



Independence for All STRATEGIC PLAN 2017-2021

Values

How we use resources:

Responsible – We practice fiscal responsibility. We carefully plan for and spend our resources in appropriate, cost-effective ways.

Sustainable – We manage our resources wisely, using only what we need to meet the current needs of our citizens while also keeping in mind the needs of future generations.

Services are:

Quality – We provide safe, sustainable, and well-maintained public facilities and municipal services to residents and visitors.

Reliable – We protect public health and the environment by providing consistent, reliable, and efficient city services.

Solutions are found through:

Collaboration – We get more work done when we work across departments and partner with the community.

Open communication – We are clear with our ideas and decisions. We aim to build respect and trust, resolve our differences, and create a positive environment.

Our attitude is:

Congenial – We maintain a positive attitude and atmosphere because we treat everyone with respect and fairness.

Empathetic – We are able to step into someone else's shoes, listen, and understand another point of view.

Engaging – We actively engage our citizens to ensure that community concerns and aspirations are consistently understood and considered.

Responsive – We always respond to citizen concerns in a timely and efficient manner.

Trustworthy – Our promises instill trust in our actions and decisions.

Decision making:

Accountable – We accept responsibility for our actions. Our decisions have a real impact on the community and we follow our words with actions.

Credible – We employ experienced and qualified staff. We use trusted sources and our decisions are based on balanced and objective information.

Innovative – We don't shy away from new ideas. We think of creative ways to work together. Our open thinking helps us accomplish our goals.

Ethical – We make equitable, fair and just decisions because that's the right thing to do.

Transparent – We are open and honest with our decisions and supporting data.

Visionary – We make smart, long-term decisions that consider future needs.

indep.us/indep4all #Indep4All



INDEPENDENCE

★ MISSOURI ★

A GREAT AMERICAN STORY

Public Utilities Advisory Board Executive Meeting Agenda

March 16, 2023

2:30 PM, Independence Utilities Center 17221 E. 23rd St. So.

I. ROLL CALL

- A. Roll Call
 - 1. Minutes of 1-19-23

II. REPORTS

- A. Finance & Administration
 - 1. Questions on Utility Financial Reports - January 2023
 - 2. Preliminary Capital Improvement Project Budget Discussion
- B. Municipal Services
- C. Water
- D. IPL
 - 1. Commercial Battery Proposal
 - 2. MPUA Federal Policy Priorities
 - 3. NextEra Energy Market Report*
 - *NextEra slides have been deleted due to proprietary issues.
- E. Deputy City Manager

III. UPCOMING ITEMS

- A. Finance & Administration - Go over Details of Financials

IV. BOARD MEMBER COMMENTS

Board Member Comments

V. ADJOURNMENT

- A. Next Meeting Date April 20, 2023

City of Independence

AGENDA ITEM COVER SHEET

Agenda Title:

Roll Call

1. Minutes of 1-19-23

Department: City Manager's Office **Contact Person:** Adam Norris

REVIEWERS:

Power and Light Department

Approved

Board Action:

Board Action:

ATTACHMENTS:

- ▣ Minutes of January 19, 2023
- ▣ Minutes of January 19, 2023 - Amended 3/16/23



INDEPENDENCE
★ UTILITIES ★

Municipal Services - Water - Power & Light

CITY OF INDEPENDENCE, MO
PUBLIC UTILITY ADVISORY BOARD

Public Utilities Advisory Board Meeting Minutes
January 19, 2023

PUAB MEMBERS PRESENT

Anthony Giaramita, Chairperson
David McDowell
Sheri Tindle
Les Boatright
Michael Talcott, Vice-Chairperson

PRESENT FROM IPL

Jim Nail, Director
Joe Hegendeff, Deputy Director
Khristina Irvine, Fiscal Administrator

PRESENT FROM MUN. SERV.

Lisa Reynolds, Director

OTHERS PRESENT

Adam Norris, Deputy City Manager
Stephanie Harris, Accounting Mgr. - F&A
Steve Wagner, City 7

PRESENT FROM WATER

Matt McLaughlin, Deputy Director

Chairperson, Anthony Giaramita called the meeting to order at 2:30 p.m.

I. ROLL CALL

- A. Roll Call - The board was able to establish a quorum. All members were present.
1. Approval of Minutes 11/17/22 – A motion was made by Mr. Boatright. Mr. McDowell 2nd the motion. All voted in favor to approve the minutes as written. Motion passed.
 2. Approval of Minutes 12/15/22 - Mr. Giaramita noted a change to the December 15th minutes, page 6 says "...vote was unanimous, 4-1, motion passed." Should say "...vote was 4-1, motion passed." A motion was made by Mr. Boatright. Mr. Talcott 2nd the motion. All voted in favor to approve the minutes as amended. Motion passed.

II. PRESENTATION

- A. IPL New Generation Proposal – Jim Nail made the presentation and discussed such topics as Current Picture, IPL Capacity Assets, Balance of Load and Resources (Current Assets), Project Goals, Project Constraints, Development Process, All Option on the Table, Strategic Plan to Meet Capacity Need, Balance of Load & Resources (New Generation), RFP Evaluation, New Generation Proposal, Unrestricted Cash (Remove 6% Discount, \$5 CC '25 & '27, 4% '30), Unrestricted Cash (New Generation Proposal), Conclusions, and Staff Recommendations. Mr. Giaramita asked what average cost of repairs might be on the units after warranty. Jim responded combined for the 2 units it would be about \$1.2M per year for both. Our current ones are running us about \$1M per year.
- Mr. McDowell asked about SPP, does everything in the 13 states go through them and what % of 13 states are members? Jim responded if you are a member, it would all go through their clearing house, otherwise you would have to be your own balancing authority or under someone else. Not sure about the % being members, 949 generating units with an average of 110MW each. Majority have joined.



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Mr. Tindle asked why some of the RPF responses were 2X per KW price. Jim responded the biggest difference would probably be the core and the shaft of the turbine that is already produced and using that as the base for their system, that is a huge saving. Also, doing in house in Sedalia and can control their costs. Joe Hegendeffler added, I was on the bid review team, ProEnergy was the only one with a solid bid everyone else had indicative pricing, so that pricing could move up to 40%, could be lower but with pricing on everything today will probably not be lower. On the list it tells which ones were refurbished. Ms. Tindle asked in the most recent conversation with ProEnergy how long it would take. Jim responded about 22 months. Ms. Tindle asked did the conversation about rate changes, customer services charges did this go to City Council yet? Jim responded it did not, we were pre-empted by the marijuana tax and getting it on the ballot in a certain timeframe, due very quickly.

Mr. Talcott asked about big issues on top of regular maintenance, have to pay large dollars, how large would it be? I know this is a difficult question. Jim said comparing to our current units, large repairs were \$1.3M, vibration issue going on now, estimated \$1.8M, not sure about final bill. Mr. Talcott asked if we retired CT's and went with new generation would that put us at square one again? Jim responded if we were to do those at the same time it would probably be a net zero change. The six CT's combined are about 93/94 MW, if we retired all that capacity and added that amount of new generation it would be about the same. The only difference would be SPP is working on how the performance penalty will work. Could be best 2 out of 3 years, depending on what they decide, we could suffer 30% in the credit for the capacity of these old units. Mr. Talcott asked if there is a problem along the way and there's outages around us, we can still run for our city, correct? Jim responded we would be free to start up our units in our own footprint in the event of a large-scale outage and then we would coordinate with SPP to reconnect to the others around us.

