

SUMMARY OF ACTIONS  
REGULAR MEETING OF THE BOARD OF PUBLIC UTILITIES  
OF SPRINGFIELD, MISSOURI, HELD THURSDAY, MAY 29, 2008

Board Members Present:

Thomas Finnie  
Virginia Fry  
Mark McNay  
Lisa Officer  
Mike Peters  
Tom Rankin  
Phil Wannemacher

Special Items

Congratulated the winners of the Ozarks Science & Engineering Fair.

Received a report on the Partnership Industrial Center (PIC) West.

1. Opening Remarks

Unanimously adopted a resolution for Communities in Motion Week, which is June 9 - 13, 2008.

2. Approval of Minutes

Unanimously approved the Minutes of the Board Retreat held April 18, and the Regular Board Meeting held April 24, 2008.

3. Public Comment

None.

4. Committee Reports

--MANAGEMENT & FINANCE COMMITTEE

Unanimously approved a budget category transfer in the amount of \$3,192,655 for expenses related to the February 2008 ice storm.

--PLANS & POLICY COMMITTEE

Unanimously adopted a resolution revising City Utilities' Tree Management Policy #4.57.

5. Financial Statements

Unanimously approved the financial document, including the budget disbursements for the year-to-date through April 30, 2008.

6. General Manager's Report

Received various reports.

The meeting adjourned at 4:45 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, May 29, 2008, at 3 p.m.

Present:

Thomas Finnie  
Virginia Fry  
Mark McNay  
Lisa Officer  
Mike Peters  
Tom Rankin  
Phil Wannemacher

Absent:

Mike Chiles  
Krystal Compas  
Patrick Platter

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  
Deborah Barnhart  
Miles Barnhart  
John Black  
Warren Brooks  
Jon Campbell  
Larry Cox  
Kerri Dalaviras  
Pam Elsaesser  
Dave Fraley  
Gary Gibson  
Glen Halley  
Cheri Hamlin  
Carl Haworth  
Robin House  
Janet Hudson  
Amanda James  
Wes Johnson  
Kyle McClure  
Cathy Meyer

Scott Miller  
Chris Oberlander  
Brenda Putman  
Ray Ross  
Margarita Roth  
Nicholas Roth  
Tim Roth  
Cara Shaefer  
Jim Shuler  
Susan Sieloff  
Wade Stinson  
Dean Thompson  
John Twitty  
Mark Viguet  
Greg Williams  
Kevin Williamson

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.

Mrs. Cheri Hamlin, Director – Benchmarking/Utility Information, gave the Board a brief history of the Utility’s involvement with the Ozarks Science & Engineering Fair. Mrs. Hamlin introduced the judges who chose this year’s Junior and Senior Division winners. Mr. Glen Halley, Senior Engineer – Customer Engineering, introduced Ozarks Science & Engineering Fair junior division winner, Mr. Nicholas Roth, a student at St. Agnes School, who won an award for his project “A Wind, Wind Situation”. Mr. Roth received a \$100 check and a certificate of award, and the Board congratulated him on his award-winning project. Mr. Halley then introduced the Ozarks Science & Engineering Fair senior division winner, Mr. Miles Barnhart, a student at Greenwood Laboratory School, who won an award for his project “Recycling Carbon Dioxide for Biofuel Production w/Algae”. Mr. Barnhart received a \$100 check and a certificate of award, and the Board congratulated him on his award-winning project.

Next, Chairman Wannemacher recognized Mr. Bob Cumley, Ex-Officio Board Member, and City Manager for the City of Springfield. The Board congratulated Mr. Cumley on his upcoming retirement.

Next, Mr. Greg Williams, Springfield Area Chamber of Commerce, presented an update on the Partnership Industrial Center (PIC) West. Mr. Williams thanked City Utilities and the Board for its leadership, support and confidence in economic development, and integral role in the retention and creation of quality jobs.

Regarding the PIC West, Mr. Williams stated that the Springfield Business & Development Corporation’s original PIC West land acquisition note of \$2.4 million is now retired in full, due to the recent sale of 35 acres to NorthStar Battery Company. He said that the PIC West is approximately 50% full, has 10 manufacturers since 2001, 408 jobs retained or created, and \$88.1 million in capital investment.

