

SUMMARY OF ACTIONS  
REGULAR MEETING OF THE BOARD OF PUBLIC UTILITIES  
OF SPRINGFIELD, MISSOURI, HELD THURSDAY, JANUARY 28, 2010

Board Members Present:

Krystal Compas  
Thomas Finnie  
Brian Hamburg  
Mark McNay  
Brooks Miller  
Lisa Officer  
Dianna Parker  
Mike Peters  
Patrick Platter  
Tom Rankin  
Dan Scott

**Special Items:**

Mr. Wes Bauer was presented the Bus Driver of the Year Award.

1. Opening Remarks

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

2. Approval of Minutes

Unanimously approved the Minutes of the Regular Board Meeting held on January 7, 2010, as presented.

3. Public Comment

None.

4. Committee Reports

--AUDIT COMMITTEE

The Annual Independent Audit by KPMG was unanimously received, as presented.

5. Financial Statements

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

6. General Manager's Report

Received various reports.

The meeting adjourned at 4:41 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 28, 2010, at 3:00 p.m.

Present:

Krystal Compas  
Thomas Finnie  
Brian Hamburg  
Mark McNay  
Brooks Miller  
Lisa Officer  
Dianna Parker  
Mike Peters  
Patrick Platter  
Tom Rankin  
Dan Scott

Absent:

None

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  
Wes Bauer  
John Black  
Todd Brewer  
Carol Cruise  
Pam Elsaesser  
Mike Finch  
Cheri Hamlin  
Jaime Hamm  
Jimmy Herron  
Robin House  
Janet Hudson  
Wes Johnson  
Gayla Jones  
Jeff Knottek  
John Lathrop  
Kyle McClure

Scott Miller  
Brenda Putman  
Ray Ross  
Cara Shaefer  
Wade Stinson  
Dean Thompson  
John Twitty  
Mark Viguet

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.

Chairman Officer called on Mrs. Carol Cruise, Director – Transit, to introduce Mr. Wes Bauer, Bus Operator, recipient of the 2009 Driver of the Year Award. Mrs. Cruise stated that criteria for this award includes good attendance, excellent job performance, excellent customer service, and accident free driving. She said Mr. Bauer has been an operator with City Utilities since 2000, and is the union steward for the Amalgamated Transit Union that represents the bus operators and fleet maintenance employees. The Board congratulated Mr. Bauer for earning this award.

Mr. Bauer said it was an honor to receive the 2009 Driver of the Year Award, and stated that there are forty-six City Utilities bus operators that all do an outstanding job serving the Springfield community.

1. Chairman Officer welcomed everyone to the meeting and reminded the Board of the upcoming Legislative Breakfasts to be held February 17, March 31, and April 28 in Jefferson City, Missouri.
2. Next, Chairman Officer presented Minutes of the Regular Board Meeting held January 7, 2010. Upon a motion duly made by Mr. Finnie, and seconded by Mr. Rankin, 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; there were none.
4. The next order of business to come before the meeting was Committee Reports by Committee Chairmen.

--AUDIT COMMITTEE

Mrs. Officer, Chairman of the Audit Committee, stated that the Audit Committee met today prior to this meeting with a quorum of the Audit Committee present. She introduced Mr. John Lathrop, a partner in KPMG, to present the audit report for the fiscal year ended September 30, 2009.

Mr. Lathrop stated that he and Ms. Jaime Hamm, audit senior manager with KPMG, would be providing the audit presentation. Mr. Lathrop reported that the Utility received an unqualified or “clean” opinion. He said in addition to issuing the report on the combined statements of the public and water utility, there are additional compliance reports issued consistent with the prior year.

Mrs. Hamm stated that KPMG agrees with management's judgments regarding accounting estimates and they concur with City Utilities' accounting policies which would have a material impact on the basic financial statements. She said they had no disagreements with management on financial, accounting and reporting matters which would have a material impact on City Utilities' basic financial statements. Mrs. Hamm stated that KPMG noted no material weaknesses or significant deficiencies in City Utilities' internal control structure throughout the audit, found no indications of fraud or illegal acts, and received excellent cooperation from management. She said they were aware of no situations where management has consulted with other accountants.

Ms. Hamm stated that there was one audit difference as a result of a change in the depreciation method during the year. She said KPMG concurred with City Utilities' decision to change accounting methods for depreciation of certain primarily administrative assets from a composite method to a more specific identification method. In implementing that change, Ms. Hamm said there was a cumulative adjustment that was made in the current year versus spreading the adjustment out over time. Management concluded that the change did not have a significant impact on the financial statements and the proposed entry was passed. Ms. Hamm said that KPMG concurs with this conclusion.

