

SUMMARY OF ACTIONS
REGULAR MEETING OF THE BOARD OF PUBLIC UTILITIES
OF SPRINGFIELD, MISSOURI, HELD THURSDAY, JULY 31, 2008

Board Members Present:

Mike Chiles
Lisa Crump
Thomas Finnie
Virginia Fry
Mark McNay
Lisa Officer
Mike Peters
Patrick Platter
Tom Rankin
Phil Wannemacher

1. Opening Remarks

Chairman Wannemacher presented revised Committee appointments for 2008.

2. Approval of Minutes

Unanimously approved the Minutes of the Regular Board Meeting held June 19, 2008.

3. Public Comment

None.

4. Committee Reports

--MANAGEMENT & FINANCE COMMITTEE

Unanimously approved a budget category transfer in the amount of \$20,000,000 for the fuels category.

Received an update on the Natural Gas Procurement Strategy.

--PLANS & POLICY COMMITTEE

Unanimously adopted a resolution and Policy No. 2.38 – Non-Union Communications Allowances.

Unanimously adopted a resolution for disposition of two properties.

5. Financial Statements

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

6. General Manager's Report

Received various reports.

The meeting went into closed session at 5:25 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, July 31, 2008, at 3 p.m.

Present:

Mike Chiles
Lisa Crump
Thomas Finnie
Virginia Fry
Mark McNay
Lisa Officer
Mike Peters
Patrick Platter
Tom Rankin
Phil Wannemacher

Absent:

Krystal Compas

Ex-Officio Board Member Absent:

Evelyn Honea

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
Jamie Baranyai
John Black
Mike Boyer
Jon Campbell
Larry Cox
Alex Desmuke
Mike Finch
Crystal Fortner
Dave Fraley
Chris Hill
Robin House
Janet Hudson
Amanda James
Kyle McClure
Cathy Meyer
Scott Miller
Brenda Putman
Ken Reasoner

Roddy Rogers
 Ray Ross
 Cara Shaefer
 Cindy Shipley
 Jim Shuler
 Jan Snavelly
 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 presented revised Committee appointments for 2008. He thanked the Board Members for their willingness to participate on these committees.
2. Next, Chairman Wannemacher presented Minutes of the Regular Board Meeting held June 19, 2008. Upon a motion duly made by Mr. Finnie, 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

Mrs. Lisa Officer, Chairman of the Management & Finance Committee, reported that the Committee reviewed the following budget transfer of \$20,000,000 to the fuels category:

| Category | 2008 Carry-In Budget | Requested Transfer | 2008 Revised Estimate |
|--|----------------------------|-----------------------|-----------------------------|
| B. Fuels | \$198,166,838 | \$ 20,000,000 | \$218,166,838 |
| Fuels Contingency, page D-17 | 10,000,000 | (10,000,000) | - |
| Natural Gas Hedging Expenditures, page D-17 | 10,000,000 | (10,000,000) | - |

Mrs. Officer stated that the requested transfer is necessary because of an increase in the cost of fuel and energy due to the change in market prices and the diesel surcharge on the delivery of coal.

Mrs. Officer stated that the Committee unanimously agreed to recommend, and she so moved, Board approval of the requested budget category transfer. Mr. Rankin seconded that motion, and the requested transfer was unanimously approved by the Board.

Mrs. Officer reported that the Committee also received an update on the Natural Gas Procurement Strategy from Mr. Ray Ross, Director – Pricing. She said this was an informational item only, and no action was taken.

PLANS & POLICY COMMITTEE

Mr. Mark McNay, Chairman of the Plans & Policy Committee, reported that the Committee reviewed the following Resolution and Policy No. 2.38 – Non-Union Communications Allowances:

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 adoption and revision of policy, including that related to use of equipment and employee reimbursements; and

WHEREAS, the General Manager has approved Policy No. 2.38, “Non-Union Communications Allowances,” for recommendation to the Board, addressing use of personal communication equipment, and providing, in business related circumstances as set forth in the policy, for monthly cellular phone and data allowances; and

WHEREAS, Policy No. 2.38 allows, as set forth in the attached Schedule of Allowances, an “Infrequent Use” or “Frequent Use” allowance and, if policy requirements are met in either case, an additional “Data Allowance,” as may be revised from time to time upon approval of the General Manager.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF PUBLIC UTILITIES OF THE CITY OF SPRINGFIELD, MISSOURI, that the Board of Public Utilities hereby approves the attached “Non-Union Communications Allowances,” Policy No. 2.38, with attached Schedule A, and management is authorized to implement the policy and schedule, as may be revised in the future upon approval of the General Manager.