1. Chairman Wannemacher welcomed everyone to the meeting and presented a proclamation signed by Mayor Thomas Carlson, and the following resolution in recognition of Communities in Motion Week:

WHEREAS, the Board of Public Utilities recognizes the vital need for public transportation for the economic well-being of the citizens of Springfield; and

WHEREAS, since 1945, City Utilities has made a conscientious effort to provide the citizens of Springfield with an affordable public transportation system to gain access to fundamental services; and

WHEREAS, the Board of Public Utilities is constantly improving and marketing the transit system of the City of Springfield, and at the same time, planning for the future needs of the City and the area.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF PUBLIC UTILITIES OF THE CITY OF SPRINGFIELD, MISSOURI, that the Board wholeheartedly endorses Communities in Motion Week as proclaimed by the Honorable Thomas J. Carlson, Mayor of the City of Springfield, Missouri, to be celebrated June 9 – 13, 2008; and

RESOLVED FURTHER, that the Board pledges its continuing efforts to supply the citizens with safe, affordable, and quality public transportation both presently and in the years to come.

Upon a motion duly made by Mrs. Fry, and seconded by Mr. McNay, the Board unanimously adopted the foregoing resolution recognizing Communities in Motion Week as June 9 - 13, 2008.

2. Next, Chairman Wannemacher presented Minutes of the Board Retreat held on April 18, and the Regular Board Meeting held April 24, 2008. Upon a motion duly made by Mrs. Officer, and seconded by Mr. Peters, the Board unanimously approved the Minutes.

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.

--MANAGEMENT & FINANCE COMMITTEE

Mr. Jim Shuler, Associate General Manager – Finance/CFO, presented the following budget category transfer in the amount of \$3,192,655 due to the February 2008 ice storm:



Mrs. Officer stated the Committee unanimously agreed to recommend, and she so moved, Board approval of the requested budget category transfer. Mr. Finnie seconded the motion, and the Board unanimously approved the transfer in the amount of \$3,192,655.

--PLANS & POLICY COMMITTEE

Mr. Gary Gibson, Director – Distribution, presented the following resolution revising City Utilities’ Tree Management Policy #4.57:

WHEREAS, the Tree Management Policy establishes policies and procedures to guide tree-trimming practices toward responsible management of the urban environment and to affirm City Utilities’ management responsibilities to maintain and operate the electric system in a safe, reliable and cost effective manner while still being sensitive to our customers’ expectations; and

WHEREAS, City Utilities Service Rules and Regulations Policy 5.47.II.9 “Trimming Trees and Obstructions” authorizes tree trimming as a condition of service; and

WHEREAS, the existing Tree Management Policy was adopted by the Board of Public Utilities on January 29, 1987, after having reviewed recommendations from the Task Force for Responsible Tree Trimming and Tree Replacement and City Utilities’ staff; and

WHEREAS, City Utilities understands the importance of the urban forest for the aesthetics of the community and the positive environmental impacts that healthy trees provide to the community; and

WHEREAS, City Utilities’ staff has reviewed the existing policy in light of the historic ice storms of 2007 and 2008; and

WHEREAS, City Utilities has benchmarked its tree management policies with other utilities and has sought input from community groups and individual citizens; and

WHEREAS, the City Utilities’ staff, after consulting with community stakeholders, recommends certain modifications to the Tree Management Policy.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF PUBLIC UTILITIES OF THE CITY OF SPRINGFIELD, MISSOURI, that a revised Policy 4.57, Tree Management Policy, be adopted:

BE IT FURTHER RESOLVED, that the new Tree Management Policy shall become effective October 1, 2008.





It was noted that the Committee requested management to make a revision to the policy clarifying the amount of clearance around primary and secondary distribution lines, as well as electric service lines. Mr. Twitty indicated the change would be made.

Mr. McNay stated the Committee unanimously agreed to recommend, and he so moved, Board adoption of the resolution revising City Utilities' Tree Management Policy # 4.57, with the requested change. Mr. Rankin seconded the motion, and the Board unanimously adopted the resolution.

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

5. Next, Mr. Shuler presented the Financial Statements and supporting documents for the year-to-date through April 30, 2008, for Board consideration.

Upon a motion duly made by Mrs. Officer, and seconded by Mr. Finnie, the Board unanimously approved the Financial Statements and supporting documents, including the attached budget disbursements.



