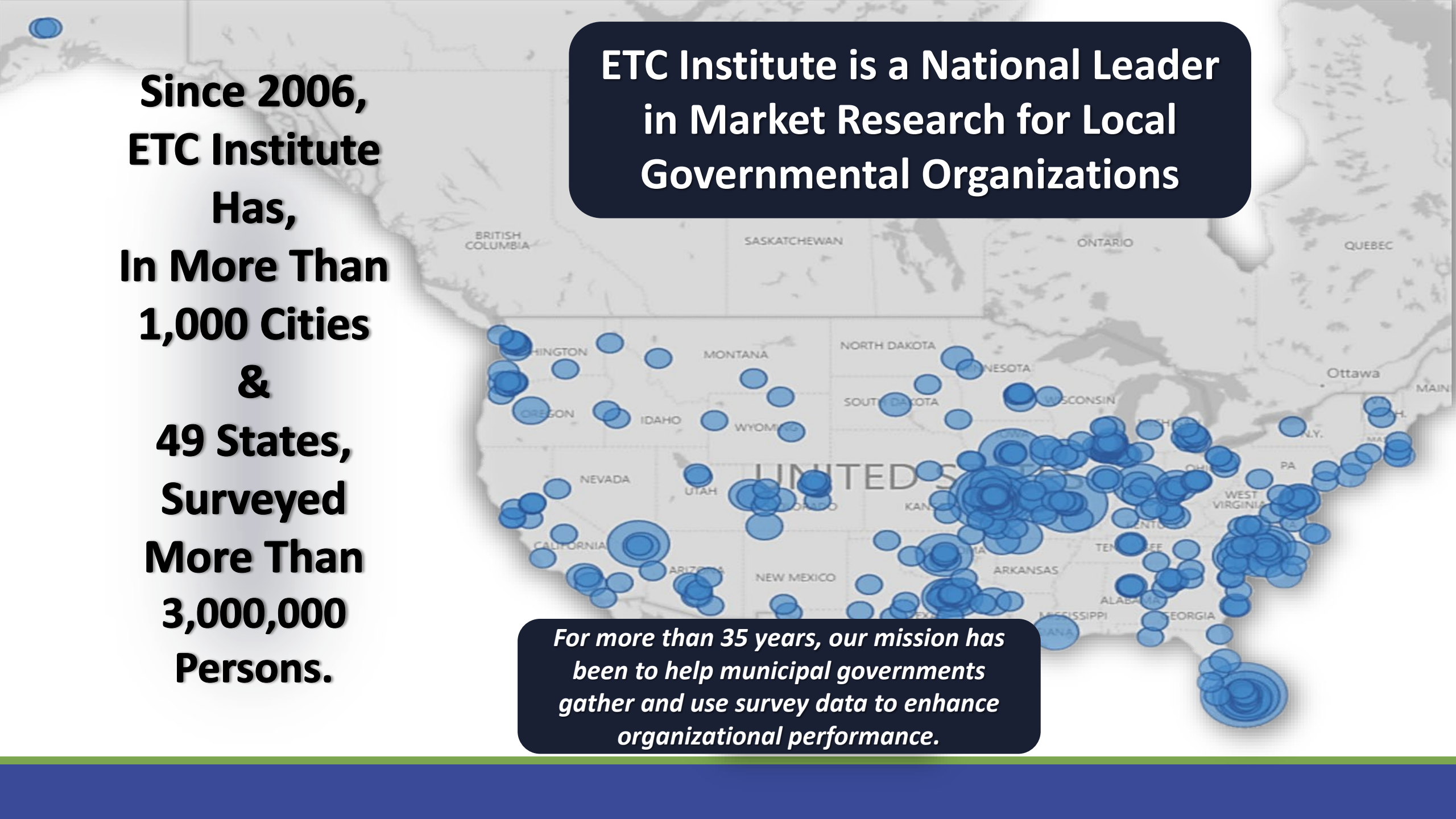


BOARD OF PUBLIC UTILITIES

**Since 2006,
ETC Institute
Has,
In More Than
1,000 Cities
&
49 States,
Surveyed
More Than
3,000,000
Persons.**

**ETC Institute is a National Leader
in Market Research for Local
Governmental Organizations**

*For more than 35 years, our mission has
been to help municipal governments
gather and use survey data to enhance
organizational performance.*



To objectively assess customer satisfaction with the delivery of KCBPU services

To compare performance to other providers both regionally and nationally

To set a new benchmark for performance that will provide valid comparisons moving forward

Purpose

Customer Survey Methodology

Survey Description

- Three-page survey

Method of Administration

- By mail and online to random sample of households who receive KCBPU services
- By mail and online to ALL commercial customers who receive KCBPU services

Sample Size

- Residential Customers: 603
- Commercial Customers: 81

Margin of Error

- +/-3.75% at the 95% level of confidence

Bottom Line Up Front

Satisfaction with the delivery of services by KCBPU is very high

- **Residential Customers:**
 - 81% of residential customers are satisfied with the overall quality of water services
 - 79% of residential customers are satisfied with the overall quality of electric services
- **Commercial Customers:**
 - 74% of commercial customers are satisfied with the overall quality of water services
 - 75% of commercial customers are satisfied with the overall quality of electric services
- **KCBPU compares favorably to national and regional averages**
 - **U.S. Average:** 72% are satisfied with water and 81% are satisfied with electric services
 - **KC Metro Average:** 73% are satisfied with water and 77% are satisfied with electric services

Bottom Line Up Front

Overall satisfaction with the RATES compares favorably

- **Residential Customers:**
 - 37% of residential customers are satisfied with the amount charged for water services
 - 31% of residential customers are satisfied with the amount charged for electric services
- **Commercial Customers:**
 - 35% of commercial customers are satisfied with the overall quality of water services
 - 32% of commercial customers are satisfied with the overall quality of electric services
- **U.S. Average:** 31% are satisfied with water service charges and 28% are satisfied with electric service charges
- **KC Metro Average:** 40% are satisfied with water service charges and 35% are satisfied with electric service charges

Interactions with KCBPU Staff

INTERACTIONS ARE POSITIVE

Interactions with KCBPU Staff

RESIDENTIAL CUSTOMERS

48% of residential customers have had an interaction with KCBPU within the past two years

Most (56%) of the contacts were with office staff, 16% with field staff, and 28% a combination of both

Seventy-two percent (72%) made contact by phone, 16% in-person, 7% by email, 2% by mail, and 1% by social media

48% of residential customers have observed KCBPU field staff within the past two years

