

SUMMARY OF ACTIONS
REGULAR MEETING OF THE BOARD OF PUBLIC UTILITIES
OF SPRINGFIELD, MISSOURI, HELD THURSDAY, JANUARY 3, 2008

Board Members Present:

Mike Chiles
Thomas Finnie
Virginia Fry
David Jones
Mark McNay
Lisa Officer
Patrick Platter
Ronald Reynaud
Don Thomson
Phil Wannemacher

1. Opening Remarks

Received Committee appointments for 2008.

The Board was reminded of the upcoming Salute to Missouri Legislators to be held in Jefferson City on Wednesday, January 30, 2008.

2. Approval of Minutes

Unanimously approved the Minutes of the Regular Board Meeting held November 29, 2007, as presented.

3. Public Comment

Mr. Robert A. Mondy addressed the Board.

4. Committee Reports

--MANAGEMENT & FINANCE COMMITTEE

Unanimously adopted a resolution of intent to finance a portion of the expenditures in connection with the purchase/construction activities of water projects in an amount not exceeding \$8,220,000.

--PLANS & POLICY COMMITTEE

Unanimously adopted a resolution authorizing the General Manager to enter into the Central Street Recycling Coalition Agreement.

Unanimously adopted a resolution naming Dr. David Fraley as the Designated Representative and Mr. Daniel Hedrick as Alternate Designated Representative for City Utilities on all matters concerning the Environmental Protection Agency Clean Air Interstate Rule and the Clean Air Mercury Rule. The resolution also

authorizes the General Manager to enter into an indemnification agreement with Dr. Fraley and Mr. Hedrick.

Unanimously adopted a resolution authorizing the General Manager to enter into a First Amendment to the First Addendum to Agreement of the Springfield-Greene County Park Board and City Utilities of Springfield, Missouri.

5. Financial Statements

Unanimously approved the financial document, including the budget disbursements for the year-to-date through November 30, 2007, as presented.

6. General Manager's Report

Received various reports.

The meeting adjourned at 5:33 p.m.

MINUTES OF A
REGULAR MEETING OF THE BOARD OF PUBLIC
UTILITIES OF SPRINGFIELD, MISSOURI

The Regular Meeting of the Board of Public Utilities of Springfield, Missouri, was held at 301 East Central Street, Springfield, Missouri, on Thursday, January 3, 2008, at 3:00 p.m.

Present:

Mike Chiles
Thomas Finnie
Virginia Fry
David Jones
Mark McNay
Lisa Officer
Patrick Platter
Ronald Reynaud
Don Thomson
Phil Wannemacher

Absent:

None

Ex-Officio Board Member Present:

Bob Cumley

constituting the entire Board.

In addition to the above Board Members, the following persons were present at the meeting:

Patrick Ahlstrand
Joel Alexander
Donna Bergen
John Black
Carlos Correa
Bryan Feemster
Mike Finch
Dave Fraley
Carolyn Garrison
Brian Hamburg
Carl Haworth
Robin House
Janet Hudson
Amanda James
Steve Koehler
Kyle McClure
Linda McMillan
Cathy Meyer
Robert Mondy

Brenda Putman
Ken Reasoner
Ray Ross
Cara Shaefer
Jim Shuler
Wade Stinson
John Twitty
Mark Viguet

Mr. Phil Wannemacher, Chairman of the Board, presided and called the meeting to order, and Mrs. Lisa Officer, Secretary of the Board, served as Secretary of the meeting.

1. Chairman Wannemacher welcomed everyone to the meeting. Chairman Wannemacher presented the Committee appointments for 2008, and thanked the Board Members for their willingness to participate on these committees.

Chairman Wannemacher reminded the Board of the upcoming Annual Salute to Missouri Legislators to be held January 30, 2008, in Jefferson City, Missouri.

Chairman Wannemacher stated that the Board and management are taking the State Auditor's Report very seriously, and have already implemented seven of the recommendations in the Audit Report.