Ms. Hamm reviewed the timeline for the audit process.

Ms. Hamm noted that focus areas for the audit included the SW2 construction and related disclosures, the depreciation method change, a review of significant transactions with revenue, debt and investments, and coordination with internal auditing on any findings or investigations they had during the year.

In response to a question from a Board member, Mr. Lathop stated that during the approximate seven hundred hours spent conducting the audit, KPMG had full information access granted by City Utilities' staff.

Following discussion, and upon a motion duly made by Chairman Officer, and seconded by Mr. Rankin, the Board unanimously received the annual independent audit, as presented.

5. Next, Mr. Mike Finch, Acting Associate General Manager – Finance/CFO, presented the Financial Statements (Item 5a) and supporting documents (charts attached) for the year-to-date through December 31, 2009, for Board consideration.

Upon a motion duly made by Dr. Compas 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 the design of the Partnership Industrial Center West Substation is 99% complete. Construction is on-going, with the site work being 70% complete.

Mr. Stinson stated that two City Utilities line construction crews have started the 69kV transmission re-conductor project from Norton substation to Neergard Substation. The anticipated completion date for the project is May 2010.

Regarding natural gas, Mr. Stinson reported that the current twelve-month futures price is \$6.03/Dth versus \$5.13/Dth last year, up approximately 18%. Last month's futures price was \$5.87/Dth, which is the first increase on the futures price since September 2008. During the extremely cold temperatures, Mr. Stinson said prices rose as high as \$7.94/Dth. The current cash price is \$5.53/Dth versus \$3.30/Dth last year, up approximately 68%. Last month's cash price was \$5.73/Dth.

Mr. Stinson reported that the first week of January 2010 produced some of the coldest weather in Springfield in over ten years. On Thursday, January 7, a new record for daily firm gas demand was set at 114,468 dekatherms. Curtailment was used for the first time since January 1996, as all interruptible customers were curtailed for 72 hours from January 7 through January 9, 2010.

Regarding water distribution and supply, Mr. Stinson stated that the current water storage is 92.5%. The historical average is 82.5%. He said there have been over 33 water main breaks since January 1, 2010. The drastic change in extreme cold temperatures and normal temperatures resulted in ground shifts that stress water mains, resulting in breaks. With most breaks occurring in the middle of the night, the extreme temperatures also created difficult working conditions. Mr. Stinson noted that crews have responded and repaired all of these without accident and within the maximum time of six hours for customers being without water.

Mr. Stinson stated that a complete review and update of the Emergency Action Plan for Fellows Lake Dam, McDaniel Lake Dam, Lake Springfield Dam, Fulbright Reservoir Dam and Valley Water Mill Dam have been completed. He said this is done every three to five years and the plan is required as part of the permit to operate dams in the state of Missouri. The plan outlines specific actions to respond to situations that could compromise the integrity of City Utilities' dams.

Regarding transit, Mr. Stinson reported that ridership in December totaled 112,643 rides compared to 119,140 rides in December of last year, a decline of 6,497 rides. He said that passenger revenues in December totaled \$77,000, a decrease of \$3,342, or 4% as compared to last December. Mr. Stinson stated that in response to customer requests, a route change was made to line nine that allows the bus to travel farther west on Republic Road at Kansas Expressway. The route extension became effective January 18, 2010, and provides bus service west on Republic Road to Scenic, north to Chesterfield and back east to Kansas Expressway.

Regarding energy management and conservation, Mr. Stinson reported that a record number of rebates totaling 1,299 were processed. He said these were primarily rebates for the Natural Gas Furnace Tune-up, Residential Insulation and for efficient Heating & Cooling systems.

Mr. Stinson said that in the first three months of this fiscal year, the total rebates and audits processed is almost half of those that were submitted in fiscal year 2009. A total of 15,357 rebates have been processed since implementing the incentive programs in October 2006.

The Low-Income Insulation Program that started in January of 2009 was completed in December. Mr. Stinson said that 298 homes were insulated at an average cost of \$522. An additional \$5,000 was received from Southern Star Central Gas Pipeline for the program, bringing the total amount for the program to \$155,000.

