

**WORK SESSION MINUTES – WEDNESDAY, NOVEMBER 3, 2021**

STATE OF KANSAS        )  
  ) SS  
CITY OF KANSAS CITY )

The Board of Public Utilities of Kansas City, Kansas (aka BPU, We, Us, Our) met remotely in Work Session on Wednesday, November 3, 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 Jeff Bryant, and Ryan Eidson.

Also on teleconference: 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; Jerry Ohmes, Executive Director Electric Supply; Steve Green, Executive Director Water Operations; Dong Quach, Executive Director Electric Production; David Mehlhaff, Chief Communications Officer; Jerry Sullivan, Chief Information Officer; Randy Otting, Director Accounting; Robert Kamp, IT Project Manager; 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 with the exception of Mr. Eidson who was not present until after the approval of agenda.

**Item #3 – Approval of Agenda**

A motion was made to approve the Agenda by Ms. Gonzales, seconded by Mr. Bryant and unanimously carried, minus Mr. Eidson who was not yet present to vote.

**Item #4 – Board Updates / GM Updates**

There were no updates.

**Item #5 – 2022 Budget Workshop – Revenue Forecast**

Mr. Randy Otting, Director Accounting, presented the 2022 Revenue Forecast to the Board, providing insight on how Accounting projected revenue numbers for the 2022 budget. He discussed the challenges and impacts due to COVID. (See the attached PowerPoint presentation.)

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Mr. Otting answered questions from the Board.

**Item #6 – KCKCC Economic Development Fund Request**

Mr. Johnson gave a recap of the application process for the KCKCC Downtown Education Center that had been underway. The request for this year was a commitment for \$250K for the project, as they are still in the fund-raising mode.

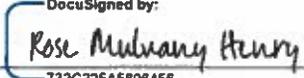
Mr. Johnson and Ms. Mary Spangler, KCKCC Foundation, answered questions from the Board. Ms. Spangler also offered a link that could provide insight into the roles of the various partners of the project.

<https://www.kckcc.edu/foundation/campaign/index.html>

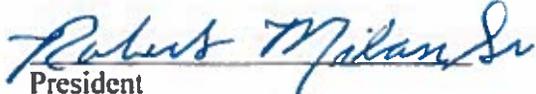
**Item #7 – Adjourn**

A motion was made to adjourn the Work Session at 5:48 P.M. by Mr. Bryant, seconded by Ms. Mulvany Henry and carried unanimously.

ATTEST:

DocuSigned by:  
  
732C225A5806458  
Secretary

APPROVED:

  
President

Kansas City Board of Public Utilities

November 3, 2021

# **REVENUE FORECAST 2022**

# CHALLENGES TO FORECASTING SALES

## CHANGING BEHAVIOR

## GREATER UNCERTAINTY

### IMPACTS TO:

- **SUPPLY CHAIN >>> PARTS SUPPLIERS >>> MANUFACTURING**
- **AUTO SALES >>> AUTO MANUFACTURING**
- **VIRTUAL REMOTE WORK >>> OFFICE SPACE**
- **ONLINE SALES & WAREHOUSING >>> RETAIL SPACE**
- **INTEREST RATES >>> HOME SALES / CONSTRUCTION / BUILDING MATERIAL**

### IMPACTS TO ENERGY SALES: OVERALL LOADS ARE DOWN

- **TOP 10 ~ 3% LOWER COMPARED TO 2020**
- **TOP 10 ~ 20% LOWER COMPARED TO 2018 PEAK**
- **RESIDENTIAL SALES ARE HIGHER**

# ELECTRIC ASSUMPTIONS

## BASE RATES

BASED ON CURRENT RATE MANUAL (NO RATE CHANGES)

ERC = 3.5 CENTS/KWH

ESC = (TIED TO DEBT SERVICE) ~ \$2.5M HIGHER

## LOAD/ CONSUMPTION

~ 4% REDUCTION IN 4 MAJOR CLASS (R,C,I,S)

USING A STATISTICAL REGRESSION APPROACH

# ELECTRIC RATE BASICS

## Breakdown Allocation of Components on Electric Bill:

	BASE & CC	ERC	ESC	Tot %
RES	67.7%	26.0%	6.4%	100.0%
COMM	57.8%	34.1%	8.1%	100.0%
IND	54.2%	38.3%	7.5%	100.0%
SCH	61.1%	30.6%	8.3%	100.0%