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

Mr. Wade Stinson presented the operations report. Regarding transit, Mr. Stinson reported that ridership in April experienced another decrease. April's ridership totaled 138,148 compared to 169,590 rides in April of last year, a decline of 31,442 rides. He said that farebox revenues in April increased 36% as compared to last April, increasing from \$58,341.36 to \$79,447.34.

Mr. Stinson said that transit will be sponsoring the annual Communities in Motion Week activities June 9 – 13, 2008. Activities for the week include a free ride day, a blood drive, free doughnuts for customers traveling through the Park Central transfer facility one day and then an appreciation day where transit customers will receive a free bus pass holder.

As part of Springfield's Clean Air Action Plan, there have been some discussions with people at Cox and St. John's hospitals regarding their interest in sponsoring commuter transportation services for their employees. The Utility is currently having conversations with St. John's administration, who are considering providing the service for their employees living in the Nixa/Ozark area. Employees would park their vehicles at a "park and ride" type space and buses would pick up and deliver employees who participate in this pilot project to and from St. John's Hospital. The service could begin during the month of June 2008. All of the costs would be paid for by St. John's and their employees.

Regarding natural gas, Mr. Stinson reported that the current twelve-month futures price is \$12.12/Dth versus \$8.67/Dth last year, up approximately 40%. Last month's futures price was \$11.03/Dth. The current cash price is \$9.11/Dth versus \$6.28/Dth last year, up approximately 45%. Last month's cash price was \$9.01/Dth.

Mr. Stinson said that the design for the Eastern Loop natural gas transmission line expansion from the McCartney Generating Station to Neergard Road has been completed and all non-stock materials have been ordered. Construction is slated to begin late this year, so the portion of the Springfield Golf and Country Club to be crossed may be completed during the winter months.

Mr. Stinson said that telephone surveys involving randomly-selected City Utilities' customers will be conducted in June. The surveys are designed to help measure the effectiveness of the natural gas safety messages that are a part of City Utilities' Public Awareness Program. The surveys will be conducted by an outside vendor. The May utility bills contained a notification to customers of the possibility of being called.

Regarding water distribution and supply, Mr. Stinson stated that the current water storage is 100% for the tenth week. He said that this is the second longest period the Utility has been at 100% storage. The longest period was in 1990 when the lakes were at 100% storage for 15 weeks.

Mr. Stinson said that the Blackman Water Treatment Plant has both basins in service after completion of the crossover pipe in the north basin. Six pumps are available. Filter #7 is currently being upgraded. He said that plant personnel continue to meet the significant coordination challenge of being able to work in necessary maintenance and routine cleanings with a “just in time” approach to infrastructure improvements.

Redford Construction has started working on the next phase of the 48-inch water main between Fellows Lake and the Blackman Water Treatment Plant. This will be a 3,000-foot phase, and will require closing the Eastgate-Catalpa intersection for approximately four weeks beginning June 2. Mr. Stinson said that restoration continues on the six-mile phase just completed and put in service.

Regarding electric transmission and distribution, Mr. Stinson reported that electric transmission and distribution crews responded to mutual aid requests by Independence Power & Light and Empire District Electric. Four crews traveled to Independence, Missouri, on May 2-5, to assist with the restoration after a tornado. Four crews traveled to Newtonia, Missouri, on May 11-15, to assist Empire District Electric after a tornado.

Mr. Stinson said that the rewritten Service Restoration System (SRS) was deployed on May 19 in Electric T&D. This system provides additional functionality and ease of use not available in the previous outage system.

Mr. Stinson said that the contract for site work for the switchyard addition related to SW2 was awarded to Kennedy ESS, who began working May 19.

Regarding customer engineering/developer services, Mr. Stinson reported that construction has begun for the natural gas and water extensions for the Partnership Industrial Center West Phase 5. The extension is critical to provide services to the new Northstar Battery facility.

Regarding SpringNet<sup>®</sup>, Mr. Stinson reported that SpringNet<sup>®</sup>'s Financial Report Form 412 for April 2008 showed the following highlights:

- SpringNet<sup>®</sup> generated over \$600,000 in monthly external sales. This is the highest amount for one month in SpringNet<sup>®</sup>'s history;
- External revenues are up 36% over last year;
- SpringNet<sup>®</sup>'s year-to-date net operating income reached \$964,615. SpringNet<sup>®</sup> will achieve one million dollars in new operating income next month, and is tracking at a 70% increase in net income over last year.