2. Next, Chairman Wannemacher presented Minutes of the Regular Board Meeting held November 29, 2007. Upon a motion duly made by Mrs. Fry, and seconded by Mrs. Officer, the Board unanimously approved the Minutes, as presented.

3. Next, Chairman Fry asked if there were any members of the public who wished to address the Board. Mr. Robert A. Mondy, 1947 S. Fort, Springfield, Missouri, thanked City Utilities' management and staff for the great job they did during the January 2007 ice storm. Mr. Mondy expressed his concern for people who have their utilities disconnected for nonpayment. He asked the Board to consider ways to keep the utilities on for people who are delinquent with their utility payments.

4. The next order of business to come before the meeting was Committee Reports by Committee Chairmen.

--MANAGEMENT & FINANCE COMMITTEE

Mr. Jim Shuler, Associate General Manager – Finance/Chief Financial Officer, presented the following resolution of intent to finance a portion of expenditures in connection with the purchase/construction activities related to two water storage tanks, a transmission main at the Blackman Water Treatment Plant, and a Stockton Lake water intake project, in an amount not exceeding \$8,220,000:

WHEREAS, the Board of Public Utilities (the "Board") expects to make capital expenditures in connection with the purchase/construction activities related to two Water Storage Tanks, a Transmission Main at the Blackman Water Treatment Plant, and a Stockton Lake Water Intake Project (the "Projects"), and the Board intends to reimburse itself for such

expenditures with the proceeds of revenue bonds, lease purchase agreement, and/or a master lease (the “Agreements”); and

WHEREAS, certain expenditures with respect to the Projects may be paid or incurred by the Board prior to the time at which the financing may occur.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF PUBLIC UTILITIES, that the Board hereby sets forth its current intention with regard to the expenditure of funds with respect to the Projects and the ultimate financing thereof:

1. The Board intends that it will, at an appropriate point in time, enter into Agreements for the purpose of financing a portion of the expenditures with respect to the Projects in an amount not exceeding \$8,220,000.

2. Pending the Agreements, the Board intends to advance, on an interim basis, certain monies from its working capital funds for the purpose of temporarily paying costs of various portions of the Projects. Such advances are expected to be reimbursed from the proceeds of the Agreements.

This Resolution of Intent shall take effect immediately upon its adoption and shall remain in full force and effect thereafter; provided that, this Resolution of Intent shall cease to be effective at any time that the Board shall rescind the same.

Mr. Thomson stated the Committee unanimously agreed to recommend, and he so moved, Board adoption of the foregoing resolution of intent, as presented. This motion was seconded by Mrs. Fry, and the Board unanimously adopted the foregoing resolution.

--PLANS & POLICY COMMITTEE

Dr. David Fraley, Director – Environmental Affairs, presented the following resolution authorizing the General Manager to enter into a Central Street Recycling Coalition Agreement:

WHEREAS City Utilities has demonstrated leadership in the responsible use of energy and material resources, as evidenced not alone by a long and successful history of material recycling and resource recovery; and

WHEREAS other governmental and educational entities in the vicinity of the Springfield Governmental Plaza have similar interests in resource recovery and have joined together to form the Central Street Recycling Coalition (CSRC), the purpose and function of which is outlined in the attached Exhibit 1; and

WHEREAS all parties recognize that there will be certain advantages to collecting and processing recyclable materials at a consolidated location and that this effort will help promote recycling and material recovery among employees, students, and citizens in the area, with the hope that the coalition can serve as a model for similar consolidated efforts among residential and commercial entities throughout the metropolitan area.

NOW THEREFORE BE IT RESOLVED BY THE BOARD OF PUBLIC UTILITIES OF THE CITY OF SPRINGFIELD, MISSOURI, that the Central Street Recycling Coalition Agreement, attached hereto as Exhibit 1, is approved and the General Manager is authorized to sign the agreement on behalf of the Board of Public Utilities; and

BE IT FURTHER RESOLVED that the requisite expenditures for City Utilities participation in the CSRC shall come from funds previously budgeted for Environmental Affairs administration.