Mr. McNay stated that the resolution and policy will authorize approved City Utilities employees to receive a monthly communications allowance in lieu of a CU-provided cellular telephone. The amount of the allowances is designed to be cost neutral when compared to the expense of CU-provided cellular telephones. This policy also establishes an allowance and provides for the use of “smart phones” where business needs dictate the use of this technology.

Mr. McNay stated that the policy will facilitate compliance with IRS regulations that require the business and personal use of company-provided cellular telephones to be substantiated in a very detailed manner. In addition, the policy also addresses one of the State Audit recommendations.

Mr. McNay stated that the Committee unanimously agreed to recommend, and he so moved, Board adoption of the above-referenced resolution and Policy No. 2.38 – Non-Union Communications Allowances. Mrs. Officer seconded that motion, and the Board unanimously adopted the resolution and Policy No. 2.38.

Mr. McNay stated the Committee also reviewed the following resolution for disposition of two properties:

WHEREAS, the Board of Public Utilities has charter responsibility to manage properties and 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, buffer real estate owned by City Utilities located at the intersection of U.S. Highways 65 and 60, in tracts totaling approximately 11.81 acres (Tracts 5A, 5B, and 5C), is requested by the Missouri Department of Transportation (MoDOT) for additional right-of-way for an upcoming improvement project at that intersection, together with temporary construction easements and a permanent drainage easement in connection therewith, as described in the legal descriptions Exhibit A attached hereto; and

WHEREAS, MoDOT has further requested the relinquishment of City Utilities’ easement of approximately 78,776 square feet at the intersection of U.S. Highway 65 and Interstate 44 regarding improvements at that intersection, as described in Exhibit A’ attached hereto, and has obtained replacement easement in lieu thereof; and

WHEREAS, the Board of Public Utilities hereby determines that approval of the Real Estate disposition and relinquishment of easement as requested by MoDOT is in the public interest and in furtherance of the purposes of City Utilities.

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 disposition of real estate and relinquishment of easement in favor of the Missouri Highways and

Transportation Commission as described herein, subject to additional necessary approvals including Planning and Zoning and execution of Quit Claim Deeds or other instruments of conveyance by the Mayor of the City of Springfield, and the General Manager, and his designees, is authorized to implement this resolution.

Mr. McNay stated that the first property is approximately 11.81 acres adjacent to and south of Highway 60 and east and west of Highway 65. City Utilities proposes to donate this property to the Missouri Department of Transportation as additional right-of-way for the upcoming Highway 60/65 intersection improvement project.

Mr. McNay said that the second property is approximately 1.81 acres adjacent to Interstate 44 and Highway 65. The proposed partial relinquishment of easement is for a portion of an existing easement no longer required by City Utilities. This would be used by the Missouri Department of Transportation for the Interstate 44/Highway 65 improvement project.

Both the requested donation of land and relinquishment of easement are subject to Planning and Zoning Commission approval of an ordinance authorizing the Mayor to sign a Quit Claim Deed for each property.

Mr. McNay stated that the Committee unanimously agreed to recommend, and he so moved, Board adoption of the above-referenced resolution for the donation of land and relinquishment of easement. Mr. Finnie seconded the motion, and the Board unanimously adopted the resolution.

5. Next, Mr. Shuler presented the Financial Statements and supporting documents for the year-to-date through June 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.

Mr. Shuler gave an update on natural gas prepay transactions with Tennergy. He said that market conditions were to the point at the beginning of July that there was the potential for a transaction that could achieve a \$.50 discount. However, at the point where Tennergy and JP Morgan could go to market, the conditions had disappeared. Mr. Shuler said that generally a company must be ready to accommodate anything in approximately one week's time.

Mr. Shuler said that Tennergy has streamlined their process so that when the market conditions return, it will be in a position to complete its official statement and get to market in approximately seven to ten days and achieve an issuance.

Mr. Shuler said that the Utility is also continuing to work with The Energy Authority (TEA). TEA is continually monitoring to see if there are other transactions that the Utility might be able to participate in which would achieve a discount that could be passed on to the Utility's customers.

