

SUMMARY OF ACTIONS
REGULAR MEETING OF THE BOARD OF PUBLIC UTILITIES
OF SPRINGFIELD, MISSOURI, HELD THURSDAY, MARCH 27, 2008

Board Members Present:

Mike Chiles
Krystal Compas
Thomas Finnie
Virginia Fry
Lisa Officer
Mike Peters
Patrick Platter
Tom Rankin
Phil Wannemacher

Special Item

Mr. Bob Williams, General Manager of Carthage Water & Electric Plant, presented a resolution that was adopted by the Carthage Board of Public Utilities to thank the employees of City Utilities for their assistance in restoring power during a recent ice storm.

1. Opening Remarks

The Board was reminded of the upcoming Legislative Breakfast to be held in Jefferson City on April 30, 2008, and the Board Retreat to be held on Friday, April 18, 2008.

2. Approval of Minutes

Unanimously approved the Minutes of the Regular Board Meeting held February 21, 2008, as presented.

3. Public Comment

None.

4. Committee Reports

--JOINT GOOD COMMUNITY/PLANS & POLICY COMMITTEE

Unanimously adopted a resolution establishing an Expenditure Guidelines Policy.

--PLANS & POLICY COMMITTEE

Unanimously adopted a resolution approving an amendment to Subsection F, Developer Installed Extensions, of Section I, Policies Applicable to Electric, Natural Gas,

and Water Extensions, of the City Utilities' Extension Policy and Outdoor Lighting Policy, to become effective May 1, 2008.

--MANAGEMENT & FINANCE COMMITTEE

Unanimously adopted a resolution revising City Utilities' natural gas service rates by 4.1% effective October 2008. This proposed rate increase will now go to City Council for a first reading on April 7, and a second reading and final consideration on April 21, 2008.

Unanimously approved the electric fuel adjustment for the six-month period effective April 2008 through September 2008.

5. Financial Statements

Unanimously approved the financial document, including the budget disbursements for the year-to-date through February 29, 2008, as presented.

6. General Manager's Report

Unanimously adopted a resolution modifying Policy 4.25 – Selection of Professional Services, with amendments noted in the Minutes.

Received various reports.

The meeting adjourned at 5:15 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, March 27, 2008, at 3 p.m.

Present:

Mike Chiles
Krystal Compas
Thomas Finnie
Virginia Fry
Lisa Officer
Mike Peters
Patrick Platter
Tom Rankin
Phil Wannemacher

Absent:

Mark McNay

Ex-Officio Board Member Present:

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
Donna Bergen
John Black
Chuck Bryant
Earl Burk
Heather Cole
T. J. Conyers
Mike Finch
Gary Gibson
Cheri Hamlin
Carl Haworth
Robin House
Janet Hudson
Amanda James
Wes Johnson
Greg Leuthen
Steve J.P. Liang
Kyle McClure
Cathy Meyer
Terri Michael

Scott Miller
Chris Oberlander
Chad Plein
Kelli Propst
Brenda Putman
Ken Reasoner
Eric Redus
Ray Ross
Cara Shaefer
Jim Shuler
Wade Stinson
Dean Thompson
John Twitty
Mark Viguet
Bob Williams
Taka Yokoyama

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.

Mr. John Twitty, General Manager, introduced Mr. Bob Williams, General Manager, Carthage Water & Electric Plant. Mr. Williams presented a resolution adopted by the Carthage Board of Public Utilities to thank the employees of City Utilities for assistance provided during a recent ice storm.

1. Chairman Wannemacher welcomed everyone to the meeting and reminded the Board of the final Legislative Breakfast to be held April 30, 2008, in Jefferson City, Missouri. Chairman Wannemacher also reminded the Board of the Board Retreat to be held on Friday, April 18, 2008, beginning at noon in the Training Center Classroom.
2. Next, Chairman Wannemacher presented Minutes of the Regular Board Meeting held February 21, 2008. Upon a motion duly made by Mrs. Officer, and seconded by Mr. Finnie, 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 under Agenda Item #3, Public Comment (including opportunity for public hearing on Natural Gas Rate Increase or Extension Policy Modification); there were none.
4. The next order of business to come before the meeting was Committee Reports by Committee Chairmen.

