

REGULAR SESSION –WEDNESDAY, OCTOBER 7, 2020

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 Regular Session on Wednesday, October 7, 2020 at 6:00 P.M. The following Board Members were on the teleconference: Mr. Eidson, President; Robert L. Milan, Vice President; Mary Gonzales, Secretary; Jeff Bryant, Rose Mulvany Henry and Thomas Groneman.

Also on teleconference: William Johnson, General Manager; Angela Lawson, Deputy Chief Counsel; Lori Austin, Chief Financial Officer/Chief Administrative Officer; Jim Epp, Executive Director Water Operations; Johnetta Hinson, Executive Director Customer Service; Jeremy Ash, Executive Director Electric Operations; Dong Quach, Executive Director Electric Production; Jerry Ohmes, Executive Director Electric Supply; Robert Kamp, IT Project Manager; Jody Franchett, Director Administrative Services; Dennis Dumovich, Director of Human Resources; David Mehlhaff, Chief Communications Officer; Sperlynn Byers, Acting Director of Information Technology; and Patrice Townsend, Director Utility Services.

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

Mr. Eidson called the Board Meeting to order at 6:00 P.M. He welcomed all that were listening or viewing the meeting. He stated the COVID-19 pandemic had resulted in a State of Emergency disaster declared by the Governor which made it necessary to conduct the meeting using technology instead of in person for the general public. Those wishing to offer comments during the Visitors Comments section could click on the raised hand feature at the bottom of the application or window or press Star 9 and be connected by phone. As always, the public could email or call the BPU with any concerns. The Agenda could be found on the BPU website. If they were using Zoom, it would appear on their screen. During the Executive Sessions they would not be able to hear the discussion however, the Board would return to either take action in the open session or adjourn after the last session. Mr. Eidson introduced himself and the other Board Members along with the GM, and Legal Counsel.

Roll call was taken and all Board Members were present via teleconference.

Item #3 – Approval of Agenda

A motion was made to approve the Agenda by Mr. Bryant, seconded by Mr. Milan, and unanimously carried.

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Item #4 – Approval of the Minutes

A motion was made to approve the Minutes of the Regular Session of September 16, 2020 by Ms. Gonzales seconded by Mr. Groneman, and unanimously carried.

Mr. Eidson turned the meeting over to Mr. Bill Johnson, General Manager.

Item #5 – Visitors

Mr. Johnson asked Mr. Robert Kamp, IT Project Manager, if there were any visitors wishing to speak.

Mr. Kamp said that no one had their hand raised via teleconference.

Item #6 – General Manager’s Reports

- i. *COVID-19 Update:* Mr. Johnson gave an update on company COVID -19 matters. Regarding the CARES Act, he reported to the Board work was currently going on to develop an emergency technology plan.
- ii. *APPA National Update:* Ms. Joy Ditto, President and CEO, American Public Power Association (APPA) gave an update about what was currently going on nationally. She touched on the following:
 - APPA was celebrating their 80th anniversary. During those 80 years, members had experienced many things; World Wars I and II, the Spanish Flu, 9/11, and other pandemics, not to mention tornados, hurricanes, wild fires, and other natural disasters.
 - Regarding COVID-19, pandemic plans were in place. Their mutual aid working group began calls on pandemic response in February which evolved into holding webinars with members to share information and keep everyone connected. Some of the conversations and discussions focused on challenges that were being faced and how the federal government could help eliminate some of those barriers.
 - The Electricity Subsector Coordinator Council (ESCC) was a group formed after 9/11 to give critical infrastructure sectors, such as electricity an opportunity to

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collaborate as an industry with the Department of Energy and talk about challenges faced relating to national security events. They had begun developing a COVID resource guide to help members respond to things like access issues due to quarantine, lack of PPE availability early on, etc.

- APPA had developed responses as Congress was developing aid packages around COVID for the low income customer. The Low Income Home Energy Assistance Program (LIHEAP) was a federal program that guided funds down to the state for distribution to help low income customers pay their utility bills. They were also exploring other resources to help, such as restoring the ability to advance refund bonds.
- Also regarding the pandemic, members had discussed the load impact due to changes in communities and where people were working from. Some residential loads increased while some areas experienced load losses due to shut downs. The financial impact of the moratoria on shut-offs wouldn't be fully known until probably 2021. The impact from 2020 events faced by public power utilities could be in the \$5 billion range.
- Insuring work place safety was also a big concern. Work was ongoing to educate the federal and state partners about what utilities did as essential workers. Utilities were now in the Tier 2 category just below healthcare workers as essential personnel.
- Storm response and recovery continued to be a key focus of the APPA. Hurricanes and wild fires were large issues.
- Cyber security as it related to technology was also discussed. Utilities were having more two way relationships with customers and upgrades were necessary.
- They were also looking at the different scenarios regarding the upcoming elections.

