

Regular Session

April 3, 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 March 20, 2024

V. Visitor Comments

VI. General Manager / Staff Reports

- i. Preliminary February 2024 Financials
- ii. Energy Market Trends/Nearman Power
- iii. KMEA Appointment – Resolution # 5296
- iv. Miscellaneous Comments

VII. Public Comments on Agenda Items

VIII. Board Comments



IX. Adjourn

February 2024 Preliminary Financial Results

April 3, 2024

Financial Results

2024 Billed kWh (YTD Feb)

Electric	(CY) 2024 YTD	(PY) 2023 YTD	
Residential	104,790,790	104,375,975	 
Commercial	162,723,599	162,344,768	
Industrial	83,198,772	86,266,967	
	350,713,161	352,987,710	-0.6%

Residential and Commercial classes were slightly above 2023 while Industrial and YTD are below 2023

Residential – Up .5% Commercial – Up .5% Industrial – Down 3.5%

Financial Results

2024 Billed CCF's (YTD Feb)

Water	(CY) 2024 YTD	(PY) 2023 YTD	
Residential	563,449	565,664	↓
Commercial	413,874	393,216	↑
Industrial	294,854	295,226	↓
	1,272,177	1,254,106	↑ 1.4%

Residential and Industrial were down slightly from 2023 while Commercial was up over 2023 levels

Residential – Down .5%

Commercial – Up 5%

Industrial – Down .5%

Financial Results

Revenues – February 2024

	(CY) 2024 February	(PY) 2023 February		Budget 2024 February	(CY) 2024 February	
Electric	\$ 25.486	\$ 27.386		\$ 26.841	\$ 25.486	
Water	4.182	4.331		4.603	4.182	
Combined	\$ 29.668	\$ 31.717	-6.5%	\$ 31.444	\$ 29.668	-5.6%

**Dollars in millions

Actual Compared to 2024 Budget

Electric – Down 5%

Water – Down 9%

Combined – Down 5%

Financial Results

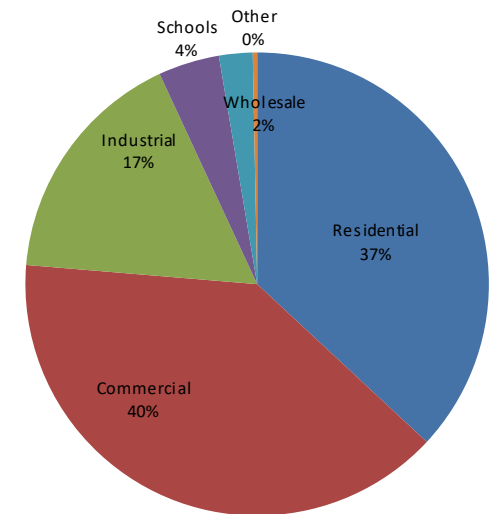
Revenues – 2024 YTD

	(CY) 2024 YTD	(PY) 2023 YTD		Budget 2024 YTD	(CY) 2024 YTD	
Electric	\$ 51.387	\$ 54.649		\$ 53.124	\$ 51.387	
Water	8.576	8.519		8.977	8.576	
Combined	\$ 59.963	\$ 63.168	-5.1%	\$ 62.101	\$ 59.963	-3.4%

**Dollars in millions

Variance – YTD comparing Budget to Actual for 2024

Electric:	Down 3%	Water:	Down 4%
Residential	(\$ 643K)	Residential	(\$210K)
Commercial	\$ 172K	Commercial	\$ 89K
Industrial	(\$ 866K)	Industrial	(\$ 18K)
Schools	\$ 116K	Wholesale	(\$ 58K)
Wholesale	(\$ 1.1M)		



Recognized 2 months of 6 of the 2023 ERC Over Recovery of the ERC - \$1,362,509

Financial Results

Operating Expenses – February 2024

	(CY) 2024 February	(PY) 2023 February		Budget 2024 February	(CY) 2024 February	
Electric	\$ 15.645	\$ 19.055	↓	\$ 19.238	\$ 15.645	↓
Water	3.365	2.913	↑	3.681	3.365	
Combined	\$ 19.010	\$ 21.968	↓ -13.5%	\$ 22.919	\$ 19.010	↓ -17.1%