Mr. McNay stated the Committee unanimously agreed to recommend, and he so moved, Board adoption of the foregoing resolution authorizing the General Manager to enter into the Central Street Recycling Coalition Agreement, as presented. Mr. Finnie seconded the motion, and the resolution was unanimously adopted by the Board.

Next, Dr. Fraley presented the following resolution naming a Designated Representative and Alternate Designated Representative for City Utilities on all matters concerning the Environmental Protection Agency Clean Air Interstate Rule and the Clean Air Mercury Rule. The resolution also authorizes the General Manager to enter into an indemnification agreement with the Designated Representative and Alternate Designated Representative:

WHEREAS, on May 12, 2005, the United States Environmental Protection Agency did promulgate a final regulation known as the Clean Air Interstate Rule (CAIR), which will have the effect of involving City Utilities of Springfield in an emissions monitoring and trading program for nitrogen oxides beginning in 2008; and

WHEREAS, on May 18, 2005, the United States Environmental Protection Agency did promulgate a final regulation known as the Clean Air Mercury Rule (CAMR), which will have the effect of involving City Utilities of Springfield in an emissions monitoring and trading program for mercury beginning in 2009; and

WHEREAS, the CAIR regulations promulgated by the EPA at 40 CFR 96 define the CAIR Designated Representative to mean a responsible natural person, and not a corporate person, authorized by an agreement binding on the owners and operators of an affected source and evidenced by a Certificate of Representation, to represent and legally bind each owner and operator as a matter of federal law in all matters pertaining to the Clean Air Interstate Rule; and

WHEREAS, the CAMR regulations promulgated by the EPA at 40 CFR 60 define the Mercury Designated Representative to mean a responsible natural person, and not a corporate person, authorized by an agreement binding on the owners and operators of an affected source and evidenced by a Certificate of Representation, to represent and legally bind each owner and operator as a matter of federal law in all matters pertaining to the Mercury Budget Trading Program; and

WHEREAS, the CAIR/Mercury Designated Representative must certify all submittals to the EPA with the following statement:

I certify under penalty of law that I have personally examined and am familiar with the statements and information submitted in this document and all its attachments. Based upon my inquiry of those individuals with primary responsibility for obtaining the information, I certify that the statements and information are to the best of my knowledge and belief true, accurate and complete. I am aware there are significant penalties for submitting false statements

and information or omitting required statements and information, including the possibility of fine or imprisonment.

WHEREAS, the final rules attempt to limit the personal liability of the Designated Representative to the extent that the Designated Representative does not have control over the operation of the affected units and has not been authorized by the owner or operator to ensure compliance with the Act.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF PUBLIC UTILITIES OF THE CITY OF SPRINGFIELD, MISSOURI, that David M. Fraley is named the CAIR/Mercury Designated Representative and Daniel Hedrick is named as an Alternate CAIR/Mercury Designated Representative in the absence or inability of David M. Fraley, for the James River Power Station, the Southwest Power Station, and the N. L. 'Mac' McCartney Generating Station; and

RESOLVED FURTHER, that David M. Fraley, and in his absence or inability to act, Daniel Hedrick, is granted the authority to bind the Board on all matters pertaining to the Clean Air Interstate and Clean Air Mercury Rules, but is expressly not granted control over the operations of the James River Power Station, the Southwest Power Station, or the N. L. 'Mac' McCartney Generating Station, and is not hereby given authority to ensure compliance with these programs; and

RESOLVED FURTHER, that the General Manager is authorized on behalf of the Board to enter into an indemnification agreement with the Designated Representative and the Alternate Designated Representative to exonerate and indemnify the Designated Representative and the Alternate Designated Representative for actions taken on behalf of City Utilities.