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 June experienced another decrease. June's ridership totaled 132,935 rides compared to 173,741 rides in June of last year, a decline of 40,806 rides. He said that farebox revenues in June increased 18% as compared to last June, increasing from \$59,123.69 to \$69,877.01.

Regarding natural gas, Mr. Stinson reported that the current twelve-month futures price is \$9.54/Dth versus \$7.74/Dth last year, up approximately 23%. Last month's futures price was \$12.59/Dth. The current cash price is \$8.32/Dth versus \$5.20/Dth last year, up approximately 60%. Last month's cash price was \$10.43/Dth.

Mr. Stinson stated that the construction of the Eastern Loop expansion will begin in the fall. This project will extend the 16-inch natural gas transmission line from the McCartney Generating Station to the Barnes and Norton area to provide increased pressures and flows to the northern portions of the natural gas distribution system.

City Utilities was awarded the American Public Gas Association (APGA) Safety Contest award for the excellent safety record and practices of the Natural Gas Distribution Area.

Regarding water distribution and supply, Mr. Stinson stated that lakes storage dipped below 100% on July 12. The Utility went 117 consecutive days at 100% storage, which is the longest time on record, surpassing 105 days in 1990. Lake storage is currently at 98.5%. The historical average is 86.2%.

Mr. Stinson said the peak usage for the year of 41.7 MGD was set on July 21.

The sixth of eight filter expansions at the Blackman Water Treatment Plant is complete and in service. This gains 3.2 MGD in treatment capacity. The two remaining filters will be completed in 2011.

Mr. Stinson said that work continues on the installation of the 48-inch main between the Blackman Water Treatment Plant and Fellows Lake. Pipe is being installed on the current 3,000 foot phase along Eastgate north of Catalpa. Eastgate will be required to be closed for approximately two weeks in August for a road crossing.

Construction of a new 4 million gallon ground storage tank at Kansas and Woodland is underway. Excavation, grading, and preparation of subgrade for the foundation have been the focus for the first two weeks. After the foundation is constructed, erection of concrete panels that make up the tank will follow.

Mr. Stinson reported that demolition of the buildings and improvements at the recently acquired McDaniel Lake buffer land is complete.

Regarding electric transmission and distribution, Mr. Stinson reported that Kennedy/ESS has completed the site work for the switchyard for SW2. City Utilities Substation crews have completed setting the steel and installing the strain bus for this project. It is anticipated that the switchyard work will be completed by the end of September 2008.

Mr. Stinson reported that the electric transmission and distribution department operated the Emergency Outage Center on July 22 and 23 due to electric outages from two separate wind and lightning storms. The new High Volume Call Answering (HVCA) System and Outage System worked well during these events. On July 23, 3,452 calls were taken by the HVCA, many before 8:00 a.m.; 348 calls were entered through systems other than the HVCA. The electric transmission and distribution department used the HVCA system to call back 1,048 customers, which allowed the Utility to move crews in the field more quickly.

Regarding SpringNet[®], Mr. Stinson stated that at 9:22 a.m. on July 23, during an electrical storm, the UPS/UPM systems tripped off-line dropping all critical load at SpringNet Underground. The electrical duration of this outage was nine minutes. Preliminary root cause analysis indicates a UPS logic failure caused by a combination of rise in ground potential at the exact moment utility power was lost. SpringNet[®] has received lightning strike data which indicates during a time period three minutes on either side of the failure, there were 27 lightning hits within a five mile radius of the Underground. SpringNet[®] Engineering/Operations has met with a third-party engineering firm to engage a formal ground potential rise study with recommendations which will likely include enhancements to the grounding system.

Mr. Stinson stated that Speedtest.net recently located a server in Springfield which measures the connection speed of various Internet service providers. Speedtest.net's website provides speed rankings of Internet service providers across the world. He said that SpringNet[®] is in the top 10 for upload speeds in the United States, and ranks number 1 in Missouri for both upload and download speeds.

Regarding energy management and conservation, Mr. Stinson reported that the Utility has received its first Net-Metering application for a 7 kW photovoltaic system to be installed on a building project downtown. City Utilities has approved the plans and has notified the contractor that they may begin construction.

Mr. Stinson said the Utility is seeing an increase in commercial lighting rebate projects being completed. The Utility has issued 13 rebates in July, just over \$22,500, the most in any single month since the program began.