--JOINT GOOD COMMUNITY/PLANS & POLICY COMMITTEE

Mr. Thomas Finnie presented the following resolution adopting an Expenditure Guidelines Policy:

WHEREAS, the Board of Public Utilities of Springfield, Missouri, has the charter power to do those things needful for the successful operation of City Utilities, and it is the determination of the Board that further guidance

with regard to the definition of expenditures in furtherance of the public policy and mission of City Utilities would be beneficial; and

WHEREAS, the customers of City Utilities have enjoyed the benefits of a pro-active managerial philosophy, and the challenges facing the utility industry nationally require a formal affirmation of such an approach in order to maintain the level and efficiency of service the customers of City Utilities have historically experienced, consistent with the principle that expenditures must further the public purposes for which the Utility is established.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF PUBLIC UTILITIES OF THE CITY OF SPRINGFIELD, MISSOURI, that the Board of Public Utilities hereby adopts the attached Expenditure Guidelines Policy, identifying and setting forth certain classes of expenditures that are hereby recognized and determined as within the public policy, and in furtherance of the mission and objectives of City Utilities, as well as the establishment of a program to evaluate and authorize certain other expenditures also within those purposes and in support of those missions, and the General Manager and other employees of City Utilities are hereby authorized to take those actions necessary to continue to implement the attached policy.

Mr. Finnie reviewed each of the classes of expenditures.

Mr. Finnie stated the Committee unanimously agreed to recommend, and he so moved, Board adoption of the above-referenced resolution establishing an Expenditure Guidelines Policy. Mr. Platter seconded the motion, and the Board unanimously adopted the resolution.

--PLANS & POLICY COMMITTEE

Mr. Gary Gibson, Director - Distribution, presented the following resolution approving an amendment to Subsection F, Developer Installed Extensions, of Section I, Policies Applicable to Electric, Natural Gas, and Water Extensions, of the City Utilities' Extension Policy and Outdoor Lighting Policy, to become effective May 1, 2008:

WHEREAS, the Extension Policy and Outdoor Lighting Policy establishes terms and conditions for extending City Utilities' electric, natural gas and water distribution systems to its customers; and

WHEREAS, the existing Extension Policy and Outdoor Lighting Policy was adopted by the Board of Public Utilities on November 29, 2007, after having been reviewed from time to time by nationally-recognized experts, community leaders representing local contractors and developers, the City Utilities Citizens' Advisory Council and City Utilities' staff; and

WHEREAS, the utility industry is constantly changing and a current Extension Policy and Outdoor Lighting Policy is essential for City Utilities to effectively operate and compete; and

WHEREAS, the existing Extension Policy and Outdoor Lighting Policy provides for the policy to be reviewed every two years; and

WHEREAS, the City Utilities' staff, after consulting with community stakeholders, recommends certain amendments to Section I, Policies Applicable to Electric, Natural Gas, and Water Extensions.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF PUBLIC UTILITIES OF THE CITY OF SPRINGFIELD, MISSOURI, that a new Paragraph 24 be added to Subsection F, Developer Installed Extensions, of Section I, Policies Applicable to Electric, Natural Gas, and Water Extensions, as follows:

F. DEVELOPER INSTALLED EXTENSIONS
* * * *

24. City Utilities shall reimburse the developer any applicable reimbursements after receiving the Bill of Sale, the Affidavit, and the Cost Summary. City Utilities shall reimburse the developer based upon as-built quantities and shall not make partial reimbursements.

BE IT FURTHER RESOLVED that the new Paragraph F.24 of the Extension Policy and Outdoor Lighting Policy shall become effective May 1, 2008; and

BE IT FURTHER RESOLVED that management be directed to review the Extension Policy and Outdoor Lighting Policy on no less than a biennial basis.