COMMERCIAL CUSTOMERS

59% of commercial customers have had an interaction with KCBPU within the past two years

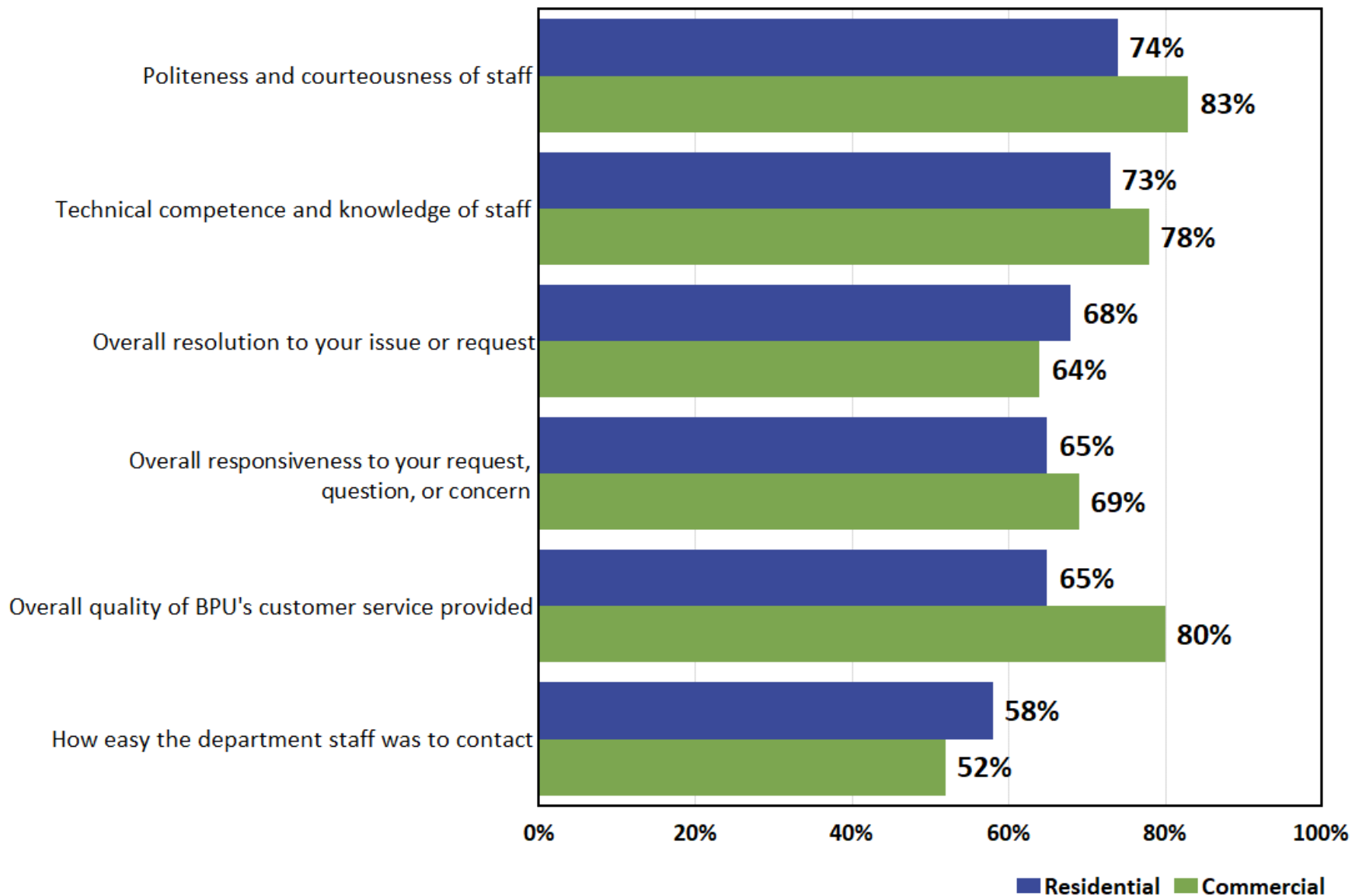
Forty-three percent (43%) of the contacts were with office staff 13% with field staff, and 45% a combination of both

Sixty-nine percent (69%) made contact by phone, 17% in-person, 13% by email, and 2% by mail

42% of commercial customers have observed KCBPU field staff within the past two years

Satisfaction with BPU Staff - Residential vs. Commercial Customers

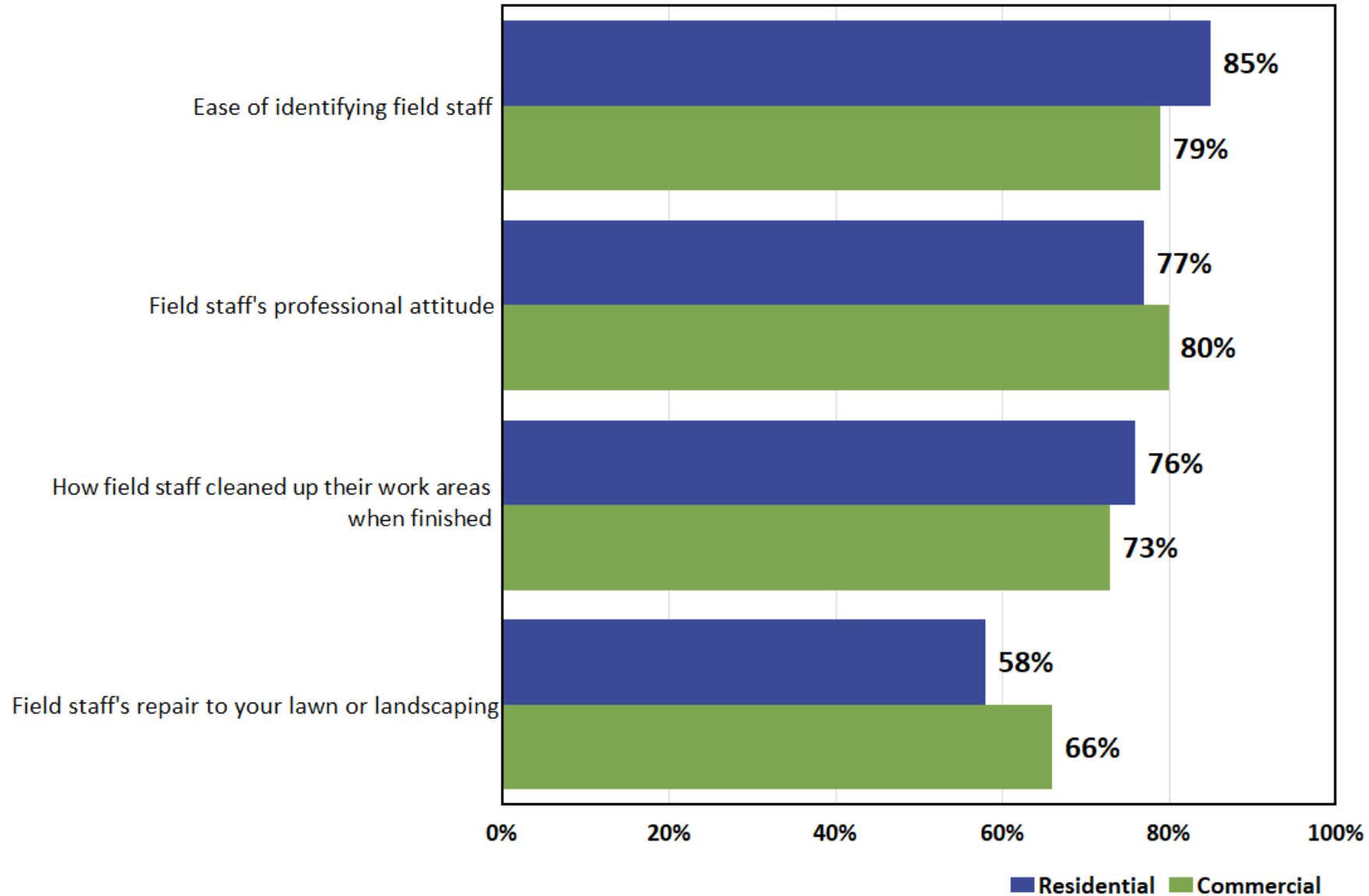
by percentage of respondents who had an interaction with BPU staff within the last two years and were "very satisfied" or "satisfied" with the item (excluding "don't know" responses)