Mr. Stinson said that the first annual EnergyWise Grant Awards were made on July 15. Springfield Workshop, Missouri State University – Residence Life & Services, and the Boys and Girls Town of Missouri received funding for their energy savings projects – all of which have a payback period of ten years or less.

Ms. Cara Shaefer, Director – Energy Management & Conservation, reviewed a proposed community-wide program the Utility is considering to raise funds to install insulation in the homes of low-income customers. This would be a multi-year project to insulate all of the eligible Low Income Home Energy Assistance Program (LIHEAP) recipient homes.

Ms. Shaefer said the program would first focus on the owner-occupied homes. Once those have been insulated, then the program would insulate low-income rental property, and would require the landlord or property owner to contribute at least 50% of the total cost.

City Utilities would allocate \$100,000 from the energy management and conservation department budget for this project. Ms. Shaefer said that this funding was made possible from additional savings the customer services department was able to make by adjusting the lobby hours.

It would be the intention of the Utility to approach natural gas suppliers, insulation manufacturers and local businesses to determine if they would be willing to donate funds or materials for the program. The Utility would also explore involvement by the Partnership for Sustainability and the Community Foundation of the Ozarks.

Ms. Shaefer said that the energy management and conservation department would manage the program and inspect the installation, as well as monitor the utility consumption of the accounts before and after the insulation has been installed to track the actual dollars in energy savings.

Ms. Shaefer spoke about the advantages of the program. The program would reduce the utility bills for customers who can least afford the increases in utility costs; there would be a lasting improvement to their home; and it will help reduce energy consumption.

Ms. Shaefer stated that this was in the beginning stages of developing the program and management would like to have the Board's thoughts and input. There was considerable discussion regarding the pros and cons of this program among Board Members. Mr. Twitty stated staff would look further at the program and report back to the Board in the near future.

Mr. Stinson updated the Board on a report from the engineering firm of Freese and Nichols regarding alternative pumping arrangements at the Stockton Lake Pumping Station. Mr. Stinson said that Freese and Nichols was engaged to conduct a study after the failures of the submersible pump units at Stockton Lake. The purpose of the study was to evaluate alternative pumping arrangements from Stockton Lake to improve the operation and reliability.

Mr. Stinson said that the criteria for the study included the pumping conditions, how far the water has to be pumped, how much of a rise, and permitting requirements if something must be built. Freese and Nichols was also asked to evaluate reliability, the operation and maintenance, life cycle costs, as well as capital costs and schedule requirements.

There are three types of pumps: horizontal split case; submersible; and vertical turbine. Mr. Stinson reviewed the pros and cons of each of those. The horizontal split case is an efficient reliable pump. It would require submersible pumps in the lake to pump up to the horizontal pump. There are a limited number of suppliers in the size and horsepower that would be required at Stockton Lake.

The vertical turbine option is the most reliable of the three, it can quickly be removed and the maintenance can be performed locally. However, the capital cost is high and it uses little of the existing equipment.

The submersible pump option is the lowest cost option and reuses the most existing infrastructure from the pump station. However, the average service life and overall reliability of the submersible pump is less than the other type, and the maintenance costs are more expensive.

Mr. Stinson stated that management is in the process of evaluating and studying these options in more detail. He said this was an informational item to get Board input, no formal action is being requested.

Regarding damage claims and prevention and operations analysis, Mr. Stinson reported that the public assistance grant application for the February 2008 ice storm has been completed and is currently in the review process. Total eligible costs were determined to be \$3,499,634.18. City Utilities should receive 75% reimbursement, or \$2,624,725.64, from the Federal Emergency Management Agency (FEMA) before the end of the fiscal year. He said that if the process goes well, the Utility could possibly receive the State's 10% reimbursement, or \$349,963.42, before the end of the fiscal year. Total public assistance should be \$2,974,689.06.

Mr. Stinson said that all post-storm restoration for the January 2007 ice storm has been completed. The Utility will continue filing those costs with FEMA with anticipation of receiving the remaining public assistance funds in fiscal year 2009.

Next, Mr. Scott Miller, Associate General Manager – Electric Supply, gave an electric supply update. Regarding the SW2, Mr. Miller stated that the chimney is now over 450' feet tall.

Mr. Miller said that two ships containing steel from China for the boiler island contract arrived in port in Houston, Texas, the week of July 14. In total, the Utility will receive over 120 truckloads of steel from these two shipments.

