

SUMMARY OF ACTIONS
REGULAR MEETING OF THE BOARD OF PUBLIC UTILITIES
OF SPRINGFIELD, MISSOURI, HELD THURSDAY, FEBRUARY 19, 2009

Board Members Present:

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

Special Items

Ms. Debra Biggs, Executive Director, Safety Council of the Ozarks presented a safety excellence award.

1. Opening Remarks

2. Approval of Minutes

Unanimously approved the Minutes of the Regular Board Meeting held January 29, 2009, as presented.

3. Public Comment

None.

4. Committee Reports

--AUDIT COMMITTEE

Unanimously approved a resolution recognizing the completion of the City Utilities State Audit Action Plan.

--JOINT MANAGEMENT & FINANCE/PLANS & POLICY COMMITTEES

Unanimously adopted a resolution authorizing the increase of boat fees for use on Fellows Lake.

5. Financial Statements

Unanimously adopted the financial document, including the budget disbursements for the year-to-date through January 31, 2009, as presented.

6. General Manager's Report

Received various reports.

The meeting adjourned at 4:58 p.m.

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

The Regular Meeting of the Board of Public Utilities of Springfield, Missouri, was held at 301 East Central Street, Springfield, Missouri, on Thursday, February 19, 2009, at 3:04 p.m.

Present:

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

Absent:

Mike Chiles

Ex-Officio Board Member Absent:

Greg Burris

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
Pam Berning
Debra Biggs
John Black
Carol Cruise
Pat Dierking
Kevin Dody
Mike Finch
Jack Hadsall
Chris Haller
Cheri Hamlin
Carl Haworth
Natalie Hodges
Robin House
Janet Hudson
Kelly Hurst
Gayla Jones
Debbie Kreider
Kyle McClure

Scott Miller
Tom Ray
Ken Reasoner
Kem Reed
Ray Ross
Arlene Salveter
Cara Shaefer
Jim Shuler
Kathy Spicer
Wade Stinson
Dean Thompson
Lisa Turner
John Twitty
Mark Viguet

Mr. Mark McNay, Chairman of the Board, presided and called the meeting to order, and Mr. Patrick Platter, Secretary of the Board, served as Secretary of the meeting.

1. Chairman McNay welcomed everyone to the meeting and introduced Mrs. Debbie Kreider, Manager HR - Safety & Training. Mrs. Kreider introduced Ms. Debra Biggs, Executive Director, Safety Council of the Ozarks.

Ms. Biggs stated that the Safety Council of the Ozarks and the National Safety Council are proud to partner with City Utilities in the promotion of safety. She defined lost-time injuries as workplace injuries that are so severe that an employee cannot return to work for at least one day. Ms. Biggs stated that City Utilities successfully completed 1,000,000 worker hours with no lost-time injury incidents. She commended the Utility for implementing a safety culture, and noted that City Utilities has reduced lost-time injury rates by 85% since 2004. Ms. Biggs stated that City Utilities' current rate is three times lower than the national average for utilities. On behalf of the National Safety Council and the Safety Council of the Ozarks, Ms. Biggs presented a safety excellence award to Mr. John Twitty, General Manager, and the employees of City Utilities.

2. Next, Chairman McNay presented Minutes of the Regular Board Meeting held January 29, 2009. Upon a motion duly made by Mr. Rankin, and seconded by Mr. Peters, the Board unanimously approved the Minutes, as presented.

3. Next, Chairman McNay asked if there were any members of the public who wished to address the Board; there were none.

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

--AUDIT COMMITTEE

Mr. McNay, Chairman of the Audit Committee, reported that the Committee met on February 18, with a quorum of the Audit Committee present. He asked Mr. John Black, Associate General Manager – General Counsel, to present the resolution regarding the State Audit Action Plan to the Board.

