

SUMMARY OF ACTIONS
REGULAR MEETING OF THE BOARD OF PUBLIC UTILITIES
OF SPRINGFIELD, MISSOURI, HELD THURSDAY, FEBRUARY 21, 2008

Board Members Present:

Mike Chiles
Krystal Compas
Thomas Finnie
David Jones
Mark McNay
Lisa Officer
Patrick Platter
Tom Rankin
Phil Wannemacher

1. Opening Remarks

The Board was reminded of the upcoming Legislative Breakfast to be held in Jefferson City on March 26, 2008.

2. Approval of Minutes

Unanimously approved the Minutes of the Regular Board Meeting held January 31, 2008, as presented.

3. Public Comment

None.

4. Committee Reports

--AUDIT COMMITTEE

Unanimously approved the Internal Audit Plan for Calendar Year 2008.

5. Financial Statements

Unanimously approved the financial document, including the budget disbursements for the year-to-date through January 31, 2008, as presented.

6. General Manager's Report

Received various reports.

The meeting adjourned at 4:27 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, February 21, 2008, at 3:05 p.m.

Present:

Mike Chiles
Krystal Compas
Thomas Finnie
David Jones
Mark McNay
Lisa Officer
Patrick Platter
Tom Rankin
Phil Wannemacher

Absent:

Virginia Fry
Mike Peters

Ex-Officio Board Member Absent:

Bob Cumley

constituting a majority of the Board, and a quorum.

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

Joel Alexander
John Black
Mike Finch
Rey Gumucio
Robin House
Janet Hudson
Amanda James
Teresa Jarvis
Wes Johnson
Mark Lewis
Kyle McClure
Sandy Meyers
Scott Miller
Brenda Putman
Nicole Ray
Ray Ross
Cara Shaefer
Jim Shuler
Wade Stinson

Dean Thompson
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 and reminded the Board of the upcoming Legislative Breakfast to be held March 26, 2008, in Jefferson City, Missouri.
2. Next, Chairman Wannemacher presented Minutes of the Regular Board Meeting held January 31, 2008. Upon a motion duly made by Chairman Wannemacher, and seconded by Mrs. Officer, the Board unanimously approved the Minutes, as presented.
3. Next, Chairman Wannemacher asked if there were any members of the public who wished to address the Board; there were none.
4. The next order of business to come before the meeting was Committee Reports by Committee Chairmen.

--AUDIT COMMITTEE

Mr. Wannemacher, Chairman of the Audit Committee, reported that the Committee held a closed meeting just prior to the Board meeting pursuant to Section 610.021(17) RSMo. The Committee reviewed the Internal Audit Plan for Calendar Year 2008. Chairman Wannemacher stated that when there is an issue with the Internal Auditor and it cannot be resolved, the Internal Auditor brings that matter to the Board. Chairman Wannemacher stated there were no issues.

Chairman Wannemacher stated the Committee unanimously agreed to recommend, and he so moved, Board approval of the Internal Audit Plan for 2008. This motion was seconded by Dr. Compas, and the Internal Audit Plan for Calendar Year 2008 was unanimously approved by the Board.

There were no other Committee reports or comments from Committee Chairs.

5. Next, Mr. Jim Shuler, Associate General Manager – Finance/CFO presented the Financial Statements and supporting documents for the year-to-date through January 31, 2008, for Board consideration.

Upon a motion duly made by Dr. Compas, and seconded by Mr. Finnie, 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 January totaled 130,479 compared to 155,390 rides in January of last year, a decline of 24,911 rides. He said that passenger revenues in January increased 34% as compared to last January, increasing from \$54,233 to \$72,728. For the first four months of fiscal year 2008, transit passenger revenues have increased 34% over the same four months of fiscal year 2007, totaling \$72,852 in additional revenues for the transit area.

Mr. Stinson reminded the Board that this would be the first year that the utility would not receive any federal operating assistance. For the first four months of fiscal year 2008, grant funding is \$464,935 less than for the same time period last year. He said that the utility is requesting additional assistance from the State of Missouri to compensate for the loss of federal funding.

Regarding natural gas, Mr. Stinson reported that the current twelve-month futures price is \$9.06/Dth versus \$8.22/Dth last year, up approximately 10%. Last month's futures price was \$7.87/Dth. The current cash price is \$8.10/Dth versus \$6.81/Dth last year, up approximately 19%. Last month's cash price was \$7.37/Dth.

