

SUMMARY OF ACTIONS
REGULAR MEETING OF THE BOARD OF PUBLIC UTILITIES
OF SPRINGFIELD, MISSOURI, HELD THURSDAY, JANUARY 7, 2010

Board Members Present:

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

1. Opening Remarks

Chairman Officer recognized Electric Substation employees who worked on the construction of the new Mentor Substation.

Received Committee appointments for 2010.

The Board was reminded of the upcoming Legislative Salute to be held in Jefferson City.

Chairman Officer recognized Mrs. Crump and Mr. Chiles for their service to the Board.

2. Approval of Minutes

Unanimously approved the Minutes of the Board Retreat held November 19, 2009, and the Regular Board meeting held November 20, 2009, as presented.

3. Public Comment

Mr. Robert A. Mondy addressed the Board.

4. Committee Reports

--PLANS & POLICY COMMITTEE

Reviewed a resolution regarding a Waiver to the Restated and Amended Operating Agreement between City Utilities and The Energy Authority (TEA).

5. Financial Statements

Unanimously approved the financial document, including the budget disbursements for the year-to-date through November 30, 2009, as presented.

6. General Manager's Report

Received various reports.

The meeting went into closed session at 4:20 p.m.

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

The Regular Meeting of the Board of Public Utilities of Springfield, Missouri, was held at 301 East Central Street, Springfield, Missouri, on Thursday, January 7, 2010, at 3:00 p.m.

Present:

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

Absent:

Krystal Compas
Virginia Fry

Ex-Officio Board Member Present:

Greg Burris

constituting the entire Board.

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

Joel Alexander
Carol Cruise
Mike Finch
Gary Gibson
Patrick Graham
Willy Haffecke
Chris Haller
Brian Hamburg
Robin House
Janet Hudson
Wes Johnson
Gayla Jones
Lynn Kennedy
Jeff Matlock
Kyle McClure
Scott Miller
Bob Mondy
Brenda Putman
Ray Ross

Dan Scott
Cara Shaefer
Wade Stinson
Dave Thompson
Dean Thompson
John Twitty
Mark Viguet
Ken Zellefrow

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

1. Chairman Officer welcomed everyone to the meeting and recognized six employees who worked on the construction of the new Mentor Substation in southeast Springfield.

Chairman Officer presented the Committee appointments for 2010.

Chairman Officer reminded the Board of the upcoming Legislative Salute to be held January 27, 2010, in Jefferson City, Missouri.

2. Next, Chairman Officer presented Minutes of the Regular Board Meeting held November 19, 2009, and the Board Retreat held November 20, 2009. Upon a motion duly made by Mr. Rankin, and seconded by Mr. Finnie, the Board unanimously approved the Minutes, as presented.

3. Next, Chairman Officer asked if there were any members of the public who wished to address the Board. Mr. Robert A. Mondy expressed concern for customers that will be unable to pay their utility bills due to the recent cold temperatures and urged the utility to work with customers.

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

--PLANS & POLICY COMMITTEE

Mr. Tom Rankin, Chairman of the Plans & Policy Committee chaired this portion of the meeting.

Mr. John Twitty, General Manager, stated that the item brought before the Plans & Policy Committee was tabled and will be considered at a later date.

Mr. Wannemacher arrived at the meeting at this time.

5. Next, Mr. Mike Finch, Director – Financial Reporting and Forecasting, presented the Financial Statements (Item 5a) and supporting documents (charts attached) for the year-to-date through November 30, 2009, for Board consideration.

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

6.

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

Mr. Wade Stinson, Associate General Manager – Operations, presented the operations report. Regarding electric transmission and distribution, Mr. Stinson reported that at the request of the Missouri Community Forestry Council, Tree Management conducted training Tuesday, November 17, 2009, at the Springfield Nature Center. Training consisted of various City Utilities tree-related issues including The Missouri Overhead Power Line Accident Prevention Act. He said this training was provided to local tree services, landscapers, and landscape architects.

Mr. Stinson stated that the design for the re-conductor of the Neergard to Norton 69 kV transmission line is complete. City Utilities' crews will be replacing the existing conductor with a higher capacity, high temperature conductor. He said the normal line rating will increase from 65 MVA to 139 MVA. Construction is scheduled to begin this month.

Regarding natural gas, Mr. Stinson reported that the current twelve-month futures price is \$5.87/Dth versus \$6.50/Dth last year, down approximately 10%. Last month's futures price was \$5.08/Dth. The current cash price is \$5.73/Dth versus \$3.91/Dth last year, up approximately 47%. Last month's cash price was \$2.32/Dth.