Mr. McDowell asked how old are our old CT's? Jim responded about 40 years plus. Mr. McDowell asked when we are buying through SPP we are always getting the very best price period correct? Jim responded they forecast out what they might need, and then schedule the most advantageous units to accomplish both price and congestion and stability of the system, they work all of that out to get the lowest cost average they can and then hour to hour what we purchase off them is based off of those prices. Mr. McDowell asked if we give them a price we want to set? Jim responded yes, we do give them a price for our units, we say if you want to run J1 it's this much per MW hour, then they say start up when they hit the threshold.

Mr. Boatright made a motion on staff recommendation that we recommend approval of the ProEnergy bid for the 90 MW of generation at the Blue Valley location. Mr. McDowell seconded the motion.

Ms. Tindle asked if we are making a recommendation for a letter of intent. Mr. Boatright says if that is what's needed to take to City Council. Jim Nail responded a letter of intent would allow us to move forward with ProEnergy to finalize the terms of the deal and would allow us to tell SPP that come February or March when they give us a thumbs up, we can respond that we are moving forward. We can't take a P.O. to council yet because we don't have that kind of detail. But a letter of intent would help but it's your all's motion. Mr. Boatright responded this would allow them a letter of intent to move forward with what they need to get.



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Mr. Talcott asked if it comes back much higher what would happen. Mr. Tindle responded they would bring it back to us again. Mr. Giaramita said this is not the final approval. Vote was unanimous, motion passed.

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A. Discussion

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IV. REPORTS

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1. Questions on Utility Financial Reports – November 2022 – Stephanie Harris reported that all is in line as expected at this point in the year, nothing extremely high or low at this point, everything looks good for this point in the FY.
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V. UPCOMING ITEMS

- A.** IPL – Development of Future Generation – Ongoing Updates
- B.** Finance & Administration – Go over Details of Financials

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- 1.** Mr. McDowell would like to thank city staff and Jim Nail for his presentation and hope the city council will move quickly for you, Mr. Talcott agreed.
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VII. ADJOURNMENT – Meeting adjourned at 3:50 p.m.

- A.** The next meeting will be February 16, 2023.



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City of Independence

AGENDA ITEM COVER SHEET

Agenda Title:

Finance & Administration

1. Questions on Utility Financial Reports - January 2023
2. Preliminary Capital Improvement Project Budget Discussion

Department: Finance &
Administration

Contact Person: Cindy Gray

REVIEWERS:

Power and Light Department

Approved

Board Action:

Board Action:

ATTACHMENTS:

- ▣ PUAB Utility Financials with CIP - January 2023
- ▣ PUAB Draft Utility CIP 6-Year Projections - FY 24-29

CITY OF INDEPENDENCE, MISSOURI
 Budgetary Comparison Schedule
 Power and Light
 For the period ended January 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>	<u>Percent</u>	<u>Percent</u>
	<u>Original</u>	<u>Amended</u>	<u>Amounts</u> <u>(Budget Basis)</u>	<u>with Amended</u> <u>Budget</u>	<u>Actual</u> <u>58.33% of Year</u>	<u>From</u> <u>Budget</u>
Operating Revenues:						
Charges for Services	\$ 131,606,000	131,606,000	89,973,167	(41,632,833)	68.37%	10.04%
Penalties	1,000,000	1,000,000	924,960	(75,040)	92.50%	34.17%
Connection Charges	33,000	33,000	3,907	(29,093)	11.84%	-46.49%
Miscellaneous	—	—	31,848	31,848	0.00%	-58.33%
Temporary Service	1,000	1,000	750	(250)	75.00%	16.67%
Rental Income	276,000	276,000	284,797	8,797	103.19%	44.86%
Transmission Wheeling	7,000,000	7,000,000	3,228,189	(3,771,811)	46.12%	-12.21%
Total Operating Revenues	<u>139,916,000</u>	<u>139,916,000</u>	<u>94,447,618</u>	<u>(45,468,382)</u>	<u>67.50%</u>	<u>9.17%</u>
Operating Expenses:						
Personnel Services	28,729,037	28,729,037	15,343,036	13,386,001	53.41%	-4.92%
Retiree Benefits	1,460,000	1,460,000	867,762	592,238	59.44%	1.11%
Other Services	26,956,585	26,956,585	22,901,706	4,054,879	84.96%	26.63%
Supplies	55,603,355	55,603,355	39,501,025	16,102,330	71.04%	12.71%
Capital Projects	5,305,000	14,368,213	4,408,372	9,959,841	30.68%	-27.65%
Capital Operating	1,400,225	1,400,225	483,139	917,086	34.50%	-23.83%
Debt Service	7,896,466	7,896,466	2,841,854	5,054,612	35.99%	-22.34%
Other Expenses	100,000	100,000	—	100,000	0.00%	-58.33%
Total Operating Expenses	<u>127,450,668</u>	<u>136,513,881</u>	<u>86,346,894</u>	<u>50,166,987</u>	<u>63.25%</u>	<u>4.92%</u>
Nonoperating Revenues (Expenses):						
Investment Income	118,000	118,000	750,619	632,619	636.12%	577.79%
Interfund Charges for Support Services	2,011,000	2,011,000	1,221,044	(789,956)	60.72%	2.39%
Miscellaneous Revenue (Expense)	15,700	15,700	342,185	326,485	2179.52%	2121.19%
Total Nonoperating Revenue (Expenses)	<u>2,144,700</u>	<u>2,144,700</u>	<u>2,313,848</u>	<u>169,148</u>	<u>107.89%</u>	<u>49.56%</u>
Income (Loss) Before Transfers	14,610,032	5,546,819	10,414,572	4,867,753	187.76%	129.43%
Capital Contributions	—	—	—	—	0.00%	-58.33%
Transfers Out – Utility Payments In Lieu of Taxes	(13,000,000)	(13,000,000)	(9,240,973)	(3,759,027)	71.08%	12.75%
Transfers In	—	—	—	—	0.00%	-58.33%
Transfers Out	—	—	—	—	0.00%	-58.33%
Total Transfers	<u>(13,000,000)</u>	<u>(13,000,000)</u>	<u>(9,240,973)</u>	<u>(3,759,027)</u>	<u>71.08%</u>	<u>12.75%</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses, Budget Basis	<u>\$ 1,610,032</u>	<u>(7,453,181)</u>	<u>1,173,599</u>	<u>8,626,780</u>		
Beginning Available Resources			49,405,589			
Prior Period Adjustment			—			
Year-End Investment Market Value Adjustment			—			
Ending Available Resources			<u>50,579,188</u>			
Revenue Risk			5,300,000			
Capital Reserve			3,000,000			
Expense Risk			18,700,000			
Working Capital			<u>25,500,000</u>			
Targeted Reserve Level			<u>52,500,000</u>			
Total Non-Restricted Resources Available			<u>\$ (1,920,812)</u>			