Mr. Stinson stated that approximately 5.3 miles of Aldyl A plastic pipe were replaced in 2007, and 2.1 miles of pipe to be replaced were added to the master list. As of December 31, 2007, 12.2 miles of plastic pipe have been replaced since the inception of the program. City Utilities is obligated to replace six miles of Aldyl A pipe in each of the next two years.

Regarding water distribution and supply, Mr. Stinson stated that the current water storage is 93.4%. The historical average is 83.5%. He said that as a result of recent precipitation, the utility has been able to pump water from the James River to supplement Fellows Lake.

Mr. Stinson stated that installation of nearly six miles of 48-inch diameter pipe between Fellows Lake and the Blackman Water Treatment Plant has been completed. There are several tie-ins, backfilling, restoration, and pressure testing yet to be done to complete the project. He said this is a major transmission main project that will gain source capacity to keep up with projected demands.

Crews have worked numerous main breaks during the cold weather and ice storms. Mr. Stinson said that one break was the 12-inch main running along the north side of Plainview Road, which is a dead end, and resulted in 200 people being without water. All of the breaks were repaired with water restored to customers within eight hours. He said that many of these breaks occurred in the middle of the night. Mr. Stinson reported that repairs to the main in front of Bass Pro have been completed.

Mr. Stinson reported that research and analysis is underway to determine a location and costs for construction of a storage tank in the southeast portion of the system. Design and site prep are underway for construction of an additional southwest storage tank on Kansas Expressway north of Battlefield.

The Hayward Tyler pump and motor unit with the original material bearings (ferobestos – which is no longer available) has been returned and is being installed in Stockton Lake this week.

Regarding electric transmission and distribution, Mr. Stinson reported that on February 11, 2008, a major ice storm hit Southwest Missouri leaving as much as 1 ½ inches of ice in parts of the City Utilities' service territory. City Utilities experienced electrical outages from this storm throughout the system with outages occurring on 126 of the 155 feeder circuits. During this time, City Utilities received over 11,000 outage calls. The emergency outage system was opened at 11:45 a.m. on February 11, and closed at 8:00 a.m. on February 15. In addition to City Utilities' personnel, restoration work was completed with the assistance of 36 contract line crews and 100 contract tree trimming crews.

Mr. Stinson said that the first of two public input meetings on City Utilities' tree trimming clearance policy was held at the Library Station on February 4. Approximately 30 citizens attended and gave comments. The purpose of these meetings is to seek input as part of City Utilities' review and possible modification of this policy. Mr. Stinson described citizen input at this meeting, as the second meeting was cancelled due to the ice storm and has been rescheduled for March 5 at the Library Center on South Campbell.

Regarding telecommunications and operations technology, Mr. Stinson reported that the utility has begun installing laptop mounts and associated wiring in City Utilities' vehicles. Over the next two months, 135 natural gas, water, electric and field services vehicles will be set up to receive laptops for field use. The first application to be rolled out in the May/June time frame will be mobile GIS. This will be followed by Gas Compliance in August, and Mobile Work Management in 2009.

Regarding management services, Mr. Stinson updated the Board on the Edge Supply real estate located at 1605 Boonville adjacent to the Transit/Fleet Management Complex. The Board approved the purchase of the property in closed session on August 30, 2007, subject to negotiating a price within the Board's authority. All contingencies set forth in the contract have now been satisfied, at a purchase price of \$499,000, which is within the authority approved by the Board. Mr. Stinson said this acquisition is strategic for City Utilities in that the utility now owns all land within a two square block area, allowing for future expansion of the Transit/Fleet Management Complex. Funding for this acquisition is from the fiscal year 2008 contingency budget. Mr. Stinson said that if the Board had no objections, the request would be forwarded to the appropriate regulatory and governmental agencies for final approval.

Regarding energy management and conservation, Mr. Stinson reviewed the following rebate programs: Programmable thermostat – 469 rebates processed for a total of \$7,035; residential insulation – 593 rebates processed for a total of \$79,226; commercial lighting – 32 rebates processed for a total of \$86,776; rain sensor – 78 rebates processed for a total of \$2,010; efficient toilet – 422 rebates processed for a total of \$21,237; and ENERGY STAR[®] heating and cooling – 1014 rebates processed for a total of \$89,160.

Next, Mr. Scott Miller, Associate General Manager – Electric Supply, gave an electric supply update. Regarding SW2, Mr. Miller reported that the utility has had three bidders on the Boiler Island Contract. Mr. Miller showed slides of an artists' sketch of what SW2 is going to look like on completion.