Mr. McNay stated the Committee unanimously agreed to recommend, and he so moved, Board adoption of the resolution naming Dr. David Fraley as the Designated Representative and Mr. Daniel Hedrick as Alternate Designated Representative for City Utilities on all matters concerning the Environmental Protection Agency Clean Air Mercury Rules and the Clean Air Interstate Rule. The resolution also authorizes the General Manager to enter into an indemnification agreement with Dr. Fraley and Mr. Hedrick. The motion was seconded by Mrs. Officer, and the Board unanimously adopted the resolution.

Next, Mr. John Black, Associate General Manager – General Counsel, presented the following resolution authorizing the General Manager to enter into a First Amendment to First Addendum to Agreement of the Springfield-Greene County Park Board and City Utilities:

WHEREAS, the Board of Public Utilities has charter responsibility to operate facilities acquired and held in connection with operations of City Utilities in the manner as it may determine for the benefit of City Utilities and the citizens of Springfield, Missouri; and

WHEREAS, the Board of Public Utilities previously approved a First Addendum to Agreement of the Springfield-Greene County Park Board and City Utilities of Springfield, Missouri, dated June 1, 2006 (“First Addendum”), wherein the Springfield-Greene County Park Board (“Park Board”) assumed the obligations of City Utilities in accordance with the Missouri Department of Conservation’s Community Assistance Program at Lake Springfield; and

WHEREAS, a revision to the First Addendum is necessary to provide further clarification to the obligations by the Park Board concerning the Missouri Department of Conservation facilities; and

WHEREAS, it is the recommendation of the General Manager that the First Amendment to the First Addendum be executed to provide clarification of those obligations.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF PUBLIC UTILITIES OF THE CITY OF SPRINGFIELD, MISSOURI, as follows:

The Board of Public Utilities approves the attached First Amendment to First Addendum to Agreement of the Springfield-Greene County Park Board and City Utilities of Springfield, Missouri, and authorizes the General Manager, or his designee, to execute such amendment.

Following discussion, Mr. McNay stated the Committee unanimously agreed to recommend, and he so moved, Board adoption of the foregoing resolution authorizing the General Manager to enter into a First Amendment to the First Addendum to Agreement of the Springfield-Greene County Park Board and City Utilities of Springfield, Missouri. This motion was seconded by Mrs. Officer, and the resolution was unanimously adopted by the Board.

5. Next, Mr. Jim Shuler, Associate General Manager – Finance/CFO, presented the Financial Statements and supporting documents for the year-to-date through November 30, 2007, for Board consideration.

Upon a motion duly made by Mr. Thomson, and seconded by Mr. Jones, the Board unanimously approved the Financial Statements and supporting documents, including the attached budget disbursements, as presented.

6.

The next item to come before the Board was the General Manager's report.

Mr. Wade Stinson, Associate General Manager – Operations, presented the operations report. Regarding transit, Mr. Stinson reported that ridership in November totaled 131,571 compared to 169,231 rides in November of last year, a decline of 37,660 rides. However, passenger revenues in November increased by 29% compared to last November.

Transit sponsored their annual “glove and mitten” Christmas tree again this year. During the week prior to Christmas, bus operators shared this outerwear with needy children that ride the buses.

Mr. Stinson stated that the utility has been awarded \$1.47 million to assist with construction of a new bus transfer facility. This is a federal earmark awarded through the Federal Transit Administration that will supplement the fiscal year 2006 federal earmark of \$1.65 million. The utility's consultant is currently developing a feasibility study that will determine a suitable location for the transfer facility in the downtown area.

Regarding natural gas, Mr. Stinson reported that the current twelve-month futures price is \$7.87/Dth versus \$7.22/Dth last year, up approximately 9%. Last month's futures price was \$7.97/Dth. The current cash price is \$6.52/Dth versus \$5.15/Dth last year, up approximately 27%. Last month's cash price was \$5.06/Dth.

