

MINUTES OF THE HOUSE ENERGY AND UTILITIES COMMITTEE

The meeting was called to order by Representative Annie Kuether at 9:15 A.M. on January 25, 2008 in Room 783 of the Docking State Office Building.

All members were present except:

Dan Johnson- excused  
Judy Morrison- excused  
Don Myers-excused

Committee staff present:

Mary Galligan, Kansas Legislative Research  
Carol Toland, Kansas Legislative Research  
Melissa Doeblin, Revisor's Office  
Renaë Hansen, Committee Administrative Assistant

Conferees appearing before the committee:

Mark Conklin, Kansas City Board of Public Utilities

Others attending:

Fifteen including the attached list

Joe Dick, BPU introduced staff from The Kansas City Board of Public Utilities.

Mark Conklin, Kansas City Board of Public Utilities, (Attachment 1), spoke to the committee on the update of the BPU entertainment issues and the audited financials. He elaborated on the meeting they had to evaluate these issues and what new directions they would take to ensure they were being the most frugal with their balance sheet. Included in the packet of information were several other pieces of information:

(Attachment 2) Thank you letters from consumers for the Ice Storm tragedy

(Attachment 3) Kansas City Board of Public Utilities Rate Comparisons

(Attachment 4) Comprehensive Strategic Plan Update 2007-2010

(Attachment 5) Kansas City Board of Public Utilities Inter-Departmental Practice/ Procurement Card Procedure

Additionally included were a company newsletter and a 2008 build green conference brochure for April 10, 2008 which can be found at the company headquarters.

He noted that their financials were on their website, www.bpu.com.

Questions were asked and comments made by Representatives: Oletha Faust-Goudeau, Margaret Long, and Carl Holmes

The next meeting is scheduled for Monday January 28, 2008.

The meeting was adjourned at 9:48 am.

# HOUSE ENERGY AND UTILITIES COMMITTEE GUEST LIST

DATE: January 25, 2008

NAME	REPRESENTING
Joe Dick	KCBPU
ROBERT MILAN SR	" " "
Loretta Colombel	" "
TERRY EIDSON	" "
MARK JONES	" "
John M. Pettey	" "
SAMUEL W. DELEON	" "
JANET BUCHANAN	KCC
Linda Langston	COX
Jasen Darland	Pinegar Smith + Assoc.
Austin Hayden	Hein Law Firm
CARL WOLFE	KCBPU
JEAN MILLER	CAPITOL STRATEGIES
Marc Conklin	KCBPU
LARRY BERG	MIDWEST ENERGY
PAM Moyer	Pinegar, Smith
Tom Thompson	Sierra Club
MIKE Taylor	Unified Government/Wyco-KCC

# HOUSE ENERGY AND UTILITIES COMMITTEE GUEST LIST

DATE: January 25, 2008

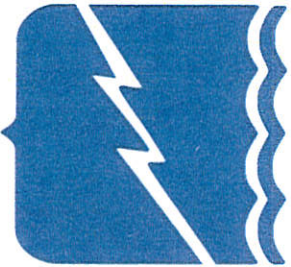
NAME	REPRESENTING
Tom Day	KCC
Drew Hockins	KEC



# Legislative Report

## House Energy & Utilities Committee

January 25<sup>th</sup>, 2008



**Kansas City**

**Board of Public Utilities**



Reliable Public  
Power Provider



ASSOCIATION OF  
WATER AGENCIES  
Gold Award  
for  
Competitiveness  
Achievement

ENERGY AND HOUSE UTILITIES

DATE: 1/25/2008

ATTACHMENT 1-1



## Kansas City Kansas Board of Public Utilities

For nearly one hundred years, the award winning Kansas City Board of Public Utilities has been providing critical utility services to the citizens of Kansas City and beyond. The purpose of the utility then and now, is to provide the highest quality electric and water services at the lowest possible cost. Currently, BPU serves approximately 65,000 electric and 51,000 water customers in Wyandotte County and beyond. BPU's mission is to be both the utility and workplace of choice. It is for this reason, that KCK BPU is pleased to have the opportunity to share our great story with our customers, community leaders, elected officials and opinion leaders.

Kansas City Board of Public Utilities continues to be recognized as one of the top public utilities in the country. In 2006, the American Public Power Association honored BPU with the Reliable Public Power Provider award. And BPU recently was honored by the Association of Metropolitan Water Agencies, receiving a Gold Award for Competitiveness Achievement. While receiving recognition from industry organizations is significant validation for our job performance, focusing on our customers, our community and our 650 employees who all reside in Wyandotte County is our sole focus.