Mr. Stinson stated that through January 15, 2010, over 50% of the program budget has been expended and allocated for the year. In addition to the Commercial Lighting Rebate program, the Geothermal Heat Pump Rebate and the Preseason Tune-up Rebate for central air conditioners, are now closed for the rest of the fiscal year. Mr. Stinson said the appropriate contractors and retailers will be notified as the programs close, and the program status will be updated on City Utilities' website.

Mr. Stinson answered several questions from Board members.

Next, Mr. Scott Miller, Associate General Manager – Electric Supply, gave an electric supply update. Mr. Miller reported that the operations area at the Southwest Power Station achieved sixteen years without a lost time accident. He noted that this department provides continuous coverage to support power plant operations.

Regarding SW2, Mr. Miller stated that high winds and extremely cold temperatures resulted in construction to be limited to partial crews for a few days over the past month. Mr. Miller reviewed photographs of SW2 construction.

Mr. Miller reported that a new electric peak of 552 MWh was set for the electric system on January 7, 2010. He said this was four percent over the electric peak set in December 2009, and six percent above the previous electric peak.

In response to a question asked at the previous Board meeting, Mr. Miller reviewed a presentation regarding the distribution of energy on peak electric days. He provided the following electric system statistics:

- The all time electric system peak is 802 MWh  
Winter peak is 552 MWh
- The all time daily energy delivery is 15,535 MWh  
Winter daily energy peak is 12,092 MWh  
CU baseload capacity is 453 MW  
CU peaking capacity is 371 MW

- Long-term contracts
 

Baseload	51 MW
Intermediate	50 MW
Intermittent (wind)	50 MW

Mr. Miller stated that on an electric peak day, the electric dispatch area and The Energy Authority estimate the day ahead and week ahead electric loads. They assess the internal generation availability and determine whether to pre-buy power weekly and daily if the market is lower than generating power. A load mix of generation is provided based upon customer demand.

Mr. Miller answered several questions from Board members.

Next, Mrs. Robin House, Associate General Manager – Administration, presented an administration update. Regarding marketing and communications, Mrs. House stated that customer opinion surveys were completed with residential and commercial customers during the latter part of 2009 through Opinion Research Specialists. She said these annual telephone surveys continue to track how the utility is perceived by customers, and help us learn more about their opinions on specific issues and City Utilities’ programs. Compared to the survey results taken in 2008, Mrs. House noted that the current results show noticeable improvement in positive ratings across a wide variety of questions.

Mrs. House reviewed the following highlights from the residential survey:

- Overall customer satisfaction increased:  
94 percent of residential customers expressed satisfaction with the utility, as compared to 89 percent one year ago.
- EnergyWise and WaterWise programs received high customer ratings:  
70 percent of residential customers thought City Utilities was doing either an “excellent” or “good” job of providing incentives to encourage energy efficient purchases and upgrades. This is up significantly from 46 percent in 2007, the baseline year.
- Reliable Electric Service rating:  
95 percent of residential customers said City Utilities provided reliable electric service to their home, up from a low of 87 percent last year. Notably, “excellent” ratings surged from a low of 39 percent last year to 57 percent for this survey period.

Mrs. House stated that a parallel survey of business customers reflects the positive trends of the residential survey. She said the next survey is anticipated to be conducted in the latter part of this year.

Regarding customer operations, Mrs. House stated that customer bills typically cover 28 – 35 days of usage, but some customer bills in January are for 39 days.

This was due to the holidays and two days when the wind chill factor was below minus 10 and the Meter Readers did not go out to read routes.

Customer Services processed an average of 18,400 credit/debit card transactions per month in 2009. This is an average of 3,800 more transactions per month than in 2008. Mrs. House stated that 98,000 fewer payments were processed by mail in 2009 compared to 2008. The total number of payments received monthly averaged 97,200. Of these, only 37,000 (38%) were payments received by mail. This reduction is due to implementation of electronic payments through CheckFree, bank payment websites, EZPay, and QuickPay programs.

Regarding human resources, Mrs. House reported that request for proposals are being sought for life and accidental death and dismemberment insurance for full time employees. The current carrier is Kansas City Life Insurance and that contract expires on March 31, 2010. Mrs. House said proposals are to be submitted by February 12, 2010, for a three-year contract to begin April 1, 2010.

In the safety, training, and health management area, Mrs. House reported that every quarter this past year she has reported on the excellent safety record of City Utilities' employees. She said that employees are still on pace to reach 3 million worker hours without a lost time injury by early February. Mrs. House stated that the Safety and Training area, along with the supervisors have done an outstanding job of keeping safety a number one priority in the minds of City Utilities' employees.