Power and Light - Open Capital Projects
As of January 31, 2023

PROJECT	PROJECT TITLE	ORIGINAL BUDGET	NET BUDGET AMENDMENTS	REVISED BUDGET	ENCUMBRANCES	ACTUALS	AVAILABLE BUDGET
200815	T&D Sys IMPROVEMENTS	\$ -	833,939.48	833,939.48	530,802.36	-	303,137.12
200824	Prod Pit MISC PROJECTS	-	68,257.76	68,257.76	-	-	68,257.76
200828	FIBER OPTIC PROGRAM	-	198,999.72	198,999.72	44,466.75	104,510.76	50,022.21
201106	69 KV SUBSTATION FACILITIES	-	321,078.50	321,078.50	26,893.81	56,592.75	237,591.94
201405	SUBSTATION SECURITY PROJECT	-	235,149.64	235,149.64	30,534.00	-	204,615.64
201509	NEW BILLING Sys	-	22,047.36	22,047.36	-	-	22,047.36
201510	Sys OpS / DISPATCH	-	44,634.77	44,634.77	33,430.50	1,600.00	9,604.27
201603	69 KV Trans LINE REBUIL	-	1,356,365.47	1,356,365.47	659,291.75	7,757.00	689,316.72
201604	Sys OpS / UPS UPGRAD	-	45,493.59	45,493.59	-	-	45,493.59
201605	Sys OpS WORK AREA	-	619,842.18	619,842.18	-	-	619,842.18
201606	NEW FINANCIAL MANAGEMENT SYS	-	200,000.00	200,000.00	-	-	200,000.00
201702	Prod FACILITIES IMPROVE	-	475,477.00	475,477.00	151,224.00	152,368.00	171,885.00
201703	BV GROUND WATER	-	369,648.98	369,648.98	29,267.11	52,796.85	287,585.02
201706	SUBSTATION K SWITCHGEAR &	-	963,211.67	963,211.67	202,802.46	760,218.75	190.46
201707	MASTER PLAN-FUTURE GENERATIO	-	32,500.00	32,500.00	-	-	32,500.00
201710	Mo CITY DIVESTITURE	-	450,681.26	450,681.26	385,323.78	65,356.98	0.50
201804	SUBSTATION E SWITCHGEAR REPLACEMENT	-	5,237,618.51	5,237,618.51	2,754,611.43	418,850.19	2,064,156.89
202004	Above Ground Fuel Storage Tanks	-	41,800.00	41,800.00	-	-	41,800.00
202101	Substation Fiber Optic Network	-	913,263.62	913,263.62	17,925.00	75,078.73	820,259.89
202102	Traffic Contrroller Upgrades	-	66,000.00	66,000.00	-	9,658.00	56,342.00
202103	Traffic Camera System Upgrades	-	51,837.00	51,837.00	-	-	51,837.00
202107	Motorola APX Radio Purchase Phase 2	-	67,716.89	67,716.89	-	-	67,716.89
202108	Operations APC UPS Battery Replace	-	110,000.00	110,000.00	-	10,300.00	99,700.00
202110	20MVAR Capacitor Bank Sub A	-	520,726.57	520,726.57	163,065.05	203,460.73	154,200.79
202111	Transmission Pole Replacement Prog	-	888,487.14	888,487.14	350,118.64	-	538,368.50
202201	Substation A Transformer T-9 Mtce	-	180,000.00	180,000.00	-	-	180,000.00
202204	Relay Test Set	-	80,103.50	80,103.50	-	80,103.50	-
202205	Desert Storm Switchgear Cabinets	-	500,000.00	500,000.00	-	-	500,000.00
202206	T & D Road Improvement Projects	500,000.00	-	500,000.00	-	-	500,000.00
202208	Traffic Signal Detection Systems	-	26,235.00	26,235.00	-	-	26,235.00
202210	IPL Service Center PBX Upgrade to I	-	85,000.00	85,000.00	-	-	85,000.00
202211	H-5 Hot Gas Path Inspection	-	1,170,634.91	1,170,634.91	-	931,237.66	239,397.25
202304	Controls Software Upgrade	-	500,000.00	500,000.00	316,185.80	135,508.20	48,306.00
202305	PLSC Operations Area HVAC Upgrade	-	100,000.00	100,000.00	-	-	100,000.00
202306	Substation A Blockhouse Roof Repl	75,000.00	-	75,000.00	49,978.00	-	25,022.00
202307	Emergent Maintenance Production	500,000.00	-	500,000.00	-	-	500,000.00
202308	Substn & Trans Upgrade &Replacement	400,000.00	-	400,000.00	5,555.00	4,603.29	389,841.71
202316	Construct 6 New Dist Feeders Sub S	450,000.00	-	450,000.00	120,101.00	-	329,899.00
202317	H5 Combustion Turbine Repair	-	2,199,611.97	2,199,611.97	2,199,612.14	-	(0.17)
9669	SERVICE CTR FACILITY IMPROVE.	-	520,084.17	520,084.17	7,174.50	-	512,909.67
		\$ 1,925,000.00	19,496,446.66	21,421,446.66	8,078,363.08	3,070,001.39	10,273,082.19

	Current Year	Prior Year	
	Budget	Budget (Enc Roll)	Total
Budget	\$ 14,368,213.33	7,053,233.33	21,421,446.66
Less Expenditures	363,726.50	2,706,274.89	3,070,001.39
Less Encumbrances	4,044,645.89	4,033,717.19	8,078,363.08
Total Available	\$ 9,959,840.94	313,241.25	10,273,082.19

CITY OF INDEPENDENCE, MISSOURI
 Budgetary Comparison Schedule
 Water
 For the period ended January 31, 2023

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance with Amended Budget	Percent Actual 58.33% of Year	Percent From Budget
	Original	Amended				
Operating Revenues:						
Charges for Services	\$ 32,165,000	32,165,000	20,913,688	(11,251,312)	65.02%	6.69%
Penalties	100,000	100,000	237,500	137,500	237.50%	179.17%
Connection/Disconnection Charges	12,000	12,000	12,163	163	101.36%	43.03%
Miscellaneous	10,000	10,000	13,493	3,493	134.93%	76.60%
Returned Check Charges	23,000	23,000	16,980	(6,020)	73.83%	15.50%
Rental Income	85,000	85,000	92,341	7,341	108.64%	50.31%
Meter Repairs	—	—	—	—	0.00%	-58.33%
Merchandising Jobbing	—	—	5,572	5,572	0.00%	-58.33%
Total Operating Revenues	32,395,000	32,395,000	21,291,737	(11,103,263)	65.73%	7.40%
Operating expenses:						
Personnel Services	9,646,673	9,646,673	4,732,204	4,914,469	49.06%	-9.27%
Retiree Benefits	364,000	364,000	204,668	159,332	56.23%	-2.10%
Other Services	13,703,182	13,703,182	6,076,601	7,626,581	44.34%	-13.99%
Supplies	2,840,700	2,840,700	2,358,320	482,380	83.02%	24.69%
Capital Projects	7,800,000	22,584,919	4,938,676	17,646,243	21.87%	-36.46%
Capital Operating	1,134,500	1,134,500	477,496	657,004	42.09%	-16.24%
Debt Service	2,526,400	2,526,400	2,238,826	287,574	88.62%	30.29%
Other Expenses	50,000	50,000	—	50,000	0.00%	-58.33%
Total Operating Expenses	38,065,455	52,850,374	21,026,791	31,823,583	39.79%	-18.54%
Nonoperating Revenues (Expenses):						
Investment Income	657,138	657,138	679,587	22,449	103.42%	45.09%
Interfund Charges for Support Services	3,300,500	3,300,500	1,959,544	(1,340,956)	59.37%	1.04%
Miscellaneous Revenue (Expense)	16,700	16,700	31,515	14,815	188.71%	130.38%
Total Nonoperating Revenue (Expenses)	3,974,338	3,974,338	2,670,646	(1,303,692)	67.20%	8.87%
Income (Loss) Before Transfers	(1,696,117)	(16,481,036)	2,935,592	19,416,628	-17.81%	-76.14%
Transfers Out – Utility Payments In Lieu of Taxes	(2,941,000)	(2,941,000)	(2,024,510)	(916,490)	68.84%	10.51%
Transfers In	—	—	—	—	0.00%	-58.33%
Transfers Out	—	—	—	—	0.00%	-58.33%
Total Transfers	(2,941,000)	(2,941,000)	(2,024,510)	(916,490)	68.84%	10.51%
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses, Budget Basis						
	\$ (4,637,117)	(19,422,036)	911,082	20,333,118		
Beginning Available Resources			48,655,139			
Year-End Investment Market Value Adjustment			—			
Ending Available Resources			49,566,221			
Revenue Risk			2,000,000			
Capital Reserve			6,100,000			
Expense Risk			700,000			
Working Capital			5,600,000			
Targeted Reserve Level			14,400,000			
Total Non-Restricted Resources Available			\$ 35,166,221			

