

WORK SESSION MINUTES – WEDNESDAY, OCTOBER 5, 2022

STATE OF KANSAS)
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CITY OF KANSAS CITY)

The Board of Public Utilities of Kansas City, Kansas (aka BPU, We, Us, Our) met in Work Session on Wednesday, October 5, 2022 at 4:30 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; Jeremy Ash, Interim Chief Operating Officer; Johnetta Hinson, Executive Director Customer Service; Steve Green, Executive Director Water Operations; Maurice Moss, Executive Director Corporate Compliance; Darrin McNew, Acting Executive Director Electric Operations; Jerry Sullivan, Chief Information Officer; Dennis Dumovich, Director of Human Resources; Brian Laverack, Director of Network Operations; Jody Franchett, Director Administrative Services; Andrew Ferris, Director Electric Supply Planning; Nesby Harvey, Acting Supervisor Application Development; 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.

Ms. Gonzales called the meeting to order at 4:30 P.M.

Roll call was taken, all Board Members were present

Item #3 –Approval of Agenda

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

Item #4 –Board Update/GM Update

Ms. Gonzales suggested changing the procedure of Board voting. She proposed beginning in alphabetical order and the rotation would change every three months. After discussion, it was agreed to do so.

Item #5 –2023 Fuel & Purchase Power Plan

To begin the 2023 Budget process, Mr. Johnson introduced Andrew Ferris, Director of Electric Supply Planning to present the Fuel and Purchase Power budget forecast. (See attached PowerPoint.)

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

Item #6 – Cold Weather Rule Review

The Board revisited the current policy language compared with proposed policy wording changes. The proposed changes reflected that shutoff would not occur if the temperature was forecast to fall below 32 degrees within the next 24 hours.

It was decided that the revised wording would be brought to the Board at the October 17th Board meeting for a vote.

Item #7 – Lobby Operations

Mr. Johnson presented information to discuss how operations had transitioned from Pre-COVID versus how they were working today.

In 2019 scenarios were looked at in regards to operating the lobby which included; keeping it open or scaling down operations. They were also looking at improving technology and improving customer satisfaction through other avenues. Then COVID ensued.

In order to safeguard utility operations, the focus shifted to closing the lobby and adding support for the community to pay their bills such as, adding kiosks locations. In addition, fees for paying by kiosk were waived. Email services were developed to help start, stop, and transfer services.

Ms. Johnetta Hinson, Executive Director Customer Service spoke on the customer transactions due to COVID and payment distribution post pandemic. (See attached PowerPoint.)

Ms. Austin, Chief Financial Officer/Chief Administrative Officer, reviewed the cost savings since closing the lobby. (See attached PowerPoint.)

Mr. Bryant asked if we could increase our capacity on the phones with the personnel from the lobby who had already been in an interactive mode position since the number of calls had increased.

Mr. Jerry Sullivan, Chief Information Officer, outlined the recent and near-term

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technology projects that would be used to assist with the customer transactions. He also

introduced Ms. Nesby Harvey, Acting Supervisor Application Development, who would be helping with Customer Service technology. (See attached PowerPoint.)

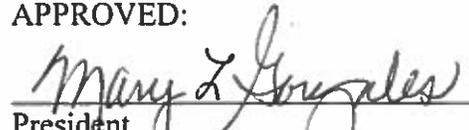
Item #8 – Adjourn

A motion was made to adjourn the Work Session at 5:58 P.M. by Mr. Bryant, seconded by Ms. Mulvany Henry, and unanimously carried.

ATTEST:


Secretary

APPROVED:


President



2023 Fuel & Purchase Power Budget Workshop

October 5, 2022



Fuel & Purchase Power Methodology

- Dispatch to Price model
 - Produces a chronological hourly calculation for the economic dispatch of resources
 - Resource dispatch / production is independent of load / system demand
- Load Data
- Resource Data