Overall ratings are strong and both residential and commercial customers are mostly satisfied with all the areas assessed

Satisfaction with BPU Field Staff - Residential vs. Commercial Customers

by percentage of respondents who observed BPU field staff within the last two years and were "very satisfied" or "satisfied" with the item (excluding "don't know" responses)



Satisfaction is very high for all of the items rated

Service Restoration

UNPLANNED DISRUPTIONS TO SERVICE



Disruptions & Service Restoration

RESIDENTIAL CUSTOMERS

Only 13% of residential customers have had an unplanned disruption to their water service

52% of residential customers have had an unplanned disruption to their electric service

COMMERCIAL CUSTOMERS

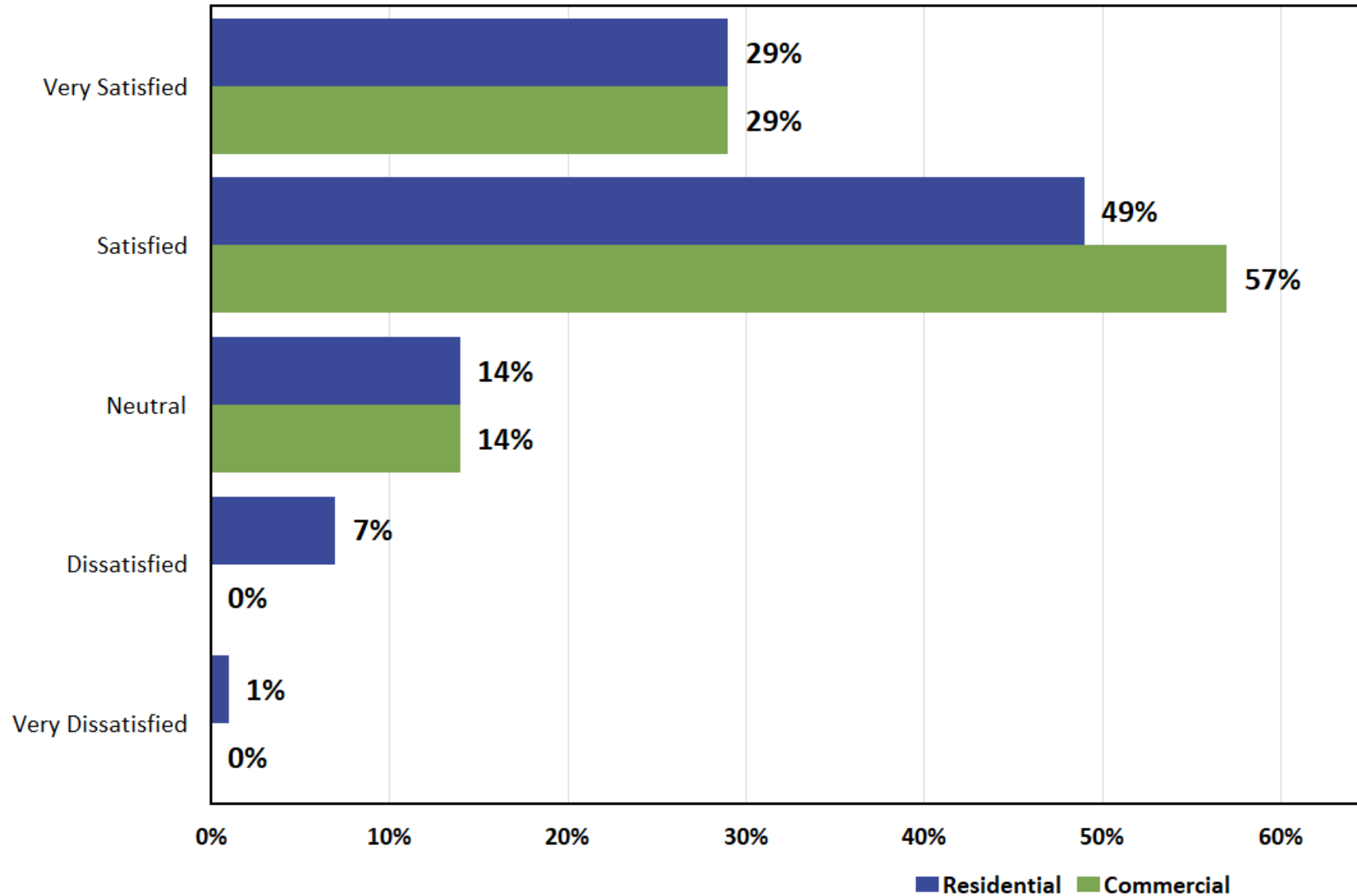
Only 9% of commercial customers have had an unplanned disruption to their water service