Mr. Gibson stated that the reason for the modification to the Extension Policy is that one of the State Audit recommendations is to develop a policy for handling partial reimbursements on system extensions. He said that the existing Extension Policy does not address partial payments for system extensions that are still in progress, and that partial payments are not routinely made. This modification will address that issue.

Mr. Peters said the Committee unanimously agreed to recommend, and he so moved, Board adoption of the foregoing resolution approving an amendment to Subsection F, Developer Installed Extensions, of Section I, Policies Applicable to Electric, Natural Gas, and Water Extensions, of the City Utilities' Extension Policy and Outdoor Lighting Policy, to become effective May 1, 2008. Mr. Rankin seconded the motion, and the resolution was unanimously adopted, as presented.

--MANAGEMENT & FINANCE COMMITTEE

Mr. Ray Ross, Director – Pricing, presented the following resolution regarding a proposed natural gas rate increase:

WHEREAS, the Board of Public Utilities of the City of Springfield, Missouri (the Board), through its Long Range Planning Process has identified the need for additional natural gas revenue; and

WHEREAS, the Board, consistent with its Rate Policy Standard, has commissioned the engineering consulting firm, R.W. Beck, Inc., to perform a review of cost allocations used in the design of natural gas rates; and

WHEREAS, the Board has received a letter summary of R.W. Beck, Inc.'s review, which indicates that R.W. Beck, Inc., confirms that all costs were appropriately unbundled into the proper business products, and that costs were allocated among customer classes based upon objective customer usage statistics that were appropriately chosen as the basis of allocation for each cost item; and

WHEREAS, the Board accepts this letter summary of R.W. Beck, Inc.'s review as evidence that cost allocations used in the design of natural gas rates satisfy the Board's Rate Policy Standard; and

WHEREAS, the Board has requested the development of a natural gas rate proposal to address the need for additional natural gas revenue; and

WHEREAS, the Board requested the review of the resulting rate proposal by the City Utilities Citizens' Advisory Council; and

WHEREAS, the City Utilities Citizens' Advisory Council met and considered the rate proposal on March 6, 2008, conducted a hearing on this date to accept public input with regards to this rate proposal, and did vote to support this rate proposal; and

WHEREAS, the Board, on August 25, 2005, did fix and adopt rate sheets for the sale of natural gas referred to therein as "Residential Gas Service Rate" and "General Gas Service Rate"; and

WHEREAS, the Board, on May 27, 1999, did fix and adopt rate sheets for the sale of natural gas referred to therein as "Curtable Gas Service Rate"; and

WHEREAS, the Board, on March 25, 1993, did fix and adopt rate sheets for the sale of natural gas referred to therein as "Purchased Gas Clause"; and

WHEREAS, the Board, after careful consideration and public input, and affirming the practices of management which have limited the frequency and magnitude of natural gas base rate increases such that City Utilities' natural gas customers benefit from overall natural gas rates consistently lower than Missouri and national averages, while encouraging conservation efforts which contribute to lower gas usage and savings to natural gas customers, has determined the proposed gas rate sheets, in accord with the recommendation of the Citizens' Advisory Council and the Rate Policy Standard, should be revised by adoption of new rate sheets.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF PUBLIC UTILITIES OF THE CITY OF SPRINGFIELD, MISSOURI, that the new rates should be fixed and adopted in the form attached thereto and incorporated herein by reference known as "Residential Gas Service Rate," "General Gas Service Rate," "Curtable Gas Service Rate," and "Purchased Gas Clause"; and

BE IT FURTHER RESOLVED, that upon approval by the City Council of the City of Springfield, Missouri, said gas rate sheets shall become effective for all bills prepared with the first regular billing cycle for October, 2008, or the day following approval by City Council, whichever is later; and

BE IT FURTHER RESOLVED, that the Board hereby reserves the right to repeal, change, amend, or supplement the schedule at any time and from time to time thereafter, subject to approval by the City Council in accordance with provisions of the Springfield City Charter; and

BE IT FURTHER RESOLVED, that upon the effective date of the rate sheets set out in this Resolution, all prior resolutions or motions, or parts thereof, if any, which may be in conflict with this Resolution, are repealed; and

BE IT FURTHER RESOLVED, that the appropriate personnel are directed to file a copy of this Resolution with the City Clerk of the City of Springfield, Missouri, and to take such actions as are required and appropriate to obtain approval and enactment by the City Council of the City of Springfield.