**Dollars in millions

Actual Compared to 2024 Budget

Electric – Down 19%

Water – Down 9%

Financial Results

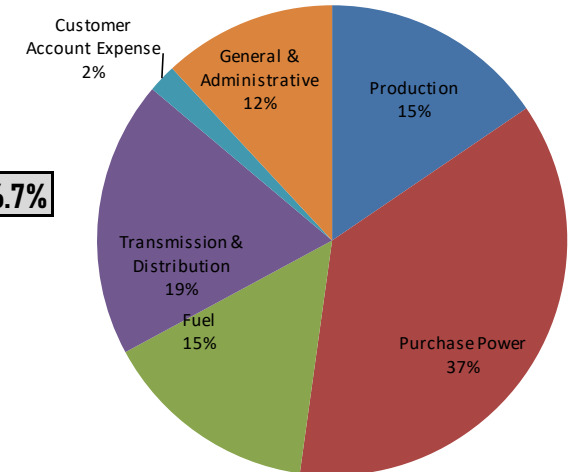
Operating Expenses – 2024 YTD

	(CY) 2024 YTD	(PY) 2023 YTD		Budget 2024 YTD	(CY) 2024 YTD	
Electric	\$ 42.806	\$ 38.345		\$ 39.160	\$ 42.806	
Water	6.607	6.047		7.139	6.607	
Combined	\$ 49.413	\$ 44.392	11.3%	\$ 46.299	\$ 49.413	6.7%

**Dollars in millions

Actual Compared to 2024 Budget

- Electric – Up 9%
- Water - Down 7%
- Combined – Up 7%



Financial Results

Operating Expenses – 2024 YTD less Depreciation

	(CY) 2024 YTD	(PY) 2023 YTD		Budget 2024 YTD	(CY) 2024 YTD	
Electric	\$ 36.724	\$ 32.489	↑	\$ 33.348	\$ 36.724	↑
Water	5.188	4.650		5.758	5.188	↓
Combined	\$ 41.912	\$ 37.139	↑ 12.9%	\$ 39.106	\$ 41.912	↑ 7.2%

**Dollars in millions

Variance – YTD comparing Budget to Actual 2024

Electric:

Purchased Power \$5.9M
 Fuel \$ 72K
 Production (\$862K)
 T&D (\$675K)
 G&A (\$902K)

Water:

Production (\$140K)
 T&D (\$136K)
 G&A (\$254K)

Financial Results

Change in Net Position – February 2024

	(CY) 2024 February	(PY) 2023 February
Electric	\$ 5.974	\$ 4.104
Water	0.089	0.630
Combined	\$ 6.063	\$ 4.734

Budget 2024 February	(CY) 2024 February
\$ 3.576	\$ 5.974
0.234	0.089
\$ 3.810	\$ 6.063