Mr. Black presented the following resolution recognizing the completion of

the City Utilities State Audit Action Plan:

WHEREAS, the Board of Public Utilities of Springfield, Missouri, has the charter duty to take charge of and exercise control over the public utilities, and has authority to do those things needful for the successful operation of City Utilities; and

WHEREAS, on December 18, 2007, the State Auditor delivered its findings on City Utilities in its State Audit Report; and

WHEREAS, on December 21, 2007, General Manager John Twitty issued a State Audit Action Plan for City Utilities management to address the 72 recommendations made by the State Auditor. The directive required an initial report from management by January 31, 2008, identifying those audit recommendations already completed, time lines addressing the remaining audit recommendations, establishing a commitment to address all recommendations in a timely fashion, and directing all CU employees to make response to the audit a high priority; and

WHEREAS, the initial report back from management dated January 25, 2008, identified 32 recommendations with 40 remaining to be completed, and with expected completion dates through April, 2009; and

WHEREAS, on January 29, 2009, the General Manager delivered to the Board of Public Utilities a State Audit Action Plan report with 72 of the 72 audit recommendations addressed as completed.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF PUBLIC UTILITIES OF THE CITY OF SPRINGFIELD, MISSOURI, that the Board of Public Utilities hereby recognizes the significant and focused efforts to promptly and thoroughly address the recommendations of the State Audit, and commends the General Manager and all employees of City Utilities in the acceptance of the State Audit's recommendations. The Board of Public Utilities concludes that the resulting State Audit Action Plan, incorporating internal and external reviews, adopting and revising policy, has caused City Utilities to be positioned to better serve its customers.

Chairman McNay stated the Committee unanimously agreed to recommend, and he so moved, Board adoption of a resolution recognizing the completion of the City Utilities State Audit Action Plan, and commending management for its timely response to the Action Plan. The motion was seconded by Mrs. Officer, and the resolution was unanimously adopted.

--MANAGEMENT & FINANCE/PLANS & POLICY COMMITTEES

Mrs. Officer, Chairman of the Management & Finance Committee, reported that a joint Management & Finance/Plans & Policy Committee met on Wednesday, February 18, with a majority of the members in attendance.

Mrs. Officer stated that the Committee reviewed a resolution authorizing the increase of boat permit fees for use on Fellows Lake. She said that they also heard a presentation on AMI/Smart Grid.

Mr. Wade Stinson, Associate General Manager – Operations, presented the following resolution regarding an increase of boat permit fees for use on Fellows Lake:

WHEREAS, the Board of Public Utilities has charter responsibility to operate properties and infrastructure 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, boat use fees and docks for boat storage are administered at Fellows Lake jointly managed by City Utilities and a private entity; and

WHEREAS, the Board of Public Utilities is vested with the power and authority, and is charged with the duty and obligation of managing, controlling, and operating the Public Utilities owned by the City of Springfield, Missouri; and

WHEREAS, registration fees for boats have not increased since 1977 and an analysis has been performed finding that a fee of \$30 is required to help meet the costs of maintaining the marina; and

WHEREAS, as the current fee approved in Policy 5.06, “Recreation Charges-Lakes and Recreation”, does not meet operational costs, it is the recommendation of the General Manager to increase fees to help cover City Utilities costs in the annual amount of \$25 in 2009 and be increased to \$35 in 2011.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF PUBLIC UTILITIES OF THE CITY OF SPRINGFIELD, MISSOURI, as follows:

The fee set forth in Policy 5.06 shall be increased to \$25, effective immediately, and to \$35, effective January 1, 2011, or as may be otherwise approved by the Board of Public Utilities.

In response to a Board member’s question, Mr. Stinson stated that City Utilities has spoken with the private operators of the marina regarding an increase in fees.

Mrs. Officer stated that the Committee agreed to recommend, and she so moved, Board adoption of the resolution authorizing the increase of boat permit fees for use on Fellows Lake from \$5 to \$25 per year, effective immediately, and to \$35, effective January 1, 2011, as presented. The motion was seconded by Dr. Compas, and the resolution was unanimously adopted.

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

5. Next, Mr. Jim Shuler, Associate General Manager – Finance/CFO presented the Financial Statements and supporting documents for the year-to-date through January 31, 2009, for Board consideration.

Mr. Shuler discussed variances from budget for various income statement charts.

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, as presented.

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

Mr. Wade Stinson, Associate General Manager – Operations, presented the operations report. Regarding transit, Mr. Stinson reported that ridership in January totaled 112,330 rides compared to 130,479 rides in January of last year, a decline of 19 percent. He said that part of this decline can be attributed to the winter weather and school closings. He said that passenger revenues in January totaled \$72,731, an increase of \$3 compared to January 2008 revenues.