Mr. Ross stated that 73% of the cost of natural gas is purchased gas, 13% is operating and maintenance costs, 6% is capacity charges, 4% is depreciation and 4% is Payments In Lieu of Taxes (PILOT) to the City of Springfield.

Mr. Ross stated that the reason for the needed 4.1% increase in natural gas service rates is because the operating income is below an adequate level. He said that regulatory requirements and material inflation have contributed to increased costs. Non-fuel expenses per customer have increased at a rate less than inflation and non-fuel expenses are recovered through base rates. Mr. Ross stated that the proposed 2009 Annual Operating Budget has identified additional revenue requirements for the natural gas system totaling \$5,000,000.

Mr. Ross reviewed the proposed rate changes for the customer charges:

Customer Charge Per Month:

Rate Class	Present	Proposed
Residential	\$8.25	\$10.00
General Service	\$25.00	\$28.00
Curtable	\$375.00	\$600.00

Mr. Ross then reviewed the proposed rate changes for the commodity charges:

Dollars Per Therm (plus the cost of natural gas):

Rate Class	Present	Proposed
Residential	\$0.1790	\$0.2125
General Service	\$0.1790	\$0.2125
Curtable	\$0.0500	\$0.0500

Mr. Ross stated that the average increase in a customer's bill is expected to be \$3.91/month for residential service and \$14.58/month for general service.

Mr. Ross said that if approved by the Board and City Council, the new rates would become effective with the first regular billing cycle of October 2008.

Mrs. Officer stated the Committee unanimously agreed to recommend, and she so moved, Board adoption of the resolution revising City Utilities' natural gas service rates. Mr. Chiles seconded this motion, and the Board unanimously adopted the resolution revising City Utilities' natural gas service rates. The new rates will be forwarded to City Council for their approval. Upon approval by City Council, the natural gas rates shall become effective the first regular billing cycle of October 2008.

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

Next, Mr. Ross presented the electric fuel adjustment clause for the six-month period effective April 2008 through September 2008. The calculations reflect a fuel adjustment factor of \$0.0155/kWh. The calculations and assumptions were reviewed as follows:

Mr. Ross also presented information on the calculation of the gas recovery adjustment factor as an informational item only. He reported that the recovery adjustment factor will be \$0.0493/Therm from April 2008 through September 2008.

Upon a motion duly made by Mrs. Officer, and seconded by Mr. Finnie, the Board unanimously approved the electric fuel adjustment for April 2008 to September 2008, as presented.

5. Next, Mr. Jim Shuler, Associate General Manager – Finance/CFO presented the Financial Statements and supporting documents for the year-to-date through February 29, 2008, for Board consideration.

Upon a motion duly made by Mrs. Officer, and seconded by Dr. Compas, 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. John Black, Associate General Manager – General Counsel, presented the following resolution revising Policy 4.25 – Selection of Professional Services:

WHEREAS, the Board of Public Utilities of Springfield, Missouri, has the charter power to do those things needful for the successful operation of City Utilities, and within that scope is the review and revision of Board-approved policies, including those related to procurement of consultants and other professionals; and

WHEREAS, while certain purchasing functions have been delegated by Board action to the General Manager, Policy 4.25 regarding "Selection of Professional Services" has been retained within the authority of the Board, and the attached revisions to that policy address issues raised in the recent state audit regarding execution of professional contracts, review and revision, as well as the selection process and other changes to facilitate the selection of professionals and incorporate best practices.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF PUBLIC UTILITIES OF THE CITY OF SPRINGFIELD, MISSOURI, that the Board of Public Utilities hereby adopts the attached revised Policy 4.25, "Selection of Professional Services", and the General Manager, the Purchasing Manager and other employees of City Utilities are hereby authorized to take those actions necessary to implement the revised policy.