Regarding natural gas distribution, Mr. Stinson reported that the Natural Gas Distribution Department has documented their investigation of the explosion at 2550 W. Chestnut Street on November 19, 2009. This report includes the timeline, field notes, investigation test records, gas system maps, and photographs. The customer had removed the water heater from the premises and the gas shut off valve was in the open position when recovered the evening of the incident. Mr. Stinson said the report also verifies that the City Utilities natural gas system was operating according to City Utilities' specifications and was not leaking at the time of the explosion. City Utilities did not receive any calls to report a gas odor or leak at this location.

Mr. Stinson provided photographs of a rock barrier that has been put in place at the site of the exposed portion of City Utilities' second natural gas pipeline across the James River in Christian County. Permission was received from the U.S. Army Corps of Engineers and Christian County Planning and Zoning to proceed with the work. Mr. Stinson said this barrier provides temporary protection to the pipeline, allowing it to be placed back in service. He said the river channel shifted over 100 feet since the gas pipeline was installed in 1995. Plans and design for a new pipeline crossing at this location are underway.

Mr. Stinson noted that work is complete on the upgrade to the natural gas fire training facility and the new leak training facility. He said this work was made possible by a federal grant from the Pipeline and Hazardous Materials Safety Administration (PHMSA), a division of the Department of Transportation, in the amount of \$41,383.

Mr. Stinson stated that on December 4, 2009, PHMSA issued the final rule on Distribution Integrity Management. This rule is one of the most significant regulatory actions by PHMSA in recent years and will require City Utilities to develop and implement formal compliance plans.

Regarding water distribution and supply, Mr. Stinson stated that the current water storage is 92.3%. The historical average is 79.7%. Repairs to damages at the Fellows Lake Spillway from the 2007 and 2008 floods are complete. He said this project involved the removal and replacement of 4,000 tons of concrete, removal of 7,000 cubic yards of under burden and the installation of 2,400 feet of under drains. The total cost will be \$1.25 million.

Mr. Stinson reported that installation of the replacement of the concrete main south of Blackman Water Treatment Plant is nearing completion, including the Battlefield Road crossing. A meter for the pipeline will be installed at the Blackman Water Treatment Plant. Rock removal and weather conditions have slowed progress over the past four weeks. Mr. Stinson stated that the Utility has experience 12 water main breaks since January 1, 2010, which is not uncommon during recent cold temperatures.

Regarding SpringNet, Mr. Stinson reported that the mechanical expansion at SpringNet Underground is complete. He said this construction allows for the continued electrical load growth to a maximum of 1,200 kW of battery backed up power. Two additional exhaust fans bring the total air moving capacity to 300,000 cubic feet per minute, and the newly installed third chiller increases the online capacity from 250 tons to 500 tons of cooling.

Mr. Stinson stated that an Ethernet data circuit to the new Hickory Hills School on East Division is complete. This data link connects to the same high speed network as the other Springfield Public Schools.

Regarding transit, Mr. Stinson reported that ridership in November totaled 111,153 compared to 118,403 rides in November of last year, a decrease of 6%. He said that farebox revenues in November totaled \$78,508 which was an increase of \$9,492 as compared to last November. Mr. Stinson noted that due to continued declining ridership of route lines 10 and 15, a service reduction became effective January 4, 2010. He said existing half-hourly afternoon service on lines 10 and 15 are now hourly service. The savings realized with this reduction are being applied to line five; it is now offering 20 minute service on weekday afternoons. Line five is a route that travels in the southeast portion of Springfield via Glenstone Avenue.

Mr. Stinson stated that transit participated in the annual Springfield Christmas parade on Saturday, December 12, 2009. Bus driver Chris Leslie, the 2006 Driver of the Year, volunteered to drive one of the holiday decorated buses in the parade and several of City Utilities' employees and family members walked with the bus and handed out candy which was donated by employees. Mr. Stinson said that transit also sponsored their annual glove and mitten Christmas tree and many City Utilities' employees donated items. During the week prior to Christmas, bus operators shared this outerwear with needy children that ride City Utilities' buses.

Regarding energy management and conservation, Mr. Stinson reported that 720 rebates and audits were processed in November, for a year-to-date total of 1,860. He said that participation in City Utilities' programs continues to increase, and during the first two months of the current fiscal year, 27% of the total budget has been used.