Water - Open Capital Projects
As of January 31, 2023

PROJECT	PROJECT TITLE	ORIGINAL BUDGET	NET BUDGET AMENDMENTS	REVISED BUDGET	ENCUMBRANCES	ACTUALS	AVAILABLE BUDGET
400708	TREATMENT PIT DISCHARGE	\$ -	300,000.00	300,000.00	86,656.89	11,343.11	202,000.00
400904	EAST INDEPENDENCE INDUSTRY PARK	-	674,000.00	674,000.00	-	-	674,000.00
401003	FUTURE Prod WELLS	500,000.00	962,596.00	1,462,596.00	-	270.00	1,462,326.00
401301	23RD ST MAIN REPLACEMENT	-	311,672.57	311,672.57	2,811.00	-	308,861.57
401402	LAGOON CLEANOUT	-	24,559.00	24,559.00	15,000.00	34,059.00	(24,500.00)
401505	Dist Sys IMPROVE	-	244,781.00	244,781.00	-	-	244,781.00
401506	TRUMAN ROAD BOOSTER STATION	-	106,569.52	106,569.52	-	-	106,569.52
401601	FILTER BACKWASH OUTFALL	-	190,325.00	190,325.00	-	-	190,325.00
401602	Pit DISCHARGE OUTFALL	-	459,824.48	459,824.48	-	-	459,824.48
401605	COURTNEY BEND BASIN CATWALK	-	10,020.00	10,020.00	-	-	10,020.00
401608	LIME SILO	-	4,249,256.24	4,249,256.24	3,854,756.84	15,977.00	378,522.40
401703	Maint BUILDING AT CBP	-	200,000.00	200,000.00	-	-	200,000.00
401704	VAN HORN RESERVOIR IMPROVE	-	(49,699.58)	(49,699.58)	-	-	(49,699.58)
401802	6" Main Replacement James Downey Rd	-	250,087.60	250,087.60	-	-	250,087.60
401804	Filter Valve House Roof Improvement	-	97,292.00	97,292.00	-	-	97,292.00
401808	VFD Drive Replacements HSP 2 & 4	-	230,967.00	230,967.00	-	-	230,967.00
401818	30" Steel Transmission Main Assess	-	156,300.00	156,300.00	-	-	156,300.00
401821	Main Replacement-32nd/Hunter/Bird	-	91,000.00	91,000.00	-	-	91,000.00
401822	Main Replacement-24Hwy/Northern/RR	-	240,166.00	240,166.00	-	-	240,166.00
402002	39th Street Reservoir	-	2,170,212.30	2,170,212.30	1,098,004.30	1,100.90	1,071,107.10
402004	Main Replace Walnut/Leslie/LeesSumm	-	81,218.73	81,218.73	-	-	81,218.73
402007	Courtney Bend Emergency Generator	-	1,150,000.00	1,150,000.00	-	-	1,150,000.00
402008	Wellfield Overhead Electrical Imp	-	1,000,000.00	1,000,000.00	-	-	1,000,000.00
402009	Main Replace Sheley/Claremont/Norw	-	188,790.00	188,790.00	-	-	188,790.00
402010	Main Replace Gudgell/Dodgion/KingsH	-	697,170.77	697,170.77	58,945.88	535,092.39	103,132.50
402011	Main Replace Salisbury/Peck/Geospac	-	1,179,100.00	1,179,100.00	652,770.31	397,229.69	129,100.00
402012	College Avenue Improvements	-	250,000.00	250,000.00	-	-	250,000.00
402101	Main Replacement Ralston 31st/29th	-	364,255.00	364,255.00	329,948.30	2,398.20	31,908.50
402102	Main Replacement 3rd St & Jennings	-	440,798.00	440,798.00	1,196.25	3,588.75	436,013.00
402103	Main Replacement Truman Road	-	540,502.00	540,502.00	153,318.97	345,021.03	42,162.00
402104	Lime Slaker No 5	-	350,000.00	350,000.00	-	-	350,000.00
402105	Main Replacement Sheley	-	98,565.00	98,565.00	-	9,335.50	89,229.50
402106	Main Replacement Sheley & Northern	-	1,017,766.50	1,017,766.50	526,167.70	32,460.30	459,138.50
402107	Facility Improvements/Const/Maint	1,500,000.00	250,000.00	1,750,000.00	88,725.00	11,275.00	1,650,000.00
402108	Basin Drive Improvements	-	340,523.00	340,523.00	-	-	340,523.00
402201	Roof Improvements	-	250,000.00	250,000.00	-	269,500.00	(19,500.00)
402203	Lime Slaker No 1	-	350,000.00	350,000.00	-	-	350,000.00
402207	CB Electrical Switchgear Improvemen	-	200,000.00	200,000.00	-	-	200,000.00
402301	IT Infrastructure Upgrade	150,000.00	-	150,000.00	7,772.00	121,431.75	20,796.25
402302	HSPS HVAC Improvements	250,000.00	-	250,000.00	-	-	250,000.00
402303	Lime Silo Recoating	400,000.00	-	400,000.00	-	-	400,000.00
9749	MAIN REPLACEMENT PROGRAM	-	3,794,153.67	3,794,153.67	153,285.70	263,390.70	3,377,477.27
9952	SECURITY UPGRADES	-	517,590.82	517,590.82	6,202.03	45,084.43	466,304.36
		\$ 2,800,000.00	23,980,362.62	26,780,362.62	7,035,561.17	2,098,557.75	17,646,243.70

	Current Year	Prior Year	Total
	Budget	Budget (Enc Roll)	
Budget	\$ 22,584,918.85	4,195,443.77	26,780,362.62
Less Expenditures	155,460.63	1,943,097.12	2,098,557.75
Less Encumbrances	4,783,214.52	2,252,346.65	7,035,561.17
Total Available	\$ 17,646,243.70	-	17,646,243.70