- Averages
- Actual results may vary due to Customer Load Factors

# ESTIMATING CONSUMPTION

Statistical Linear Regression Function to Predict values

Excel Formula =**FORECAST.LINEAR**

**Example:**

Year	Month #	Sum of Bills	kWh / Energy	kW / Demand	Rate	Type
2013	1	56,849	50,456,032			100Billed
2014	1	57,125	56,874,733			100Billed
2015	1	58,285	52,341,344			100Billed
2016	1	57,741	49,344,104			100Billed
2017	1	58,817	55,338,578			100Billed
2018	1	59,197	57,956,561			100Billed
2019	1	59,195	49,364,569			100Billed
2020	1	59,601	47,383,162			100Billed
2021	1	60,033	51,413,190			100Billed
<b>2022</b>	<b>1</b>	<b>60,316</b>	<b>50,065,879</b>			<b>100Est</b>
2013	2	56,683	47,622,346			100Billed
2014	2	57,267	57,243,137			100Billed
2015	2	57,379	49,106,790			100Billed
2016	2	58,166	50,164,951			100Billed
2017	2	58,540	47,735,444			100Billed
2018	2	59,061	53,581,322			100Billed
2019	2	59,392	55,796,384			100Billed
2020	2	59,583	50,888,384			100Billed
2021	2	60,205	56,552,228			100Billed
<b>2022</b>	<b>2</b>	<b>60,638</b>	<b>53,260,491</b>			<b>100Est</b>

# DISTRIBUTION OF BILLING UNITS

Billed Rate code >>> Reporting Class

1 -

No. of Bills		
Code	# of Bills	Percent
100	60,595	89.98%
200	6,163	9.15%
250	464	0.69%
300	23	0.03%
400	14	0.02%
500	85	0.13%
	67,344	100.00%

2 -

Allocation Factors				
Code	Residential	Commercial	Industrial	Schools
100	100%	0%	0%	0%
200	0%	98%	1.0%	1.0%
250	0%	83%	14%	3%
300	0%	55%	41%	4%
400	0%	41%	59%	0%
500	0%	0%	0%	100%

3 -

Distribution of Bills				
Code	Residential	Commercial	Industrial	Schools
100	60,595	-	-	-
200	-	6,040	62	62
250	-	387	63	14
300	-	13	9	1
400	-	6	8	-
500	-	-	-	85

# FORECAST RESULTS

## MAJOR CLASSES

KWH Estimate						
YR	RES	COMM	IND	SCHOOLS	TOTAL	% Δ
2022	592,133,102	894,078,431	498,972,316	85,072,162	2,070,256,011	
2021	586,263,054	936,161,756	553,154,855	81,629,065	2,157,208,730	-4.03%

