

REGULAR SESSION –WEDNESDAY, FEBRUARY 16, 2022

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, February 16, 2022 at 6:00 P.M. The following Board Members were present: Mary Gonzales, President; Rose Mulvany Henry, Vice President; Thomas Groneman, Secretary; Robert L. Milan, Jeff Bryant, and David Haley.

Also present: William Johnson, General Manager; Angela Lawson, Deputy Chief Counsel; Lori Austin, Chief Financial Officer/Chief Administrative Officer; Johnetta Hinson, Executive Director Customer Service; Jeremy Ash, Executive Director Electric Operations; Jerin Purtee, Executive Director Electric Supply; Steve Green, Executive Director Water Operations; Dong Quach, Executive Director Electric Production; Maurice Moss, Executive Director Corporate Compliance; David Mehlhaff, Chief Communications Officer; Jerry Sullivan, Chief Information Officer; Robert Kamp, IT Project Manager; Dennis Dumovich, Director Human Resources; Sperlynn Byers, Acting Director of Information Technology; Mark Masloski, Meter Data Management System Analyst; Gabriela Freeman, Supervisor Customer Services; Doretha Davis, Supervisor Collections & Lobby; and, Patrice Townsend, Director Utility Services.

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

Ms. Gonzales called the Board meeting to order at 6:00 P.M. She welcomed all that were listening to or viewing the meeting. She stated that the Board felt it was necessary to offer the use of technology for staff as well as for the general public. Members of the community who wished to speak to the Board during the public comment session must be logged in to the Zoom meeting through the internet using their browser or the Zoom application. 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 if connected by phone only. During the public comment section of the agenda, community members would be asked to provide their name and address and had five minutes to speak. As always, the public could also email or call the BPU with any concerns. The agenda and presentations could be found on the BPU website or if they were using Zoom they would appear on their screen. Ms. Gonzales 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 Amended Agenda

Ms. Gonzales said that the Agenda would be amended to add an item from the Work Session.

REGULAR SESSION –WEDNESDAY, FEBRUARY 16, 2022

STATE OF KANSAS)
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A motion was made to approve the Amended Agenda by Mr. Bryant, seconded by Ms. Mulvany Henry.

The motion was unanimously carried.

Item #4 – Approval of Regular Session Minutes of February 2, 2022

A motion was made to approve the minutes of the Regular Session of February 2, 2022, by Mr. Bryant, seconded by Mr. Haley, and unanimously carried.

Item #5 – Public Comments

Mr. Jared Emmons, 12208 Pebble Beach Dr., spoke about the cold weather presentation from the Work Session. He felt that the issue was the temperature threshold that was being applied. He also commented on the disconnect notices and thought it would be helpful to check and see how many people have their phone number listed.

Ms. Tscher CeCe Manck, 212 N. 38th St., addressed the Board regarding meter searches being conducted, and the one that was attempted at her home. She was told that it was BPU property. Also, she spoke about her meter reading versus her bill.

Mr. Johnson wanted to know if it was a water meter.

Ms. Manck said that it was both water and electric. She also wanted to inquire why someone would be responsible to purchase the meter if it was BPU property.

Mr. Johnson requested that Ms. Manck call Customer Service and speak with Ms. Gabriella Freeman, Supervisor Customer Services, so that she could collect the necessary information to look into this situation.

Item #6 – General Manager / Staff Reports

- i. *Life Support*: Ms. Johnetta Hinson, Executive Director Customer Service and Mr. Mark Masloski, Meter Data Management System Analyst, gave a PowerPoint presentation to the Board explaining the Life Support Program process and what devices qualified for the program. (See attached.)

REGULAR SESSION –WEDNESDAY, FEBRUARY 16, 2022

STATE OF KANSAS)
) SS
CITY OF KANSAS CITY)

Mr. Masloski and Ms. Hinson, Mr. Johnson, and Ms. Doretha Davis, Supervisor Collections & Lobby answered questions from the Board regarding outage recovery and payment delinquency process for the program and also consulting with experts about possible device exceptions/additions in the future.

- ii. *Preliminary December 2021 Financials:* Ms. Austin gave a PowerPoint presentation reviewing the financials from December 2021 with the Board. (See attached.)
- iii. *Text Messaging Services:* Jerry Sullivan, Chief Information Officer, gave the Board an update on digitalizing the customer experience, not just with Customer Service, but also Operations. The IT department began looking at this program in 2021. (See attached PowerPoint.)

Mr. Sullivan and Mr. Lourens Fourie, Contractor - IT Project Manager answered questions from the Board including questions about the opting in/out choices.

- iv. *Miscellaneous Comments:* Mr. Johnson spoke about possible staff and Board participation on some of the special committees being put together by the Unified Government (UG). He would like the ones which included the topic of BPU to have BPU representation.

Item #7 – Board Comments

Mr. Haley was looking forward to seeing what input we could have on the upcoming UG committees. He thanked Ms. Austin and Ms. Angela Lawson, Deputy Chief Counsel for taking time to orient him and bring him up to speed. He also spoke about policy review and analysis. He would like to see an analysis of Board pay. He also asked what the protocol was for attending the Chamber Congressional Forum.