Mr. Stinson said that field assessments of City Utilities' gas transmission lines continued through December as part of the federally mandated integrity management program. A contract was issued to T.D. Williamson to run inline inspection tools on the underground portions of the transmission lines. The work began in early December and will be completed in January.

Regarding water distribution and supply, Mr. Stinson stated that the current water storage is 75.4%. The historical average is 79.3%. Mr. Stinson said that recent precipitation increased flow enough in the James River to allow the utility to use that source at the Blackman Water Treatment Plant.

Mr. Stinson said that the contract for modifications to the Valley Water Mill Dam was awarded to Davis Structure. The project includes installation of anchors and a wall on top of the dam. It also includes a walkway as part of the Watershed Committee trail development. This project is a cooperative effort between City Utilities and the Watershed Committee.

Beemer Construction of Kansas City has completed approximately 24,000 of the 29,000 feet of 48-inch diameter main installation. This major project is anticipated to be complete in early 2008. He said that the next segment has been designed and bids have been received. The apparent low bidder was Redford Construction of Raymore, Missouri. This segment will be approximately 3,000 feet.

Mr. Stinson said that new ball valves and butterfly valves have been received, installed, and are operable at the Stockton Pump Station. He said this was one of the recommendations in the Black & Veatch review report. Another recommendation involved an isolation valve. The valve has been received, and a contract for its installation has been awarded to Beemer Construction.

The temporary pump system is in place at Stockton Lake. This includes the barges, barge pumps, and the 1200 hp split case pumps. Testing and start up activities will be performed over the next week.

Regarding electric transmission and distribution, Mr. Stinson reported that the 69kV interconnect from the James River Power Station to Nixa was completed December 11. This line will provide power to Nixa through their Northeast Substation.

Mr. Stinson said that the utility sent three electric crews to Carthage, Missouri, and two electric crews to Claremore, Oklahoma, to assist with repairs following the recent ice storm. These crews were released on Friday, December 28.

Mr. Stinson said that over the next month, the electric transmission and distribution department will be meeting with community groups and seeking public input on the utility's tree trimming policy. Public meetings are scheduled for February 4 at the Library Station North and February 12 at the Library Center South. He said that the tree trimming budget for fiscal year 2008 has been increased to \$2.5 million, up from \$1 million in 2006 and \$2 million in 2007.

Regarding SpringNet, Mr. Stinson reported that a task force chaired by Mr. Ken Reasoner, Director – Operations Analysis, was formed in November 2007 to review and update the SpringNet business plan.

Regarding management services, Mr. Stinson reported that an agreement has been reached on a purchase price of \$499,000 for City Utilities to acquire the Edge Supply property at 1605 Boonville. This purchase is contingent on the Phase 2 Environmental Assessment, which is being performed due to the past uses of this property as an auto repair shop and machine shop. He said that this property acquisition is strategic for the future expansion of the transit and vehicle maintenance complex. Previously, the Board had authorized a purchase price of up to \$500,000 for this property.

Regarding energy management and conservation, Mr. Stinson reported that the Change A Light, Change The World compact fluorescent light rebate program concluded December 31. This was the fifth time City Utilities participated in this national promotion. He said there were approximately 20,000 compact fluorescent lights sold at Westlake Ace Hardware and Rathbone Ace Hardware since October 1. City Utilities provided an instant \$2 rebate on already discounted GE lights, which made the price for most lights approximately 99 cents.

Mr. Stinson said that the utility has issued 647 ENERGY STAR[®] Heating & Cooling rebates for a total of \$44,890. This program began October 1, 2007. A breakdown of these rebates is: 15 – Central air conditioner; 29 – natural gas furnace; 3 – air-source heat pump; 1 – geothermal heat pump; and 599 – seasonal HVAC tune-ups.

Next, Mr. Bryan Feemster, Director – Power Station, gave an electric supply report. Regarding SW2, Mr. Feemster stated that in December the utility issued the Substructure B contract to Baker Concrete Construction. Through the contract, Baker Concrete Construction will construct all of the foundations for SW2. The utility’s contract cost for this work will be \$21 million. He said that it is anticipated that Baker will initiate construction activities in February 2008.