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iii. *August 2020 Financials:* Ms. Lori Austin, Chief Financial Officer/Chief Administrative Officer, presented the August 2020 Financials with a PowerPoint presentation (see attached).

Ms. Austin answered questions from the Board.

A motion was made to approve the August 2020 Financials by Ms. Gonzales, seconded by Mr. Milan and carried unanimously.

iv. *Miscellaneous Comments:* Mr. Johnson had no additional comments.

Item #7 – Board Comments

Mr. Eidson had no additional comments.

Mr. Groneman thanked the staff for holding expenses down during this time and reminded everyone to stay safe.

Mr. Milan echoed Mr. Groneman’s comments.

Mr. Bryant had no additional comments.

Ms. Gonzales thanked Ms. Ditto for the APPA update.

Ms. Mulvany Henry had no additional comments.

Item #8 – Executive Session

At 6:49 p.m. Ms. Angela Lawson, Deputy Chief Counsel, proposed a motion for adoption as follows:

I move that the Board go into Executive Session in the first floor boardroom to discuss confidential matters related to labor as justified under the employer-employee negotiations exception in the Kansas Open Meetings Act; and that General Manager, William Johnson, Chief Administrative Officer, Lori Austin, Deputy Chief Counsel, Angela Lawson, Executive Director of Human Resources, Dennis Dumovich, outside counsel, Ryan Denk and consultant Don Felltham be present to participate in the discussion, all others to be dismissed from the room and electronic and telephonic transmissions cease, and that we reconvene in open session

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returning to both electronic and telephonic broadcasting at 7:20 p.m. in the boardroom to take action in an open session or move to the next topic.

A motion was made by Mr. Bryant, seconded by Ms. Gonzales and carried unanimously.

At 7:20 p.m. the meeting was opened and a motion was made to extend until 7:55 p.m. by Mr. Bryant, seconded by Ms. Gonzales and carried unanimously.

At 7:55 p.m. Ms. Lawson proposed a motion for adoption as follows:

I move that after a ten minute break, the Board go into Executive Session in the first floor boardroom to discuss confidential matters related to an update on a personnel matter of a non-elected employee which is an exception in the Kansas Open Meetings Act; and that General Manager, William Johnson, Chief Administrative Officer, Lori Austin, Deputy Chief Counsel, Angela Lawson, Executive Director of Human Resources, Dennis Dumovich, and outside counsel, Ryan Denk be present to participate in the discussion, all others to be dismissed from the room and electronic and telephonic transmissions cease, and that we reconvene in open session returning to both electronic and telephonic broadcasting at 8:15 p.m. in the boardroom to take action in an open session or move to the next topic.

A motion was made by Ms. Gonzales, seconded by Mr. Groneman and carried unanimously.

At 8:15 p.m. Ms. Lawson proposed a motion for adoption as follows:

I move that the Board go into Executive Session in the first floor boardroom to discuss confidential matters related to evaluation of the General Manager, a personnel matter of a non-elected personnel as justified under the personnel matters of a nonelected employee exception in the Kansas Open Meetings Act; and that General Manager, William Johnson, and Deputy Chief Counsel, Angela Lawson be present to participate in the discussion, all others to be dismissed from the room and electronic and telephonic transmissions cease, and that we reconvene in open session returning to both electronic and telephonic broadcasting at 8:35 p.m. in the boardroom to take action in an open session or to adjourn.

A motion was made by Mr. Bryant, seconded by Ms. Gonzales and carried unanimously.

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Item #9 - Adjourn

Motion was made to adjourn the meeting at 8:35 P.M. by Mr. Milan, seconded by Mr. Groneman and carried unanimously.

ATTEST:

Not signed by
Secretary

Secretary due to
Pandemic

Jenny Burley-Krenzel
EXECUTIVE ASSISTANT
10/23/20

APPROVED:


President

August 2020 Financial Results

October 7, 2020

2020 Billed kWh (YTD Jan – Aug)

	(CY) 2020 YTD	(PY) 2019 YTD	
Electric			
Residential	397,798,459	393,756,961	
Commercial	606,682,540	645,519,916	
Industrial	334,684,731	388,588,758	
	1,339,165,730	1,427,865,635	-6.2%

Lower usage in 2020 compared to 2019 due to COVID-19 shutdown of businesses.