**Dollars in millions

Financial Results

Change in Net Position – 2024 YTD

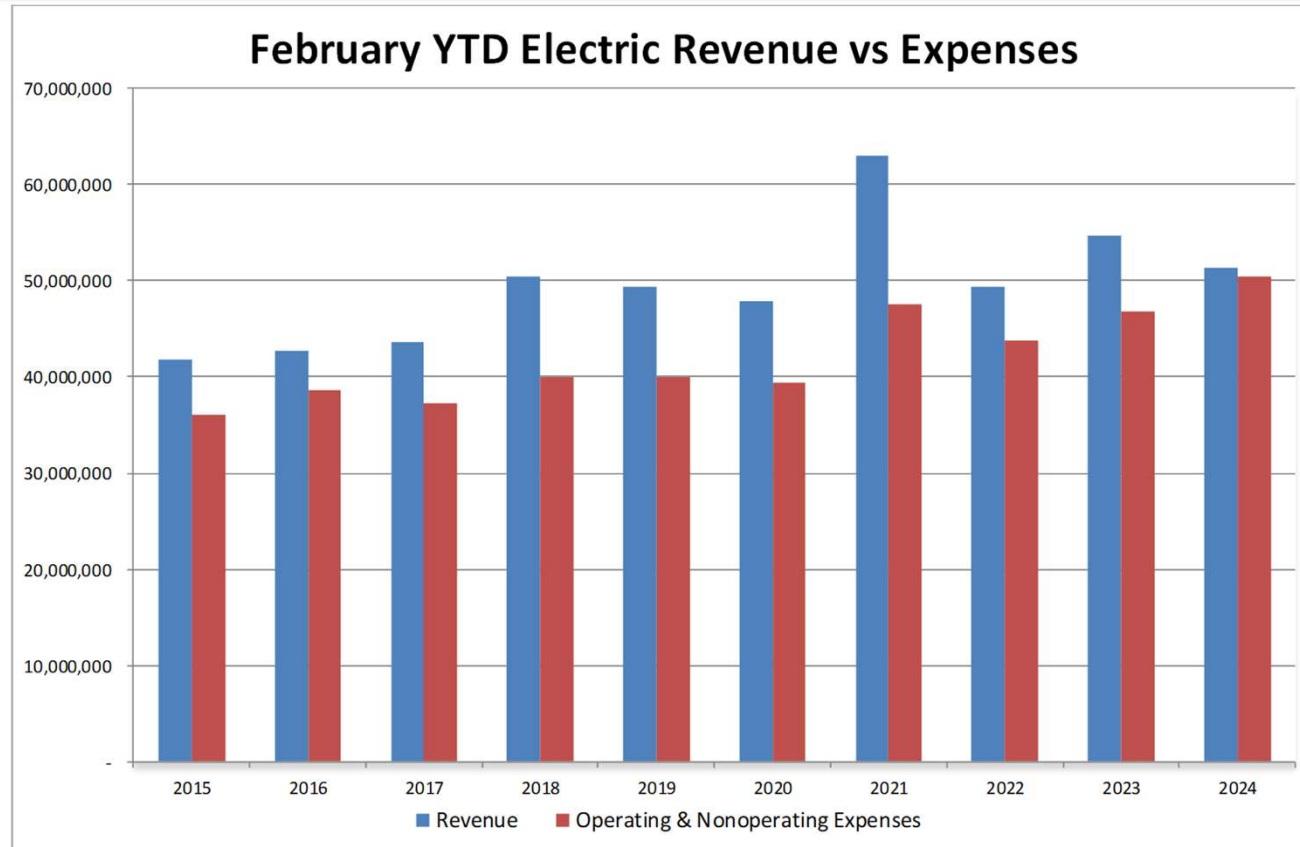
	(CY) 2024 YTD	(PY) 2023 YTD
Electric	\$ 0.954	\$ 7.784
Water	1.454	1.194
Combined	\$ 2.408	\$ 8.978