Regarding the Southwest Power Station, Mr. Feemster reported that construction has commenced for the Southwest Power Station Selective Catalytic Reduction project. He said that this is one of the environmental projects funded by the 3% rate increase that was approved by the Board in 2006. The equipment will allow the Southwest unit to comply with both Phase I (2009) and Phase II (2015) of the Clean Air Interstate Rule NO_x regulations. This project will be completed in December 2008 at the end of the power station’s fall planned maintenance outage.

Next, Mr. Ross presented a natural gas financial transactions update. Mr. Ross said that options allow the utility to limit customers’ exposure to natural gas price increases, while still allowing customers to benefit from natural gas price decreases. Basically options provide a level of insurance against high prices, in exchange for a fixed premium.

Mr. Ross provided a transaction update stating that on December 26, 2007, the January 2008 options expired with no value. These were \$8 strike calls, 350,000 Dth. He said that on December 27, 2007, the January 2008 NYMEX settled at \$7.172.

Mr. Ross presented the following charts for the winter 2007-2008 natural gas requirements and options:

Winter 2007-2008 Natural Gas Requirements:

Month	Firm Requirements	Storage Withdrawal	Contracts	Exposed	Hedged
December 2007	1,907,500	569,535	592,617	745,348	500,000
January 2008	1,887,200	810,115	592,617	484,468	350,000
February 2008	1,581,500	591,140	558,798	431,562	300,000
March 2008	1,179,900	310,809	398,094	470,997	250,000
Winter 2007 - 2008	6,556,100	2,281,599	2,142,126	2,132,375	1,400,000

Winter 2007-2008 Options:

Option	Purchase	Expiration	Strike Price	Volume (Dth)	Purchase Price	Market Value*
Call - Dec. 2007	09/05/07	11/27/07	\$8.00	250,000	\$142,500	\$ -
	09/26/07	11/27/07	\$8.00	250,000	\$142,500	\$ -
Call - Jan. 2008	09/05/07	12/26/07	\$8.00	150,000	\$118,500	\$ -
	09/26/07	12/26/07	\$8.00	100,000	\$85,000	\$ -
	11/16/07	12/26/07	\$8.00	100,000	\$63,000	\$ -
Call - Feb. 2008	09/05/07	01/28/08	\$8.00	150,000	\$133,500	\$26,550
	09/26/07	01/28/08	\$8.00	50,000	\$48,250	\$8,850
	11/16/07	01/28/08	\$8.00	100,000	\$85,500	\$17,700
Call - Mar. 2008	09/05/07	02/26/08	\$8.00	150,000	\$133,500	\$46,800
	11/21/07	02/26/08	\$8.00	100,000	\$68,500	\$31,200
				1,400,000	\$1,020,750	\$131,100

*December 31, 2007 closing

Mr. Ross reviewed the following chart demonstrating if the utility had purchased \$9 calls versus \$8 calls:

Option	Volume (Dth)	Purchase Value		Market Value (12/31/07)	
		\$8 Strike	\$9 Strike (estimated)	\$8 Strike	\$9 Strike
Call - Dec. 2007	500,000	\$285,000	\$148,000	\$ -	\$ -
Call - Jan. 2008	350,000	\$266,500	\$170,050	\$ -	\$ -
Call - Feb. 2008	300,000	\$267,250	\$175,000	\$53,100	\$12,600
Call - Mar. 2008	250,000	\$202,000	\$146,050	\$78,000	\$30,250
	1,400,000	\$1,020,750	\$639,100	\$131,100	\$42,850

Next, Mr. Kyle McClure, Director – Public Policy/Governmental Relations, gave a legislative update. Mr. McClure reviewed legislative items that have been and will be debated in Jefferson City, Missouri, and Washington, D.C.