Next, Mr. Scott Miller, Associate General Manager – Electric Supply, gave an electric supply update. Mr. Miller reported that on December 9, 2009, the Utility experienced a new winter peak for the electric system. The new record is 531 MWh; the historical December record was 521 MWh, and the previous winter record was 525 MWh that was set in 2003. The all time system peak is 802 MWh. Mr. Miller stated that the Utility expects to set another peak today based on the high usage early in the day.

Regarding transmission, Mr. Miller reported that the SW2 Network Integration Transmission Service Request allows SW2 to be interconnected to the transmission grid. The request has been approved by the Southwest Power Pool and the Federal Energy Regulatory Commission. He noted that it has taken four years for the Utility to obtain this approval.

Regarding the Southwest Power Station, Mr. Miller stated that the Selective Catalytic Reduction Project has been selected by The Industrial Company (TIC) that built the project as its project of the year. TIC sites safety, productivity and quality of work, and they were very complimentary of the Southwest Power Station employees.

Regarding the James River Power Station, Mr. Miller reported that turbine overhauls for Units 1 and 2 were completed, and both units returned to service in December. A turbine expert was brought in to assist the James River employees performing the overhauls. Mr. Miller showed photographs of the work in process and the completed overhauls.

Regarding SW2, Mr. Miller showed pictures that were taken from the top of the stack at the power station by Board member Tom Rankin. He and Board member Mark McNay climbed to the top of the stack during a tour of SW2 in November. Mr. Miller reviewed additional photographs of SW2 construction.

Mr. Miller presented an update on SW2 (attached).

Mr. Miller stated that the SW2 project is 75% complete. He provided an overview of project completed milestones and future construction.

Mr. Miller discussed the following project funding summary:

- Bond Issue – 100% issue of \$615,000,000
- City Utilities’ Board and Springfield City Council approved a SW2 rate increase for October 2010
- City Utilities’ Board and Springfield City Council approved a five year project scope with expenditure authority of \$541,240,000 (does not include interest costs during construction)

Mr. Miller reviewed various economic conditions for 2006 – 2009, resulting in increases for materials, labor, and fuel and energy costs. He provided a comparison of project costs with similar projects performed by other utility companies. Mr. Miller discussed variable components for the three major contracts for the SW2 project.

Mr. Miller reported that the project is anticipated to exceed the \$541.24 million of expenditure authority that was given for the project. Based upon progress of the current contracts, Mr. Miller stated that the estimate for completion of the project is \$555 million. He noted that \$16.7 million is anticipated in excess interest earnings; combined with the \$541.24 million originally approved for the project, \$558 million will be provided for project funds. In addition, Mr. Miller said that the Utility has identified and reserved \$8.5 million in internal equity that could be used to fund additional costs if necessary.

Going forward, Mr. Miller stated that the SW2 project will be managed to deliver on time and as close to the original 2005 estimate as possible, and the Utility will manage the three variable contracts to reduce cost and minimize change orders. He said a request for additional expenditure authority will be incorporated into the fiscal year 2011 budget process or sooner if needed. Mr. Miller stated that project updates for SW2 will continue to be provided to the Board. Off-system sales will also be aggressively pursued for 2011 through 2016 to support debt funding of the project.

In summary, Mr. Miller stated that the project remains on schedule for completion by the end of 2010; the project has been a significant boost to the local economy by employing over 600 construction workers on site and the project provides millions of dollars that flow back into the region. Mr. Miller noted that 85% to 90% of the construction workers on the project live within a 100 mile radius of Springfield. He reminded the Board that the project rate increase will be effective in October 2010.

Mr. Miller answered various questions from Board members.

Next, Mr. John Twitty, General Manager, thanked Mr. Chiles, Mrs. Crump and Mr. Wannemacher for their service to the Board. Chairman Officer recognized Mr. Wannemacher for his service as past Board Chairman.

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

Chairman Officer proposed if the majority of Board Members present favored it, the Board would hold a closed meeting, for the purpose of discussing legal, personnel and real estate matters pursuant to Sections 610.021 (1), (2), (3), (9), (12), (13) or (17) RSMo., and that this meeting, record, and vote be closed and the Board Meeting shall stand adjourned at the end of the closed session. Mr. Rankin seconded the motion. Chairman Officer requested the Board Members present indicate, by a raise of hands, those in favor of conducting this closed meeting:

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

Those opposed to conducting the meeting:

None

Chairman Officer stated the Board would not reconvene following the closed session. The meeting went into closed session at 4:20 p.m.

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

In the closed meeting on January 7, 2010, the Board approved an Employment Agreement Addendum and salary consistent with 2009 for Mr. Twitty for 2010.

Tom Rankin, Secretary
Board of Public Utilities of Springfield, Mo.

1-07-10