Load Requirement

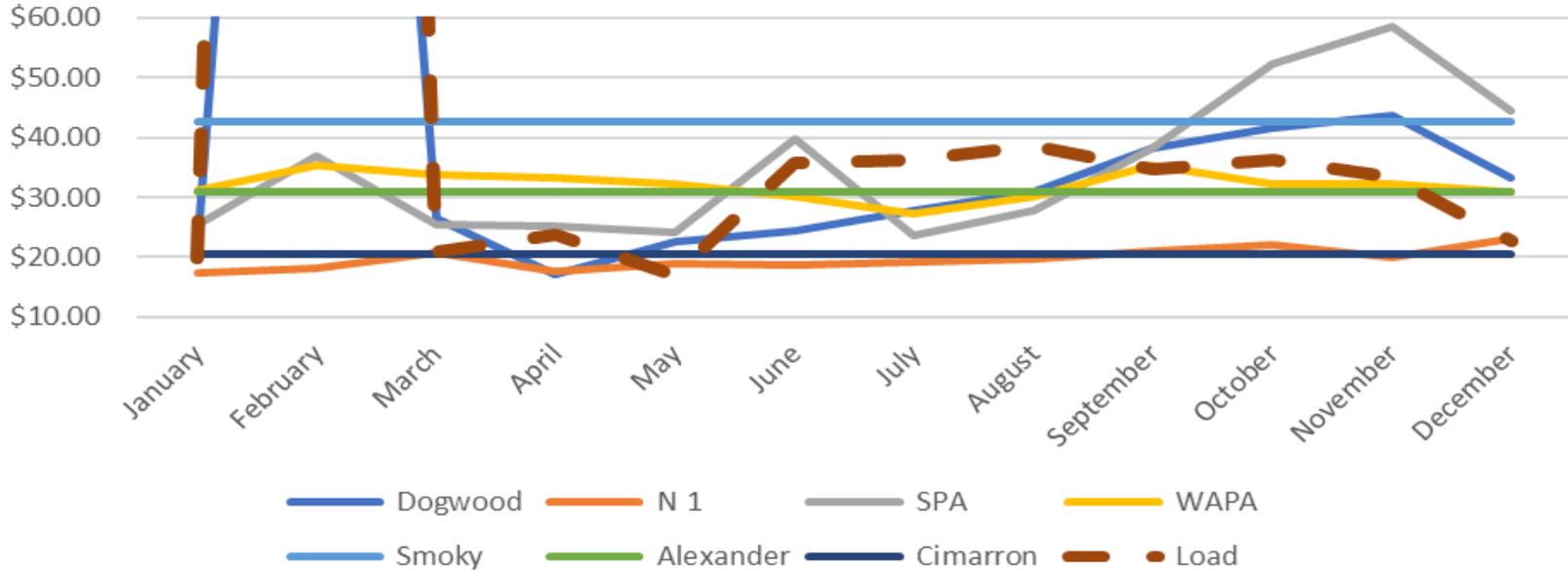
- Load forecast
 - Historical monthly billing data
 - Current / Long term Trends
 - Weather Data / GDP / Number of Customers
 - Correlate / Normalize data for an average weather year
 - Known customer changes
 - Total energy needs from BPU system (Customers, BPU depts., system losses, UG, Nearman Participants, Borderline)
 - Annual peak requirement

BPU Resource Data

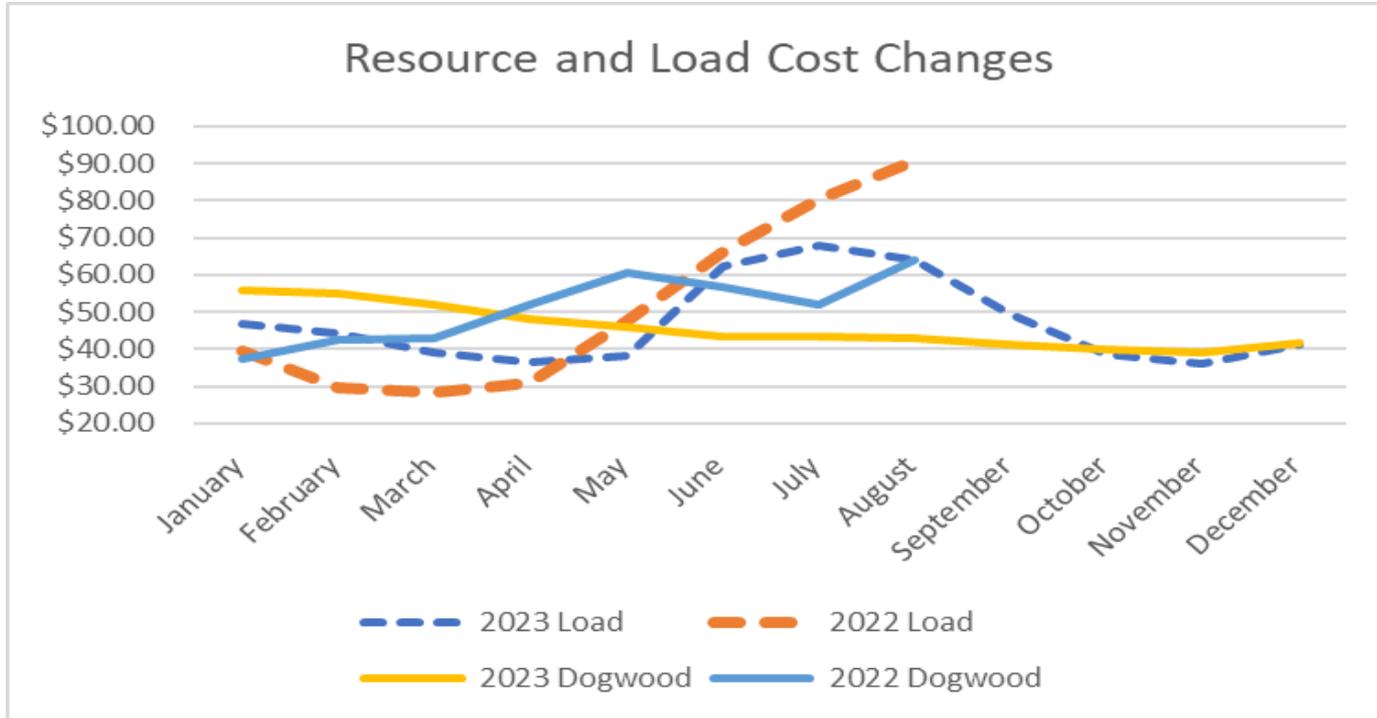
- Examples of Types of BPU Resource Data
 - Generation plants
 - Maximum / minimum capacity
 - Usage - must run vs. economic dispatch
 - Fuel - type / price forecast index
 - Heat rate / curve
 - Scheduled maintenance outages
 - Forced outage rates
 - Fixed and Variable Operating costs
 - Start costs / minimum run times
 - Purchase Power Agreements
 - Capacity costs / energy price
 - Energy patterns (wind, hydro, other contractual scheduling requirements)
 - Transmission costs
 - Market Prices
 - On Peak
 - Off Peak