Regarding energy management and conservation, Mr. Stinson reported that May 15 was the deadline for the EnergyWise Grant Program application submissions. Fifteen applications were received, totaling over \$513,000 requested for energy and/or water saving projects. The Energy Management & Conservation department will review these applications and the final selection will be made by the Board Liaisons the end of June. The total amount available for the program is \$50,000.

Mr. Stinson said that more Commercial Lighting Rebate projects are being completed, with six being processed in May, totaling over \$18,000 in rebates. Those six projects have an accumulated annual energy savings of approximately 450,000 kWh, equivalent to the electricity consumed by 42 homes each year. He said to date, the Utility has processed a total of 41 Commercial Lighting rebates for a total of \$112,000.

The Utility has processed 329 Seasonal HVAC Tune-Up rebates since April 1 for central air conditioner annual maintenance. The amount of the rebate is \$30 and runs April 1 through June 30.

Mr. Stinson said that the second Building Operator Certification Class concluded May 8 with 14 students receiving certification.

Regarding damage claims and prevention and operations analysis, Mr. Stinson reported that on May 22, the Utility provided FEMA supporting documentation for costs associated with the February 2008 ice storm. City Utilities' financial statements will reflect a fully costed amount of approximately \$3,640,000. Three invoices still need to be processed and paid. The transfer presented to the Board is \$3,192,655. This amount is for direct project expenditures which do not include vehicle costs and allocated overhead costs for labor and materials. He said this is the early stage of the grant filing process. If all things proceed well, there is a chance of receiving grant funding before the end of the fiscal year.

Next, Mr. Scott Miller, Associate General Manager – Electric Supply, gave an electric supply update. Regarding transmission, Mr. Miller stated that in March he had reported that the Utility had signed two 25 megawatt summer capacity contracts to fulfill the Utility's required obligation for regional capacity reserves. One of the contracts with Westar was cancelled because the Utility was unable to get a firm transmission path for delivery. Management was able to negotiate a new contract with Jonesboro, Arkansas, for 25 megawatts at the same price as the Westar contract. He said that the Utility does have a transmission path available through the Southwestern Power Administration system.

Regarding the Southwest Power Pool (SPP), Mr. Miller said that Mr. Jeff Knottek, Director – Transmission Planning, has been working with SPP to change their modeling process. For new generation, SPP does not show an asset as viable until all of its internal processes/modeling/approvals are complete. Mr. Miller said the issue is that SW2 is not being shown in their models, and consequently they are indicating a need for \$34 million in transmission upgrades around Springfield. Mr. Knottek was successful in getting an exception for SW2 because of the progress being made in construction. SPP will model the system with SW2, and the \$34 million in upgrades will be either deleted or deferred in their plan.

Regarding cooling water for SW2, Mr. Miller stated that all of the cooling water for SW2 is treated effluent from the City of Springfield's Southwest Wastewater Treatment Plant. Management has been in discussions with the City about returning the Utility's cooling tower "blow down" water. This is water that has concentrated solids in it after it has gone through up to eight cooling cycles. Management plans to return this water for treatment by the City. He said that management hopes to have an agreement with the City in the next month.

Regarding SW2, Mr. Miller showed photographs of the construction progress that is taking place.

Next, Mr. Kyle McClure, Director – Public Policy/Governmental Relations, gave a legislative update. Mr. McClure said that the 2008 legislative session came to a close on May 16, 2008, with 117 legislative proposals passing.

Mr. McClure reported that the following Bills passed: Copper Theft; One Call; Voice Over Internet Protocol; Municipal Broadband Reporting; Security-Related Plant records.

Other issues that passed included: April sales tax holiday for up to \$1,500 for energy efficient appliances such as washers, dryers, water heaters, ovens, and refrigerators; legislation allowing Aquila to keep the \$140 million South Harper plant in Cass County rather than tear it down because of zoning issues and rebuilding it; changes in laws to streamline Administrative Hearing Commission appeals, including orders of the Safe Drinking Water Commission and the Clean Water Commission; and environmental permit coordination of multiple Department of Natural Resources permits for a "unified permit schedule" at an applicant's request.

Mr. McClure reported that there were numerous issues that were brought up, but did not pass, including: Attempts to limit indemnity agreements in construction and utility work contracts; elimination of municipal utility deposits; numerous efforts to repeal the longstanding ability of municipalities to hold landlords and tenants jointly responsible for delinquent water and sewer bills; and efforts to require water and sewer utilities to provide free utility hook-ups to other public entities.