# CALCULATE REVENUE (EXAMPLE)

Year	Month #	Sum of Bills	kWh / Energy	Rate	Type
2013	1	56,849	50,456,032		100Billed
2014	1	57,125	56,874,733		100Billed
2015	1	58,285	52,341,344		100Billed
2016	1	57,741	49,344,104		100Billed
2017	1	58,817	55,338,578		100Billed
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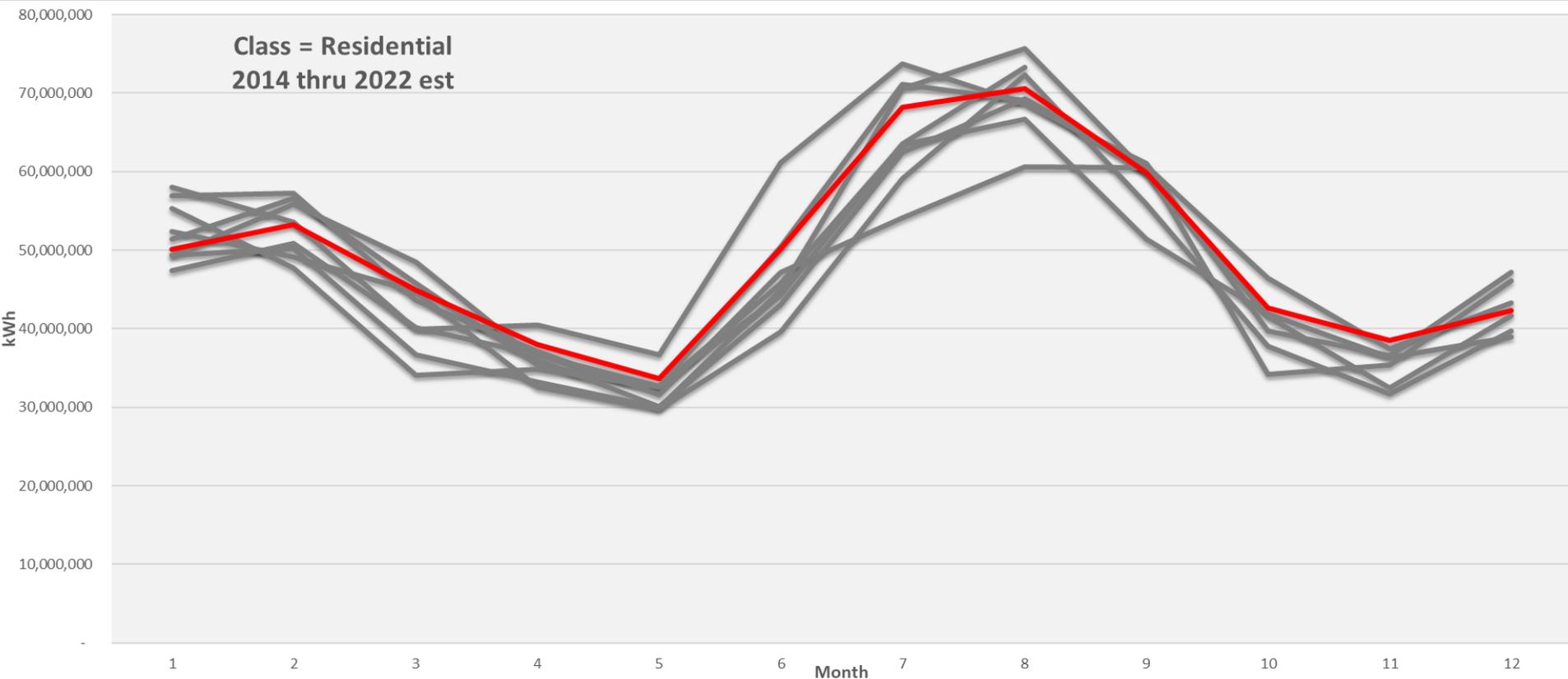
Month 1 (100)			
Componets	Units	\$/kWh	Amount
Cust Charge	60,316	\$ 22.00	\$ 1,326,952
Base	50,065,879 X	\$ 0.06466	\$ 3,237,260
ERC	50,065,879 X	\$ 0.035	\$ 1,752,306
ESC	50,065,879 X	\$ 0.009	\$ 429,065
			<b>\$ 6,745,582</b>

Month 2 (100)			
Componets	Units	\$/kWh	Amount
Cust Charge	60,638	\$ 22.00	\$ 1,334,036
Base	53,260,491 X	\$ 0.06466	\$ 3,443,823
ERC	53,260,491 X	\$ 0.035	\$ 1,864,117
ESC	53,260,491 X	\$ 0.009	\$ 456,442
			<b>\$ 7,098,419</b>