Regarding the James River Power Station (JRPS), Mr. Miller stated that JRPS and the utility's system set a new output record for January. JRPS generated 169,245 MWHrs, which is 10% higher than its best January in history. The system delivered 295,491 MWHrs in January, beating the old record by 9%. Old records for the JRPS and the system were set in 2005.

Mr. Miller stated that the JRPS Unit 2 experienced a boiler tube failure. The failure was due to erosion from one of the soot blowers. The tube was repaired and the failure mechanism was corrected.

Mr. Miller stated that JRPS Unit 4 was also off-line due to the ice storm the previous week. The unit took a direct hit from lightning. Staff was able to isolate damage and return the unit to service. The lightning caused significant damage to a circulating water pump motor. He said the approximate damage totaled \$60,000.

Next, Mr. Ray Ross, Director – Pricing, 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. He said that all costs or gains go to firm natural gas customers.

Mr. Ross provided a transaction update stating that the utility sold 100,000/Dth March 2008 options. These were \$8 strike calls. He said that the March 2008 NYMEX traded in February \$7.60 - \$9.01.

Mr. Ross reviewed a summary of activity for the purchases and sales of natural gas options to date for the winter heating season.

Mr. Platter left the meeting at this point.

Next, Mr. Kyle McClure, Director – Public Policy/Governmental Relations, gave a legislative update. He stated that on March 14, the Missouri legislature will adjourn for a spring break. There are 12 weeks left in the legislative year.

Regarding copper theft legislation, Mr. McClure stated that House Bill 1511 and 1512 were combined. He said that the theft of copper would be a Class C felony, and the bill would require salvage yards to write down a description of the person selling the copper and keep this description for two years.

Regarding the coop tree trimming bill, Mr. McClure reminded the Board that this bill would allow co-ops to trim trees 30 feet from existing lines, instead of the 20 feet that they now trim. This legislation has passed the Senate and has been placed on the calendar to be heard before the end of the session.

Mr. McClure stated that the Appropriations' Transportation Committee met to discuss the House Committee Chairman's recommendations on transportation needs. Part of the Chairman's recommendations included \$500,000 of funding for City Utilities' transportation. He stated that the Committee voted to accept those recommendations, which will now go to the Budget Committee.

Mr. McClure said other bills the utility is following are One Call legislation, dam safety legislation, gas pipeline safety legislation and Voice Over Internet Protocol legislation.

Mr. McClure stated that several City Utilities staff members, as well as one Board member, would be attending the American Public Power Association Legislative Conference in Washington, D.C., the week of March 25.

Next, Mr. John Twitty, General Manager, reported that the employees of City Utilities donated in excess of \$150,000 to the United Way of the Ozarks campaign. The employees received the Silver Award for employee giving.

Mr. Twitty updated the Board on the bus transfer station site. He said that the utility had contacted the owner of the preferred site, who indicated no interest in selling. Management is now trying to find a suitable site for the bus transfer station. Mr. Twitty said that there is federal money available for this project, and management is doing everything possible to assure that those funds don't expire without being used.

Mr. Twitty said that management is preparing a presentation regarding the natural gas rate increase. This increase is included in the 2008 Annual Operating Plan that was approved by the Board in August. He said that management is planning to bring the rate increase to the Board in March.

Mr. Twitty stated that management is in the beginning stages of considering potential changes in the regulations that impact the lakes for which City Utilities has oversight responsibilities. Those lakes are McDaniel, Fellows, Lake Springfield and Valley Water Mill. He said that the regulations now in place are very old. Management may be recommending a slight increase in the boat registration fee for the lakes where boats are allowed.

Mr. Twitty reported that management had been contacted by Springfield-Greene County Emergency Management to determine if City Utilities would be interested in discussing the potential for relocation of some of City Utilities' operations areas into a joint site that would also house the Springfield Greene-County Emergency Management Operations Center. Mr. Twitty said there are reasons that it would be good operationally to have all of these areas together. He said that this is in the very early stages of discussions, but management did indicate to the Springfield-Greene County Emergency Management personnel that the utility would be interested in considering this possibility.

In response to a Board member regarding carbon sequestration, Mr. Twitty reported that \$2.4 million had been secured from the federal government for the carbon sequestration project. He said that the project had not yet really begun because there was still some coordination that needed to be done between the partners of the project. He said it would be approximately a five year plan in order to collect and analyze the information,

and then form a conclusion. It would probably be three years before CO₂ could be injected into the ground. He said that this process could take ten to twenty years in its entirety.

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 4:27 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 August 30, 2007, the Board authorized management to negotiate the purchase of the Edge Supply property, and to enter into a contract if acceptable terms were negotiated, not to exceed \$500,000.

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

2-21-08