Mr. Mehlhaff would get him information and clarified what attendance was included with BPU’s Chamber sponsorship.

Ms. Lawson reminded that if four or more members of the Board attended a function, Mr. Mehlhaff would need to put out a notice to comply with the Kansas Open Meeting Act.

Mr. Groneman thanked staff for the informative reports in the Work Session and Regular Session. He also told everyone to be safe.

REGULAR SESSION –WEDNESDAY, FEBRUARY 16, 2022

STATE OF KANSAS)
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Mr. Milan said that he heard it commented, the Board needed a raise and that it was going to be cold tomorrow.

Mr. Bryant spoke about the wide range of aspects and topics that it took to run the utility and that each one was important to someone in the community. He wanted to thank staff for being good stewards for the utility and our community.

Ms. Gonzales also wanted to thank all for the information provided to help the Board make the right decisions for the community.

Ms. Mulvany Henry spoke about providing audio recordings of the meetings to the public without someone having to make an Open Records Request. She asked Mr. Sullivan if it was possible to upload the recordings to the website.

Mr. Sullivan said it could be done.

Mr. Bryant asked if they could be downloaded on the YouTube channel.

Mr. Mehlhaff would look at the options for getting the recordings on the website or YouTube channel.

Mr. Johnson said that the Open Records Request was a good process but the we could look at something different.

Ms. Mulvany Henry requested an update at the March 16 Board meeting.

Item #8 – Executive Session

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

“I move that, after taking a five minute break, the Board go into Executive Session in the 4th floor Video, excuse me, in the Board room to discuss confidential matters related to an investigation of non-elected personnel, as justified under the personnel matters exception in the Kansas Open Meetings Act; and the General Manager William Johnson, Deputy Chief Counsel Angela Lawson, the Director of Human Resources, Dennis Dumovich and investigator and legal counsel, Tyler Hibler, be present to participate in the discussion, all others to be dismissed from the room and public electronic and telephonic transmissions cease, and that we reconvene in Open Session returning to both electronic and telephonic broadcasting at...

REGULAR SESSION –WEDNESDAY, FEBRUARY 16, 2022

STATE OF KANSAS)
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Mr. Bryant asked how many minutes.

Ms. Lawson said 25 minutes.

She continued, “at 8:25 P.M.in the board room to either take action in an Open Session or to adjourn.”

She wanted to restate for the record that it was to discuss an investigation of non-elected personnel.

This motion was made to move into Executive Session by Mr. Bryant, seconded by Mr. Groneman and carried unanimously.

At 8:25 P.M. the meeting was opened.

A motion was made to extend the Executive Session for 15 minutes to end at 8:40 P.M. by Mr. Bryant, seconded by Mr. Milan and carried unanimously.

At 8:40 P.M. the meeting was opened.

Item #9 – Adjourn

A motion was made to adjourn the Regular Session at 8:40 P.M. by Mr. Bryant, seconded by Ms. Mulvany Henry, and unanimously carried.

ATTEST:


Secretary

APPROVED:


President

December 2021 Preliminary Financial Results

February 16, 2022

2021 Billed kWh (YTD Jan - Dec)

| Electric | (CY) 2021 YTD | (PY) 2020 YTD | |
|-------------|----------------------|----------------------|-------------|
| Residential | 598,542,538 | 582,140,237 | |
| Commercial | 958,610,707 | 907,606,621 | |
| Industrial | 467,110,055 | 513,639,581 | |
| | 2,024,263,300 | 2,003,386,439 | 1.0% |

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

Residential – Up 3% Commercial – Up 6% Industrial – Down 9%

2021 Billed CCF's (YTD Jan - Dec)

| Water | (CY) 2021 YTD | (PY) 2020 YTD | |
|-------------|------------------|------------------|--------------|
| Residential | 3,521,083 | 3,585,166 | |
| Commercial | 2,564,196 | 2,523,644 | |
| Industrial | 1,772,596 | 1,871,974 | |
| | 7,857,875 | 7,980,784 | -1.5% |

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

Residential – Down 2%

Commercial – Up 2%

Industrial - Down 5%

Revenues – December 2021

**Dollars in millions

| | (CY) 2021 December | (PY) 2020 December | | Budget 2021 December | (CY) 2021 December | |
|-----------------|-----------------------|-----------------------|---------------|-------------------------|-----------------------|--------------|
| Electric | \$ 34.952 | \$ 11.049 | | \$ 20.288 | \$ 34.952 | |
| Water | 3.506 | 3.988 | | 4.040 | 3.506 | |
| Combined | \$ 38.458 | \$ 15.037 | 155.8% | \$ 24.328 | \$ 38.458 | 58.1% |

