

To: Columbia City Council

CC: Finance Advisory and Audit Committee, Climate and Environment Commission

From: David Switzer, Water and Light Advisory Board Chair

Date: 11/2/2022

Subject: Quarterly Report to Council (Covering August, September, and October 2022)

I am writing on behalf of the Water and Light Advisory Board to provide a brief quarterly report. The report is split into 3 sections: what we did over the past quarter, what we plan to do moving forward in the next quarter, and important things for council to note.

What we did the previous quarter:

-Budget process input. We spent a significant portion of the past quarter involved in the city's budget processes. We made a number of comments on the O&M, CIP, and water rate processes. We will note that we had a special meeting in August specifically focused on the CIP portion of the budget.

-Public Input Meeting Planning. We planned for a public input meeting this past quarter. This was supposed to be held on 10/6/22. Due to quorum issues, we instead held the meeting on 11/1/22, after the quarter this report deals with.

-Planning for FY23. A significant effort was put into planning this past quarter. We have a strong plan to move forward over the next year. A document with our plans is attached to this report.

What we plan to do next quarter:

-Electric COS Study. We are having a special meeting on 11/15/2022 to discuss the city's electric COS study. In addition to general recommendations on rates moving forward, two important components of this study that we will be focusing on will be the line extension policy for new development and the fuel adjustment charge to deal with periods of volatile market prices, as we experienced over the summer.

-Water Rate Metric Development. We have begun work on developing water rate metrics to evaluate the affordability, intraclass equity, and revenue needs of the utility. This will be an involved process and we will seek input from the CEC and FAAC throughout.

-Demand Side Management Training. In mid-October we attended a training put on by the Midwestern Energy Efficiency Alliance on demand side management and energy efficiency. As this occurred after the quarter this memo deals with, we are including it in future plans.

Important things to note:

-Inflation and Energy Market Volatility. The energy market was extremely volatile during this past quarter, requiring the utility to spend significantly more than budgeted on natural gas and purchased power. This is on top of the continued economic challenges caused by nationwide inflation. There is a lot of uncertainty in the market right now and CWL and Council need to be proactive in responding to the uncertainty.

-Cancellation of Boone-Stephens PPA. In response to the increased market for energy, the planned Boone-Stephens Solar PPA was canceled. CWL is putting together an RFP to seek a new PPA to replace and exceed the previous agreement.

-Inflation Reduction Act Passage. The passage of the IRA has changed the dynamics of the energy industry moving forward. CWL and the WLAB are working to educate ourselves on what this means for the city of Columbia and our renewable energy goals.