Regarding state legislation, Mr. McClure stated that in 2005 the utility supported a bill to allow other utilities to participate in a joint Prairie State Power Project in Illinois. In 2006 the utility supported Senate Bill 179 allowing investor-owned utilities to receive the same fuel adjustment as City Utilities receives. He said the utility did not support Senate Bill 5 that year, which was a territorial agreement bill that the coops brought forth.

In 2007, the utility participated in House Bill 801, the telecommunications bill, which was originally passed in 1997 for municipal utilities to provide telecommunications to hospitals, cities, and schools. This bill had a five year sunset on it and in 2002 the bill was renewed. Mr. McClure said that when the bill came up for renewal in 2007, it was again renewed and the sunset clause was eliminated. He said that in 2008 the bill will again have to be looked at because when it was renewed in 2007, paragraph 8 should have been deleted and was not.

Also in 2007, House Bill 327 was passed, which exempted the state motor fuel tax on City Utilities' buses. This resulted in a savings for City Utilities of \$43,000.

Regarding state funding for transit, Mr. McClure reported that since the utility's service area has grown to a population of more than 200,000, the utility has lost some of its federal funding. In 2008, the utility will lose \$600,000 for the Job Access Reverse Commute (JARC) funding. He said that the utility is requesting more funding from the state to help with the shortfall this has created.

Other issues the utility will be watching will be Missouri One Call legislation, energy efficiency legislation, and copper theft legislation.

Mr. McClure said that a large issue on the federal level which the utility is closely monitoring is a captive shipper issue. He said that last year prior to the winter congressional recess, an energy independence bill was passed with a provision that would significantly lower the cost for shippers that have challenged railways.

Mr. McClure reviewed some of the past federal funding received by the utility. He stated that in 2006 the utility received over \$4.1 million in federal funding for transit and other projects. In 2007 the utility received \$2.4 million, and the utility will receive \$5.3 million in federal funding for transit and other research projects in 2008.

Mr. John Twitty, General Manager, stated that the utility has agreements with five governmental consultants who work in Jefferson City, and three governmental consultants who work in Washington, D.C. He said that the total cost, absent some estimated expenses, is approximately \$200,000 annually. He said that management believes this investment has been very beneficial to the utility.

Next, Mrs. Robin House, Associate General Manager – Administration, presented an administration update. Regarding marketing and communications, Mrs. House stated that in early December 91,000 direct mail pieces were sent to City Utilities' residential and small commercial customers asking them to verify their primary telephone number. This information is critical when power outages occur because the customer's telephone number in the system identifies the location where the outage is occurring, which helps to speed up the utility's response time.

Mrs. House stated that in conjunction with the direct mail piece, television and radio advertising are running requesting customers to update their information at the utility's website (cityutilities.net) or by calling a special telephone number (874-8266). Also, customer bills feature a message encouraging verification of their primary telephone number. To date, approximately 6,500 customers have either verified or updated their information.

Regarding customer operations, Mrs. House stated that the Ozarks Area Community Action Corporation (OACAC) has provided the utility with the final report for the 2007 Project SHARE energy assistance program. There were 354 households that received assistance totaling \$71,077, and the average payment per household was \$201. She said that Project SHARE is the energy assistance program funded by customer donations through rounding up their utility payment, making a monthly donation on their utility payment, or making a one-time donation to the program. All of the funds are administered through OACAC.

Regarding information technology, Mrs. House stated that the information technology department has recently designed and implemented a custom application to process applicants and payments for the State's Low Income Home Energy Assistance Program (LIHEAP). This implementation expedites the process time and updates the customer's account so the Customer Services Representatives have current information.

Mrs. House stated that efforts are continuing on a large project to upgrade the Human Resources Information System (HRIS), which is the utility's payroll and benefits system.

A process has been completed allowing customers the option to make their utility payment by credit card on-line through CheckFree.