Actual Compared to 2021 Budget

Electric up 72%
Water down 13%

Financial Results

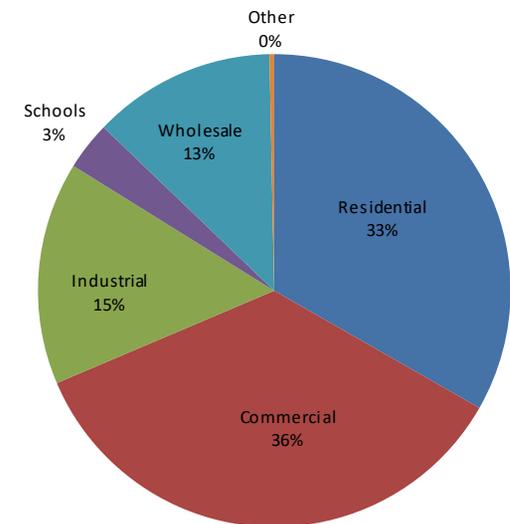
Revenues – 2021 YTD

| | (CY) 2021 YTD | (PY) 2020 YTD | | Budget 2021 YTD | (CY) 2021 YTD | |
|----------|------------------|------------------|------|--------------------|------------------|-------|
| Electric | \$ 296.024 | \$ 265.467 | | \$ 257.761 | \$ 296.024 | |
| Water | 50.937 | 52.425 | | 52.221 | 50.937 | |
| Combined | \$ 346.961 | \$ 317.892 | 9.1% | \$ 309.982 | \$ 346.961 | 11.9% |

**Dollars in millions

Variance – YTD comparing Budget to Actual for 2021

| Electric: | Up 15% | Water: | Down 3% |
|-------------|----------|-------------|----------|
| Residential | (\$380K) | Residential | \$350K |
| Commercial | \$1.6M | Commercial | (\$268K) |
| Industrial | (\$4.9M) | Industrial | (\$489K) |
| Schools | \$580K | Wholesale | (\$178K) |
| Wholesale | \$32.1M | | |



Completely recognized \$11.7M deferral of revenue YTD from the 2020 ERC in 2021

Operating Expenses – December 2021

| | (CY) 2021 December | (PY) 2020 December | | Budget 2021 December | (CY) 2021 December | |
|----------|-----------------------|-----------------------|-------|-------------------------|-----------------------|-------|
| Electric | \$ 32.340 | \$ 25.151 | | \$ 16.998 | \$ 32.340 | |
| Water | 3.741 | 3.568 | | 3.083 | 3.741 | |
| Combined | \$ 36.081 | \$ 28.719 | 25.6% | \$ 20.081 | \$ 36.081 | 79.7% |

**Dollars in millions

Variance – Comparing Budget to Actual for 2021

Electric – Down 90%

| | | |
|-----------------|---|------------|
| Production | - | 21% up |
| Purchased Power | - | 410% up ** |
| Fuel | - | 15% down |
| T&D | - | 75% up |
| G &A | - | 49% down |

Water – Up 21%

| | | |
|------------|---|----------|
| Production | - | 7% up |
| T&D | - | 52% up |
| G &A | - | 23% down |

**Reclass of SPP activity for 2021

Operating Expenses – 2021 YTD (Total)

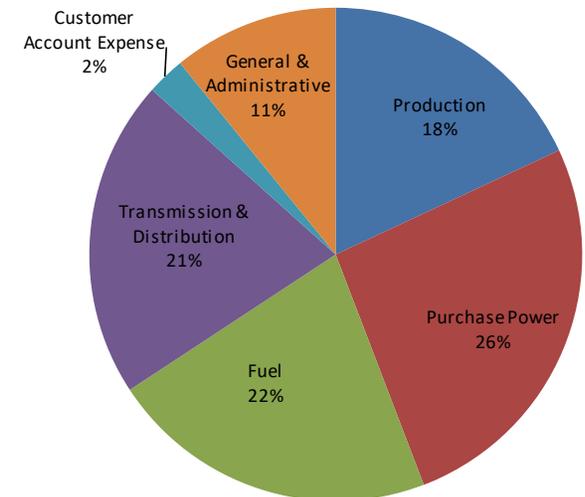
| | (CY) 2021 YTD | (PY) 2020 YTD | | Budget 2021 YTD | (CY) 2021 YTD | |
|----------|------------------|------------------|------|--------------------|------------------|------|
| Electric | \$ 222.321 | \$ 208.069 | | \$ 204.320 | \$ 222.321 | |
| Water | 36.467 | 35.130 | | 38.430 | 36.467 | |
| Combined | \$ 258.788 | \$ 243.199 | 6.4% | \$ 242.750 | \$ 258.788 | 6.6% |

**Dollars in millions

Actual Compared to 2021 Budget

- Electric up 9%
- Water down 5%

*Recognized \$2.3M deferral of expenses YTD from the 2021 ERC (3rd and 4th Quarter)
to be amortized over the first 6 months of 2022*



Operating Expenses – 2021 YTD less Depreciation

| | (CY) 2021 YTD | (PY) 2020 YTD | | Budget 2021 YTD | (CY) 2021 YTD | |
|----------|------------------|------------------|------|--------------------|------------------|------|
| Electric | \$ 191.635 | \$ 178.549 | | \$ 175.446 | \$ 191.635 | |
| Water | 28.096 | 27.177 | | 30.496 | 28.096 | |
| Combined | \$ 219.731 | \$ 205.726 | 6.8% | \$ 205.942 | \$ 219.731 | 6.7% |

**Dollars in millions

Variance – YTD comparing Budget to Actual 2021

**Reclass of SPP activity for 2021

Electric:

| | |
|-----------------|------------|
| Purchased Power | \$13.3M ** |
| Fuel | \$15.4M |
| Production | (\$2.9M) |
| T&D | (\$2.0M) |
| G&A | (\$5.1M) |