Resource and Market Cost

2021 Resource and Load Costs



Forecasted Resource and Market Cost



2023 Considerations / Impacts

- **Natural Gas Prices**
 - Henry Hub gas prices averaged \$2.11 in 2020, \$4.06 in 2021, and \$7.66 in 2022 up 263% from 2020 and up 89% from 2021.
 - Gas prices are expected to average approximately \$6.24 in 2023
- **SPP Integrated Market**
 - Market prices are up approximately 100% over the first eight months of 2021 with an average LMP of \$54.79 (Excluding February)
 - Average LMP is expected to be approximately \$46.98 in 2022
 - Despite wind's growth coal's output is expected to mildly exceed that of wind in 2023 due to higher natural gas pricing.
- **Dogwood production**
 - Expecting production volumes to be about 27% lower in 2023 compared to 2022 estimated actuals and about 33% lower than the 2022 budget.
 - Although output is expected to decrease margins are expected to improve. The overall net margin is expected to fall 10% but on a per MWh basis the margin is expected to increase by 27%.
- **Wind energy production**
 - SPP is expected to have over 34,000 MWs of wind resources as of the end of 2022, a growth of 26% over a 24 month period.
 - SPP set a wind penetration record of 88.5% of load, far higher than any other RTO. 45.1% of Kansas' generation comes from wind.
 - In 2021 wind energy accounted for over 34.6% of all generation in SPP, while coal produced 35.6% of total generation.
 - Negative congestion remains an area of concern with wind resources in particular due to location and timing of generation

2022 Forecasted Natural Gas Pricing

Henry Hub natural gas price and NYMEX confidence intervals
dollars per million Btu



Note: Confidence interval derived from options market information for the five trading days ending Sep 2, 2021. Intervals not calculated for months with sparse trading in near-the-money options contracts.

Sources: U.S. Energy Information Administration, Short-Term Energy Outlook, September 2021, CME Group, and Refinitiv an LSEG Business

2023 Forecasted Natural Gas Pricing

Henry Hub natural gas price and NYMEX confidence intervals
dollars per million Btu



Note: Confidence interval derived from options market information for the five trading days ending Sep 1, 2022. Intervals not calculated for months with sparse trading in near-the-money options contracts.

Sources: U.S. Energy Information Administration, Short-Term Energy Outlook, September 2022, CME Group, and Refinitiv an LSEG Business

International Natural Gas Pricing

Figure 12. International natural gas prices
dollars per million British thermal units



2023 Forecast

- **SPP Purchase Power Energy**
 - Purchase Power Energy and Wholesale Sales account for all the energy sales as well as all load purchases
 - The most volatile of any of the Purchase Power accounts as it is highly dependent on numerous variables
 - Daily expenses fall within the Purchase Power Energy account while daily revenue is moved to Wholesale Revenue
 - In 2023 the forecast is that Purchase Power expenses will exceed its share of the wholesale revenue figure by approximately \$204,000
 - Purchase Power Energy is expected to climb by approximately \$9.3 million over the 2022 budget however is more than offset by Wholesale sales which is expected to climb to \$16.8 million.
- **Purchase Power Renewables**
 - Purchase Power Renewables account for the contracted purchase power agreements of the renewable fleet
 - Expect a budget increase of approximately 8% or \$2.2 million, primarily due to inflationary pricing resets and slightly higher output levels
- **Purchase Power Capacity**
 - Purchase Power Capacity accounts for the capacity payments associated with a portion of our purchase power agreements
 - Expect that budget to climb by 1.8% or \$84,000
- **Purchase Power Transmission**
 - Purchase Power Transmission is the cost of SPP transmission to serve load
 - As of January 1st 2020 BPU became a transmission customer owner within SPP which provides for greater transmission funding flexibility while also lowering the overall budget by approximately 25% compared to previous years
 - Expect a budget decrease of approximately 13% or \$900,000

2023 Forecast

- **Renewable Energy Certificates**
 - Expect a budget decrease of \$800,000 due to higher REC sales volumes
 - Seeing sustained pricing in the \$1.25 - \$2.00 per REC range
- **Other Purchase Power**
 - These are expenses associated with SPP operations, MRO compliance, and other service providers
 - Expect a budget increase of 2.6% or \$3,600.
- **Total Purchase Power budget is expected to climb by 21.8% or \$9.96 million in 2023 while Wholesale Sales are expected to climb by \$11.8 million compared to the 2022 budget.**
- **Purchase Power activities fall within the Energy Rate Component and therefore do not materially impact the cash position in the longer-term**

Notes:

SPP - 14 state region from northern Texas to Canada

Has about 105GW of Generation with Nat Gas making up 36%, Coal 24%, Wind 29%, Hydro 6%, Nuclear 2%, Fuel Oil 2%, Solar 0.3%

SPP has 95.7GW of Generation in the Queue with approx. 26GW Wind, 45GW Solar, 14GW Storage, 6GW of Hybrid and 4GW of Thermal Gas.

SPP has approximately 31GW of wind installed

SPP only has 316MW of solar but 45GW in the Interconnection Queue

Since 2012 SPP has the highest buildout of any RTO at 84% of all new generation being renewables, California was 2nd at 70%.

SPP has reached a new peak monthly demand in 4 of the first 6 months of 2022 with a peak of 53,243 MW.

Kansas had 8,245 MW of installed wind at the end of 2021 making up approximately 45% of total generation in the state.