Next, Mr. John Twitty, General Manager, updated the Board on a possible Southern Star Central rate increase. Mr. Twitty reminded the Board that Southern Star Central is the Utility's primary natural gas pipeline supplier. Southern Star Central has filed a rate increase with the Federal Energy Regulatory Commission (FERC) seeking an approximate 40% increase in their charges for natural gas transportation and use of storage capacity.

Mr. Twitty said that if these rates are ultimately approved by FERC, City Utilities will see an annual impact of approximately \$3.2 million. City Utilities has filed a motion to intervene in the case, as have several other parties, including the Missouri Public Service Commission. Mr. Twitty said the most likely outcome is that the rates will be implemented subject to refund in November 2008.

Management will be evaluating the possibilities to recover the increased costs. Mr. Twitty stated it is important to understand these additional costs are not part of the natural gas rate proposal that was previously submitted to the Board and City Council.

Following up on Mr. Stinson's report about a possible project with St. John's and possibly Cox Hospitals and the transit system, Mr. Twitty stated that management is meeting with local business people to determine what kind of opportunities there may be. He said that one of the Ozarks Transportation Organization's stated goals is to have a conversation with the community about a regional transportation authority.

Mr. Twitty said that it is important to also be mindful of the transit system deficit. He said that anything that the transit system can do to provide good service for people, help them save gasoline and money, and secure regional funds into the transit system to offset the costs, is a positive situation for everyone involved.

Next, Dr. Dave Fraley, Director – Environmental Affairs, reported to the Board on the Clean Air Action Plan being developed by Ozarks Clean Air Alliance. Dr. Fraley stated that the Environmental Protection Agency (EPA) lowered the standards for ozones in the ambient air. This is now law, and the state and EPA have to take steps to implement this new standard. Dr. Fraley stated this is not as much of a City Utilities' issue as a community-wide issue, and the purpose of his comments were to help inform the community so that measures might be taken to avoid non-compliance.

Dr. Fraley stated that the worse ozone episodes occur on hot summer days when there is a lot of sunlight, people outside and a high pressure system that keeps the contaminated air hovering over for several days. He said this is a seasonal phenomenon.

Dr. Fraley said that if the summer of 2008 has ozone levels as bad as the summer of 2007, the Department of Natural Resources will probably recommend that the EPA designate Springfield, Greene County, and as many as five surrounding counties as non-attainment areas with respect to the ozone standard.

City Utilities is in the process of installing NOx controls on both of the power stations. Dr. Fraley said that as a result of those controls, the Utility has already seen a NOx reduction of 36% from the 1999 emission levels. He said that when all of the controls go into effect in January 2009 and SW2 comes on line, the Utility expects to see a 65% reduction from the 1999 emission levels.

Dr. Fraley stated that the greater impact of a non-attainment designation will fall on the community at large as the state implements measures to control emissions from existing businesses and industry. He said that emissions from automobiles and truck traffic account for approximately 50% of the local problem.

Dr. Fraley said that a non-attainment designation deters new industry from moving into the area because permitting requirements are virtually insurmountable. He said that once a community is designated as a non-attainment area, the community will always be subject to federal oversight, even if it gets its ozone levels back in line.

The transit system gives reduced-price bus rides on ozone alert days. Dr. Fraley said there were five of those days last summer, and it is expected there will be two to three times as many days this summer.

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.

Chairman Wannemacher stated if the majority of Board Members present favored it, the Board would hold a closed meeting, record, and vote to consider matters within the purview of Sections 610.021 (1) and (2) RSMo. (Supp.), for the purpose of discussing real estate and legal matters. Chairman Wannemacher moved that the meeting go into closed session for the stated purpose; Mrs. Officer seconded the motion. Chairman

Wannenmacher requested the Board Members present indicate, by a raise of hands, those in favor of conducting this closed meeting:

Aye:                    Thomas Finnie  
                             Virginia Fry  
                             Mark McNay  
                             Lisa Officer  
                             Mike Peters  
                             Tom Rankin  
                             Phil Wannenmacher

Those opposed to conducting the meeting:

None

Chairman Wannenmacher stated the Board would not reconvene following the closed session. The meeting went into closed session at 4:45 p.m.

---

Lisa Officer, Secretary  
Board of Public Utilities of Springfield, Missouri

5-29-08