Residential – up 1.0%

Commercial – down 6.0%

Industrial – down 13.9%

2020 Billed CCF's (YTD Jan – Aug)

	(CY) 2020 YTD	(PY) 2019 YTD	
Water			
Residential	2,364,732	2,272,973	
Commercial	1,631,593	1,714,326	
Industrial	1,240,447	1,297,131	
	5,236,772	5,284,430	-0.9%

Slightly lower usage compared to 2019 due to business shutdowns due to COVID-19

Residential – Up 4% Commercial – Down 5% Industrial - Down 4%

Revenues – August 2020

	(CY) 2020 August	(PY) 2019 August		Budget 2020 August	(CY) 2020 August	
Electric	\$ 30.427	\$ 28.298		\$ 27.505	\$ 30.427	
Water	5.574	4.424		5.273	5.574	
Combined	\$ 36.001	\$ 32.722	10.0%	\$ 32.778	\$ 36.001	9.8%

**Dollars in millions

Actual Compared to 2020 Budget

Electric up 11%

Water up 6%

Revenues – 2020 YTD

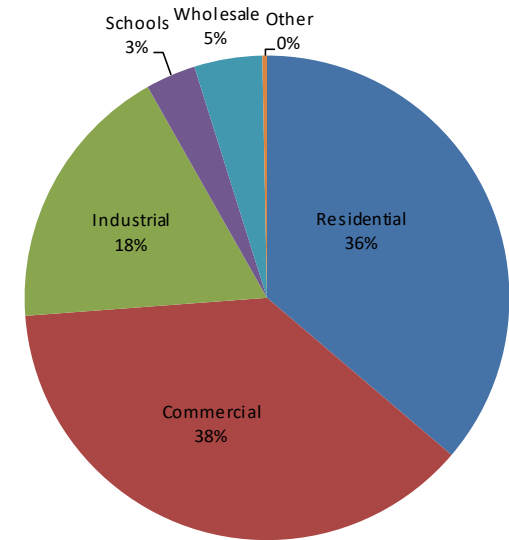
	(CY) 2020 YTD	(PY) 2019 YTD		Budget 2020 YTD	(CY) 2020 YTD	
Electric	\$ 191.498	\$ 190.506		\$ 193.649	\$ 191.498	
Water	34.799	33.971		35.840	34.799	
Combined	\$ 226.297	\$ 224.477	0.8%	\$ 229.489	\$ 226.297	-1.4%

**Dollars in millions

Variance – YTD comparing Budget to Actual for 2020

<u>Electric:</u> <i>Down 1%</i>	<u>Water:</u> <i>Down 3%</i>
Residential \$360K	Residential (\$194K)
Commercial (\$2.5M)	Commercial (\$780K)
Industrial (\$1.6M)	Industrial \$510K

Recognized \$5.5 deferred revenue YTD from the 2019 ERC



Operating Expenses – August 2020

	(CY) 2020 August	(PY) 2019 August		Budget 2020 August	(CY) 2020 August	
Electric	\$ 17.487	\$ 17.649		\$ 18.391	\$ 17.487	
Water	2.784	3.196		3.163	2.784	
Combined	\$ 20.271	\$ 20.845	-2.8%	\$ 21.554	\$ 20.271	-6.0%

**Dollars in millions

Variance – Comparing Budget to Actual for 2020

Electric – down 5%

Production	- 14% down
Purchased Power	- 1% down
Fuel	- 1% up
T&D	- 12% down
G &A	- 26% down

Water – down 12%

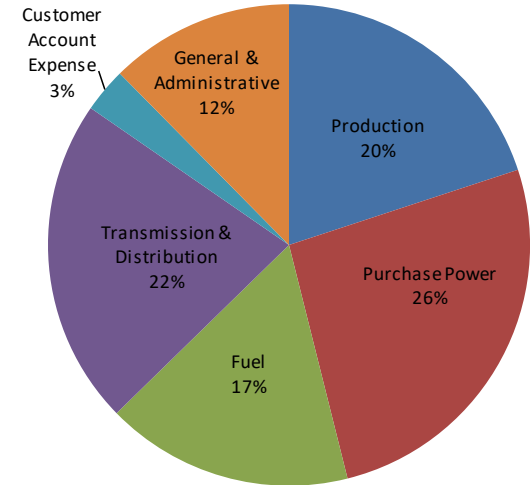
Production	- 15% down
T&D	- 15% down
G &A	- 22% down

Operating Expenses – 2020 YTD (Total)

	(CY) 2020 YTD	(PY) 2019 YTD		Budget 2020 YTD	(CY) 2020 YTD	
Electric	\$ 130.879	\$ 134.563		\$ 146.012	\$ 130.879	
Water	22.646	24.358		25.291	22.646	
Combined	\$ 153.525	\$ 158.921	-3.4%	\$ 171.303	\$ 153.525	-10.4%