44% of commercial customers have had an unplanned disruption to their electric service

Satisfaction with Restoration of Water Service Timing

Residential vs. Commercial Customers

by percentage of respondents who were "very satisfied" or "satisfied" with the item (excluding "don't know" responses)

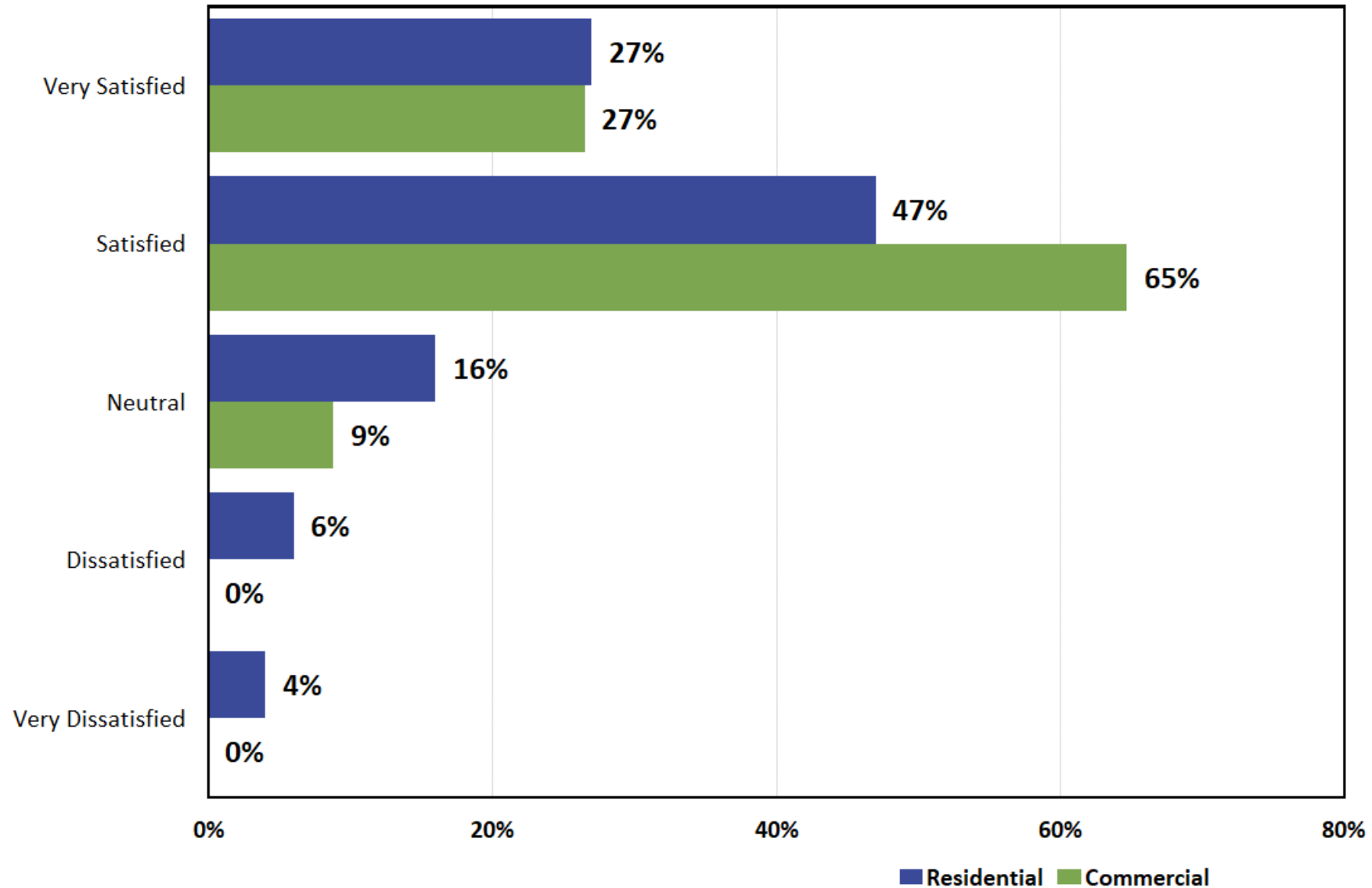


Both residential and commercial customers are both highly satisfied with the amount of time it took to restore water services

Satisfaction with Restoration of Electric Service Timing

Residential vs. Commercial Customers

by percentage of respondents who were "very satisfied" or "satisfied" with the item (excluding "don't know" responses)



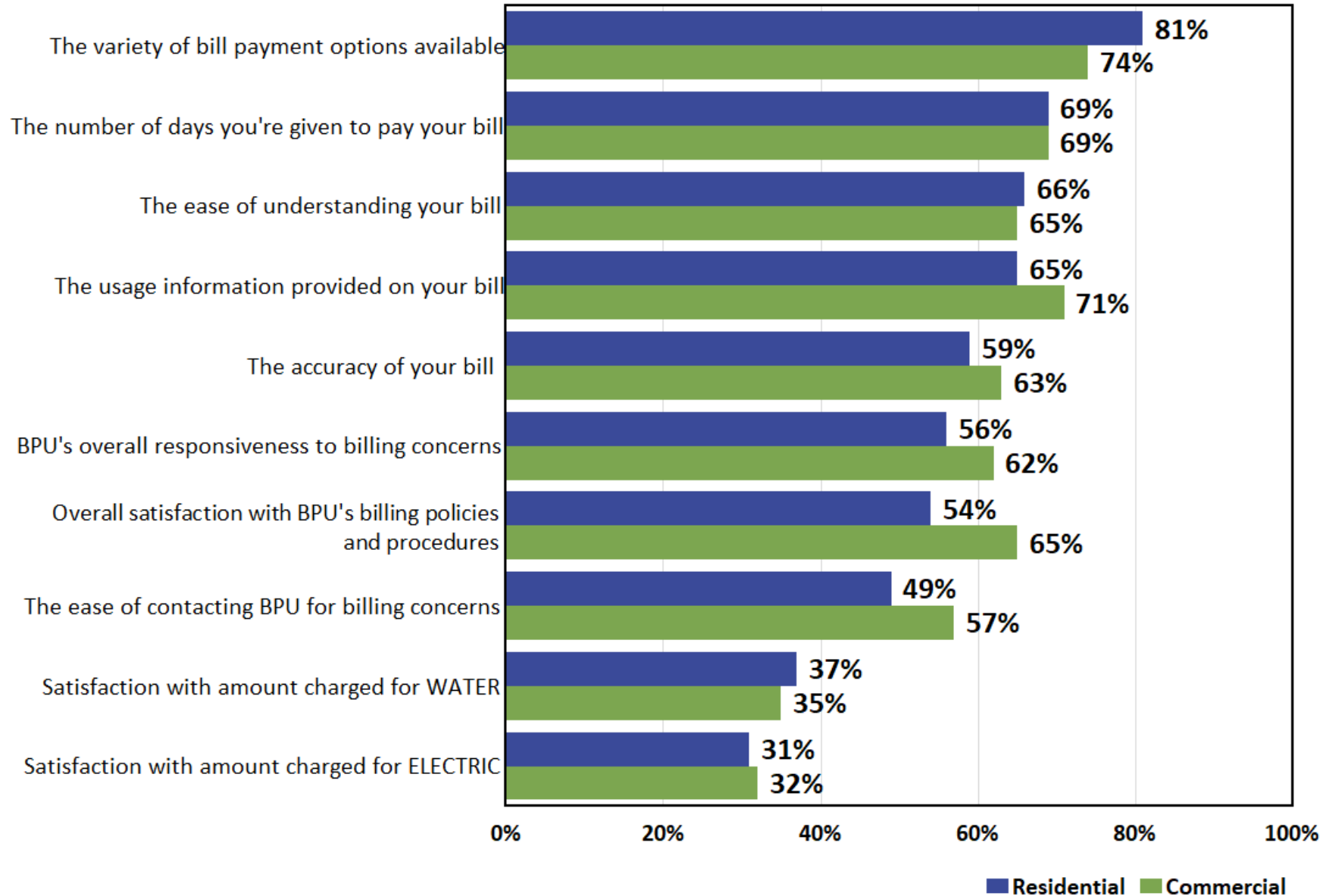
Commercial customers are slightly more satisfied – but experienced disruptions at lower rates than residential customers