CITY OF INDEPENDENCE, MISSOURI
 Budgetary Comparison Schedule
 Sanitary Sewer
 For the period ended January 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budget Basis)</u>	<u>Variance with Amended Budget</u>	<u>Percent Actual 58.33% of Year</u>	<u>Percent From Budget</u>
	<u>Original</u>	<u>Amended</u>				
Operating revenues:						
Charges for Services	\$ 35,821,585	35,821,585	21,021,515	(14,800,070)	58.68%	0.35%
Penalties	200,000	200,000	133,172	(66,828)	66.59%	8.26%
Total operating revenues	<u>36,021,585</u>	<u>36,021,585</u>	<u>21,154,687</u>	<u>(14,866,898)</u>	<u>58.73%</u>	<u>0.40%</u>
Operating expenses:						
Personnel Services	6,796,986	6,796,986	3,285,552	3,511,434	48.34%	-9.99%
Retiree Benefits	348,000	348,000	207,002	140,998	59.48%	1.15%
Other Services	15,594,591	15,594,591	7,583,612	8,010,979	48.63%	-9.70%
Supplies	1,285,100	1,285,100	582,893	702,207	45.36%	-12.97%
Capital Projects	1,750,000	14,137,113	481,761	13,655,352	3.41%	-54.92%
Capital Operating	593,000	593,000	339,446	253,554	57.24%	-1.09%
Debt Service	6,239,100	6,239,100	5,126,974	1,112,126	82.17%	23.84%
Other Expenses	—	—	—	—	0.00%	-58.33%
Total Operating Expenses	<u>32,606,777</u>	<u>44,993,890</u>	<u>17,607,240</u>	<u>27,386,650</u>	<u>39.13%</u>	<u>-19.20%</u>
Nonoperating Revenues (Expenses):						
Investment Income	326,000	326,000	433,292	107,292	132.91%	74.58%
Miscellaneous Revenue (Expense)	7,900	7,900	57,550	49,650	728.48%	670.15%
Total Nonoperating Revenue (Expenses)	<u>333,900</u>	<u>333,900</u>	<u>490,842</u>	<u>156,942</u>	<u>147.00%</u>	<u>88.67%</u>
Income (Loss) Before Transfers	<u>3,748,708</u>	<u>(8,638,405)</u>	<u>4,038,289</u>	<u>12,676,694</u>	<u>-46.75%</u>	<u>-105.08%</u>
Transfers Out – Utility Payments In Lieu of Taxes	(3,596,612)	(3,596,612)	(2,110,225)	(1,486,387)	58.67%	0.34%
Transfers In	10,000	10,000	10,000	—	100.00%	41.67%
Transfers Out	—	—	(1,000)	1,000	0.00%	-58.33%
Total Transfers	<u>(3,586,612)</u>	<u>(3,586,612)</u>	<u>(2,101,225)</u>	<u>(1,485,387)</u>	<u>58.59%</u>	<u>0.26%</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses, Budget Basis	<u>\$ 162,096</u>	<u>(12,225,017)</u>	<u>1,937,064</u>	<u>14,162,081</u>		
Beginning Available Resources			31,326,433			
Year-End Investment Market Value Adjustment			—			
Ending Available Resources			<u>33,263,497</u>			
Revenue Risk			1,200,000			
Capital Reserve			4,000,000			
Expense Risk			700,000			
Working Capital			<u>6,800,000</u>			
Targeted Reserve Level			<u>12,700,000</u>			
Total Non-Restricted Resources Available			<u>\$ 20,563,497</u>			

Sanitary Sewer - Open Capital Projects
As of January 31, 2023

PROJECT	PROJECT TITLE	ORIGINAL BUDGET	NET BUDGET AMENDMENTS	REVISED BUDGET	ENCUMBRANCES	ACTUALS	AVAILABLE BUDGET
301201	BURR OAK EAST	-	1,035,327.15	1,035,327.15	-	-	1,035,327.15
301202	CRACKERNECK-VAN HOOK SEWER	-	529,163.59	529,163.59	-	-	529,163.59
301603	RCTP FACILITIES ROOF, CEILING	-	170,925.00	170,925.00	-	-	170,925.00
301701	SCADA UPGRADE	-	139,743.08	139,743.08	60,549.33	-	79,193.75
301705	16TH/SCOTT	-	357,362.29	357,362.29	-	-	357,362.29
301706	TREATMENT FACILITY IMPROVEMENT	-	369,539.84	369,539.84	4,682.20	60,171.64	304,686.00
301804	ROCK CREEK EFFLUENT STRUCTURE	-	332,776.94	332,776.94	2,447.87	8,734.73	321,594.34
302002	Arlington Improvements	-	100,000.00	100,000.00	-	-	100,000.00
302003	Bison Park	-	107,079.84	107,079.84	37,201.34	34,400.41	35,478.09
302004	Neighborhood Projects 2019-20	-	1,910,076.49	1,910,076.49	7,462.50	4,887.96	1,897,726.03
302005	Biosolids Handling	-	2,397,533.81	2,397,533.81	285,627.69	1,051,116.33	1,060,789.79
302006	Raw Pumps & Screening	-	900,000.00	900,000.00	15,723.30	304,997.29	579,279.41
302007	Electrical Substation Rehab	-	158,690.00	158,690.00	29,351.00	-	129,339.00
302008	RCTP Fence	-	143,950.24	143,950.24	101,922.00	-	42,028.24
302009	Truman & Harris	-	50,000.00	50,000.00	-	-	50,000.00
302101	Sanitation Sewer Evaluation Survey	-	106,982.83	106,982.83	21,301.63	-	85,681.20
302102	Raymond Harkless Mills San Imp	-	200,000.00	200,000.00	-	-	200,000.00
302103	Pump Station Imp & Maintenance	-	568,240.98	568,240.98	-	-	568,240.98
302104	Polymer System Relocation	-	100,000.00	100,000.00	-	-	100,000.00
302105	Piping Rehabilitation	-	585,933.69	585,933.69	14,332.50	-	571,601.19
302201	Upper Adair Interceptor	-	800,000.00	800,000.00	-	-	800,000.00
302202	Crackerneck Creek Slope Rehab	-	1,877,276.90	1,877,276.90	63,108.07	14,837.59	1,799,331.24
302203	Sanitary Sewer Main Reloc from Stre	-	400,000.00	400,000.00	-	-	400,000.00
302204	RCTP - Septic Pumper	-	300,000.00	300,000.00	-	-	300,000.00
302205	Clarifier Rehabilitation	-	1,405,823.97	1,405,823.97	88,977.12	144,863.45	1,171,983.40
302206	Railing Safety RCPS & SCPS	-	215,000.00	215,000.00	191,950.00	-	23,050.00
302301	Sludge Thickening Process Improve	400,000.00	-	400,000.00	-	-	400,000.00
9757	TRENCHLESS TECHNOLOGY	100,000.00	995,405.40	1,095,405.40	325,282.50	73,247.82	696,875.08
		\$ 500,000.00	16,256,832.04	16,756,832.04	1,249,919.05	1,697,257.22	13,809,655.77

	Current Year	Prior Year	Total
	Budget	Budget (Enc Roll)	
Budget	\$ 14,137,112.86	2,619,719.18	16,756,832.04
Less Expenditures	148,768.23	1,548,488.99	1,697,257.22
Less Encumbrances	332,993.10	916,925.95	1,249,919.05
Total Available	\$ 13,655,351.53	154,304.24	13,809,655.77