Regarding the balance of plant contract, Mr. Miller said that the contract has in its scope all the labor to install the balance of plant equipment including connection to the boiler island equipment. The proposals being received are challenging management to manage market volatility. He said that there have been two proposals so far that have been fairly varied in nature. Evaluation of those proposals is ongoing. He said that costs were higher than estimated and management is attempting to lower those costs through scope change and negotiations. The contract will most likely require the Utility to carry some labor risk.

Regarding the Smoky Hills Wind Farm, Mr. Miller stated that the Utility is close to finalizing a contract for 50 MWs of wind energy from Smoky Hills. If an agreement is reached, the Utility would begin taking energy deliveries on a transmission non-firm basis in November. As part of the Utility's due diligence, Mr. Miller visited the site the prior week. The Southwest Power Pool (SPP) studies have been completed at iteration number 6 for this project with no system upgrades to firm up the transmission. Mr. Miller said that the SPP models also indicated that the Utility may cause overloads on Entergy and Associated Electric's systems. The Utility has initiated the process with both Entergy and Associated Electric to determine if there is an overload and the cost to remedy.

Regarding supplemental power, Mr. Miller stated that fiscal year-to-date the Utility has received over 100,000 MWhrs in supplemental power. This is 30% higher than the average year-to-date. Mr. Miller anticipates that the Utility could exceed its all-time delivery record set in 1997.

Next, Mrs. Robin House, Associate General Manager - Administration, presented an administration update. Regarding Marketing and Communications, Mrs. House stated that 92,000 brochures were mailed to customers containing information about the Utility's new electric outage telephone number. The brochure included a refrigerator magnet and outage tips on before, during and after storms.

Mrs. House stated that the Marketing and Communications department is in the process of preparing for an extensive Level Pay educational campaign for this fall to increase awareness and enrollments in this program where customers can pay the same amount for their utilities each month in order to level out their high and low bills.

The department is also preparing energy management and conservation promotions for the fall to help customers prepare for the winter heating season. The department continues to work on redesigning the look, feel and organization of CU's website - www.cityutilities.net. The new site should go live by late August.

Regarding Customer Operations, Mrs. House reported that changing the lobby hours has gone very smoothly, and management believes that is due in large part to implementing several new ways for customers to pay their bill.

The new QuickPay program went live on May 21. To date, 3,425 customers have paid their utility bill through this payment option. This program allows customers to do one-time, on-line bill payment by electronic check or credit card through City Utilities' website.

Two self-service kiosks have been placed in the lobby so that customers who want to pay a bill can easily log on to QuickPay and make a payment without waiting in line to see a Customer Services Representative.

Mrs. House reported that soon customers will be able to pay their utility bill with a credit or debit card using our new Phone Pay system. Customers will be able to call direct to (831-8331) or call our main number (863-9000 and press 3) to pay over the phone using their telephone keypad.

Mrs. House said that there is a state-wide group called Committee to Keep Missourians Warm that has been in existence for several years. Representatives for utilities, state agencies such as the Public Service Commission (PSC) and Department of Natural Resources, social service agencies and public-interest groups meet monthly to discuss issues and find solutions to the problems faced by low-income and fixed-income Missouri consumers that cannot pay their utility bills. City Utilities has always had a representative attend these meetings and currently Mrs. Cindy Shipley, Supervisor – Customer Services, is Co-Chair of the committee. She reported that at their last meeting Mr. Jeff Davis, Chairman of the PSC, and Commissioner Kevin Gunn spoke to the group about the high natural gas prices and how they are seeing a new group of individuals struggling to pay their mortgages and utility bills – these are individuals who have never needed assistance in the past. They both stressed how important it will be to provide consumers with information and education about energy conservation and how doing even small things will help reduce their utility bill. The PSC has developed a consumer education campaign that will be available through print, public service announcements and the Internet called “Bee Energy Efficient.”

Regarding Human Resources, Mrs. House reported that a newly upgraded City Utilities Employee System (CUES) went live on May 19. The new system automated several human resources and benefits processes. Also, MyCUES is the Utility's new self-service, web-based employee system which allows employees to access their paycheck and other personal information online. This new system went live June 6 and all nonunion employees utilize the new system. She said that several union employees have elected to use this system as well. Eventually, it is management's hope to have all union employees using MyCUES.