Mrs. House reviewed the following calendar year-end statistics showing significant improvement in injuries and accidents:

- OSHA Recordable Injuries  
2008 – 75 Injuries  
2009 – 48 Injuries
- Vehicle or Equipment Incidents  
2008 – 59 Incidents  
2009 – 49 Incidents
- Workers' Compensation Costs  
2007 – \$1.1M  
2008 – \$777,000  
2009 – \$533,000

Mrs. House stated that Nurse Sally administered 626 seasonal flu and 421 H1N1 vaccinations to City Utilities' employees, spouses, dependents and retirees this quarter.

Regarding information technology, Mrs. House said that this department and human resources report that the new on-line annual benefits enrollment process went very well. In the years past, every employee would receive a packet with several enrollment forms for their insurance options and cafeteria plan options. She stated that this year employees completed this process on-line using City Utilities Employment System, the same system that the employees use to view their electronic pay advices.

Mrs. House stated that last quarter she reported that information technology and customer services were working on an application so that Ozarks Area Community Actions Corporation (OACAC) caseworkers could have web access to utility records for customers applying for energy assistance. This new system allows the caseworkers to automatically assign pledge dollars to customer accounts. This is working very well and is saving customer services employees from handling over one hundred OACAC requests per day.

Mrs. House said that information technology conducted a table top disaster recovery exercise this past quarter. The exercise was a simulated, realistic weather related scenario. She said the information technology staff ensured that the remote site equipment was adequate to meet City Utilities' needs, that mission critical applications were adequately backed up, and that data was available for a full recovery of critical applications.

Regarding benchmarking and records management, Mrs. House reported that the Director of this area, Cheri Hamlin, coordinates the gathering of information for the Quarterly Scorecard, which is part of the Quarterly Updates that was included today in the Board members folders.

Mrs. House stated that training was conducted for the redesigned, more user-friendly Records Management System. This group worked with information technology to develop a new system for employees to send documents to and receive documents from records management.

Mrs. House reminded the Board that City Utilities is participating in the Springfield-Greene County History Museum's exhibit entitled "Building Springfield: The Bricks and Mortar of a City." The Utility submitted several photographs from their archives of the construction of City Utilities' buildings and facilities. The exhibit runs through April 17, 2010.

Next, Mr. Kyle McClure, Director – Public Policy/Governmental Relations, gave a legislative update. He reported that the Missouri Capitol is busy as committee meetings continue to increase in frequency. More than 200 Senate bills and more than 500 House bills have been filed so far. Mr. McClure stated that it is anticipated that over 2,000 bills will be filed as the deadline for filing approaches in early March 2010.

Mr. McClure said Governor Nixon offered the State of the State message last week that concentrated on jobs and economic development. He noted that these issues will be monitored very closely as the session moves forward.

Mr. McClure stated that the Missouri Energy Council and the MPUA/MAMU legislative committee have met; sixty bills have already been identified as bills of interest. These bills include water issues, energy efficiency, telecommunication, transit/budget, landlord/tenant agreement, the Sunshine Law, ethics reform, One Call, economic development, eminent domain, and Human Resources/Workers' Compensation issues.

Mr. McClure answered questions from Board members.

Next, Mr. John Twitty, General Manager, reported that City Utilities has agreements with seven organizations to represent the Utilities' legislative interests. Four are in the state of Missouri; one principal organization, Morgan Meguire, LLC, is at the federal level, and there are two other small federal agreements. Mr. Twitty said the annual amount for these services is approximately \$180,000.

Mr. Twitty stated that City Utilities retiree health insurance program is funded entirely by the retiree's with 180 retirees and/or spouses in the program. The premiums for this program increased effective January 1, 2010, and plan design changes are being made in an effort to manage costs.

Mr. Twitty reported that nine employees will be carrying over more than the standard vacation time from 2009 to 2010. He said half of the employees are associated with SW2, and the other half with the security operations area.

Mr. Twitty referenced a document provided to Board members from Standard & Poor's, one of the three major bond rating agencies. He said Standard & Poor's is upgrading City Utilities' debt rating to AA+, public utility revenue bonds from AA to AA+, public utilities lease obligations to AA, and the water system debt has been affirmed at a AA+ rating. Mr. Twitty said the agency advised that there is no other vertically integrated company in America with an AA+ rating.

Mr. Twitty reviewed the quarterly update and scorecard items and responded to questions from Board members.

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.

There being no further business, the meeting adjourned at 4:41 p.m.

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

1-28-10