Department	Project #	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	Grand Total
Blue Valley Chimney Demolition	202504	-	1,500,000	-	-	-	-	1,500,000
Construct 6 New Distribution Feeders - New Sub S	202316	650,000	650,000	-	-	-	-	1,300,000
Construct New Transmission Sys to Serve New Sub S	202315	1,350,000	2,500,000	1,500,000	-	-	-	5,350,000
Construction of a New Substation S	202314	6,000,000	2,500,000	2,000,000	-	-	-	10,500,000
Desert Storm Switchgear Cabinets	202205	250,000	250,000	250,000	250,000	250,000	-	1,250,000
Emergency Replacement of Transmission Poles.	202405	250,000	250,000	250,000	250,000	250,000	-	1,250,000
Emergent Maintenance Production	202407	400,000	400,000	400,000	400,000	400,000	-	2,000,000
Fiber Optic Network	70200828	200,000	125,000	125,000	125,000	130,000	-	705,000
H-5 Combustion Turbine Inspection	202801	-	-	-	-	1,800,000	-	1,800,000
H-6 Combustion Turbine Inspection	202902	-	-	-	-	-	2,000,000	2,000,000
IPL Service Center PBX Upgrade to IP Flex	202210	15,000	-	-	-	-	-	15,000
Operations APC UPS Battery Replacement	202108	75,000	50,000	-	-	-	-	125,000
Primary Operation Center Functional & Code Upgrade	70201605	700,000	-	-	-	-	-	700,000
Purchase Everyy 69kV Line Sub A to New Sub S	202401	1,200,000	-	-	-	-	-	1,200,000
Replace 4 - 100 MVA 161/69kV Substation Transformers.	202602	-	-	4,500,000	4,500,000	-	-	9,000,000
SCADA/EMS Software/Hardware Upgrade	202411	450,000	-	-	-	-	-	450,000
Service Center Upgrades	202406	500,000	500,000	500,000	-	-	-	1,500,000
Sub E to Sub M 69kV line - Preliminary Engineering and Easement Acquisition.	202804	-	-	-	-	300,000	600,000	900,000
Sub M Breaker Replacement	202403	150,000	-	-	-	-	-	150,000
Substation & Transmission Upgrade & Replacement	202408	400,000	424,000	449,440	476,406	504,991	535,290	2,790,127
Substation Fiber Optic Network Equip. Replacement	202101	217,000	217,000	30,000	30,000	30,000	-	524,000
Substation Modeling	202109	150,000	150,000	300,000	-	-	-	600,000
Substation N Transformer T-1 Maintenance	202202	180,000	-	-	-	-	-	180,000
T&D Road Improvement Projects	202409	500,000	-	-	-	-	-	500,000
T&D System Improvements	202410	500,000	500,000	500,000	500,000	500,000	500,000	3,000,000
T&D Truck Shed	202503	-	1,000,000	-	-	-	-	1,000,000
Traffic Signal Detection Systems	202208	60,000	30,000	15,000	10,000	10,000	-	125,000
Transmission Pole Replacement Program	70200815	550,000	550,000	550,000	350,000	-	-	2,000,000
Power and Light		14,747,000	11,596,000	11,369,440	6,891,406	4,174,991	3,635,290	52,414,127

Department	Project #	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	Grand Total
24th & Scott	302501	-	150,000	477,000	-	-	-	627,000
Backup Generator for RCTP, RCPS, SCPS	302803	-	-	-	-	500,000	-	500,000
Burr Oak East	301201	-	-	1,000,000	-	-	-	1,000,000
Clarifier Rehabilitation	302205	1,800,000	-	-	-	-	-	1,800,000
Cost of Service Study	302401	100,000	-	-	-	-	-	100,000
Golden Acres Sanitary Sewer Improvements	302601	-	-	1,000,000	-	-	-	1,000,000
Grit Removal Improvements - RCPS	302402	750,000	-	-	-	-	-	750,000
Lower Rock Creek Sanitary Sewer Improvements	302801	-	-	-	-	1,000,000	-	1,000,000
Neighborhood Projects	302004	150,000	150,000	500,000	250,000	250,000	500,000	1,800,000
Nutrient Removal	302602	-	-	450,000	1,500,000	1,500,000	2,000,000	5,450,000
Piping Rehabilitation	302105	-	200,000	200,000	200,000	200,000	-	800,000
Pressure Cleaning Truck	302403	250,000	-	-	-	-	-	250,000
Pump Stations - Improvements & Maintenance	302103	150,000	150,000	-	-	250,000	250,000	800,000
Sanitary Sewer Evaluation Survey (SSES)	302101	-	250,000	-	250,000	-	250,000	750,000
Sanitary Sewer Main Relocation from Streambanks	302203	300,000	300,000	-	250,000	-	250,000	1,100,000
Sanitary Sewer Master Plan	302701	-	-	-	250,000	-	-	250,000
Sludge Thickening Process Improvements	302301	200,000	800,000	-	-	-	-	1,000,000
Springbranch Garage Complex	572202	2,130,000	2,130,000	2,140,000	-	-	-	6,400,000
Switch Gear Installation RCPS	302804	-	-	-	-	150,000	-	150,000
Switch Gear Installation RCTP	302802	-	-	-	-	150,000	-	150,000
Switch Gear Installation SCPS	302805	-	-	-	-	150,000	-	150,000
Trenchless Technology (Existing Project)	9757	500,000	250,000	250,000	500,000	250,000	500,000	2,250,000
Upper Adair Interceptor Design	302201	-	1,000,000	-	1,000,000	-	-	2,000,000
VFD Replacement at RCPS and SCPS	302603	-	-	350,000	-	-	-	350,000
Municipal Services/Sewer		6,330,000	5,380,000	6,367,000	4,200,000	4,400,000	3,750,000	30,427,000

Department	Project							Grand Total
	#	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	
Basin Drive Improvements	70402108	-	250,000	-	-	-	-	250,000
Courtney Bend Plant Emergency Generator	70402007	-	6,000,000	-	-	-	-	6,000,000
Distribution System Improvements	70401505	-	-	75,000	-	75,000	-	150,000
Fiber Optic Upgrades	70402401	500,000	-	-	-	-	-	500,000
Filter Backwash Basin	70402502	-	650,000	-	-	-	-	650,000
Future Production Wells	70401003	500,000	500,000	-	500,000	-	600,000	2,100,000
Horizontal Collector Well Rehab	70402501	-	750,000	-	-	-	-	750,000
Lagoon Cleanout	70401402	500,000	-	-	500,000	-	-	1,000,000
Lime Slaker No. 6	70402402	350,000	-	-	-	-	-	350,000
Main Replacement Program	9749	5,000,000	5,000,000	6,000,000	6,000,000	7,000,000	7,000,000	36,000,000
Main Replacement: U.S. Hwy 24 (Northern - R.R. Tracks)	70401822	-	250,000	-	-	-	-	250,000
Sludge House Piping Improvements	70402403	200,000	100,000	-	-	-	-	300,000
Sodium Hypochlorite Facilities	70402503	-	300,000	-	1,500,000	-	-	1,800,000
Treated Water Storage Reservoir	70402901	-	-	-	-	-	5,000,000	5,000,000
Treatment Plant Discharge	70400708	1,000,000	-	-	-	5,000,000	5,000,000	11,000,000
West Wash Water Tower Improvements	70402603	-	-	1,000,000	-	-	-	1,000,000
Water	Totals	8,050,000	13,800,000	7,075,000	8,500,000	12,075,000	17,600,000	67,100,000

City of Independence

AGENDA ITEM COVER SHEET

Agenda Title:

IPL

1. Commercial Battery Proposal
2. MPUA Federal Policy Priorities
3. NextEra Energy Market Report*

*NextEra slides have been deleted due to proprietary issues.

Department:

IPL

Contact Person:

Jim Nail

REVIEWERS:

Power and Light Department

Approved

Board Action:

Board Action:

ATTACHMENTS:

- MPUA Federal Policy Priorities



FEDERAL POLICY PRIORITIES

Managing the Energy Transition



Energy transition goals must balance new technology development, transmission investment, stranded asset costs, and contemplate not-for-profit business models, like hometown utilities. EPA regulations must allow for continued use of baseload solid fuel electric generators until new technologies, like nuclear fusion, are developed and commercially available to avoid reliability risks and support economic justice for all customers. Federal policies should facilitate natural gas infrastructure to address supply constraints and increasing costs.