Actual Compared to 2020 Budget

- Electric down 10%
- Water down 10%



Operating Expenses – 2020 YTD less Depreciation

	(CY) 2020 YTD	(PY) 2019 YTD		Budget 2020 YTD	(CY) 2020 YTD	
Electric	\$ 112.379	\$ 115.842		\$ 127.267	\$ 112.379	
Water	17.462	19.161		20.105	17.462	
Combined	\$ 129.841	\$ 135.003	-3.8%	\$ 147.372	\$ 129.841	-11.9%

**Dollars in millions

Variance – YTD comparing Budget to Actual
2020

Electric:

Purchased Power (\$3.8M)
 Fuel (\$.4K)
 Production (\$4.7M)
 T&D (\$2.8M)
 G&A (\$3.9M)

Water:

Production (\$720K)
 T&D (\$1.3M)
 G&A (\$650K)

Change in Net Position – August 2020

	(CY) 2020 August	(PY) 2019 August	Budget 2020 August	(CY) 2020 August
Electric	\$ 6.781	\$ 5.720	\$ 4.289	\$ 6.781
Water	2.487	0.568	1.234	2.487
Combined	\$ 9.268	\$ 6.288	\$ 5.523	\$ 9.268

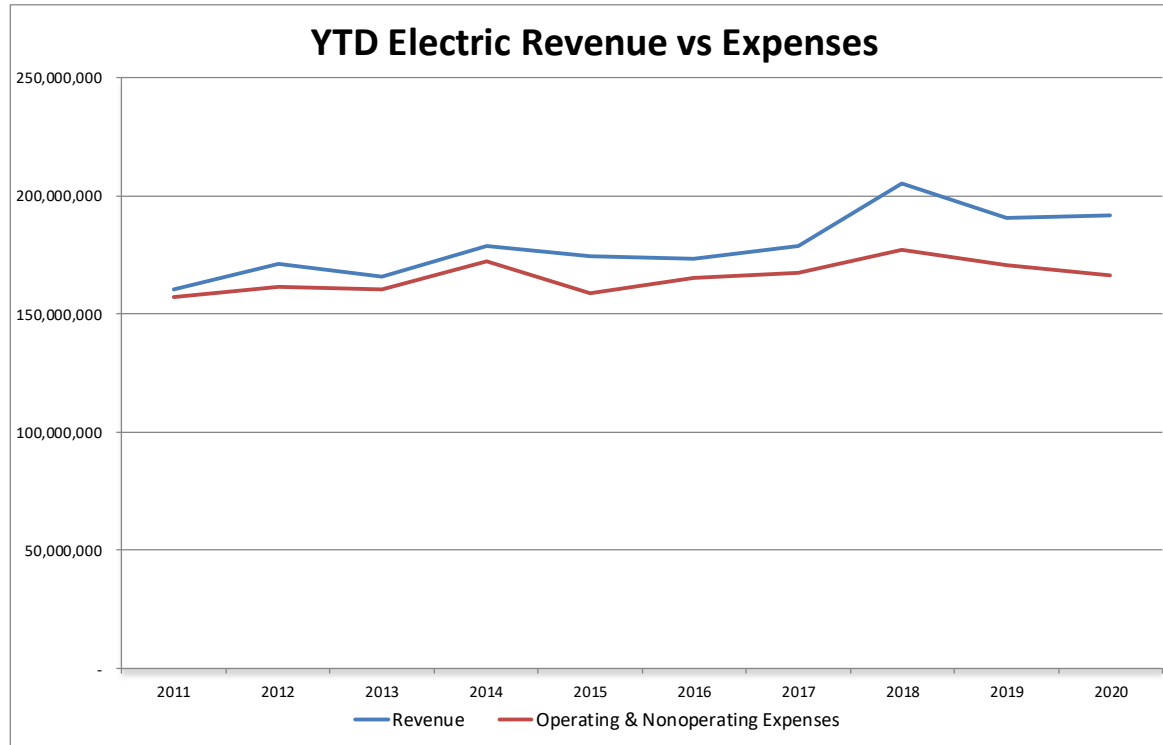
**Dollars in millions

Change in Net Position – 2020 YTD

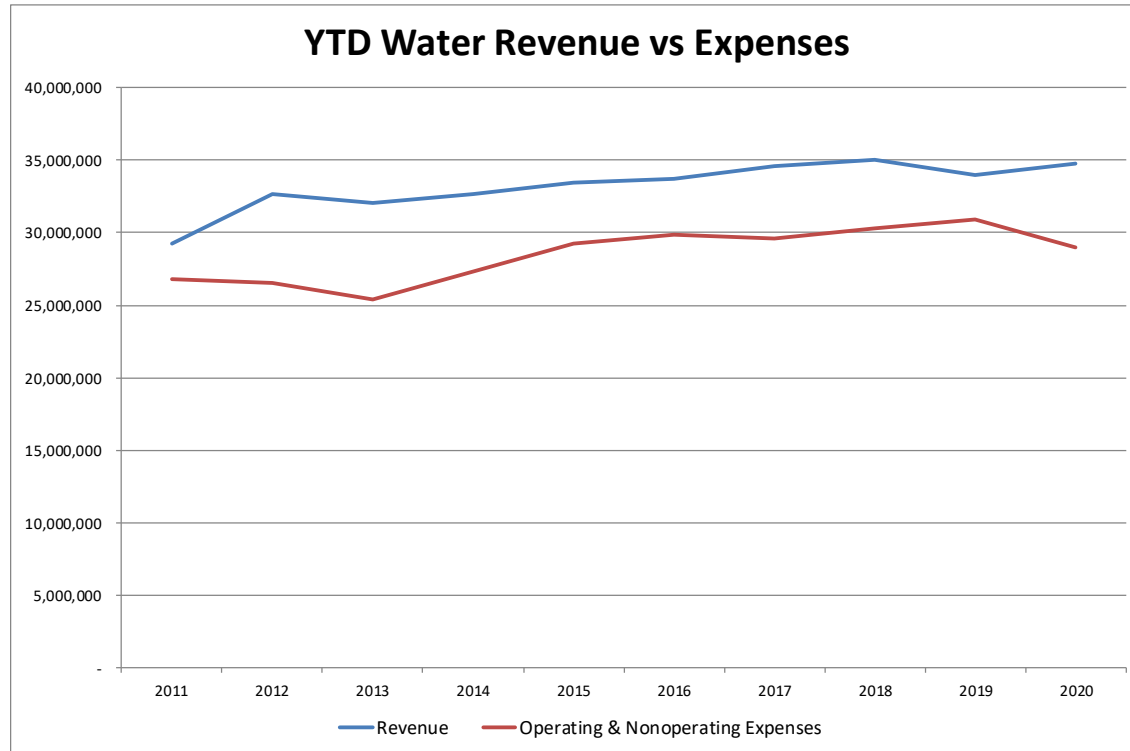
	(CY) 2020 YTD	(PY) 2019 YTD	Budget 2020 YTD	(CY) 2020 YTD
Electric	\$ 25.188	\$ 19.799	\$ 11.728	\$ 25.188
Water	6.385	3.294	4.630	6.385
Combined	\$ 31.573	\$ 23.093	\$ 16.358	\$ 31.573

**Dollars in millions

Financial Results – 10 Year Trend