Mr. Stinson stated that a City Utilities transit customer e-mail account has been created that will enable transit staff to communicate operational issues such as minor route changes, detours, special events, etc., with customers. A "Google Transit" feature is also being created on the City Utilities website to assist customers with planning transit trips. This is a feature offered by Google to transit agencies at no charge.

Regarding natural gas, Mr. Stinson reported that the current twelve-month futures price is \$5.21/Dth versus \$9.06/Dth last year, down approximately 42%. Last month's futures price was \$5.13/Dth. The current cash price is \$3.16/Dth versus \$8.10/Dth last year, down approximately 61%. Last month's cash price was \$3.30/Dth.

Mr. Stinson noted that the contract work on the northern extension of the Eastern Loop gas pipeline has now moved to the area east of Highway 65 and north of I-44. Directional drills are being performed under I-44 in preparation for installation of the 16" transmission line and the 6" distribution main. CU crews are working on the installation of the 16" steel distribution line west of the new Neergard regulator station.

Regarding water distribution and supply, Mr. Stinson stated that the current water storage is 90%. The historical average is 84.3%.

Mr. Stinson stated that approximately 150 incandescent light bulbs were exchanged for 100 energy efficient compact fluorescent light bulbs at the Fulbright Water Treatment Plant. These new bulbs will result in an annual savings of over \$8,000.

Mr. Stinson noted that water crews have been installing telecommunications conduit for SpringNet on a trial basis to monitor efficiencies and savings for both areas. This will decrease labor charges to the water department when crews are available, and reduces the need for SpringNet to hire an outside contractor. Water crews have also repaired fourteen water main breaks in the past two weeks.

Regarding electric transmission and distribution, Mr. Stinson reported that construction on Mentor Substation has commenced. This new substation is located near the intersection of East Highway 60 and Farm Road 193. He said the detention basin has been completed and passed city inspection of the storm water improvements. The access road and site grading is now 50% complete.

Mr. Stinson said that Tree Management has released ten Asplundh trimming crews to help with restoration of electric service in Kentucky and Illinois.

Mr. Stinson reported that Electric Transmission and Distribution sent three line construction crews and support personnel to Thayer, Missouri, on January 27. These

crews were released on February 8, and two of the crews traveled to Kennett, Missouri, to continue working until February 14.

Regarding energy management and conservation, Mr. Stinson stated that 2,584 customer rebates and commercial and residential energy audits have been processed, compared to 1,658 for this period in fiscal year 2008. Twenty-three homes have been evaluated in the Low-Income Home Insulation Program, and insulation has been installed in 17 homes in two weeks. Mr. Stinson said a request for proposal has been issued for the Refrigerator Recycling Program, with the bid opening date February 23. The start date for this program is May 2009.

Mr. Stinson stated that the internal Water Conservation Task Force has recommended that the utility move forward with implementing a Voluntary Odd/Even lawn watering schedule beginning with the lawn watering season of 2009. Water customers will be asked to limit lawn watering to specific days to help reduce peak demand on the water system. Customers with an address ending with an odd number will be asked to water only on Tuesday, Thursday, and Saturday; customers with an address ending with an even number will be asked to water only on Wednesday, Friday, and Sunday. He said this applies to in-ground irrigation systems and those watering with above ground sprinklers. The potential reduction in peak demand is 5 MGD, which could result in delaying the need for additional water treatment capacity for five years. If successful, Mr. Stinson said this delay could result in a savings of \$4-5 million for customers of City Utilities. He stated that meetings are being scheduled with irrigation contractors to review the program, and a comprehensive customer education effort is being developed that will begin in April 2009.

Next, Mr. Scott Miller, Associate General Manager – Electric Supply, gave an electric supply update. Mr. Miller discussed the contract for 50 MW of energy from Smoky Hills Wind Farm in Salina, Kansas. He said no energy has been delivered to Springfield from the wind farm, and based upon transmission studies completed by the Southwest Power Pool, City Utilities will not receive a firm delivery of 25 MW of energy until 2011. Until that time, the percent of energy delivered on a non-firm basis is being evaluated. Mr. Miller stated that the wind farm operated at 43% capacity in January, and City Utilities has submitted another transmission request for firm delivery of the remaining 25 MW. Once the Southwest Power Pool establishes the cost for firm energy delivery, a determination can be made for the best economic long-term transmission option for managing this contract.