Promoting Telecommunication Access



Municipal utilities are important partners in ending the digital divide and are critical enablers in telecommunication deployment, especially for small communities. MPUA supports local control of pole attachments and rights-of-way as local system safety, reliability, and asset management needs are jeopardized by oversimplified federal mandates. Local oversight is not a barrier to broadband expansion, but more frequently than not, local utility decision making has advanced broadband expansion quicker.

Utility Parity in Tax Policy



Hometown utilities use municipal bonds for infrastructure investment that enable communities to thrive. Federal energy tax policy should allow for efficient and fair energy infrastructure investment. Congress should reinstate advance bond refunding for municipalities in favorable interest rate environments. Congress should not change direct pay tax policies that allows parity for tax-exempt entities to equitably access tax credits for energy infrastructure investments.

Maintaining Security Vigilance



Missouri utilities continue to evolve cyber and physical response capabilities and work with federal officials to stay ahead of threats. Federal information sharing, and threat identification support, is critical to these efforts. MPUA backs existing electric sector mandatory and enforceable physical reliability standards and the process for updating those standards. Implementation of the Cyber Incident Reporting for Critical Infrastructure Act (CIRCA) should be risk-based and harmonized with existing reporting.

Encouraging Economic Progress



Hometown utilities are key players in local economic development. However, current supply chain disruptions are delaying local infrastructure investment and increasing costs for essential equipment and gear needed for reliable and affordable utility services. Congress should continue to fully fund LIHEAP to assist economically disadvantaged customers. Specific to federal grant policies, supply chain constraints will require extended grant terms to reflect elongated procurement delays.

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POLICY POSITION

Managing the Energy Transition

Key Messages



Electric utilities are on the forefront of lowering the United States carbon footprint due to technology advances and market force changes. So far, this transition has occurred while balancing the reliability, resilience, and affordability needs of electric energy supply.



MPUA concludes carbon regulations must avoid unnecessarily higher costs on end-use customers. Environmental goals must be balanced against new technology transitions, transmission investment, stranded asset costs, and contemplate not-for-profit utility models.



Regulations, especially those from the EPA, must allow for continued use of baseload fossil fuel electric generators until such time as new technologies, like nuclear fusion, are developed and commercially available for deployment or risk the reliability and affordability of the grid.



MPUA supports federal policies to facilitate necessary infrastructure to address constraints on natural gas supply. Without adequate natural gas supply and transport, natural gas, power, and home heating customers are likely to experience elevated energy prices.

Background

MO hometown utilities have engaged in carbon reduction for years, having led the state in the adoption and innovation of cost-effective strategies. Our utilities count among them the state's first utility-scale landfill gas (City Utilities of Springfield/City of Springfield) and solar (MEC, in Butler) facilities; include the first formal Renewable Portfolio Standard (Columbia); and have widely embraced cost-effective solar energy. Hometown utilities generate more solar electricity combined than any other Missouri provider. All told, hometown utilities provide for more than 420MW from solar, wind, and landfill gas resources.

Of concern to MO hometown utility customers are the enhanced risks to or losses of previously sound investments in low-cost solid fuel assets that provide continued value for reliability, cost, and technological transitions. MPUA's Missouri Electric Commission holds about \$1.3 billion in debt on such existing units, with some debt extending to 2042; and a few individual utilities hold local debt as well. Having no stockholders or equity investors to share in growing regulatory costs & risks, our customers, and communities, are doubly exposed if forced to prematurely close plants and reinvest in alternatives.

Cost must be factored into any new policies addressing GHG emissions. MO customers face a double threat from policies that increase costs. As our state has the highest combination of heating/cooling degree days nationally, and a disproportionate number of households spend almost a third of income on home energy, federal climate policy failing to recognize impact on rural disadvantaged, low-income communities would stifle our state's economy. If new regulations further constrain existing generation assets, additional cost increases on consumers in our state would result.

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POLICY POSITION

Managing the Energy Transition

Background Continued

Natural gas consumption in Missouri has grown significantly in recent years exposing consumers to substantial costs when gas prices spike. Natural gas is a critical fuel for both direct home heating and as an electric generation fuel source. As the electric sector increasingly relies on intermittent resources, such as wind and solar, and closes legacy coal plants, natural gas is expected to play an important role in assuring the nation's energy needs are met. The electric and natural gas industries are interdependent, and recent developments, including extreme winter storms and increases in natural gas commodity prices, have brought a heightened focus on the devastating price impact that consumers face from gas price volatility.

The North American Electric Reliability Corporation has increasingly raised concerns that a forced transition of generation away from dispatchable resources present grid risks. Major challenges exist in maintaining grid reliability and economic sustainability of essential dispatchable power resources as large quantities of non-dispatchable resources enter wholesale markets at low, subsidized prices. These challenges call for individualized responses to assure effective electric service reliability.

New technologies are needed to meet aggressive reduction goals but must be harmonized with commercial availability. De-carbonization will not achieve crucial levels without deployable carbon capture, sequestration, and carbon reuse. The U.S. lacks leadership in these advancements and should use, and federally support, the nation's electric industry, to play a major role.

A rapidly shifting electric generation system will require significant improvements to the electric grid. Transmission development is an extremely slow, prolonged process, with difficulties related primarily due to local siting, landowner resistance, and quasi-regulatory planning rather than financing, engineering, or construction. Access to capital is not the problem. Capital is readily available and eagerly competing for opportunity to invest in transmission development, especially in RTO areas. Siting and cost recovery remains the primary impediment to getting needed transmission built. Congress should address these issues to promote new transmission development.

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POLICY POSITION

Promoting Telecommunication Access

Key Messages



Municipal utilities can be an important partner in the national effort to end the digital divide in the country and expand broadband access for all Americans.



MPUA supports current law exempting municipal and cooperative utilities from federal one-size-fits-all pole attachment mandates. Oversimplified mandates on locally regulated utilities can jeopardize safety, electric reliability, and local asset management and maintenance needs. There is no evidence that local oversight is a barrier to broadband expansion, but there are several instances where local decisions have paved the way for expansion.



MPUA opposes prohibitions or restrictions on the ability of public power utilities to exercise traditional local authority, provide advanced communications services, or require municipal utilities to get the permission of incumbent communications providers to offer such services.

Background

Municipal utilities recognize that fiber networks provide critical benefits for education, public safety, health care, transportation, energy, environmental protection, urban revitalization, and government service, and are beneficial for not just the delivery of utility service. Competitive fiber networks can revitalize and modernize local economies. Currently, Missouri's municipal utility leaders can work with willing incumbents, enter public-private partnerships with new entrants, establish advanced communications networks, or develop innovative approaches to achieve these job-creating goals.

Missouri's hometown utilities provide a major success story in the effort to close the digital divide and deploy reliable and low-cost telecommunications services nationally. The need for high-speed telecommunications services in small towns across America remains unmet. Public power electric utility systems can facilitate the rapid and low-cost deployment of fiber networks to allow telecommunications providers competitive access to customers in small communities across the U.S.

Most recently, the Houston, Missouri's hometown utility deployed a one gigabit (1 Gig) fiber-to-the-home network providing high-speed services for local schools, library, critical assets, healthcare providers, and everyday citizenry. The utility serves 1000+ housing units and is in Missouri's Ozarks, more than 100 miles from the nearest major metro area. Before this deployment, broadband service was non-existent, or struggled to meet minimum speeds to meet FCC definitions for service.

