



# City of Columbia, Missouri

## Meeting Minutes

### Water and Light Advisory Board

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Wednesday, November 6, 2019

8:00 AM

Regular

Electric Distribution  
1518 A Business Loop  
70 E  
Casteel Bldg  
Conference Room

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#### I. CALL TO ORDER

Mr. Hasheider called the meeting to order at 8:00 a.m.

Staff: Tad Johnsen, City Utilities Director; Ryan Williams, Assistant City Utilities Director of Water & Light; Sarah Talbert, Utility Financial Manager; Christian Johanningmeier, Power Production Superintendent; Fred Eaton, Electric Distribution Manager; Matt Lucas, Sr. Rate Analyst; Chris Kisch, Sr. Administrative Support Assistant

Public: Dick Parker; Mark Farnan; John Raiford, The Energy Authority

**Present:** 4 - Kim Fallis, Scott Fines, Robert Hasheider and Thomas Jensen

**Absent:** 1 - Robin Wenneker

#### II. INTRODUCTIONS

Mr. Hasheider recognized and welcomed Mr. John Raiford with The Energy Authority.

#### III. APPROVAL OF AGENDA

Mr. Hasheider noted with the heavy agenda, he would like to move the MPUA Annual Meeting and Prairie State Tour item to the beginning of the Chairman's Reports, if the Water and Light Advisory Board (WLAB) agreed. It was agreed.

Mr. Scott Fines made a motion to approve the agenda with that change with a second by Ms. Kim Fallis. Motion passed unanimously.

**Yes:** 4 - Hasheider, Fallis, Fines and Jensen

**Absent:** 1 - Wenneker

#### IV. APPROVAL OF MINUTES

The October 2, 2019 meeting minutes were approved as submitted on a motion by Mr. Tom Jensen with a second by Mr. Scott Fines. Motion passed unanimously.

**Attachments:** [Meeting Minutes Draft 10 02 19](#)

## V. RENEWABLE NATURAL GAS (John Raiford - The Energy Authority)

Mr. Johnsen said Renewable Natural Gas (RNG) had been discussed before and RNG was an option for the renewable gas market. He noted The Energy Authority (TEA) represented the utility and advised Mr. Raiford was familiar with RNG and was here to provide further information. Mr. Raiford thanked the WLAB for allowing him to come in to discuss RNG. He provided a brief background on the market outlook, dynamics, project evaluation, and deal structure. Mr. Raiford explained RNG as biogas that was released, purified, and converted to pure methane. He noted to be used in transportation the gas must be compressed. Mr. Raiford advised the value was correlated to the gas emissions used. He said this technology had been around; there were over 100 plants that were operational with 41 under construction and 49 in substantial development. Mr. Fines asked if the supply doubled if the price would change as well. Mr. Raiford replied it would. Mr. Jensen asked about the useful lifespan of the system. Mr. Raiford replied it was roughly 20 years. Mr. Raiford noted RNG had to be used in transportation and this required "Refiners or Importers", which were companies such as Shell, BP, etc. He said also required was a Renewable Identification Number (RIN) in order to purchase the credits. Mr. Raiford added RIN's were classified based on the type of fuel generated and obligated parties were required to purchase RIN's in each category to satisfy annual compliance. Mr. Jensen asked if credits generated were worth more in other places. Mr. Raiford answered yes but the only markets currently were California and Oregon. Mr. Raiford noted there were two other markets RNG could be generated from:

- Waste Water Treatment Plant (WWTP) and landfills
- Dairy and Agriculture waste

Mr. Johnsen asked who set the obligated volume. Mr. Raiford replied Congress. Mr. Jensen asked if this was still a political risk. Mr. Raiford answered it was. He explained the basic structures and risks, saying the highest risk was taking RNG to spot markets, low risk as fixed pricing contracts, and then hybrid; the reduced risk and the recommendation of TEA. He noted the timeline to be 18 months, possibly longer with the outlook of 2020 expected to see 45 percent growth. Mr. Jensen asked what the role was for TEA. Mr. Raiford explained the role to be an advisory service on the front end, but mostly sales and regulatory on the back end. Also to ensure RIN's were sold and sold at the right time. Mr. Hasheider stated he felt this should be reviewed from different aspects. Mr. Johnsen noted a decision would be needed to move forward. Mr. Hasheider stated he felt this should be discussed before making any decisions.