Mr. Peters recommended changing the word “power” in the first Whereas paragraph of the resolution to “authority”. The new paragraph would read:

“WHEREAS, the Board of Public Utilities of Springfield, Missouri, has the charter authority to do those things needful for the successful operation of City Utilities, and within that scope is the review and revision of Board-approved policies, including those related to procurement of consultants and other professionals; and”

Mrs. Fry recommended amending the last sentences of paragraphs 7 and 8 of the Policy to read as follows:

“7. . . . Any potential rate changes during the course of a blanket professional selection must have been identified in the contract.”

“8. . . . Any potential rate changes during the course of a specific project professional selection must have been identified in the contract.”

Following discussion, and upon a motion duly made by Mr. Finnie, and seconded by Dr. Compas, the Board unanimously approved the amendments to the resolution and Policy 4.25.

Upon a motion duly made by Mrs. Officer, and seconded by Dr. Compas, the Board unanimously adopted the resolution revising Policy 4.25 – Selection of Professional Services, with the amendments noted above.

Mr. Wade Stinson, Associate General Manager – Operations, presented the operations report. Regarding transit, Mr. Stinson reported that ridership in February experienced another decrease, in part due to icy weather and school closings. February’s ridership totaled 120,247 compared to 156,247 rides in February of last year, a decline of 36,000 rides. He said that farebox revenues in February increased 47% as compared to last February, increasing from \$47,501.07 to \$69,682.60.

Mr. Stinson said that City Utilities’ transit applied for, and will receive in fiscal year 2008, grant dollars from two federal programs. The Utility will receive \$135,000 under the JARC program to continue partial funding of four routes and \$200,000 from the New Freedom program to pay for 90% of a voice announcement system.

Bus Operator Chris Leslie was recognized March 26 at the Everyday Heroes Breakfast sponsored by KY3 and the American Red Cross. Mr. Leslie’s recognition was for his heroic actions in February of last year when he saved a little girl’s life as she darted out into traffic in front of Mr. Leslie’s bus.

Regarding natural gas, Mr. Stinson reported that the current twelve-month futures price is \$9.59/Dth versus \$8.35/Dth last year, up approximately 15%. Last month’s futures price was \$9.06/Dth. The current cash price is \$7.52/Dth versus \$5.32/Dth last year, up approximately 41%. Last month’s cash price was \$8.10/Dth.

Regarding water distribution and supply, Mr. Stinson stated that the current water storage is 100%. The historical average is 86.4%. He said that this is the highest storage level the Utility has had since 2005, and it has only been this high twice in the past six years. He said this is only the fourth time it has been at 100% in the last 12 years.

Mr. Stinson stated that approximately one-third of the wall on top of the Valley Water Mill Dam has been constructed. Thirteen of fifteen rock anchors have been installed an average of 22 feet into the rock beneath the dam, and two of the anchors have been grouted. This project is in coordination with the Watershed Committee of the Ozarks, and will increase the spillway capacity and anchor the dam.

Mr. Stinson reported that filter media for the next filter upgrade at the Blackman Water Treatment Plant is on order and testing of the media is being scheduled. The contract for this work has been awarded to CAS Construction of Topeka, Kansas. He said this project will gain 3.2 MGD in treatment capacity to keep up with projected demands.

Regarding the Triennial Report, Mr. Stinson stated that this report is required by bond ordinance and covers the condition and operation of the City Utilities' water system for the years 2004 - 2007. The overall findings of the report indicated that the Utility continues to operate the system with sound business and utility practices. Throughout the period, customers were supplied with adequate high quality water and the Utility never faulted in meeting demands, even when faced with significant challenges such as drought and peaks.

Mr. Stinson stated that the report indicates City Utilities should continue with its organization and management areas as has been done in the past. He said that succession planning was highlighted as one-third of the water system work force will be eligible for retirement by 2010.

Regarding the financial aspect of the water system, the report assessed the financial status as stable. The Just-In-Time approach to infrastructure expansion has delayed expenses, but the system is at a point where the Utility needs to move to a longer planning period.

