

Water and Light Advisory Board
June 4, 2014

A meeting of the Water and Light Advisory Board was held Wednesday, June 4, 2014 at 8:00 a.m. in the Power Plant Conference Room, 1501 Business Loop 70 East. The meeting was attended by:

John Conway, Chair, absent, but listening remotely via conference call
Tom O'Connor, Member
Hank Ottinger, Member
Dick Parker, Vice Chair
Jack Clark, Member
Tad Johnsen, Water and Light Director
Ryan Williams, Assistant Water and Light Director
Christian Johanningmeier, Power Production Superintendent
Jim Windsor, Utility Financial Manager
Connie Kacprowicz, Communications and Marketing Supervisor
Ron Wyble, Assistant Power Production Superintendent
Barbara Buffaloe, Sustainability Manager
Ethan Johanningmeier, Guest
Tracy Frevert, Senior Administrative Support Assistant

APPROVAL OF THE MEETING MINUTES

The May 7, 2014 meeting minutes were approved by voice vote on a motion by Hank Ottinger and a second by Jack Clark.

Tad Johnsen noted that Staff will prepare examples of water extension projects for a future Board meeting as requested by the Board at the May 7 meeting.

FINANCIAL REPORT

Water and Electric Utility combined operations reflect an operating loss of \$3,065,528 for the seven months ended April 30, 2014; compared to an operating loss of \$4,654,342 for the same period last year. This is an increase of \$1,588,814.

Net loss from Water and Electric Utility combined operation is \$6,844,485, compared to net loss of \$8,247,662 for the same period last year.

The Water Utility has an operating income of \$2,135,684 for the seven months ended April 30, 2014; compared to an operating income of \$2,171,410 for the same period last year. This is a decrease of \$35,726 of operating income.

Net income for Water Utility is \$700,992, compared to net income of \$860,984 for the same period last year.

The Electric Utility has an operating loss of \$5,201,212 for the seven months ended April 30, 2014; compared to an operating loss of \$6,825,752 for the same period last year. This is an increase in operating income of \$1,614,540.

Net loss for Electric Utility is \$7,545,477, compared to net loss of \$9,108,646 for the same period last year.

Operating revenues of the Electric Utility are up \$3,778,370 compared to the same period last year.

Operating expenses before Payment-In-Lieu-Of-Tax and Depreciation are up \$1,765,625 compared to the same period last year. Fuel and Purchased power costs have increased \$1,519,156 compared to the same period last year.

At the May Board meeting, Hank Ottinger questioned an increase compared to last year in Water Utility, Accounting and Collection – Uncollectible Accounts and in Administrative and General – Special Service. Tad Johnsen reported that the increase in the Uncollectible Accounts was due to Finance raising the estimate percentage of uncollectibles from .427% in FY13 to .513% in FY14. Also, revenue has increased by \$531,206.21 from last year. With the increase in the percentage and higher revenue, Uncollectible Accounts is higher this year. The increase in Special Service can be attributed to city vehicle parking increase and an increase in consulting fees.

Tad Johnsen noted that if conditions remain the same, the annual net income for both Water and Electric could come in better than projected.

NEW BUSINESS

a) Georgetown University Energy Prize Support Letter – Tad Johnsen introduced Barbara Buffaloe, Sustainability Manager. She distributed a handout summarizing the Georgetown University Energy Prize, noting that the City has submitted a letter of intent, and the application is due June 30, 2014. Jack Clark made a motion, seconded by Tom O'Connor, to approve participation in the Georgetown University Energy Prize. Motion passed.

OLD BUSINESS

a) Capital Improvement Budget – Ryan Williams summarized the 5 Year Water and Electric CIP Plan: FY15 – FY19. Tad Johnsen noted that the Rebel Hill project is on the agenda for public discussion at the Monday, June 16 Council meeting. Dick Parker requested information on the enterprise/bond coverage ratio.

DIRECTOR'S REPORT

a) Annual Water Quality Report – The Annual Water Quality Report was mailed to customers in the June utility bills, and can also be found on the City's website.

Dick Parker requested information on the chloride content of individual wells.

b) Annual Customer Satisfaction Report – Connie Kacprowicz summarized the 2014 Customer Satisfaction Survey. The overall satisfaction level with electric service has gone down slightly for both Residential and Commercial customers, but remains above the national benchmark. Satisfaction with water service continues to show improvement. Tracy Frevert will email the full report to the Board.

Hank Ottinger requested the percentage of outages caused by failing infrastructure, which Ryan Williams will bring to the next meeting.

c) Bond Rating/Refunding – The current bond interest rates provide the opportunity to refinance two Revenue Bond Issues and to save a significant amount of interest. The refunding is projected to save \$1,621,483 over the remaining 16 years of the issue. Also noted was that Standard & Poor's Ratings Services raised its rating on Columbia's water and electric system revenue bonds one notch to 'AA' from 'AA-'.

d) Review Existing Energy Portfolio, Council Recommendation – Councilperson Barbara Hoppe requested that the Board review, clarify, comment on, and make recommendations regarding the existing energy portfolio. Jim Windsor gave a Power Point presentation summarizing:

- Columbia Water and Light owned resources
- Columbia Water and Light contracted resources
- Graph of load duration curve
- Definition of capacity factor
- Peak month information
- Energy resources versus market price
- Cross state air pollution rule – compliance
- Columbia Water and Light baseload contracts
 - Energy cost
 - Capacity cost
 - All in cost
- Maximum and minimum load per month

Staff will prepare a document for the Board to use as a starting point including the Board recommendations of:

- Clarifying existing conditions, including financial piece
- Including regulatory risks and expenses associated with the risks
- Including start up information
- Including future plans

e) Update of Development Fee Policy – Staff is currently working with the City Manager's office and will bring information to a future meeting.

CHAIRMAN'S REPORT

a) Renewable Energy Financial Impact Methodology Meeting - Mark Beauchamp, Utility Financial Solutions, will speak with the Board about renewable energy methodology on June 11, 8:30 a.m. in Water and Light Conference room 4A.

VISITOR COMMENTS

No visitor comments.

Jack Clark made a motion to adjourn, seconded by Tom O'Connor. Motion passed, and the meeting adjourned at 10:28 a.m.

Respectfully submitted,