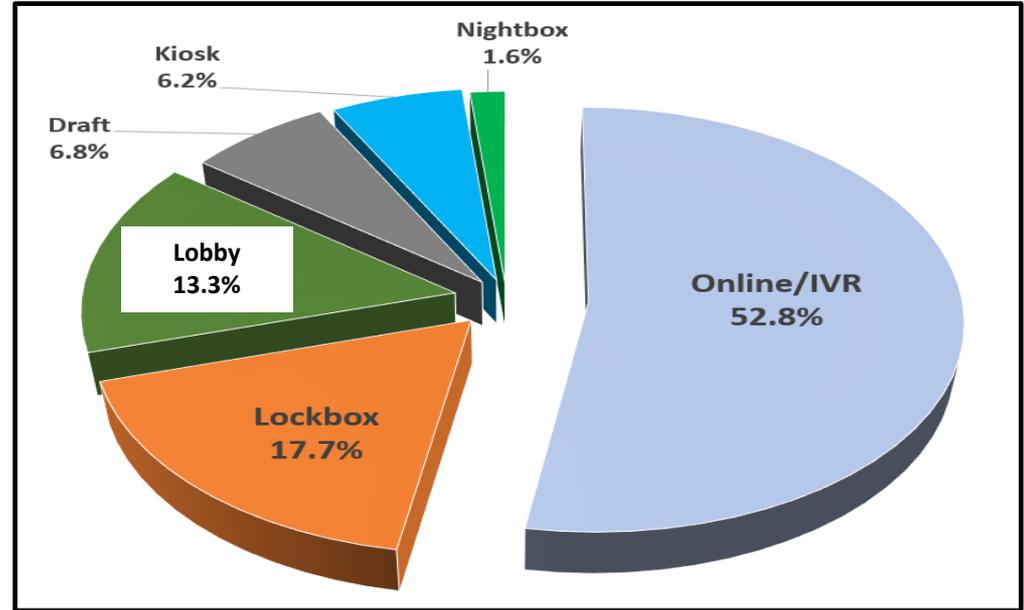
Payment Transitions

October 5, 2022

Payment Transactions - Pre-COVID

Payment Methods

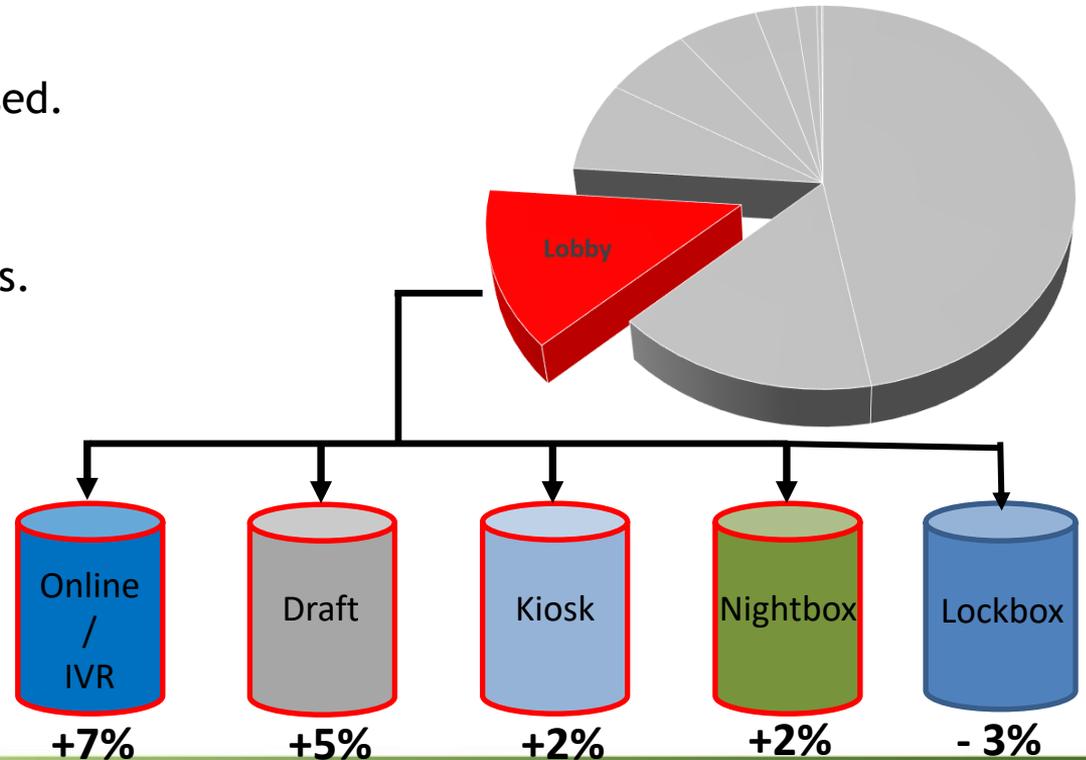
- Payments made online and thru the IVR accounted for just over half the transactions before COVID.
- Payments made in the lobby accounted for a little over 13% of all transactions before COVID. (approx. 10,000 transactions per month)