Billing Services

HOW RESIDENTIAL & COMMERCIAL CUSTOMERS PERCEIVE BILLING

Satisfaction with Billing Services - Residential vs. Commercial Customers

by percentage of respondents who were "very satisfied" or "satisfied" with the item (excluding "don't know" responses)



Items Residential Customers Believe Should Receive the Most Emphasis

- Ease of contacting BPU with concerns
- Accuracy of your bill
- BPU's overall responsiveness to billing concerns
- Usage information

Items Commercial Customers Believe Should Receive the Most Emphasis

- Ease of contacting BPU with concerns
- Ease of understanding your bill
- BPU's overall responsiveness to billing concerns
- Accuracy of your bill

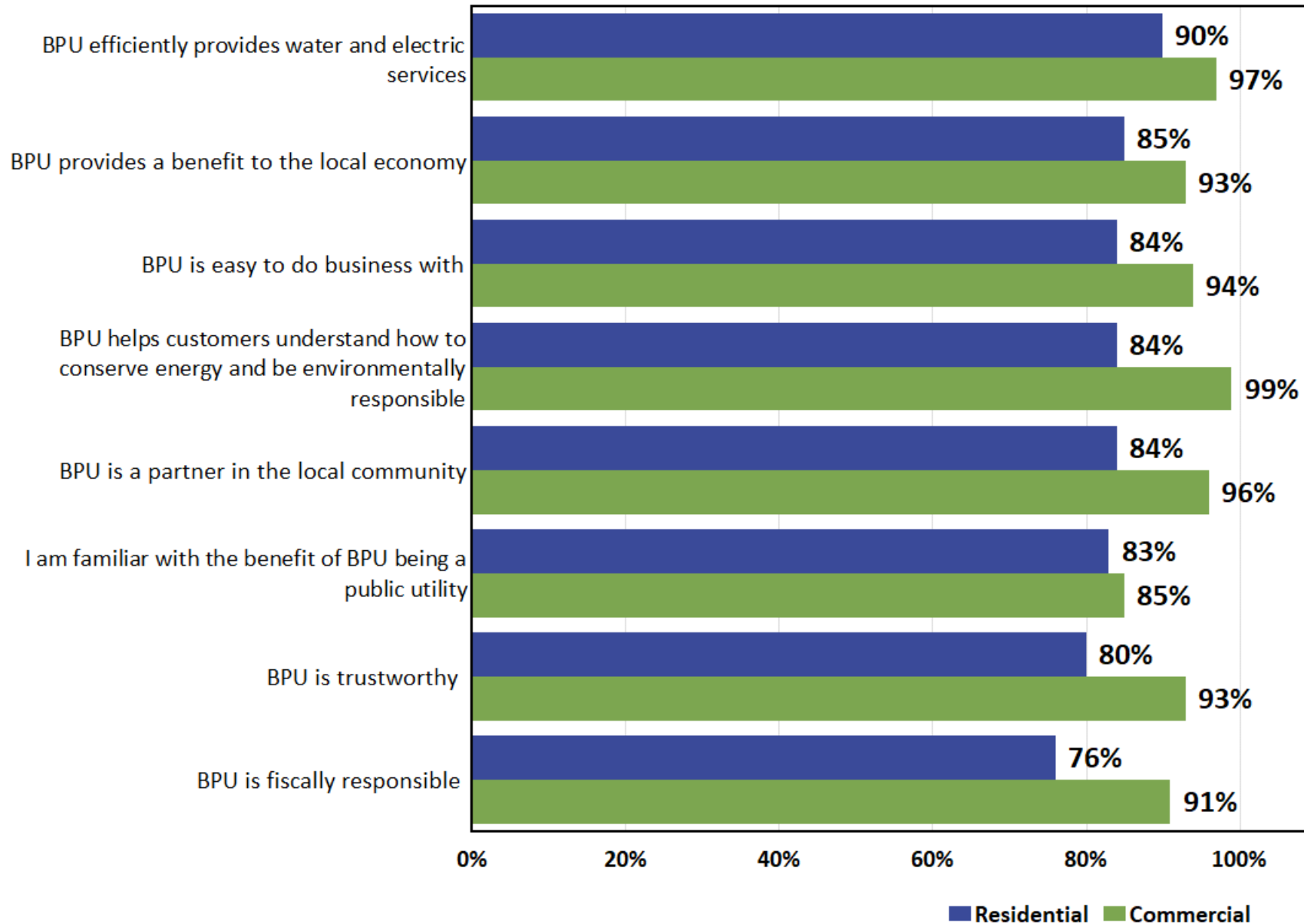
Residential and commercial customers have similar perceptions of KCBPU's billing services and procedures – including costs