# RESIDENTIAL ELECTRIC LOAD IN KWH

## Observations:

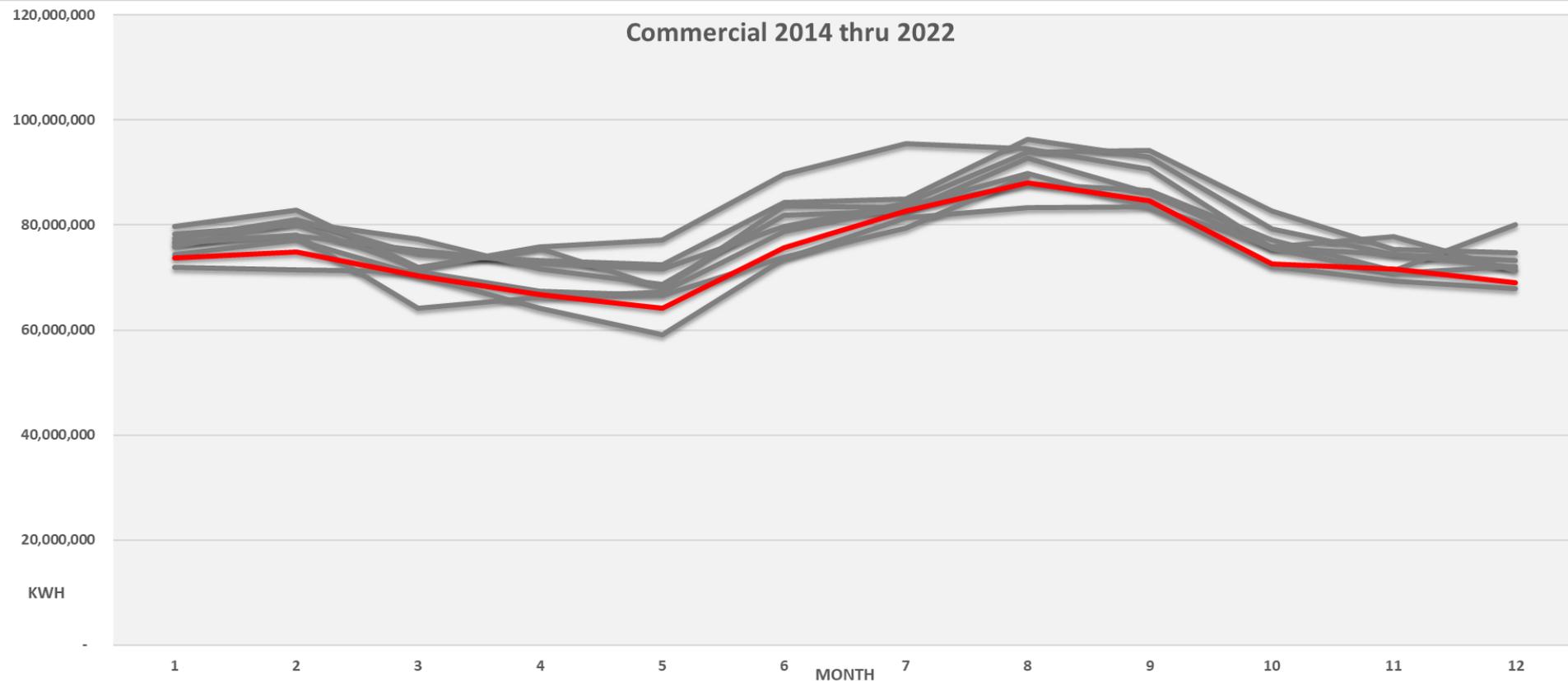
- Solid Customer Growth (+400 since 2020)
- Average monthly usage remains stable @ 816 kWh per month