Water:

| | |
|------------|-----------|
| Production | (\$ 1.1M) |
| T&D | \$ 15K |
| G&A | (\$1.2M) |

Change in Net Position – December 2021

| | (CY) 2021 December | (PY) 2020 December | Budget 2021 December | (CY) 2021 December |
|----------|-----------------------|-----------------------|-------------------------|-----------------------|
| Electric | \$ (1.095) | \$ (17.668) | \$ (0.376) | \$ (1.095) |
| Water | (0.744) | 0.228 | 0.491 | (0.744) |
| Combined | \$ (1.839) | \$ (17.440) | \$ 0.115 | \$ (1.839) |

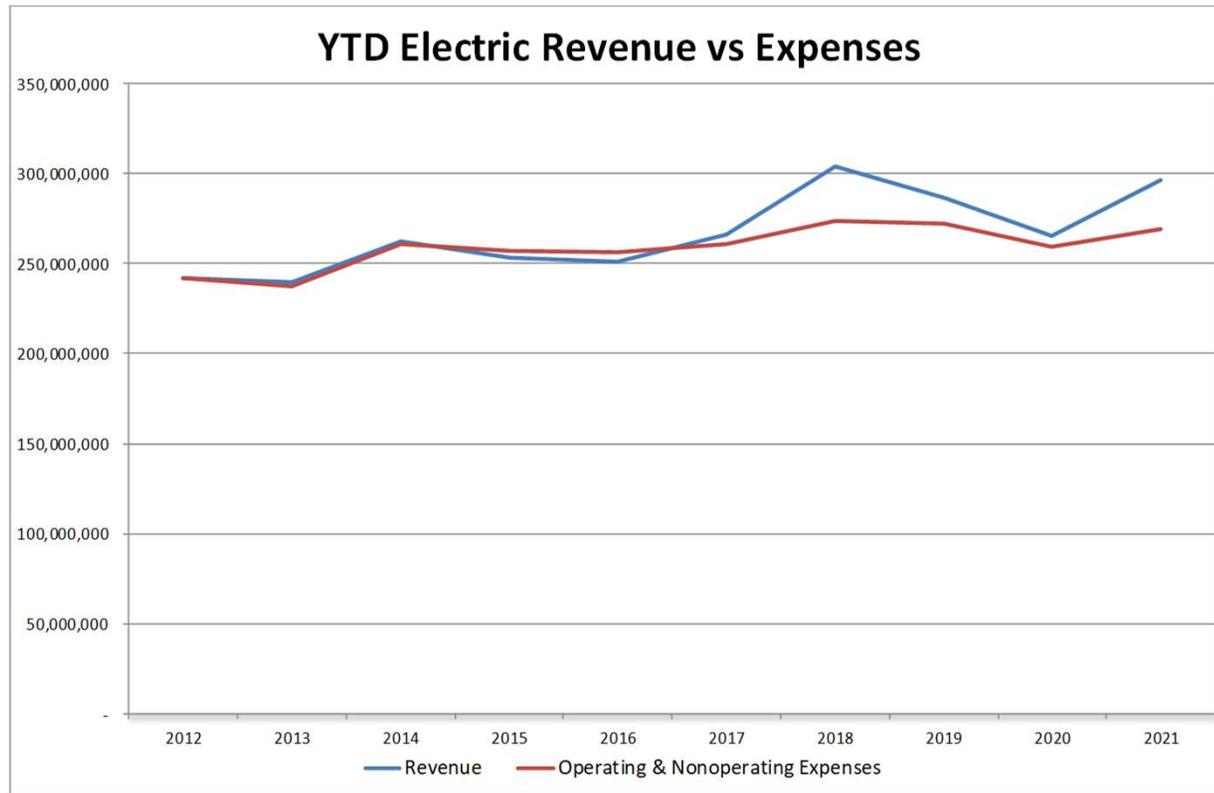
**Dollars in millions

Change in Net Position – 2021 YTD

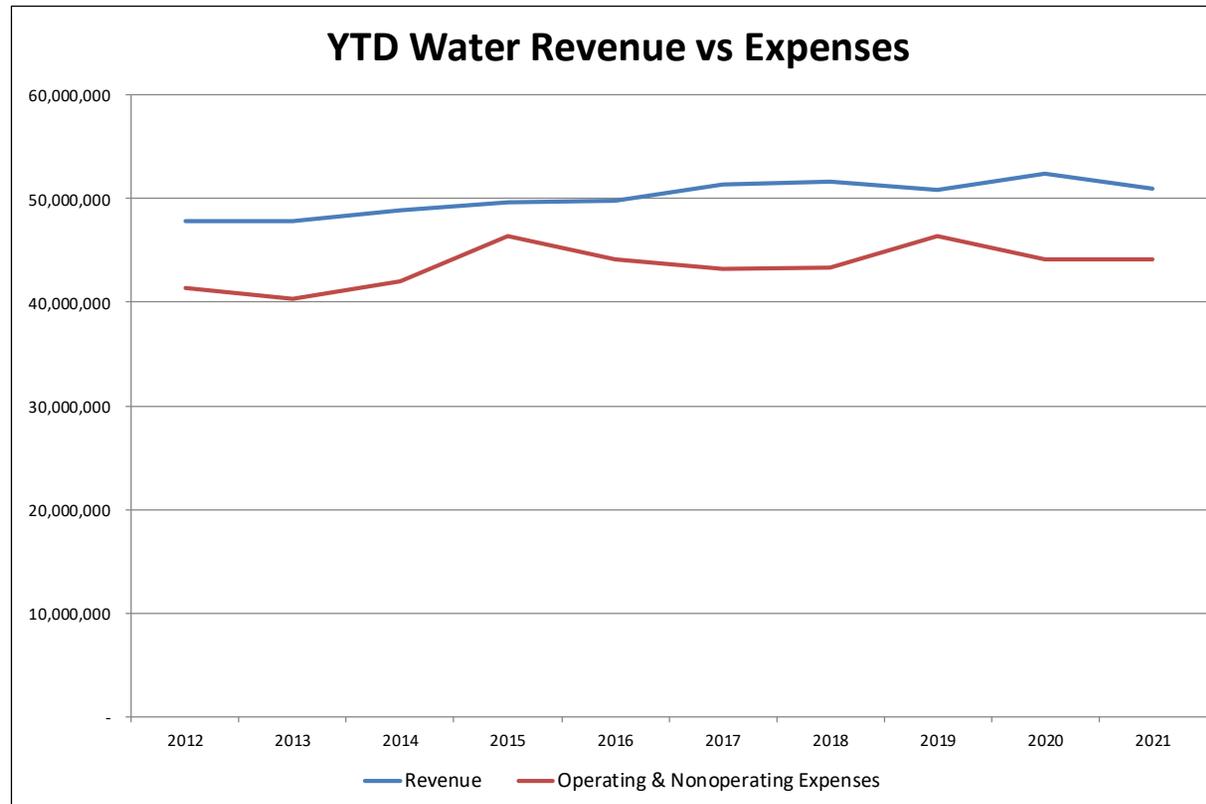
| | (CY) 2021 YTD | (PY) 2020 YTD | Budget 2021 YTD | (CY) 2021 YTD |
|-----------------|------------------|------------------|--------------------|------------------|
| Electric | \$ 26.527 | \$ 5.957 | \$ 7.440 | \$ 26.527 |
| Water | 7.776 | 9.345 | 6.902 | 7.776 |
| Combined | \$ 34.303 | \$ 15.302 | \$ 14.342 | \$ 34.303 |