Budget 2024 YTD	(CY) 2024 YTD
\$ 5.963	\$ 0.954
0.701	1.454
\$ 6.664	\$ 2.408

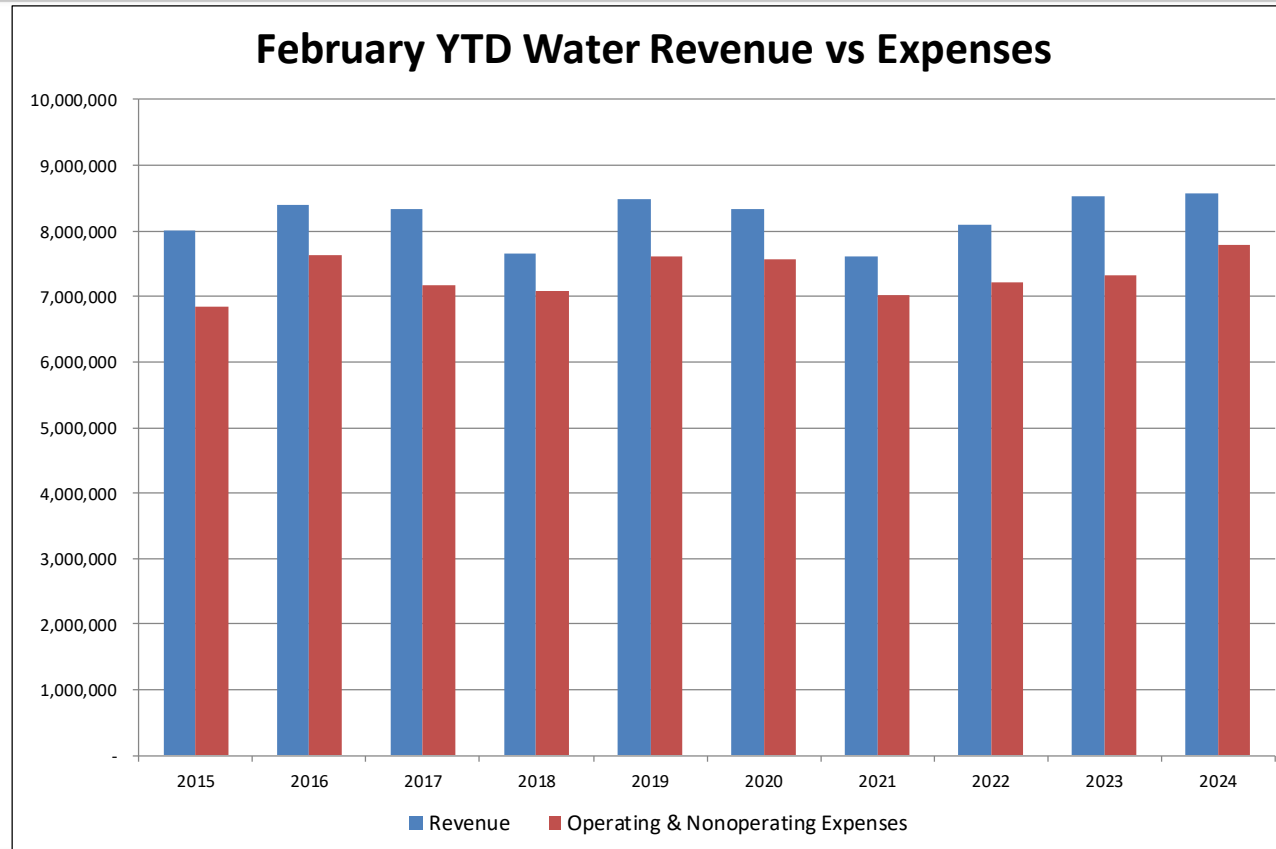


**Dollars in millions

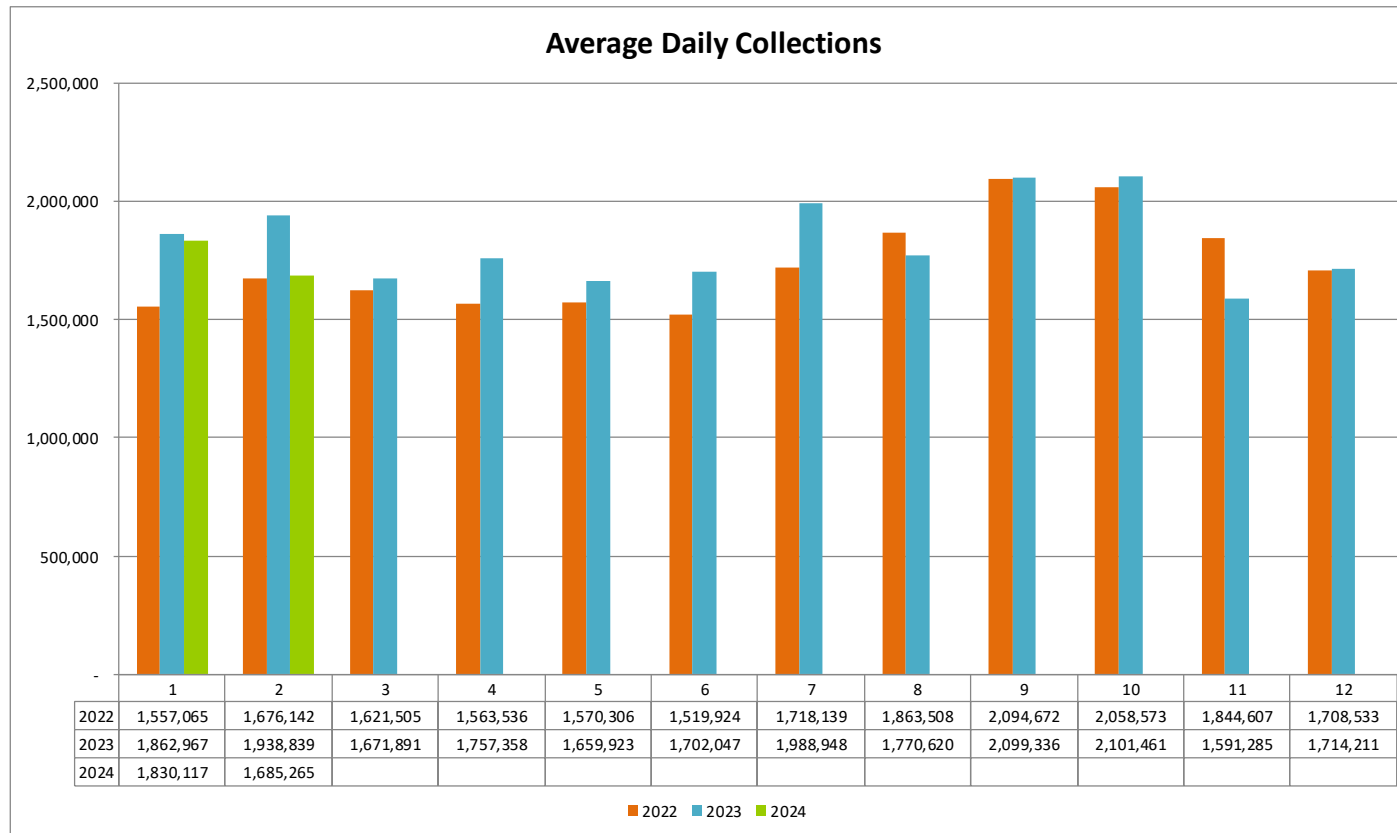
Financial Results – 10 Year Trend



Financial Results – 10 Year Trend



Financial Results



Financial Results

