

Water and Light Advisory Board
October 1, 2014

A meeting of the Water and Light Advisory Board was held Wednesday, October 1, 2014 at 8:05 a.m. at the Energy Center. The meeting was attended by:

John Conway, Chair
Dick Parker, Vice Chair
Tom O'Connor, Member
Hank Ottinger, Member
Tad Johnsen, Water and Light Director
Ryan Williams, Assistant Water and Light Director
Rose Wibbenmeyer, Assistant City Counselor
Randy Cole, Housing Programs Supervisor
Bill Weitkemper
Shelbie Ray, Senior Administrative Support Assistant
Stephanie Brown, Senior Administrative Support Assistant

APPROVAL OF THE MEETING MINUTES

The September 2, 2014 meeting minutes were approved with changes by voice vote on a motion by Hank Ottinger and a second by Dick Parker.

FINANCIAL REPORT

Water and Electric Utility combined operations reflect an operating income of \$1,868,241 for the eleven months ended August 31, 2014; compared to an operating loss of \$345,354 for the same period last year. This is an increase of \$2,213,595 of operating gain.

Net loss from Water and Electric Utility combined operation is \$4,118,561, compared to net loss of \$5,745,624 for the same period last year.

The Water Utility has an operating income of \$4,140,176 for the eleven months ended August 31, 2014; compared to an operating income of \$3,947,233 for the same period last year. This is an increase of \$192,943 of operating income.

Net income for Water Utility is \$1,763,430, compared to net income of \$1,960,898 for the same period last year.

The Electric Utility has an operating loss of \$2,271,935 for the eleven months ended August 31, 2014; compared to an operating loss of \$4,292,587 for the same period last year. This is a reduction of \$2,020,652 of operating loss.

Net loss for Electric Utility is \$5,881,991, compared to net loss of \$7,706,522 for the same period last year.

Operating revenues of the Electric Utility are up \$3,732,219 compared to the same period last year.

Operating expenses before Payment-In-Lieu-Of-Tax and Depreciation are up \$1,201,564 compared to the same period last year. Fuel and Purchased power costs have increased \$490,718 compared to the same period last year.

Tad Johnsen explained that administrative and general (A and G) expenses vary because the contingency fund is budgeted, but not expensed, from the A and G accounts. Overall, the utility came fairly in line with what was expected having had a positive gain of operating income and a net loss for combined operations according to staff. Cash and marketable securities will fall below recommend level, but was expected for FY14. John Conway added that the rationale on the cash reserve policy will be factored in and discussed along with an in depth overview of the FY14 financial report at the November meeting.

NEW BUSINESS

a) CDBG Minor Home Repair Program – Tad Johnsen explained that Community Development's (CD) Occupied Rehabilitation Program has partnered with the utility's Home Performance with Energy Star program (HPwES) in which CD has covered all the costs of the HPwES energy assessments. Currently, contractor incentives are not provided by the utility to CD as with the other certified contractors for the HPwES program. The utility is proposing to provide the incentive to CD for the Occupied Rehabilitation Program and the Minor Home Repair Projects Program which addresses smaller home repairs such as plumbing, electrical, roofing, and HVAC problems. Randy Cole said federal funds have been provided to the City for hiring additional staff this fall for the programs. Currently, CD receives \$800,000 a year for affordable housing projects. These programs open the opportunity to lower income households. CD customers sometimes use the HPwES loan program when their retrofits exceed CD's incentives. The partnership between the utility and CD will provide energy savings and extend the program's outreach to more households. Mr. Cole said the incentive will help pay for staff time. Mr. Cole added that \$200 would be sufficient to cover additional staff time toward the projects. Both Mr. Cole and another co-worker are BPI certified before working for the City and have previously worked with Terry Freeman and Brandon Renaud. HPwES rebates for the home go to CD. To answer Tom O'Connor's question, Mr. Cole stated that they are researching photovoltaic options and looking at other city's programs, but nothing is currently proposed. Hank Ottinger made a motion to move forward with the utility providing assessment incentives of up to \$200 per home for the CD's programs. Tom O'Connor made a second motion. The motion unanimously passed.

OLD BUSINESS

No old business.

DIRECTOR'S REPORT

a) Community Solar – Tad Johnsen said staff is working on a draft of the program structure. Customers will have the opportunity to reserve solar capacity and be charged a monthly amount for each kilowatt (kW) block. When the solar energy is produced participating customers would see the net amount on their utility bills reducing the kilowatt on the bill. The lease amount has not been determined. Rose Wibbenmeyer reviewed legislation of securities. Certain

characteristics can cause the programs to fall within securities regulations. Ms. Wibbenmeyer offered some of the ways to avoid Community Solar being misconstrued as a security. The next step is to hire outside legal experts to review our program. The utility is currently developing the site and working on the contractual arrangements with a vendor. Tom O'Connor and Dick Parker felt that a power purchase agreement or to build the solar field and roll it into the rate structure would be the easiest way to go. The goal is to complete the solar field by spring 2015 so that it is ready for summer enrollment.

b) Broadband Business Plan RFP – Water & Light is planning to issue a Request for Proposal (RFP) for a Broadband Business Plan to provide affordable internet access for Columbia businesses and residents. The City will hold a meeting with area communication providers to ensure they understand the City's goals and objectives for this process.

c) Integrated Water Resource Planning – Tad Johnsen reviewed the concepts for an Integrated Water Resource Plan. The plan is to have a proposal by the end of the year. Staff will provide a draft of the RFP at the next meeting. Looking to have this plan completed before the next winter. Board members expressed concerns, emphasizing the need for a new water plant and that the new plan may not necessarily provide new information. One solution offered was to change the focus of the consultant by asking how the utility can postpone capital investment in the expansion of the current water plant. Board members were asked to bring their comments on the scope of services to the next meeting or send them to Tad Johnsen.

d) Balance of CY14 Meeting Schedule and Topics – Tad Johnsen discussed the November 5, 2014 meeting's agenda. He added Introduction to April Electric Bond Election Issue. Mark Beauchamp will be present at the December meeting, scheduled for December 3, 2014, to discuss the Water Cost of Service Study. Dick Parker wanted to add a review of previous bonds, dates, amounts and relations along with rate structures. Tom O'Connor asked if there was a possibility for a solar bond issue. Tad Johnsen replied that there has been some discussion but the costs are an issue.

CHAIRMAN'S REPORT

John Conway announced the 2014 Energy Expo on October 4, 2014 from 11:00 a.m. to 3:00 p.m. at the Boone County Fair Grounds. Mr. Conway, Dick Park and Jack Clark will be attending the MPUA Conference at the Lake of the Ozarks on October 8 – 10, 2014.

Tom O'Connor shared a mailer received by a friend showing energy consumption comparisons from ComEd. The mailer will be emailed to the Board. Tad Johnsen said the City tried to work with a vendor a few years ago for a similar publication but could not agree on the terms as the vendor wanted to sell customer information to third parties. He hopes to incorporate some energy comparison functionality into the new billing system.

VISITOR COMMENTS

Bill Weitkemper felt that the City had misapplied charges for the water System Equity Charges. He requested for the Water & Light Advisory Board to review these charges. Tom O'Connor and John Conway were willing to take a look at his questions and will address them at the next meeting. It will be added to the next agenda.

The next regularly scheduled meeting date is Wednesday, November 5, 2014 in the 4th Floor Conference Room of the City Building.

Hank Ottinger made a motion to adjourn, seconded by Dick Parker. Motion passed and the meeting adjourned at 9:52 a.m.