Financial Results – 10 Year Trend



Cash Position

	(CY) 2020 August	(PY) 2019 August	2020 July
Combined (E&W)	\$ 47.82	\$ 44.60	\$ 44.23
Days Cash-on-Hand	80	77	74

**Dollars in millions

Balance Sheet: Notables

	(CY) 2020 August	(PY) 2019 August
Fuel Inventory	\$ 5.379	\$ 4.012
Bond Dollars 2016A (AQC)	\$ -	\$ 1.832
Bond Dollars 2016C (Elec T&D)	\$ 1.542	\$ 24.671

**Dollars in millions

Capital Spending

	(CY) 2020 YTD	(PY) 2019 YTD	2020 Budget	
Electric	\$ 27.49	\$ 22.29	\$ 41.27	
Water	5.16	3.46	12.73	
Common	1.54	0.24	4.60	
Total YTD Capital	\$ 34.19	\$ 25.98	\$ 58.60	Remaining 42%

**Dollars in millions

Major projects in 2020:

- Rosedale Project - \$10.2M
- N1 Bottom Ash Handling System- \$3.9M
- Nearman 316B Project - \$161K
- Water Leak, Valve, System Imp. - \$1.3M
- UG/CMIP Water Distribution - \$2.0M

Debt Coverage

Debt Coverage with PILOT

	(CY) 2020 August	(PY) 2019 August
Electric	2.09	2.23
Water	1.94	1.95
Combined	2.09	2.21

Debt Coverage w/o PILOT

	(CY) 2020 August	(PY) 2019 August
Electric	1.51	1.61
Water	1.50	1.52
Combined	1.53	1.62

Financial Guideline Target 1.6 to 2.1 times with PILOT