Historical Monthly Cash Comparison



Financial Results

Cash Position

	(CY) 2024 February	(PY) 2023 February	2024 January
Combined (E&W) Days Cash-on-Hand	\$ 50.05 77	\$ 38.21 59	\$ 52.88 81

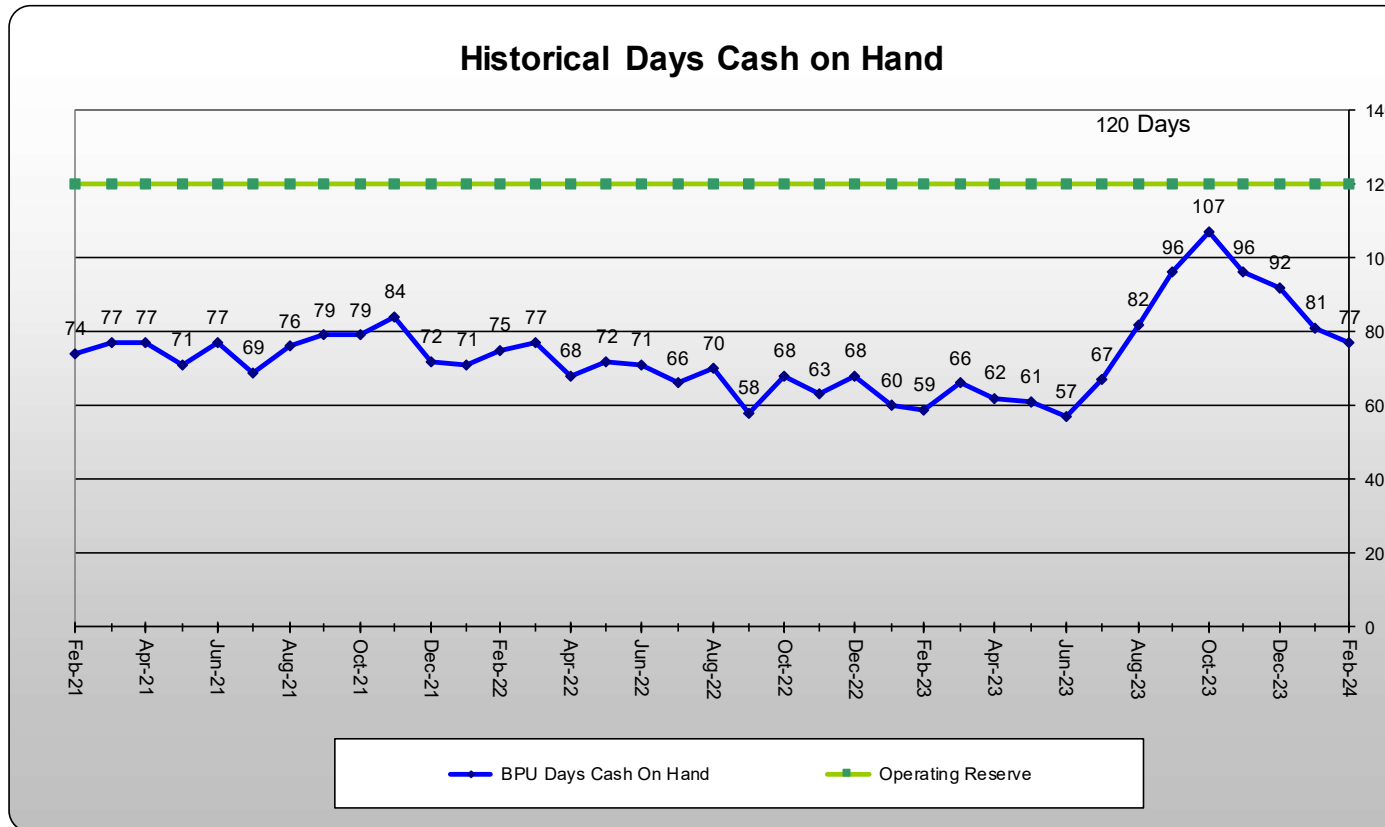
1 Day = Approximately \$600K-\$625K
(Based on 12 month rolling average of expenses)