Perceptions

HOW CUSTOMERS PERCEIVE KCBPU

Agreement with Statements - Residential vs. Commercial Customers

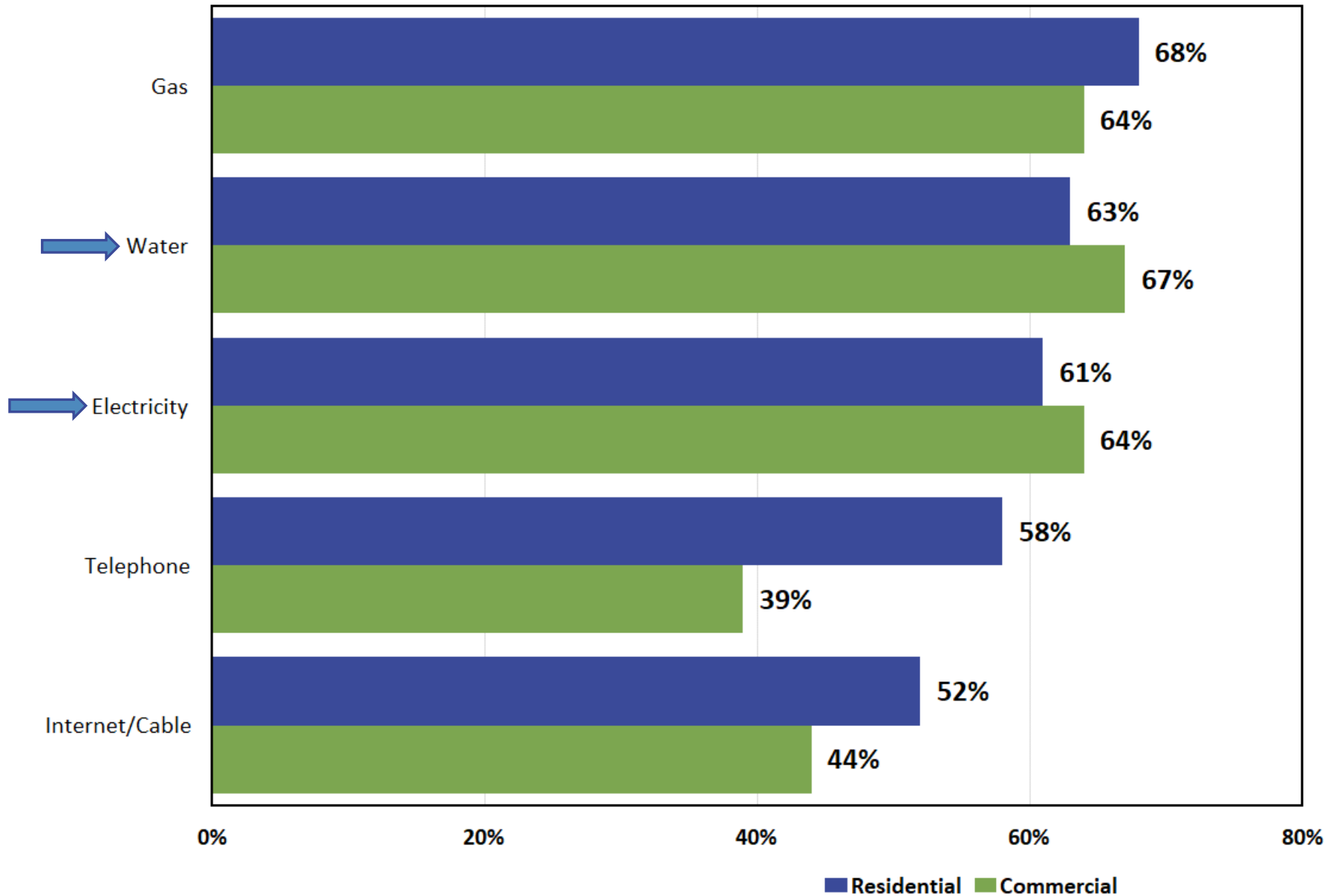
by percentage of respondents who "strongly agree," "agree," or are "neutral" with the item (excluding "don't know" responses)



Overall agreement with the statements is high when incorporating "neutral" responses into the results

Satisfaction in Terms of Value - Residential vs. Commercial Customers

by percentage of respondents who were "very satisfied" or "satisfied" with the item (excluding "don't know" responses)