**Dollars in millions

Financial Results - 10 Year Trend



Financial Results – 10 Year Trend



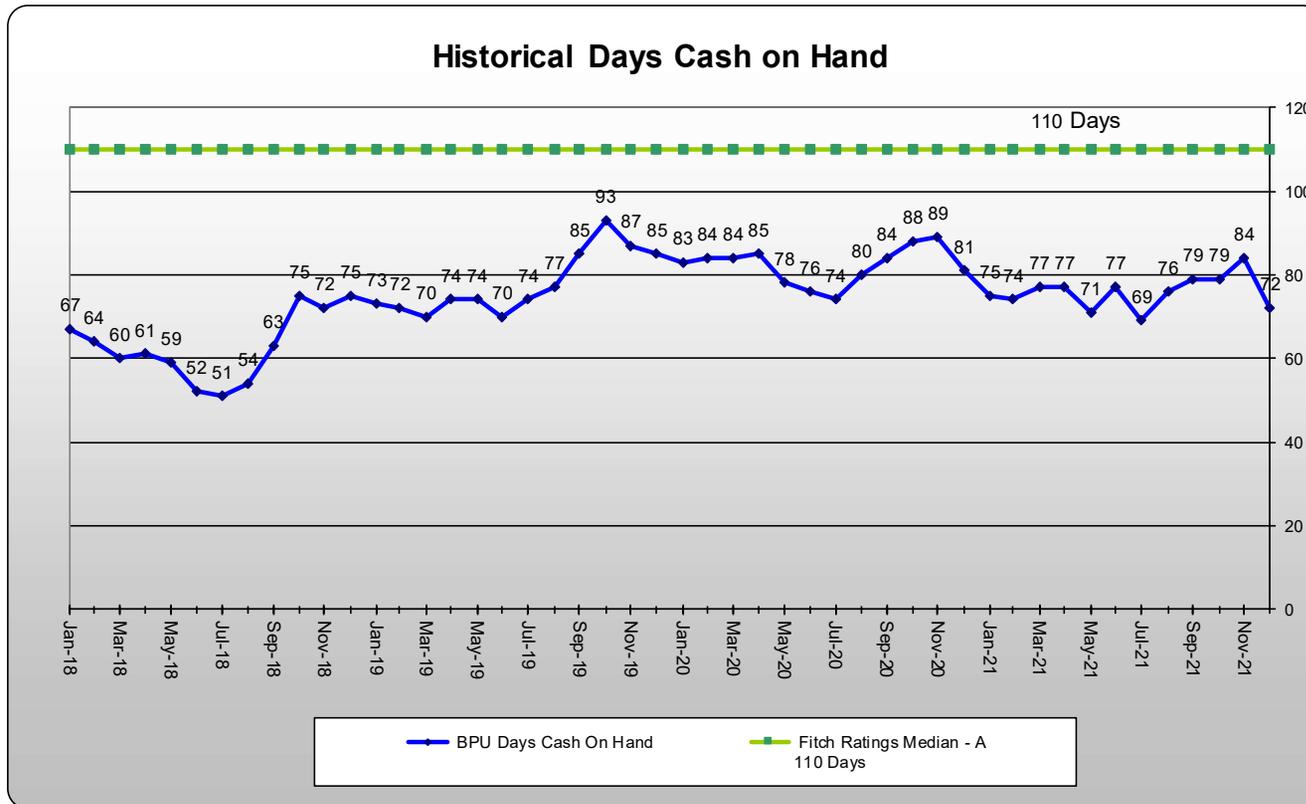
Cash Position

| | (CY) 2021 December | (PY) 2020 December | 2021 November |
|-------------------------------------|-----------------------|-----------------------|------------------|
| Combined (E&W) Days Cash-on-Hand | \$ 43.74 72 | \$ 45.43 81 | \$ 49.25 84 |

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

**Dollars in millions

Financial Results



Balance Sheet: Notables

| | (CY) 2021 December | (PY) 2020 December |
|-------------------------------|-----------------------|-----------------------|
| Fuel Inventory | \$ 4.493 | \$ 7.694 |
| Bond Dollars 2016C (Elec T&D) | \$ 0.709 | \$ 1.543 |
| Bond Dollars 2020A (Elec) | \$ 7.814 | \$ 10.000 |

**Dollars in millions

Capital Spending

| | (CY) 2021 YTD | (PY) 2020 YTD | 2021 Budget | | |
|--------------------------|------------------|------------------|-----------------|------------------|------------|
| Electric | \$ 22.96 | \$ 40.57 | \$ 38.94 | | |
| Water | 9.19 | 8.36 | 12.34 | | |
| Common | 4.03 | 2.53 | 5.91 | | |
| Total YTD Capital | \$ 36.19 | \$ 51.46 | \$ 57.20 | Remaining | 37% |

**Dollars in millions

Major projects in 2021:

- Dogwood Capital (BPU's portion) - \$1.9M
- Piper OH Feeders - \$1.3M
- Dist Pole Inspection Replacement - \$2.4M
- Annual UG & OH Construction - \$2.3M
- Water Leak, Valve, System Imp. - \$1.7M
- UG/CMIP Water Distribution - \$1.0M
- Water Dist System Relocations - \$1.3M

Debt Coverage

Debt Coverage with PILOT

| | (CY) 2021 December | (PY) 2020 December |
|----------|-----------------------|-----------------------|
| Electric | 2.34 | 1.95 |
| Water | 1.92 | 2.10 |
| Combined | 2.44 | 2.15 |

Debt Coverage w/o PILOT

| | (CY) 2021 December | (PY) 2020 December |
|----------|-----------------------|-----------------------|
| Electric | 1.75 | 1.34 |
| Water | 1.47 | 1.64 |