Mr. Stinson stated that the report found the facilities to be in good condition. He said the Utility has some aging facilities that it will plan to replace at the appropriate time.

In conclusion, the report found the water system was well operated and had delayed and minimized costs. The water system met significant challenges, while being transparent to customers and still delivering safe adequate water to customers. The report indicated that the Utility needs to perform infrastructure improvements based on a longer planning period.

Regarding electric transmission and distribution, Mr. Stinson reported that BBC Electric is continuing to correct damage and temporary repairs made during the 2007 ice storm. They have completed work in the northwest quadrant and are working in the northeast quadrant.

Mr. Stinson said that Asplundh has completed the tree portion of the 2007 ice storm damage reported by OSMOSE.

City Utilities held a public input meeting regarding tree trimming policies on March 5 at the Library Center.

Regarding SpringNet, Mr. Stinson stated that a third Lunch and Learn event for SpringNet customers was held at The Learning Center Library on March 6. Fifty-eight people were in attendance to hear Todd Christell discuss IPv6. This is a very successful customer relationship activity that helps SpringNet retain its customer base.

Regarding telecommunications and operations technology, Mr. Stinson reported that training is underway for Electric Transmission & Distribution and TecHouse designers for the Electric Graphic Work Design software. Electric Designer will go live on April 7, 2008. He said this completes the last phase of the GWD (Graphic Work Design) project. Water went live in October 2006 and Natural Gas went live in July 2007.

Regarding energy management and conservation, Mr. Stinson reported that the Preseason HVAC Tune-Up rebate for central air-conditioners will begin April 1 and continue through June 30, 2008. This is a \$30 rebate for customers who have their AC serviced prior to the cooling season, to ensure that it is working as efficiently as possible. He said that the Utility has issued 835 Tune-Up rebates for natural gas furnaces last fall.

Mr. Stinson said that on April 1, the Utility will roll out the EnergyWise Grant program, the thirteenth incentive program implemented since October 1, 2006. EnergyWise Grants are intended to help fund projects that cost-effectively reduce energy consumption, water consumption or electric demand and that do not qualify for existing prescribed rebate programs. The total amount available is \$50,000. Eligible applicants include City Utilities' commercial electric, natural gas or water customers who are non-profit organizations (those with 501(c)(3) status), academic institutions or governmental entities. The application deadline is May 15, 2008.

Regarding damage claims and prevention and operations analysis, Mr. Stinson stated that City Utilities will receive public assistance from FEMA and SEMA for the February 2008 ice storm. The declaration did include all categories which means eligible expenditures classified as Category B (Emergency Protective Measures) and F (Utilities) will be reimbursed at a rate of 75% for FEMA and 10% for SEMA. Based on the most recent invoices and charges, total restoration costs are approximately \$4.0 million. If all costs are declared eligible, total assistance will be approximately \$3.4 million.

Mr. Stinson said that Greene County, along with several other counties, has received notice that public assistance for the flood damage the week of March 17 is contingent on the magnitude of repair costs. However, it is expected that the preliminary damage assessment will verify costs sufficient for public assistance from FEMA. The Fellows Lake spillway was damaged during this storm and restoration is estimated at \$500,000. Greene County Emergency Management and FEMA will tour the damage next week and the associated repair costs should be included in the preliminary damage assessment.

Next, Mr. Scott Miller, Associate General Manager – Electric Supply, gave an electric supply update. Regarding electric dispatch/supply, Mr. Miller reported that the Utility has entered into two 25 MW capacity contracts for the summer of 2008. He said that based on recent peak loads and the 2008 summer forecast, the Utility added 50 MWs of capacity for June-September to ensure that the Southwest Power Pool's capacity reserve requirements are met.

Mr. Miller stated that the Utility has a contract with the Southwest Power Administration (SPA) that allows either party to call for energy supply in an emergency. Due to flooding downstream on the White River, SPA had to stop generating from Bull Shoals and Table Rock Lakes for short periods following the rain event. SPA called on emergency terms of the contract and asked City Utilities to supply power (70 MW). Since that time, the Utility has been receiving supplemental power from SPA.