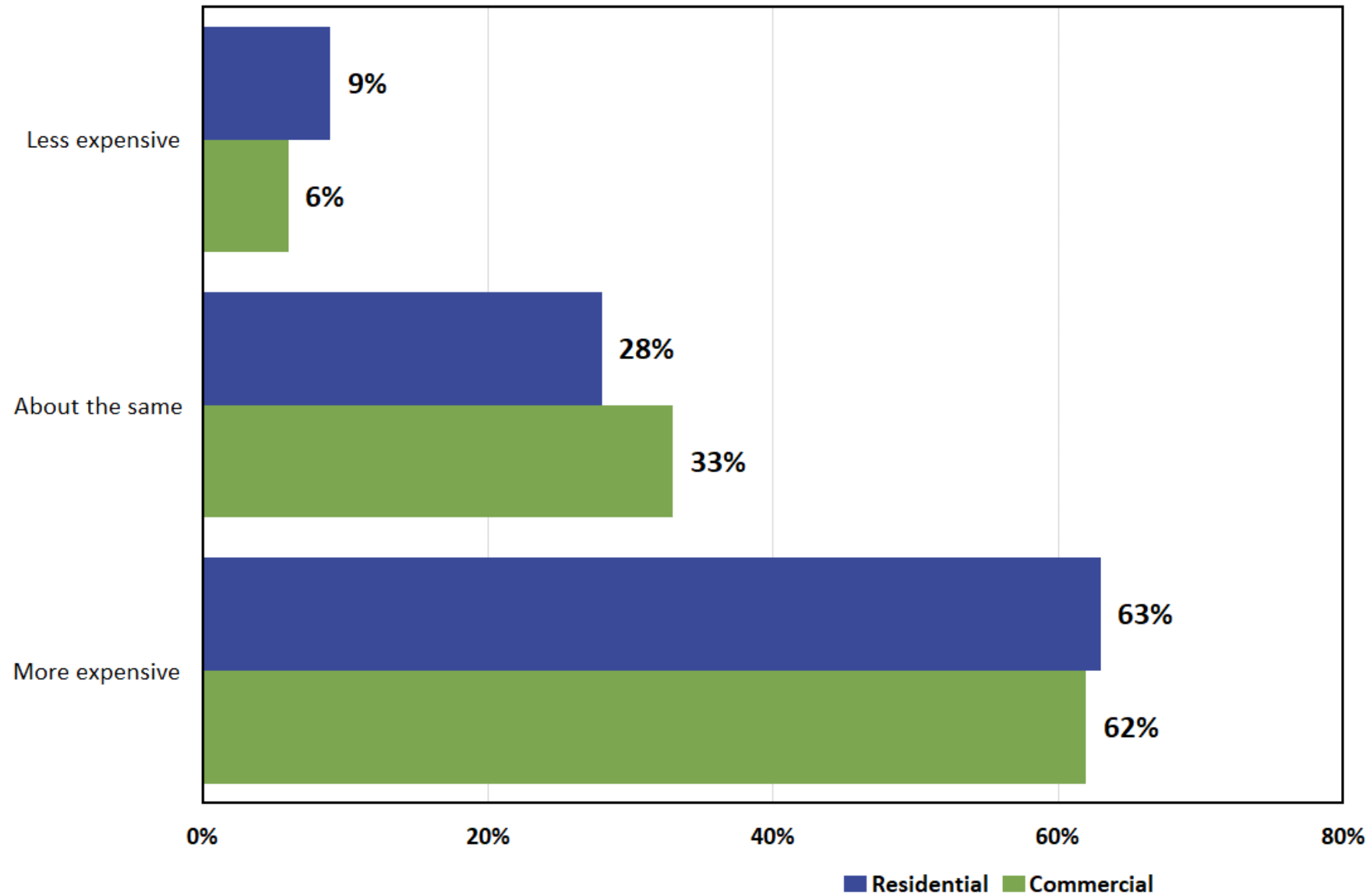


BPU's services are well aligned with other utility services in value, but gas bills were likely lower during administration

Comparing Water and Electric Charges to Other in KC Metro

Residential vs. Commercial Customers

by percentage of respondents (excluding "don't know" responses)



Questions?

THANK YOU!



2023 Audited Financial Results

May 15, 2024

Revenues – 2023 YTD

	(CY) 2023 YTD	(PY) 2022 YTD		Budget 2023 YTD	(CY) 2023 YTD	
Electric	\$ 300.314	\$ 332.255		\$ 310.487	\$ 300.314	
Water	55.033	52.824		53.249	55.033	
Combined	\$ 355.347	\$ 385.079	-7.7%	\$ 363.736	\$ 355.347	-2.3%

**Dollars in millions

Variance – YTD comparing 2022 Actual to 2023 Actual

Electric:

Residential \$1.3M
Commercial \$3.9M
Industrial **(\$783K)**

Water:

Residential \$1.0M
Commercial \$851K
Industrial \$43K

**Recognized ERC Over Collection for 2023 3rd & 4th Quarter of \$4.1M. Recognized in Jan-June of 2024

Operating Expenses – 2023 YTD

	(CY) 2023 YTD	(PY) 2022 YTD		Budget 2023 YTD	(CY) 2023 YTD	
Electric	\$ 226.313	\$ 244.131		\$ 241.239	\$ 226.313	
Water	37.731	35.645		40.872	37.731	
Combined	\$ 264.044	\$ 279.776	-5.6%	\$ 282.111	\$ 264.044	-6.4%

**Dollars in millions

Variance – YTD comparing 2022 Actual to 2023 Actual

Electric:

Purchased Power	(\$11.8M)
Fuel	(\$23.1M)
Production	\$4.1M
T&D	(\$236K)
G&A	\$10.4M

Water:

Production	\$170K
T&D	(\$605K)
G&A	\$2.4M



Financial Results

Change in Net Position – 2023 YTD

	(CY) 2023 YTD	(PY) 2022 YTD	Budget 2023 YTD	(CY) 2023 YTD
Electric	\$ 25.533	\$ 38.006	\$ 21.315	\$ 25.533
Water	11.244	11.344	6.067	11.244
Combined	\$ 36.777	\$ 49.350	\$ 27.382	\$ 36.777

**Dollars in millions



Financial Results

Cash Position & Debt Coverage

	(CY) 2023 December	(PY) 2022 December	2023 November
Combined (E&W)	\$ 58.20	\$ 44.56	\$ 58.03
Days Cash-on-Hand	97	68	96

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

Debt Coverage with PILOT

	(CY) 2023 December	(PY) 2022 December
Electric	2.52	2.73
Water	2.26	2.19
Combined	2.67	2.83

Debt Coverage w/o PILOT

	(CY) 2023 December	(PY) 2022 December
Electric	1.80	2.03
Water	1.77	1.72
Combined	1.94	2.12



**Report to the Board of Directors, Audit Committee, and
Management**

Board of Public Utilities of Kansas City, Kansas

Results of the 2023 Financial Statement Audit, Including Required Communications

December 31, 2023

Required Communications Regarding Our Audit Strategy & Approach (AU-C 260)

The following matters are required communications we must make to you, including these responsibilities:

Matter	Discussion
Scope of Our Audit	<p>This report covers audit results related to your financial statements and supplementary information:</p> <ul style="list-style-type: none">• As of and for the year ended December 31, 2023• Conducted in accordance with our contract dated December 7, 2023
Our Responsibilities	<p>FORVIS is responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management, with the oversight of those charged with governance, are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).</p>
Audit Scope and Inherent Limitations to Reasonable Assurance	<p>An audit performed in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in <i>Government Auditing Standards</i> issued by the Comptroller General of the United States is designed to obtain reasonable, rather than absolute, assurance about the financial statements. The scope of our audit tests was established in relation to the financial statements taken as a whole and did not include a detailed audit of all transactions.</p>



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Matter	Discussion
Extent of Our Communication	In addition to areas of interest and noting prior communications made during other phases of the engagement, this report includes communications required in accordance with GAAS that are relevant to the responsibilities of those charged with governance in overseeing the financial reporting process, including audit approach, results, and internal control. The standards do not require the auditor to design procedures for the purpose of identifying other matters to be communicated with those charged with governance.
Independence	The engagement team, others in our firm, as appropriate, and our firm, have complied with all relevant ethical requirements regarding independence.
Your Responsibilities	Our audit does not relieve management or those charged with governance of your responsibilities. Your responsibilities and ours are further referenced in our contract.
Distribution Restriction	<p>This communication is intended solely for the information and use of the following and is not intended to be, and should not be, used by anyone other than these specified parties:</p> <ul style="list-style-type: none"> • Board of Directors, Audit Committee, and Management • Others within the Board of Public Utilities (BPU)



Government Auditing Standards

Matter	Discussion
Additional GAGAS Reporting	We also provided reports as of December 31, 2023, on the following as required by GAGAS: <ul style="list-style-type: none">• Internal control over financial reporting and on compliance and other matters based on an audit of the financial statements performed in accordance with GAGAS
Reporting Limitations	Our consideration of internal control over financial reporting and our tests of compliance were not designed with an objective of forming an opinion on the effectiveness of internal control or on compliance, and accordingly, we do not express such an opinion.