| Combined | 1.84 | 1.52 |

Financial Guideline Target 1.6 to 2.1 times with PILOT

Digitalizing Customer and Employee Experiences via Texting

BPU Board of Directors

February 16, 2022

We are laser focused on transforming Customer Experience through digitalization...

Topics for this evening!

1. Update on benefits of texting
2. Update on BPU metrics
3. Texting “Use Cases” for 2022
4. Sample texts
5. Opt-in and opt-out process
6. Digitization for customer
7. Launch plan and dates
8. Guidelines for going forward
9. Questions
10. Appendix on Legal Cases

Update on Benefits of Texting

BPU metrics shown below

TEXTING vs. SOCIAL MEDIA

58,144 cellphone numbers

46,232 email addresses

OF TEXT MESSAGES
ARE READ* **98%**

18% OF EMAILS
ARE OPEN

REACH WITH
A SINGLE POST **16%**

30% REACH WITH
MULTIPLE POSTS

4,269 Followers

1,782 Followers



These are benchmark for most U.S. mobile users with key metrics showing our reach to BPU customers

- The vast majority of BPU customers have a smart phone, but there is a gap for customers without known mobile numbers.
- Customers often don't read emails, and both emails and mail are not as timely as Texts.
- Processes are being integrated to both our:
 - Outage and Customer Systems
 - Management practices
- Will improve our reach out to customers for:
 - Outage/ Leak notifications
 - Billing, payments, and potential disconnects
 - Additional life support communications

Update on BPU Metrics

INDUSTRY METRICS

97% of adults text at least once a week

81% of ALL cellular users use text messaging

#1 Text messaging is the #1 most used app on smartphones

More than **15%** of phones in the U.S. are not smartphones, so no apps or social media can be downloaded or used. SMS works on every phone

BPU METRICS

79% Active accounts with active cell phone numbers

91% Cell phone numbers in our Customer Information System that are valid. These are Opted-In to our texting services.