Payment Transactions - Post Covid

COVID Impact

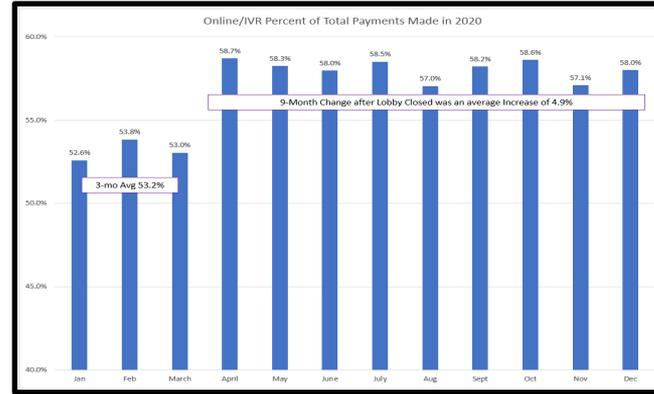
- During COVID, the Lobby was closed.
- The impact of those transactions were shifted to different channels.
- Most of the shift went to:
 - Online / IVR
 - Bank Draft
 - Kiosk
 - Nightbox
 - Lockbox



Payment Transition in 2020

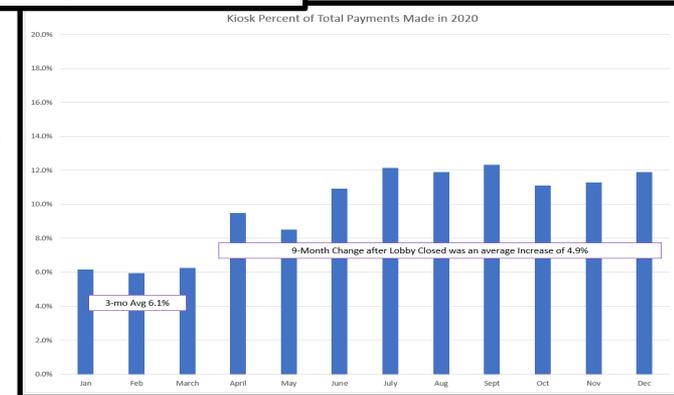
Online / IVR

- Once the Lobby closed, we saw about 60% of payments go thru the online/IVR immediately. The rest of 2020 saw payments make up a 4.9% increase over the initial 3 months.



Kiosks

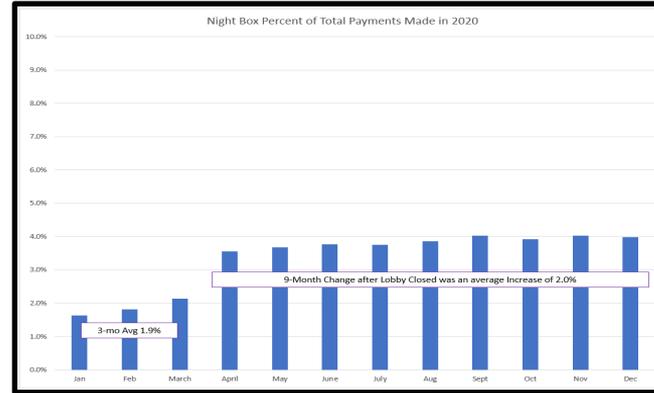
- Initially we saw payment transactions increase 3.2% at the kiosk. This continued to grow. We ended the last 9 months of 2020 with the payments making up 4.9% increase over the initial 3 months.



Payment Transition in 2020 (cont)

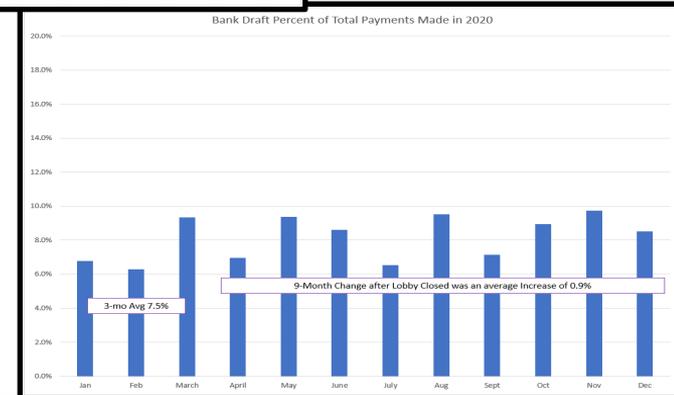
Night Box

- We saw about 2% of transactions thru the night box before the lobby closed. That basically doubled to around 4% the rest of 2020 - an increase of 2% of transactions.



Bank Draft

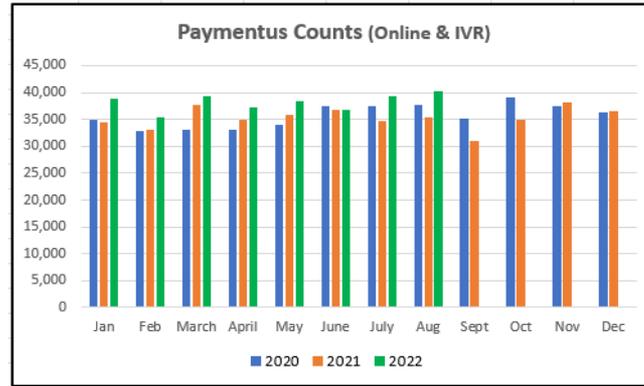
- Payments made thru bank draft were rather uniform in 2020 but after the lobby closed, we saw a slight uptick in monthly transactions.