## VI. FINANCIAL REPORTS (as available)

### a) Unaudited FY19 Financial Review

information would come. Ms. Talbert stated the financials were estimates from Finance. She noted the Fiscal Year (FY) was technically not over and Finance continued working on the financials to have them ready for the auditors. Ms. Talbert

advised there was nothing specific to point out. Mr. Johnsen noted there was lots of sustainable cuts throughout the city but mainly within Fleet. Ms. Talbert said the Cash and Cash Equivalents continued to increase and 2019 appeared to be healthy compared to past years. She noted the Monthly Billed Usage was still down. She advised Operating Revenues and Operating Expenses had exceeded what was anticipated even though Operating Revenues for water and electric were down compared to the same time last year. Mr. Hasheider asked if the bond that was re-issued would show up. Mr. Tablert advised it would be minimal, that it would take three to four years before anything dramatic would be seen. She advised it should be seen in the FY2021 budget. Mr. Jensen asked when restricted funds shifted from the reserve account if that would shift immediately. Ms. Talbert advised it would no longer be restricted.

**Attachments:** [September Financial Statements comments](#)

**Attachments:** [12-September 2019 Preliminary Statement Memo](#)

**Attachments:** [12-September 2019 Preliminary Financial Statements](#)

**Attachments:** [Summary Change In Revenue & Expense - FY19](#)

**Attachments:** [Summary Change in Billed usage for Water and Electric](#)

#### **b) Cash Reserve Evaluation**

Ms. Talbert said this information was based on the preliminary unaudited FY19 Year-End Financial Statement. She said water was estimated at \$10.4 million and was currently just above \$9 million and electric was just over the estimated amount. Mr. Jensen asked when staff presented the budget to Council if they presented to Council what was lost. Mr. Williams advised this year would be different. Mr. Jensen noted the pay structure needed to be addressed. Mr. Johnsen noted the City Manager was making changes to the pay structure. Mr. Williams advised unemployment was low in Columbia and the city had a large number of vacancies. He added Water & Light (W&L) was not the only department with vacancy issues, this was an issue throughout. Mr. Fines noted the Target Cash Position asking if there was any concerns. Mr. Johnsen answered yes, and this would be discussed with the new Finance Director. He added the WLAB would be hearing about a different way to do cash reserves, possibly in December, and encouraged the WLAB to listen to that.

**Attachments:** [FY19 Year-End Cash Position Memo](#)

**Attachments:** [PR256-13 Cash reserve policy](#)

## **VII. OLD BUSINESS**

None

## **VIII. NEW BUSINESS**

**a) B337-19 Authorizing a Power Purchase Agreement with Boone Stephens Solar I**

Mr. Johnsen advised the first read for Council was November 4, 2019. He said included for the WLAB was the new revised contract and the old contract. The new contract was redlined to mark the changes made. Mr. Johnsen explained this project was originally started in 2018 and since then the Climate Action and Adaptation Plan (CAAP) had set specific greenhouse gas emission reduction targets for municipal operations. He said a Request for Proposal (RFP) had been issued for the Purchase of Solar Energy Power. Mr. Johnsen stated as a result from that process, staff was bringing this contract to the WLAB for consideration. He explained the project site; which was pictured in the contract; would be required to connect to the 69KV system at the Bolstad Substation. Mr. Johnsen noted the contract term was 20 years with a contract price of \$31.65 per megawatt hour (MWh) with no escalation in price for the life of the contract. He said the expected facility capacity was 64 megawatts (MW) at the point of delivery. Mr. Johnsen noted the field was planned for an annual capacity factor of approximately 25 percent. He advised the expected commercial operation date would be no later than December 31, 2023. Mr. Johnsen advised the expectation was for this resource to be an in-front-of-the-meter MISO market resource and would be required to construct the Interconnection facilities to the Point of Delivery. Mr. Hasheider asked if the City would be responsible for the maintenance. Mr. Johnsen replied the city would not own the lines but would operate the lines. Mr. Jensen asked if the solar provider would be responsible for anything that happened before going on the lines. Mr. Johnsen stated the solar provider would be required to provide MISO with what MISO required. He noted there were some must have conditions included, they were:

- Must have all governmental approvals
- Right of Way obtained from site to point of deliver
- Interconnection Agreement with network upgrades with a \$2 million limit

Mr. Johnsen said staff believed this contract represented a good opportunity to secure a utility scale local solar generation resource. He stated it would be adding to the environment that the Integrated Electric Resource and Master Planning (IERMP) Task Force would be working in to fully analyze and explore when making recommendations on plans for the future of the electric utility. Mr. Johnsen advised the contract needed to be approved soon or there would be the need for re-negotiations. Mr. Johnsen noted it would be best if someone from the WLAB was at the November 18, 2019 Council meeting to represent this to Council. Mr. Jensen volunteered.

**Ms. Kim Fallis made motion to endorse the Boone Stephens Solar Contract with a second by Mr. Tom Jensen. Motion passed unanimously.**

**Attachments:** [Boone Stephens Solar Contract](#)

**Attachments:** [Council Memo Boone Stephens Solar Contract](#)

**Attachments:** [Boone Stephens Solar Contract - Redline](#)

**IX. DIRECTOR'S REPORTS****a) 3rd Quarter Renewable Energy Report**

Mr. Johnsen explained this was a regular report that was normally seen by the WLAB. He said the information was through September, 2019. Mr. Johnsen noted spring and fall was up due to heavy wind. He advised the utility was low for the required percentage but was lower than last year.

**Attachments:** [Quarterly renewable report](#)

**b) 3rd Quarter CIP Progress Report**

Tabled until January, 2020

**Attachments:** [Electric CIP balances 9-30-19](#)

**Attachments:** [Water CIP balances 9-30-19](#)

**c) FY19 Annual Usage Reports**

Mr. Johnsen said this was information that was provided yearly in this graph format. Mr. Fines stated the forecast models seemed aggressive asking why the higher demands in January and February. Mr. Johnsen advised there was more demand outside the summer. He explained there were more heating options such as ground source heat pumps (GSHP's), etc. Mr. Johnsen noted it was a long way from winter peak demand but there was expected changes and trends.

**Attachments:** [FY19 - Annual Water & Electric Data Update - November Meeting](#)

**d) Summer FY19 Water Consumption Report**

Mr. Johnsen advised this was a first for this report asking if there were any changes wanted in the format. He stated the information was from the summer of FY2019, noting the ratio indicated heavy usage. Mr. Parker asked how the irrigation meters were represented. Ms. Talbert answered through the customer class. Mr. Parker asked if there were any independent. Ms. Talbert replied no, there was no separate class for irrigation. Mr. Johnsen asked if the focus was wanted on sales or revenue. Mr. Hasheider replied it was the amount billed for the month. Ms. Fallis noted she would like to have a column added that gave the number of customers that fell into Tier 3. Ms. Talbert asked if the WLAB wanted a monthly report or at the end of summer next year. Mr. Fines replied he was fine getting the report at the end. Ms. Fallis suggested sooner than the end of summer for the first year.

**Attachments:** [FY 2019 New Water Tier Structure Report](#)

**e) MISO Annual Forecast Request**

Mr. Johnsen advised this report had been submitted to the WLAB in the past though not normally this size. He explained MISO had gone through a reliability ordeal and came to the need for reliability. Mr. Johnsen stated as the WLAB went through the

resource process he wanted them to be advised the rules had changed on how things were being submitted to MISO. Mr. Fines asked if MISO asked for updated forecast yearly. Mr. Lucas replied MISO did. Mr. Johnsen added MISO added and changed as needed. He advised there was nothing that needed to be done, this was information only.

Attachments: [FY20 CWLD Forecast](#)

## **X. CHAIRMAN'S REPORTS**

### **a) November 11, 2019 Water & Light Advisory Board Meeting**

Mr. Hasheider noted the Agenda and Press Release for the WLAB meeting on Monday evening, November 11, 2019 at 6:00 p.m. He noted this had been well received by all he had spoken to. Mr. Hasheider stated he would like to open the meeting up for general comments at the end of that meeting.