Balance Sheet: Notables

	(CY) 2024 February	(PY) 2023 February
Fuel Inventory	\$ 10.424	\$ 8.141

**Dollars in millions

Financial Results



Financial Results

Capital Spending

	(CY) 2024 YTD	(PY) 2023 YTD	2024 Budget		
Electric	\$ 1.62	\$ 2.26	\$ 35.58		
Water	0.66	1.54	26.38		
Common	0.27	0.50	5.13		
Total YTD Capital	\$ 2.55	\$ 4.30	\$ 67.09	Remaining	96%

**Dollars in millions

Major projects in 2024:

Electric Overhead Distribution - \$411K
 Electric Underground Distribution - \$317K
 Distribution Pole Inspection - \$319K
 Underground Transformers - \$352K
 Enterprise Technology - \$270K
 Water Distribution - \$186K

Financial Results

Debt Coverage

Debt Coverage with PILOT

Financial Guideline Target
2.0 times with PILOT

	(CY) 2024 February	(PY) 2023 February
Electric	2.24	2.81
Water	2.46	2.22
Combined	2.37	2.90

Debt Coverage w/o PILOT

Financial Guideline Target
1.6 times without PILOT

	(CY) 2024 February	(PY) 2023 February
Electric	1.53	2.09
Water	1.87	1.74
Combined	1.65	2.18

SPP Market Trends & EPROD Training Discussion

4/3/2024



SPP IM Refresh

DA vs. RT Impacts

Resource
Adequacy/Capacity

Discussion/Questions

SPP Integrated Marketplace

- Co-optimizes the deployment of energy and operating reserves to dispatch resources on a least-cost basis
- Consolidated Balancing Authority (CBA)
- Day-Ahead Market
- Real-Time Balancing Market
- Reliability Unit Commitment process (RUC)

Day-Ahead & Real Time

Day-Ahead Market

- Bid/offer window closes 0930
- Bid Load
- Offer resources
- DA RUC ~1445

Real-Time Balancing Market

- Market operated continuously in real-time to balance the system through Energy deployment and to clear Regulation-Up, Regulation-Down, Spinning Reserve, and Supplemental Reserve

Day-Ahead & Real-Time Results

- Load DA – Purchase amount of forecasted load at cleared DA Locational Marginal Price (LMP)
- Load RT – Account for any deviation from forecasted DA load at Real Time LMPs
- Resource Offer DA – Offer available generation with associated parameters to SPP. Financially binding
- Resource Offer RT – Fulfill any commitment from DA offer; respond to real time operating reserve commitments

Day-Ahead & Real-Time Metrics

- Inability to fulfill DA commitment exposes BPU to potential volatility of RT market pricing
- Energy sales of BPU generated MWs in SPP IM offsets the purchase power costs reflected in weekly invoice from SPP

Factors to Consider

Contributing Factors

- Natural Gas prices
- Wind output across SPP footprint
- Scheduled outages impacting supply
- Local Reliability
- Season/Temps

Resource Adequacy

Resource Adequacy/Capacity

- SPP moving toward Performance Based Approach (PBA); approximate effective date 2026/2027 (7 years of performance data)
- Effective Load Carrying Capability (ELCC)
 - Wind accreditation to fall by ~70%
 - Solar 50-70% Summer 10-20% Winter
- 115% capacity requirement of annual peak load
- Will use GADS data; include forced derates in addition to forced outages

Resource Adequacy

Resource Adequacy/Capacity

- SPP is anticipating 3%-7% impact on registered capacity with PBA
- This approach will increase the value of capacity emphasizing the importance of unit availability and performance while minimizing the number of forced outages and de-rates
- Capacity market volatility expected to increase

Unit Offer Opportunities

Unit Offer Opportunities

- Increase
 - Unit efficiency
 - Ramp rates
 - Max output
 - Operating range
- Reduce
 - Chemicals
 - Reagents

Resource Adequacy Opportunities

Resource Adequacy Opportunities

- Reduce forced outages
- Strategic planned and maintenance outages
- Increased focus on inspection and preventative maintenance programs

Ongoing efforts

Ongoing efforts

- Training
 - EPROD Supervisors
 - EPORD Staff
- Improved communication initiatives
- Operational strategies
- Outage coordination