Payment Distribution since 2020

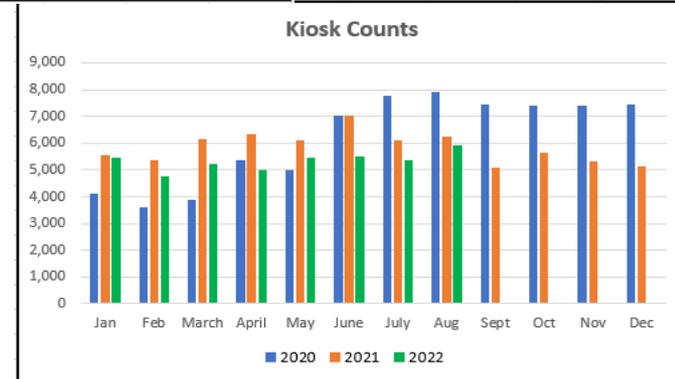
Online / IVR

- This payment method continues to increase in transactions counts. We saw over 40,000 transactions for the first time in August 2022.



Kiosks

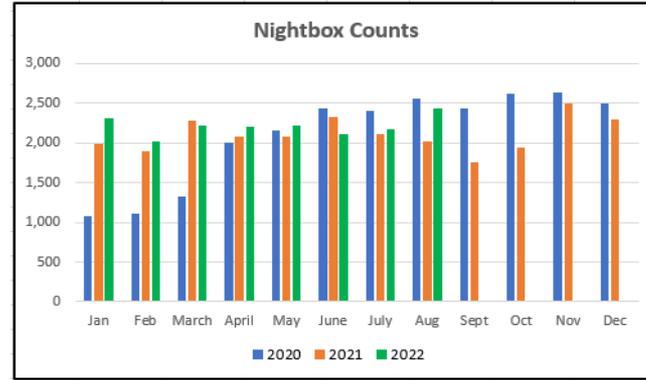
- We are still seeing more transactions per month than before COVID but the numbers have been decreasing in 2022.



Payment Distribution since 2020 (cont)

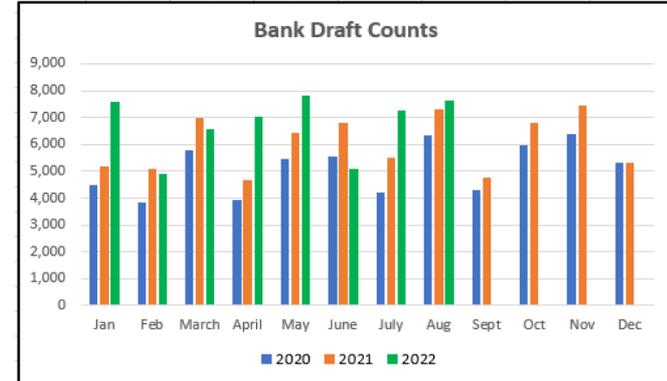
Night Box

- We are seeing almost double the transactions than before COVID. The monthly numbers are holding fairly consistent.



Bank Draft

- We are seeing our highest number of transactions thru bank draft in 2022. This method has almost doubled in monthly transactions from before COVID.

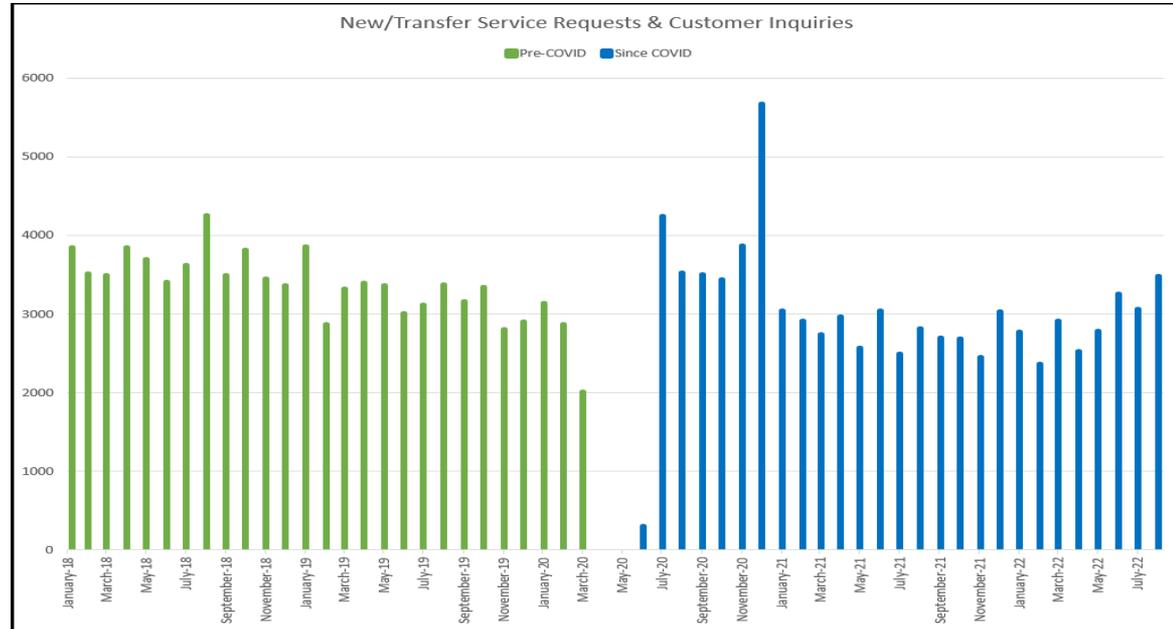




Customer Requests & Inquiries since 2020

Before COVID, we handled over 3,000 requests and inquiries in the lobby. These consisted of primarily service requests (start/transfer) with issues and questions also being handled.

Since closing the lobby, we are still handling about 3,000 requests and inquiries monthly. These consist of emailed service requests as well as issues and questions submitted online.