Regarding human resources, Mrs. House stated that each year employees are required to attend harassment training. Beginning in 2008, that training is being offered on-line to employees. This will be more convenient for employees and allow employment personnel who typically conduct the training to be freed-up for other important responsibilities.

Mrs. House stated that the employment area is also in the process of updating the 2008 Affirmative Action Plan, which is an annual requirement.

She said that the benefits and compensation area is very busy with coordinating employee benefit elections and open enrollment for the voluntary dental and vision plans.

Mrs. House said that during this time of year the safety/training and organization health group works closely with all of the various City Utilities' departments to determine employee training needs for 2008 and to develop the safety meeting topics for the year.

During the 2007 ice storm, the utility's safety team appreciated all of the contract crews providing a safety representative, and with the recent ice storm in northern Missouri and Oklahoma, the utility's safety personnel had the opportunity to accompany and assist City Utilities' electric crews when they were called to help other utilities in restoration efforts.

Regarding benchmarking and records management, Mrs. House stated that consultants from Black & Veatch conducted a site visit in November for the Triennial Report of the Water System. This survey and report on the operations and condition of the Water System is a requirement of the bond ordinance for the utility's current water bonds. It is anticipated a draft of the report will be available in January.

Mrs. House stated that individuals from the records management and information technology areas will begin meeting with all internal departments over the next several months to provide reminders about records management processes and procedures.

Next, Mr. Twitty reported on a committee that has been formed consisting of people from City Utilities and the City of Springfield to work together on energy efficiency and energy conservation issues. The committee is working on ways to reduce energy consumption at City Utilities and the City of Springfield's offices and buildings. He said building and facilities audits are being completed.

Mr. Twitty reported that a small number of employees were unable to use all of their vacation time in 2007 because of special assignments. He said that in accordance with the authority given to him by the Board, he has allowed those individuals to carry over one additional week of their vacation.

Mr. Twitty reviewed a Lincoln Electric System Rate Survey that has been completed. This survey is completed twice a year with summer rates and winter rates. Lincoln Electric surveyed 106 cities across America, with three of those cities being in Missouri (St. Louis, Kansas City, and Springfield). Overall, City Utilities has the seventh lowest utility rates for the summer period.

Regarding the audit, Mr. Twitty stated the Board had received a memo entitled "State Audit Action Plan". He said it is a listing of the various recommendations made by the State Auditor with at least one member of the executive committee assigned to each recommendation. Those members of the executive committee will be responsible for recommending changes to management or the Board. He said that some of the recommendations cannot be changed by either management or the Board, they will require community action.

Mr. Twitty emphasized that the management of City Utilities is taking the recommendations of the State Auditor very seriously and intends to be very diligent.

Mr. Twitty said that the utility has many entities that conduct audits of the utility each year. Some audits are because the entity provides a function that requires an audit, and others are because the utility requests an audit to provide advice. The utility gets recommendations from these audits, and management takes their advice. He said that management implements the suggestions in order to make the utility better.

He said that management intends to bring to the Board at its regular meeting on January 31, additional information about the recommendations that have already been completed and a process to address the ones that have not yet been completed.

Chairman Wannemacher then asked if there were any other items to properly come before the Board; there were none. Chairman Wannemacher then asked if any Board Member had any items for the Board to hear; there were none.

There being no further business, the meeting adjourned at 5:33 p.m.

Final disposition of a matter previously considered by the Board in closed session where the transaction is now complete.

In the closed meeting on November 29, 2007, the Board approved a salary increase for 2008 for the General Manager, John Twitty. The increase equates to a new annual salary of \$349,372.

In the closed meeting on December 18, 2007, the Board unanimously adopted a resolution giving the General Manager, or his designee, authority to exercise an option to purchase approximately 6 acres located on West Farm Road 76 in Greene County, Missouri, for a purchase price of \$220,000, subject to additional necessary approvals.

Lisa Officer, Secretary
Board of Public Utilities of Springfield, Mo.

1-3-08