Regarding the power stations, Mr. Miller reported that the rain event caused both power plants to modify their operations to maintain operation. At the James River Power Station, the lake/river crested just one inch from its all-time peak since the dam installation.

Mr. Miller said that the Utility is continuing to make progress with the selective catalytic reduction project at the Southwest Power Station.

Regarding Southwest 2, Mr. Miller stated that the weather has caused multiple delays and the substructure work is over one month behind. He said that management is working with the contractors to make up as much time as possible. There are currently 86 contractors on site. Mr. Miller said that the previous week the Utility issued Request for Proposals for the Balance of Plant Contract. This is the last major contract for the project.

Regarding the Ozarks New Energy Conference, Mr. Miller reported that City Utilities was a sponsor of this conference. He said there were some great sessions on the state of technologies for renewable and biofuels, energy management and conservation and discussions on advances in technology across the entire spectrum.

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

Mr. Ross presented the following hedging season results:

	Firm Sales (DTh)	Hedged Volume (DTh)	Hedging Expense	Hedging Cost (\$ per Therm)	PGA (\$ per Therm)
Dec. 2007	1,006,902	500,000	\$285,530	0.0284	0.8151
Jan. 2008	1,572,180	350,000	\$266,871	0.0170	0.8115
Feb. 2008	1,795,934	300,000	\$213,886	0.0119	0.7019
March 2008	1,460,000	250,000	\$13,780	0.0009	0.7895
Season	5,835,016	1,400,000	\$780,067	0.0134	0.7729

Mr. Ross stated that one quarter of the winter requirements was protected at \$8 per Dth at a cost of 1.3 cents per therm. He said that the NYMEX winter strip settled at \$7.825 per Dth. City Utilities' firm PGA averaged \$7.729 per Dth.

Next, Mr. Kyle McClure, Director – Public Policy/Governmental Relations, gave a legislative update. He stated that the House is working on the budget in Jefferson City, Missouri. There will be a break and then there will be seven weeks left in the legislative session. There have been 1,802 bills filed in the House and Senate this year, eight of those have been passed by both chambers, four have been signed by the Governor, and 85 have been passed by at least one chamber.

Mr. McClure stated the Utility is watching the following bills: Voice-over-internet protocol; copper theft legislation; dam legislation; renewable portfolio standard legislation; One Call; storm water pollution; and wastewater fees.

Mr. McClure reported that the \$500,000 funding for City Utilities' transit system that was in the House Appropriations Committee recommendations has been taken out of the budget. At this time, City Utilities does not have any funding. He said that staff is working with legislators in the Senate to find additional funding.

On the federal level, Mr. McClure reported that several City Utilities' staff members and Mr. McNay were able to attend the American Public Power Association (APPA) Legislative Rally. During that conference in Washington, they met with several legislators and discussed items concerning utilities.

Next, Mr. Twitty stated that the Board Members had in their packet the City Utilities Annual Report. The theme of the report, "Strength in the Face of Adversity", was related to the 2007 ice storm. He thanked Mark Viguet, Director – Marketing, and his staff, for the hard work they put into the Annual Report.

Mr. Twitty said that if there was a certain topic the Board Members would like to discuss during the upcoming retreat, to let him know and he would put it on the agenda.

Mr. Twitty reported to the Board that he had been asked to serve on APPA's Retirement Plan Advisory Committee. He said that after speaking with Chairman Wannemacher, he had agreed to serve on this committee. He said that it would not be a very time-consuming effort.

Mr. Twitty reported that City Utilities has been selected as a 2008 Public Health Partner by the Springfield-Greene County Health Department. This award is given to organizations that have made a difference in the health of the community. City Utilities has long encouraged smart energy, water usage and is currently investing personnel time and resources to design and implement programs for both residential and commercial customers. These actions will benefit the health of the environment and members of the community.

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 5:15 p.m.

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

3-27-08