Estimated Lobby Cost Savings

1. Security Personnel Savings - \$136,000 per year
2. Staff Savings by Eliminating 4 Positions (Cashiers and Lobby) - \$328,000 per year
3. Reduced expense for Brinks armored car service - \$7,000 per year

Total Savings - \$471,000 year over year

4. Reduced Liability - Less chance of lobby injuries and accidents
5. Increased Safety - Reduced chance of physical altercations/active shooter
6. Less expense for physical enhancements - \$75,000 Savings
7. Reduced work-station equipment/office supplies/lobby maintenance - minimum \$12,000 savings

Total one-time savings - \$87,000

*Thank
you*

Technology Roadmap for the Customer Services Division

Jerry Sullivan, CIO

October 5, 2022

Customer Services (CS) Division Recent and Near-term Technology Projects

Projects *completed recently*

1. Paymentus (Amazon, Venmo, Paypal)
2. Self Service - Spanish Version
3. Infosend - E-bills
4. Texting for several customer use cases (pending communications campaign with outage notification)

Projects going live in *NEXT three months*

5. Adding "Connect Service" to the self-service Portal to reduce time and effort to request services
6. Adding more account information to Self-Service Portal to improve customer experiences
7. Adding "Real-Time" (Kiosk) Payments to expedite turn-ons and payment processing
8. Improve IVR Call Flow Menus

Upcoming CS / Customer Experience (CE) Enhancements

To be Completed in Next 6 Months

Customer Experience:

9. Upgrade the existing Customer Information System (CIS aka UMS)
10. IVR "Call Tree Mapping" Revisions
11. IVR Evaluation for speech recognition, language

Performance Improvement:

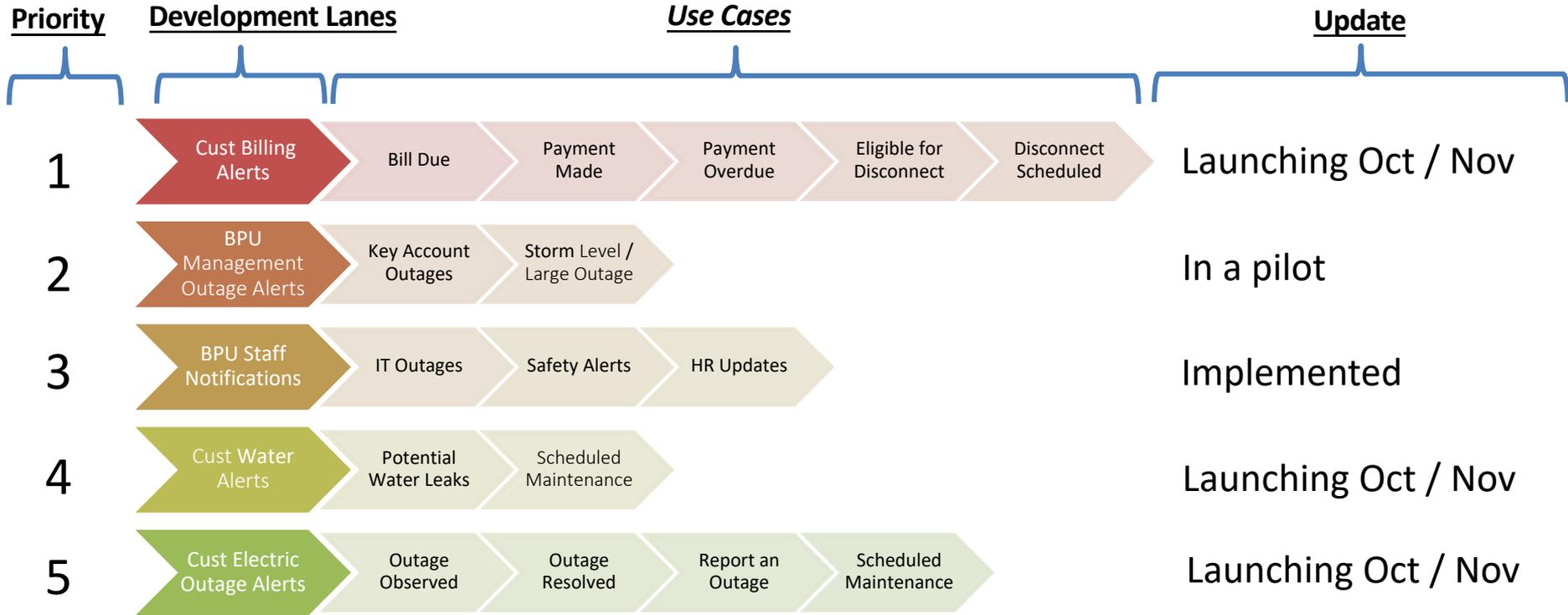
12. Customer Service Benchmarking
 - Call Center
 - Credit and Collections
 - Billing and Payment
 - Meter Reading

Projects scheduled to Go Live Next 6-12 Months

Major Projects

13. Replace the 12-year-old "Meter Data Management (MDM) System"
 - There are numerous benefits improving operations, metering, customer experience, and finance
14. Add a full-service "Customer Portal" for Residential, Commercial, and Industrial Customers
 - There are many, many benefits of having a user friendly, easy to use, easy to understand, and cost-effective system that is closer to our customer needs.