Regarding SW2, Mr. Miller reviewed slides of the new generator and current construction in process.

Next, Mr. Ray Ross, Director – Pricing, presented a natural gas procurement strategy update. Mr. Ross stated that program expenses through February totaled \$764,260. Mr. Ross reviewed current prompt month history, and said the prompt month has traded to levels that have not been seen since November 2002.

Mr. Ross referenced a chart of U.S. natural gas in storage, and said the volume in storage is approximately 10% above the storage last year. He stated that this volume is also 8% above the five-year average, and that lower gas prices are expected to continue in the market.

Next, Mr. Kyle McClure, Director – Public Policy/Governmental Relations, gave a legislative update. He stated that the General Assembly is now involved in hearing schedules and debate has started on the House and Senate floors. The ceremonial functions of the first few weeks are over and the majority of the Governor’s new cabinet has been confirmed by the Senate.

Mr. McClure stated that House Speaker Ron Richard has pushed the Governor’s economic development package through the House and it will be debated next week on the Senate floor. He noted that this is unprecedented to have a major bill move so rapidly.

Regarding HB 316, Mr. McClure said this bill changes the laws regarding the Open Meetings and Records Law, commonly know as the Sunshine Law. He said the School Board Association, Missouri Municipal League, and the Missouri State Teachers Association all testified against the bill.

Mr. McClure reported that the House Judiciary heard several bills including HB 181, which changes the laws regarding landlords and tenants. He said the organizations that testified in favor of the bill were the St. Louis Association of Realtors and the Missouri Association of Realtors. Those testifying against the bill were: The Missouri Municipal League, Metro St. Louis Sewer District, City of Kansas City, City Utilities of Springfield, and the Missouri Association for Municipal Utilities.

Mr. McClure said the utility continues to monitor the following bills: Dam Safety, Water Permit Fees, Carbon Sequestration Liability, and Federal Stimulus Funding.

Mr. McClure stated that Chairman McNay, Mr. Twitty, Mr. Miller and himself will be attending the APPA Legislative Rally on February 23 – 25 in Washington D.C.

Next, Mrs. Cheri Hamlin, Director – Benchmarking/Utility Information, presented a strategic objectives scorecard update for the first quarter of 2009. Mrs. Hamlin reviewed the strategic objective information obtained from the following areas: electric supply; environmental affairs; finance; human resources; and marketing and communications.

Next, Mr. John Twitty, General Manager, reported that City Utilities is working with the City of Springfield on a funding program to replace water mains in the older areas of Springfield with possible stimulus funds. He stated that additional updates will continue to be provided to the Board.

Regarding the City Utilities health insurance program, Mr. Twitty reported that employees are currently enrolled in a point of service plan, St. John’s or Cox Health System plan, and the utility is exploring changing to a Preferred Provider Organization (PPO) plan that would designate one provider.

Mr. Twitty reviewed the 2008 Annual Report that was presented to the Board, and recognized the employees who prepared the report.

Mr. Twitty stated that the Municipal Electric Systems of Oklahoma completed a survey of 50 utilities using December 2008 rates for residential and commercial services. He said City Utilities ranked third lowest for residential rates and

sixth lowest for commercial rates. Mr. Twitty said this is an indication that City Utilities' rates continue to be very competitive and provide good value for its customers.

Mr. Twitty called on Mr. Black to provide an update regarding property for the new bus transfer station.

Mr. Black reported that the utility has contingent contracts on two of the three properties included in the tract of land for the new bus transfer station. He discussed attempts regarding negotiations on the third property and options available for acquisition, including condemnation or consideration of purchasing the note from the bank.

There was discussion among the Board members regarding acquisition for the third property, with comments generally that the Utility should proceed as quickly as reasonably possible to acquire the property.

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

There being no further business, the meeting adjourned at 4:58 p.m.

Patrick Platter, Secretary
Board of Public Utilities of Springfield, Mo.

2-19-09