# COMMERCIAL ELECTRIC LOAD IN KWH

## Observations:

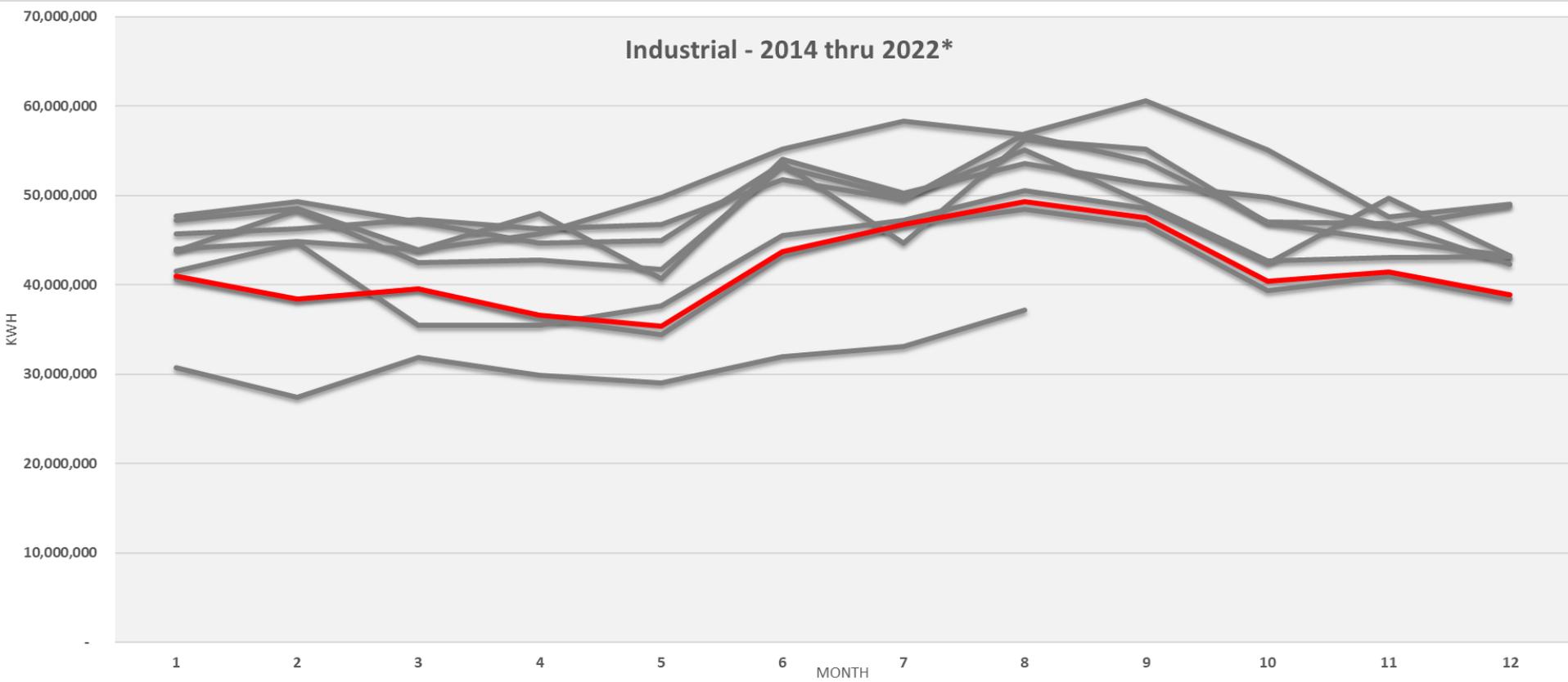
- Medium Service class is showing a declining trend
- Large & Small General Service Class is show a flat trend
- ~ 90 fewer accounts over the past 5 years.



# INDUSTRIAL ELECTRIC LOAD IN KWH

## Observations:

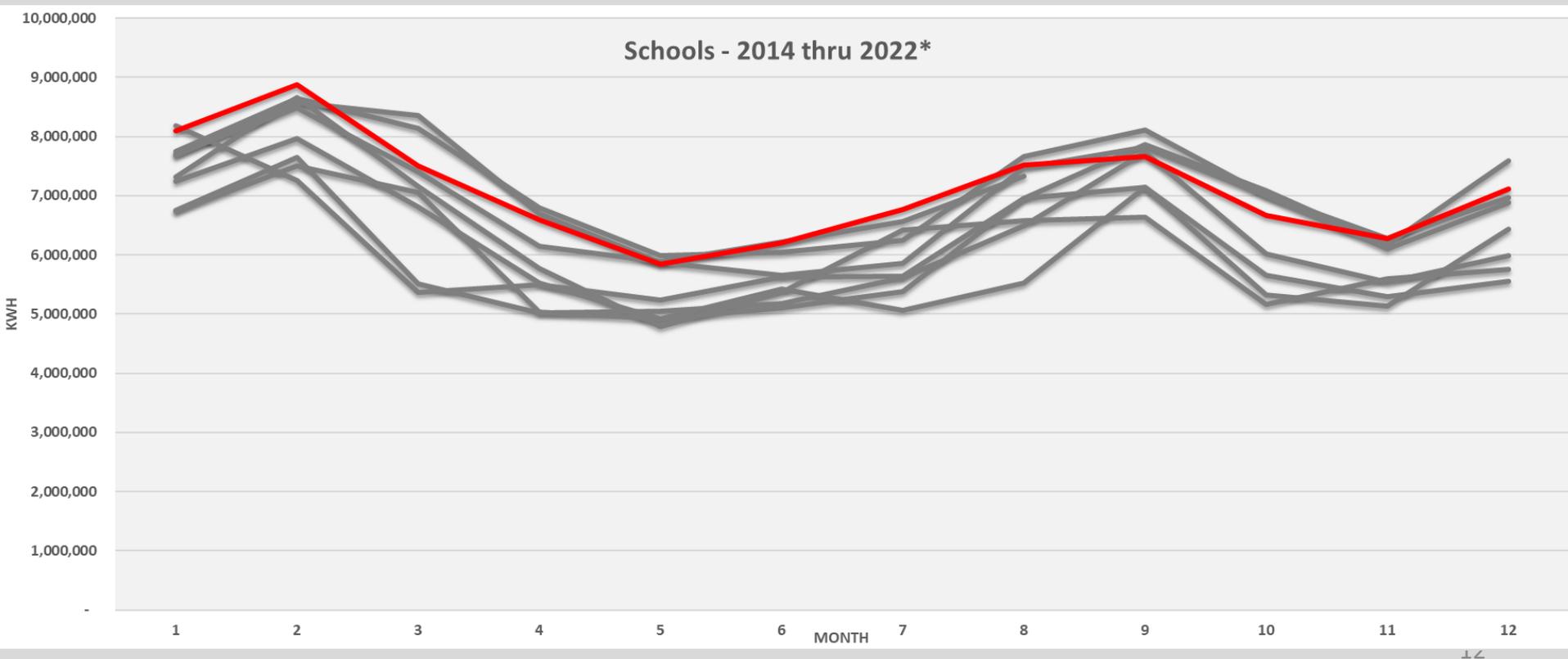
- Number of Accounts remains stable
- Usage per account had been trending lower (2015 peaked)
- ~ 20% lower in 2022 vs. 2015