Launching “Texting” to Customer



Customer Billing Alerts Samples

Cust Billing Alerts

Bill Due

Payment Made

Payment Overdue

Eligible for Disconnect

Disconnect Scheduled

BPU: A balance of **\$100.00** for account **2487245** is due in next 3 days. To pay the full amount visit BPU.com. If you remitted payment in full, please disregard

BPU: An automatic payment of **\$100.00** will be credited to account **2487245** on **10/26/22**

BPU: A pay arrangement of **\$25.00** for account **2487245** is due on **10/26/22**. To pay this amount visit BPU.com. If you remitted payment above, please disregard

BPU: A payment of **\$25.00** has been posted to account **2487245**. Thank you

BPU: Account **2487245** is overdue. To pay the late fee and account balance of **\$105.00** visit BPU.com. If you remitted payment in full, please disregard

BPU: The payment arrangement for account **2487245** has terminated and is eligible for disconnection at any time. To pay \$105.00 visit BPU.com

BPU: Account **2487245** is eligible for disconnection on **10/26/22**. Visit BPU.com and pay **\$105.00**. If you remitted payment in full, please disregard

BPU: Account **2487245** is scheduled for disconnection on **10/26/22**. Visit BPU.com and pay **\$105.00**. If you remitted payment in full, please contact BPU

Customer-Focused Technology Plan

2022	-	2024	Roadmap	QTR 3 2022	QTR 4 2022	QTR 1 2023	QTR 2 2023	QTR 3 2023	QTR 4 2023	QTR 1 2024	QTR 2 2024	QTR 3 2024	QTR 4 2024
Dept	Description												
2420	Servers/Networks												
	IVR Upgrade												
2430	Application Development												
	MDMS Upgrade												
	Customer Portal												
	Cayenta CIS Upgrade												
	NetSense 12 Upgrade												
	Tableau Dashboards												
	Maximo Enhancements												
	Move Ins Project												
	TextPower												

IVR Phone Enhancements

Improvements	Benefits	Go Live
Near term (next 3 months)		
1. Call Back in Queue	<ul style="list-style-type: none"> Decrease call abandonment Increased customer satisfaction 	Dec 2022
2. Estimated wait time PENDING DISCUSSION / REQUIREMENTS AND REVIEW	<ul style="list-style-type: none"> Provide better estimate of answer time 	Dec 2022
3. Customer Survey at end of call	<ul style="list-style-type: none"> Solicit feedback on areas to improve 	Nov 2022
Long term (2023)		
<ul style="list-style-type: none"> Call Menu Flow Improvement 	<ul style="list-style-type: none"> Increased customer satisfaction and speed using the IVR menu. and provide more self-service options 	Mar 2023
<ul style="list-style-type: none"> Spanish language self-service 	<ul style="list-style-type: none"> Increased customer satisfaction 	April 2023
<ul style="list-style-type: none"> Consolidated IVR platforms (under review) 	<ul style="list-style-type: none"> One voice for BPU Increased customer satisfaction Consistent messaging 	Sept 2023

In Summary

1. We are implementing several key technology and process improvements to enhance the customer experience, to increase responsiveness and customer satisfaction.
2. The detailed project schedules (not covered) include tasks for
 - a. Implementing the technology
 - b. Changing the processes
 - c. Training the users
 - d. Laying the governance parameters to ensure we are effectively using the new systems.

Thank you and
Questions?



Appendix

Text Alert Launch Strategy

Marketing Platforms

Platforms that will be used for customer awareness:

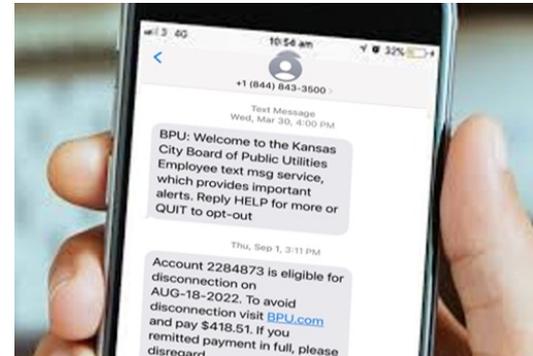
1. On the bill print envelope
2. On the bill print itself
3. IVR into message
4. Welcome text from TextPower
5. Add text alert info to Customer Service Reps' scripting
6. BPU.com
7. Social Media (Twitter, Facebook)
8. Direct mail
9. News release
10. BPU Connection newsletter

Platforms recommended to stay away from:

1. Emails and robot call. These usually create a lot of calls / questions from the customers regarding potential fraud.

Strategy

1. Market all use cases together: BPU Customer Billing & Outage Text Alerts.
2. Timeline: communicate “during the months of October and November”.
3. Launch Customer Electric Outages Alerts & Customer Water Alerts 2 weeks after Customer Billing Text Alerts to spread the amount of initial text alerts to the customer.



Text Alert Processes

Opt-In & Opt-Out Process

1. Opt-In: All customers with active cellphone numbers (CELL / IVR_CELL) are automatically opted-in to all texting services (Billing and Outages).
2. Opt-Out: Customers can opt themselves out by texting "QUIT" to 844-843-3500.

How to opt back in after opting out?

- Once a number is opted out it cannot be opted back in by BPU.
- The only way that the mobile number can be opted back in is for the user to text **BPUbill** or **BPUout** to **844-843-3500**.
- This protects BPU from TCPA violations by eliminating the possibility of inadvertently opting a number back in after it has been opted out.

BPU Dedicated Texting Number:

844.843.3500

All BPU text notifications will come from the same number. Customers can save this on their phone as "BPU Texting".



Meter Data Management (MDM) Mobile solutions 4th Quarter 2023

1. Mobile Application allows account management and payment options from mobile devices

2. Mobile App communication and alerts are available through email and text