Mrs. House stated that a professional selection committee made up of two Board Members (Mark McNay and Pat Platter), Lisa Turner and Sherri Murdaugh of the Human Resources Department, Dean Thompson of Economic Development, and Mrs. House has been going through the process of selecting a consultant to do the Utility's nonunion compensation survey. The committee received proposals and held interviews. Milliman was selected for this survey. Milliman also did the Utility's survey work in 2003-2004. Management is in the process of negotiating a contract and hopes to bring the final report to the Board in October or November.

Mrs. House stated that City Utilities, along with Empire, Webster, Southwest, Ozark, White River and Sho-Me Electric utilities are partnering with the International Brotherhood of Electrical Workers (IBEW) and Ozarks Technical Community College to implement a Pre-Apprentice Electric Line Program. This will be a six-month program and the kick-off will be January 2009.

Human Resources, Safety and the SW2 team have been working together to select a Professional Safety Contractor for the SW2 project. The contractor has been selected and will be working part-time starting at the end of August. He will coordinate the safety efforts to ensure that all of the contract crews working on the SW2 project are working safely.

Regarding Information Technology, Mrs. House stated that on May 19 a new Outage Management System went live in preparation for the new High Volume Call Answering System. This outage system was deployed early to ease the transition from a big bang approach. By developing this system internally, City Utilities was able to avoid the purchase of an expensive vendor-provided system.

Mrs. House stated that on June 30 the new High Volume Call Answering System went live. Both the Outage Management and High Volume Call Answering Systems are working very well.

Information Technology has also been implementing new customer pay programs, and an upgrade to the Human Resources system.

Mrs. House said that City Utilities will be taking a new approach to maintenance for several of the mission critical systems. The Financial, Supply Chain and Human Resources systems are software products of the large vendor, Oracle. The Utility has joined a small, but growing number of companies that plan to contract with a third party rather than the vendor to obtain support services for these systems. During the first year, this approach for the Financial and Supply Chain software will save approximately \$150,000. In subsequent years the annual savings is approximately \$220,000 as the Utility moves to turn over support of the Human Resources system to the third party vendor.

Regarding benchmarking and records management, Mrs. House stated that in order to assist Information Technology in its upcoming meetings with employees regarding a network file migration project that will start soon, Records Management has prepared some basic guidelines to assist employees in managing their records and documents.

Next, Mr. John Twitty, General Manager, updated the Board on the Utility's scorecard. He said that the Utility continues to track very well on the objectives listed on the scorecard.

Mrs. Brenda Putman, Associate General Manager – Chief Internal Auditor, updated the Board on the state audit action plan. Mrs. Putman said that 66 of the 72 items have been completed. She said that the Utility has dates through January 2009 for completion of additional items, except for input on transit.

Next, Dr. David Fraley, Director – Environmental Affairs, updated the Board on the Clean Air Interstate Rule. Dr. Fraley stated that the Rule was challenged by the State of North Carolina which thought that the Rule was not stringent enough, and by a

few utilities who believed that the Rule was overly stringent. These cases were combined into one case before the United States District Court of Appeals.

Dr. Fraley stated that an opinion in the case was issued on July 11 which vacated the Rule in its entirety and sent it back to the Environmental Protection Agency to completely redo. If this court ruling is allowed to stand, then some of the programs that were to have gone into effect on January 1, 2009, would not take place. The Court will issue a mandate to the Environmental Protection Agency at some point in the near future.

Dr. Fraley said it is too early to determine if this is a good, bad or neutral development, but it is a significant development.

Next, Mr. Twitty stated that CPS Energy in San Antonio, Texas, recently completed a study of electric and natural gas rates for ten large cities around the nation. The 12-month average cost for 1,000 kW of electricity and 5 mcf of natural gas ranged from \$137 to \$302. He said that using those same criteria, the average monthly cost for City Utilities' customers is \$123.75. This is another indication that City Utilities' rates continue to be very competitive.

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 Wannemacher requested a roll-call vote of the Board Members present indicating their preference of conducting this closed meeting:

| | |
|------|------------------|
| Aye: | Mike Chiles |
| | Lisa Crump |
| | Thomas Finnie |
| | Virginia Fry |
| | Mark McNay |
| | Lisa Officer |
| | Mike Peters |
| | Patrick Platter |
| | Tom Rankin |
| | Phil Wannemacher |

Those opposed to conducting the meeting:

None

Chairman Wannemacher stated the Board would not reconvene following the closed session. The meeting went into closed session at 5:25 p.m.

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

7-31-08