Attachments: [Nov 11 MtgAgnd](#)

Attachments: [Nov 11 MtgPressRls](#)

### **b) Financing Energy Efficiency and Renewable Energy**

Mr. Hasheider noted the WLAB annual calendar and the items that had been added. He said at that time no one knew what accomplishments were wanted. Mr. Fines stated he felt this referred to Utility Services on how the loans work and to explore alternative loan structures, etc. Mr. Johnsen commented it was to look forward to not only where the program was at present but going forward as well. Mr. Fines agreed. Ms. Talbert stated a lot of this information would be covered by the IERMP task force. Mr. Fines stated he too felt this was part of the IERMP process. He said he did not feel this was a topic that should be just *added* to an agenda. Mr. Johnsen asked if the WLAB was wanting to know how the customer saw the loan program, knew about it, applied for it, etc. Mr. Fines answered yes. Mr. Hasheider asked if January was a good time to add this to the agenda for discussion. Mr. Johnsen noted he could possibly bring something to the December meeting. The WLAB agreed to that. Mr. Hasheider reminded the WLAB of the Street Lighting topic in December.

### **c) MPUA Annual Meeting and Prairie State Tour Synopsis**

Mr. Jensen explained there was a mixture of presenters at the MPUA Annual Conference. He said he was particularly interested in the Legislative update, noting there were only presenters that were pro carbon. Mr. Jensen stated the discussion was on State matters, no Federal matters were discussed. Mr. Jensen provided an update on the Prairie State Tour. He noted he and Mr. Hasheider had attended the tour and it was a very large group. He noted he felt the tour was very informative. Mr. Jensen said the MPUA Annual Conference seemed more interesting *after* his visit to Prairie State. Mr. Hasheider advised what he felt was extremely interesting was that Prairie State was a Public Power owned plant and only served Public Power Agencies.

**d) Perche Creek Substation Capacity**

Mr. Hasheider noted Council had made a request on the electric capacity and load serving reliability of the Perche Creek substation with information for any imminent problems. Mr. Johnsen noted there were some concerns that it was likely that an equipment failure, such as loss of one of the transformers, would result in long term or purposeful outages. He added the report also analyzed the adequacy of existing substations and distribution feeder capacity to meet current and anticipated future loads. The results stated the substation capacity adequacy assessment indicated that the existing substation capacity should be adequate for up to 10 years. Mr. Johnsen advised this was information only.

**Attachments:** [Council Memo](#)

**e) December 5th Training**

Mr. Hasheider noted the agenda for the training, adding the training would be held in Conference rooms 1A and 1B. Mr. Johnsen suggested postponing the WLAB December meeting until after the training, asking if December 11, 2019 would work. He noted the January meeting was scheduled for January 1, 2020, suggesting that one be moved as well. Mr. Fines suggested January 8, 2020. Mr. Johnsen suggested a doodle poll for dates for the December and January meetings. The WLAB agreed.

**XI. GENERAL COMMENTS BY PUBLIC, MEMBERS AND STAFF**

Mr. Hasheider advised the City had decided to proceed with a Financial Audit and was hiring an independent auditor. He added he had met with the Mayor and he liked the idea of the WLAB's request to be involved in the entrance and exit interviews. Mr. Hasheider advised he would have a letter at the December meeting for this. He then asked what the WLAB felt about having a finance committee come in and discuss the audit process at the December meeting. Mr. Jensen stated he felt that could be helpful.

Mr. Hasheider noted the retirement announcement for Mr. Johnsen and congratulated him. He then stated this was another opportunity to request involvement in the process for the search of a new Director. He advised he would bring a letter in December for that request as well.

Mr. Parker noted only half of the recommended increase was approved for the Tier 3 water rate. He added the second half needed to be implemented this year. Mr. Parker referred to solar net metering, stating the IERMP and WLAB needed to review solar power as being in competition with the utility. He stated if the customer paid the cost it would be less expensive.

**XII. NEXT MEETING DATE**

November 11, 2019

**XIII. ADJOURNMENT**

The meeting adjourned at 12:05 p.m.

Members of the public may attend any open meeting. For requests for accommodations related to disability, please call 573-874-CITY (573-874-2489) or email CITY@CoMo.gov. In order to assist staff in making the appropriate arrangements for your accommodation, please make your request as far in advance of the posted meeting date as possible.