In 2021, the American Broadband Act was floated in the House. Among other things, the bill prohibited hometown utilities from providing wholesale or retail broadband services if there is more than one provider of service in the community. The measure also weakened local permitting authority and limited siting control on governmental property. MPUA opposes any mandates that limit and detract from our primary purpose to supply safe, reliable electricity to our customers.

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POLICY POSITION

Promoting Telecommunication Access

Background Continued

On the regulatory front, public power has been subject to unprecedented efforts by the Federal Communications Commission (FCC) to erode municipal authority over their assets. Section 224 of the Communications Act bars the FCC from regulating public power utility poles. Notwithstanding this express prohibition, since 2016, the Federal Communication Commission has aggressively pursued actions to dramatically curtail the rights of localities to exercise siting authority over telecommunication networks and establishes rate regulation for pole attachment fees.

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POLICY POSITION

Utility Parity in Tax Policy

Key Messages



Recent energy tax policy actions will have a significant impact on investment and parity in new energy resource development. Missouri hometown utilities are in a strong position to take advantage of a number of these tax policy opportunities through direct pay provisions.



Congress could empower additional infrastructure investment through select changes to the tax code are achievable by reinstating the advance refunding of existing municipal debt.

Background

Municipal bonds are debt instruments issued by nearly 42,000 state or local governments (or governmental entities, such as water and sewer districts or airport authorities) to raise capital. Tax-exempt municipal bonds financed \$1.7 trillion in infrastructure investments in the last decade. Nearly two-thirds of the nation's core infrastructure is financed with municipal bonds. Rebuilding our nation's infrastructure will require debt financing and Congress should consider all ways to lower the costs of debt and facilitate its use to promote efficient deployment of capital.

The Inflation Reduction Act (IRA) included important new authorities for recipients of tax credits that do not have a sufficient tax liability to instead qualify for a tax refund. This new mechanism, often referred to as direct pay, is a critical tool for public power communities to provide the same benefits for their customers as investor-owned utility customers. If Congress seeks to amend or repeal portions of the IRA, it is critical that Congress not repeal this important tool that allows tax benefit comparability for electric consumers across the country.

To help lower investment costs for states and localities, Congress should reinstate the authority to advance refund existing debt. Advance refunding is a financial tool similar to refinancing a mortgage — it provides the issuer a tool to manage interest costs or cashflow by refunding an existing bond. Reinstating advance refunding provides hometown utilities with full flexibility to maximize infrastructure funding opportunities. As utilities are required to issue new debt in a high interest rate environment, the need to access future refunding authority will be especially important as interest rates stabilize or decline.

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POLICY POSITION

Maintaining Security Vigilance

Key Messages



Missouri utilities continue to evolve their cyber and physical response capabilities and are working with the federal government to stay ahead of these threats. Federal support through information sharing and threat identification is critical to these efforts.



MPUA supports the existing electric sector mandatory and enforceable federal cyber and physical security standards in place, and the process for updating those standards.



The Cyber Incident Reporting or Critical Infrastructure Act (CIRCA) should be implemented in a risk-based manner and harmonized with existing reporting requirements.

Background

Electric utilities are exposed to daily cyber threats that require constant vigilance, monitoring, and reaction. In response, Missouri municipal utilities are investing in hardware and software to ensure our operating systems and customer data are protected from unauthorized intrusion.

With increasing evidence of state-sponsored efforts to insert malware into electric systems, the industry is taking proactive steps to insert technologies and operational strategies to reduce exposure to cyber-attacks. Missouri's municipal utilities are stepping up their due diligence. Our utilities maintain 24/7 cybersecurity monitoring to deliver insight and guidance to protect networks, data, and assets from cyber threats. Detailed insights about threats and systems compromised, along with specific guidance on remediation steps, enable timely action to be taken to shut down threats and minimize damages. Priority 1 alerts among these utilities have declined since the deployment of joint monitoring.

Physical security is still a priority as well. Following a series of well-publicized physical attacks on transformer substations in North Carolina, the electric sector is working with federal law enforcement agencies and NERC to determine the best response.

The electric sector continues to work through the existing FERC-overseen NERC process to assure cyber and physical threat identification, information sharing, and response are priorities for the industry. The electric sector is the only one of the 16 critical sectors currently subject to federal mandatory, enforceable, federal physical, and cybersecurity standards.

With improving information sharing between the government and industry, the electric power sector is increasingly sensitive to the sophistication of cyber threats and the need to respond accordingly. Industry continues to work on threat identification through working groups, intergovernmental coordination, and vendor support with a focus on threat mitigation.

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POLICY POSITION

Encouraging Economic Progress

Key Messages



MPUA encourages Congress to mitigate inflation and supply constraints impacts by:

- Funding the Defense Production Act authority at DOE to aid in electric supply chain disruptions.
- Fully funding LIHEAP to address costs increase impacts on low-income customers.
- Developing and implementing programs and policies that alleviate current supply chain constraints.

Background

Price pressures and availability concerns are increasing throughout the supply chain necessary to assure grid reliability and growth. Electricity is the foundation on which the economy and critical infrastructure depends. From increasing fuel supply to critical parts availability, the impacts are forcing higher energy costs on consumers. These costs compound as they are built into every facet of the economy, from the manufacture to the delivery of goods and materials. Until addressed, this pressure will further exacerbate inflationary trends that appear set to continue through 2023.

Components for clean energy generation projects like solar panels and for broadband deployment projects are either unavailable, subject to extremely long lead times, or subject to extraordinary price escalation. Congress must recognize these pressures will combine to slow our economic growth and, at the extremes, create reliability and national security concerns.

In Missouri, our utilities have seen similar occurrences in increased lead time and cost. In some instances, hometown utilities have had four (4) times the wait for essential items. Expenses for such items, depending on their specialty, have increased to as high as double pre-COVID prices. More recently, hometown utilities have been forced to accept purchase guarantees without a set price. This has caused must-have materials to be ordered now, and priced years later, which submits future budgets to unforeseen costs. Necessary items have seen dramatic delivery delays, examples include line trucks (from 3 to 7 years), switchgear and breakers (from 4 weeks to 52 weeks); poles (from 4 weeks to 30 weeks); pole-mounted transformers (from 24 weeks to 65 weeks); pad mount transformers and generator turbine parts (from 24 weeks to 80 weeks); and equipment needs for water distribution and wastewater collection (from 12 weeks to 36 weeks). Collectively, these delivery delays and increased costs are driving higher utility service delivery costs as well as requiring short-term, more costly solutions, to ensure reliability. This can apply a significant stress to non-profit utilities that do not have profit reserves to shoulder cost volatility from customer expense.

With the passage of bipartisan legislation to invest in the nation's critical infrastructure sectors, including water, wastewater, electric and telecommunication sectors, Congress unleashed billions of dollars of economic activity that is an investment in economic growth. However, constraints in the supply chain caused by COVID restrictions and other factors have made getting critical components necessary to enable economic growth extremely difficult.

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POLICY POSITION

Encouraging Economic Progress

Background Continued

To help with the impacts of inflation, supply chain concerns, and cost increases, Congress should take the following steps:

1. Congress should take immediate steps to assist in alleviating supply chain constraints and facilitating the free flow of goods necessary to keep electric supply reliable.
2. Congress should continue to fully fund the federal LIHEAP program to assure the most at-risk consumers have access to federal support in paying for energy.
3. Current supply chain constraints may make it hard to meet grant timelines embedded in some grant programs. Access to materials and components could make it difficult for grant awardees to complete projects on time. Congress and the Administration should allow for more flexibility in federal deadlines to account for the inability to obtain components or commodities necessary to meet federal timelines.

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