# SCHOOLS ELECTRIC LOAD IN KWH

## Observations:

- Number of accounts remain flat
- New facilities added & additional square feet



# REVENUE FORECAST - ELECTRIC

## RESULTS

Class	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Budget	2022 Estimate
Residential	\$65,823,214	\$72,054,974	\$81,811,709	\$75,952,160	\$75,024,142	\$74,539,000	\$80,099,400
Commercial	90,335,199	102,217,692	106,882,111	101,781,643	96,258,037	92,238,000	97,654,000
Industrial	44,967,833	48,680,080	51,385,553	49,601,656	46,214,139	44,362,000	45,205,000
Schools	7,564,437	8,623,896	10,145,011	9,830,695	8,764,262	8,615,000	9,740,000
Highway Lighting	303,335	335,322	350,209	329,670	327,913	333,900	337,000
<b>Total</b>	<b>\$208,994,018</b>	<b>\$231,911,964</b>	<b>\$250,574,593</b>	<b>\$239,179,500</b>	<b>\$240,953,900</b>	<b>\$220,087,900</b>	<b>\$233,035,400</b>

**Estimate higher ERC & ESC in 2022**

**Base Rate dollars projected to be lower in 2022**

# REVENUES FORECAST - WATER

## RESULTS

Class	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Budget	2022 Estimate
Residential	\$ 23,956,301	\$ 24,209,408	\$ 24,235,761	\$ 24,036,511	\$ 24,868,224	\$ 24,227,874	\$ 24,476,000
Commercial	11,160,588	11,390,321	11,553,570	11,184,854	11,076,961	11,243,080	11,191,000
Industrial	5,658,555	5,973,841	5,860,912	5,937,471	6,318,802	6,200,089	6,205,000
Schools	643,637	637,691	655,705	683,839	573,235	658,360	661,700
Fire Protection - Private	540,910	555,110	560,998	562,114	574,408	575,000	600,000
Public Authority	28,000	28,000	28,000	28,000	28,000	28,000	28,000
Wholesale Water Sales	1,104,484	1,153,785	1,487,644	1,425,619	1,541,232	1,421,462	1,321,700
<b>Total</b>	<b>\$ 43,092,475</b>	<b>\$ 43,948,156</b>	<b>\$ 44,382,590</b>	<b>\$ 43,858,408</b>	<b>\$ 44,980,862</b>	<b>\$ 44,353,865</b>	<b>\$ 44,483,400</b>

**2022 Forecast Reflects No Water Rate Adjustments**

# COMMENTS / QUESTIONS