5/8/2024

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Other Information Accompanying the Audited Financial Statements

The audited financial statements are presented along with management's Annual Comprehensive Financial Report (ACFR). Management, or those charged with governance, is responsible for preparing the ACFR.

We were not engaged to audit the information contained in the ACFR, and as a result, our opinion does not provide assurance as to the completeness and accuracy of the information contained therein.

As part of our procedures, we read the entire report to determine if financial information discussed in sections outside the financial statements materially contradicts the audited financial statements. If we identify any such matters, we bring them to management's attention and review subsequent revisions.

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Auditor Objectives Related to Other Information

Our objectives related to the other information accompanying the audited financial statements were to:

- Consider whether a material inconsistency exists between the other information and the financial statements
- Remain alert for indications that:
 - A material inconsistency exists between the other information and the auditor's knowledge obtained in the audit, or
 - A material misstatement of fact exists or the other information is otherwise misleading
- Respond appropriately when we identify that such material inconsistencies appear to exist or when we otherwise become aware that other information appears to be materially misstated. Potential responsive actions would include requesting management to correct the identified inconsistency.
- Include the appropriate communication in our auditor's report, disclosing the procedures performed on the Other Information, as well as the results obtained.

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Qualitative Aspects of Significant Accounting Policies and Practices

Significant Accounting Policies

Significant accounting policies are described in Note 1 of the audited financial statements.

With respect to new accounting standards adopted during the year, we call to your attention the following topics detailed in the following pages:

- GASB 96, *Subscription-Based Information Technology Arrangements (SBITA)*
- GASB 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*

Unusual Policies or Methods

With respect to significant unusual accounting policies or accounting methods used for significant unusual transactions (significant transactions outside the normal course of business or that otherwise appear to be unusual due to their timing, size, or nature):

- No matters are reportable

Alternative Accounting Treatments

We had discussions with management regarding alternative accounting treatments within GAAP for policies and practices for material items, including recognition, measurement and disclosure considerations related to the accounting for specific transactions as well as general accounting policies, as follows.

- No matters are reportable



Management Judgments and Accounting Estimates

Accounting estimates are an integral part of financial statement preparation by management, based on its judgments. Significant areas of such estimates for which we are prepared to discuss management's estimation process and our procedures for testing the reasonableness of those estimates include:

- Allowance for doubtful accounts
- Regulatory assets and regulatory deferred inflows
- Accrued liabilities
- Composite rate depreciation methods
- Net pension liability and related deferred inflows and outflows of resources
- Other post-employment benefits

Financial Statement Disclosures

The following areas involve particularly sensitive financial statement disclosures for which we are prepared to discuss the issues involved and related judgments made in formulating those disclosures:

- Note 13: Subscription-Based Information Technology Arrangements



Our Judgment About the Quality of the Entity's Accounting Principles

During the course of the audit, we made the following observations regarding the Entity's application of accounting principles:

- Adoption of GASB 96, SBITA

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Adjustments Identified by Audit

During the course of any audit, an auditor may propose adjustments to financial statement amounts. Management evaluates our proposals and records those adjustments that, in its judgment, are required to prevent the financial statements from being materially misstated.

A misstatement is a difference between the amount, classification, presentation, or disclosure of a reported financial statement item and that which is required for the item to be presented fairly in accordance with the applicable financial reporting framework.

Proposed & Recorded Adjustments

Auditor-proposed and management-recorded entries include the following:

- No matters are reportable

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Uncorrected Misstatements

Some adjustments proposed were **not recorded** because their effect is not currently considered material. We request that all identified misstatements be corrected.

Uncorrected misstatements that were determined by management to be immaterial, both individually and in the aggregate, but more than trivial to the financial statements as a whole are included as an attachment to this communication.

While these uncorrected misstatements were deemed to be immaterial to the current-period financial statements, it is possible that the impact of these uncorrected misstatements, or matters underlying these uncorrected misstatements, could potentially cause future-period financial statements to be materially misstated.

Current-Period Uncorrected Misstatements

- Decrease in accruals related to certain self-insurance liabilities
- Reclass PILOT from non-operating expense to transfer
- Increase in capital assets related to FEMA reimbursements
- Risk management footnote impact of health insurance accrual on rollforward

Prior-Period Uncorrected Misstatements

- Additional accrual for self-insured healthcare expenses



Other Required Communications

Disagreements with Management

The following matters involved disagreements which if not satisfactorily resolved would have caused a modified auditor's opinion on the financial statements:

- No matters are reportable

Consultation with Individuals Outside of the Engagement Team

During our audit, we encountered the following matters, for which we consulted the views of individuals outside of the engagement team:

- No matters are reportable

Consultation with Other Accountants

During our audit, we became aware that management had consulted with other accountants about the following auditing or accounting matters:

- No matters are reportable



Significant Issues Discussed with Management

Prior to Retention

During our discussion with management prior to our engagement, the following issues regarding application of accounting principles or auditing standards were discussed:

- No matters are reportable

During the Audit Process

During the audit process, the following issues were discussed or were the subject of correspondence with management:

- Adoption of GASB 96, SBITA

Difficulties Encountered in Performing the Audit

Our audit requires cooperative effort between management and the audit team. During our audit, we found significant difficulties in working effectively on the following matters:

- No matters are reportable



Other Material Communications

Listed below are other material communications between management and us related to the audit:

- Management representation letter (see Attachments)

We orally communicated to management other deficiencies in internal control identified during our audit that are not considered material weaknesses or significant deficiencies.

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Attachments

Management Representation Letter (Attachment A)

As a material communication with management, included herein is a copy of the representation letter provided by management at the conclusion of our engagement.

Schedule of Uncorrected Misstatements (Attachment B)

The detail of uncorrected misstatements identified as a result of our engagement are included herein.

5/8/2024

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Attachment A

Management Representation Letter

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Board of Public Utilities of Kansas City, Kansas (BPU)

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Attachment B

Schedule of Uncorrected Misstatements

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