- 66,823 active accounts
- 64,936 total phone numbers
- 58,144 cell phone numbers
- 53,089 active cell phone numbers
- 49,822 unique customers w/ cell phones opted-in

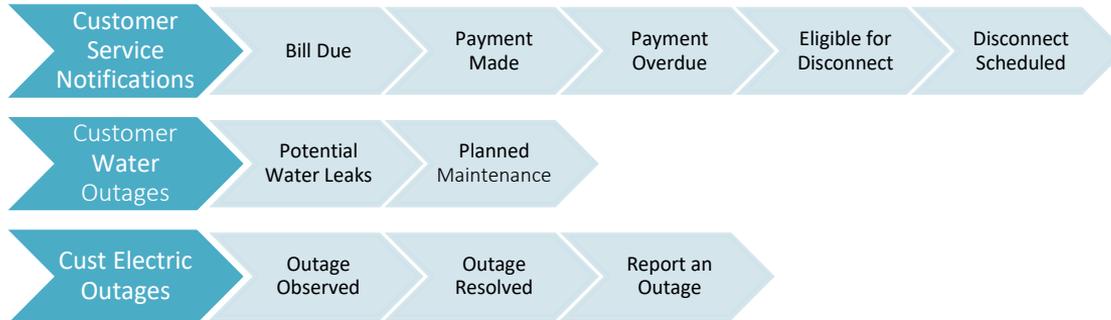
ACTIONS

1. Update contact information either through phone contacts and/or corporate communications
2. Normal clean-up of newly found invalid phone numbers in our BPU systems
3. Add functionality to improve BPU metrics

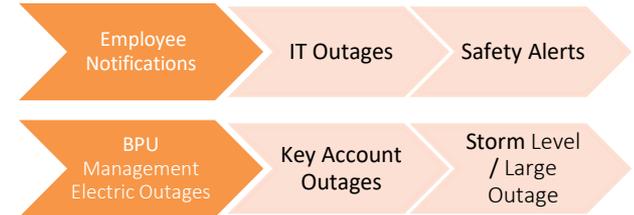
Texting "Use Cases" for 2022

Use Cases are descriptions of the ways in which users interact with our texting services. **Use Cases** may establish the success scenarios, the failure scenarios, and any critical variations or exceptions.

Types of Text Messages to **BPU Customers**



Types of Text Messages to **BPU Staff**



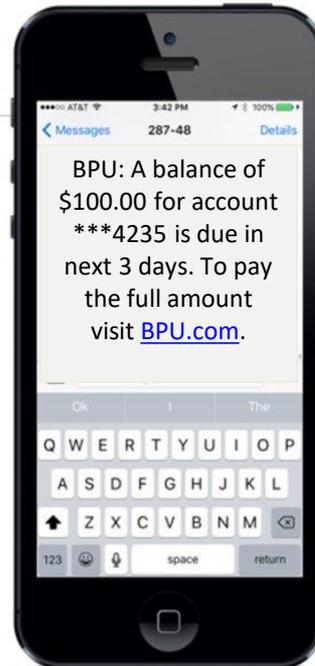
Sample Texts

Text messages from BPU will have an identifier "**BPU**" at the beginning of the message so customers and employees can easily identify texts from BPU.

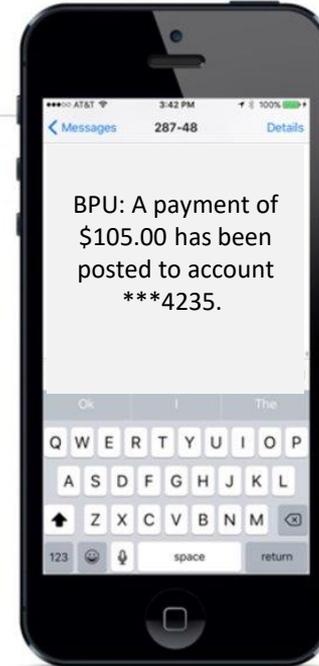
All text messages will come from the same phone number, so customers can save the number under their phone contacts:

844-843-3500

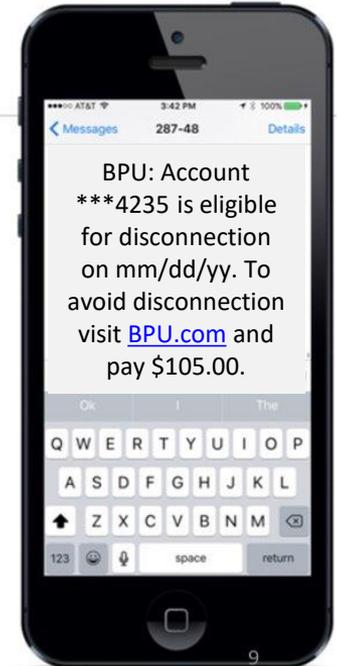
Bill Due
Sample



Payment Received
Sample



Eligible for
Disconnect Sample



Opt-In and Opt-Out Process

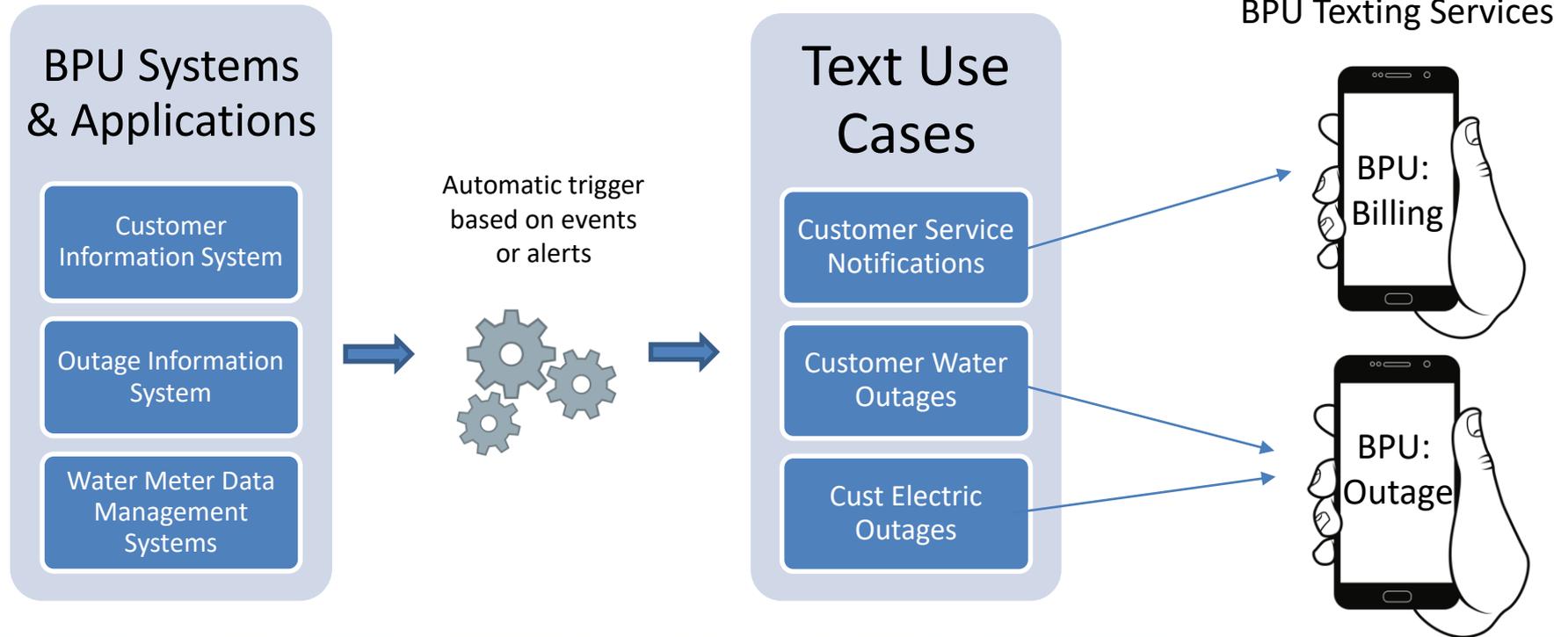
Opt-In

- All customers with active cell phone numbers are automatically opted-in.
- Once opted-out, a customer can opt back in by texting *BPUBill* or *BPUOut* to the BPU toll free number: 844-843-3500.
- A customer can update their cellphone number by following current processes or by calling BPU Customer Services.

Opt-Out

- Customers can opt-out of receiving *Billing* or *Outages* notifications by replying *OUT* to the respective service.
- Once opted-out, BPU cannot send any text messages to that number anymore unless the customer opts back in themselves.

Digitalization for Customers



Launch Plan and Dates

| <u>Focus</u> | <u>Texting Use Cases</u> | <u>Target Launch Date</u> | <u>Phase</u> |
|--|---------------------------------|---------------------------|--------------|
| BPU Staff: Safety, Technology Disruptions, and Situational Awareness | Employee Notifications | Implemented | Phase 1 |
| | BPU Management Electric Outages | April 2022 | Phase 2 |
| Customers: Service Status, Billing, and Operational Awareness | Customer Water Outages | April 2022 | |
| | Customer Service Notifications | July 2022 | Phase 3 |
| | Cust Electric Outages | TBD | Phase 4 |

Guidelines for Going Forward

- Texting will not replace Radios in the field
- Technologies will follow established policies and business processes
- Training is a very high priority
- Close collaboration with Corporate Communications, Customer Service and Utility Operations is critical, and will be ongoing throughout implementation and AFTER go-live
- Will adhere to legal guidelines on opting in / out

QUESTIONS?

Appendix on Legal Cases

Navigating TCPA & **Opt-Ins**

Permission required depends on type of text

- ▶ Marketing Message (Requires specific opt-in)
- ▶ Informational & Emergency (Permission based on prior business relationship)

2016 FCC Ruling for utilities (Edison Electric Institute, TextPower, et.al. requested a Declaratory Ruling [CG Docket No. 02-278](#))



TELEPHONE CONSUMER
PROTECTION
(TCPA)

Appendix on Legal Cases

April 2021 US Supreme Court

Facebook v. Duguid

— TCPA Auto-Dialer (ATDS)
severely limited

“...not an autodialer” because “it
neither stores nor produces
numbers ‘using a random or
sequential number generator.’”



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— Unanimous decision

— Still subject to
subsequent
clarification