Maximizing our existing power generation resources to minimize costly purchase power agreements while introducing wind energy into our energy portfolio is just one of the ways that we work to keep our customer rates low while providing a reliable power supply. The graphs included in this document will explain the components of our customers' bill including the Energy Resource Charge- the cost of fuel - which is the largest item on a customer's bill. Also included is a history of our rates for each of the three customer classifications: residential, commercial and industrial. Recently, a performance benchmarking study was completed at BPU's request. We wanted to know how our rates and community contributions compared to other utilities both municipal and investor-owned in Kansas and across the country. **In the analysis concluded:**

- **BPU's rates are generally comparable with the surrounding investor-owned utilities and lower than other municipal utilities of similar size.**<sup>1</sup>
- **If the Kansas City, Kansas community was served by an area IOU, rates would not likely be any lower, and in fact, may result in rates 2% - 4% higher. If the community was served by the average, similarly sized municipal utility, rates could likely be even higher."**
- **BPU rates are 26% less than other, similarly sized municipal electric utilities across the country.**

When BPU does need to turn to the credit market for financing, our Triple AAA credit rating ensures access the lowest cost of capital which again helps keeps our customer rates low. Bond ratings for BPU are insured with a AAA credit rating from all three major bond-rating firms: Fitch- A+, Standard and Poor's – A+ and Moody's Investor Services- A1. This is a tremendous accomplishment for any utility and rare in the industry.

Our commitment to our community is unparalleled. In fiscal year 2004, BPU contributed more than \$24M to the Kansas City, Kansas community. This is comprised of many different components, the largest of which is

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<sup>1</sup> KCK BPU is the largest municipal electric utility in Kansas. Similarly sized municipal utility comparison are with out of state municipal systems.

payment-in-lieu-of-tax (PILOT), a rate set by the Unified Government of 7.9% of sales. In addition, BPU provides street lighting and signal electricity, Unified Government facility energy and water and fire hydrant services at no charge to the Unified Government. In addition, BPU does the billing for water pollution control and residential trash service for the Unified Government. When compared to operating revenue this calculates to be about an 11.8% contribution rate. **Total payments and contributions projected in the 2007 budget amounts to nearly \$31 million or 11.9% of operating revenue. BPU contributes approximately double the amount contributed by other utilities, investor-owned or municipal.**

It is also important to note, that while many other utilities have closed local offices or stopped accepting walk-in payments, **BPU continues to receive more than 12,500 walk-in transactions per month in the customer service lobby** - approximately 625 per day or 150,000 visits per year! **BPU also fields more than 17,000 customer calls per month and the average wait time is 20 second or less.** And our **website** – another way for us to communicate with our customers and community has more than **31,000** hits each month.

BPU has focused on a number of community-based and environmental-focused initiatives including: partnering with the Unified Government and the Police Department to distribute 8,000 energy-efficient light bulbs in the community to help fight crime, to sponsoring “Save Energy” workshops and a regional “Green Build” Conferences for residents and builders. Consistently, BPU is one of the top contributors to United Way in the Kansas City metropolitan area raising more than \$300,000 annually. In addition, BPU helped fund several summer youth programs in Wyandotte County and participated in the United Way Day of Caring.

BPU management and employees may be our harshest critic. We are always looking for ways to improve our service, customer communications, and community relationships. While, many utilities across Kansas, Missouri and the country experienced difficult times as a result of certain senior management decisions or policies; for the 650 employees of BPU who see customers, their neighbors at the grocery store and at tee-ball practice, senior management wanted to ensure that our employees and customers could always be proud of and trust their local utility. As such, we directed our outside auditing firm, KPMG, to undergo an intensive and thorough audit of BPU operations and finances and specifically travel and entertainment and expense reimbursements. KPMG noted that BPU did an “excellent job of getting them the information they needed to conduct their audit.”<sup>2</sup> KPMG had no disagreements with management on financial accounting or reporting matters and no material weaknesses in BPU’s internal control structure were noted. Moreover, KPMG did not note any abusive practices regarding travel and entertainment expenditures or expenses reimbursements. The audit findings while positive did not quell our desire to continue to improve. As such, in March of 2007, BPU’s General Manager instituted new policies and procedures for procurement cards and expense reimbursement. Every BPU employee was required to attend a training session to ensure their understanding of and commitment to the new policy.

In the words of the President of the Board of Directors of BPU, “The BPU remains committed to open and transparent communications with our community, customers, elected officials and opinion leaders. As since 1929, BPU will continue to meet the community’s electric and water needs without losing sight that as a municipal utility, its primary mission is to ensure reliable and affordable utility services to its customers, while improving the overall quality of life in the communities we serve.

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<sup>2</sup> Minutes of the Wednesday, April 18, 2007 Kansas City Kansas Board of Public Utilities Regular Session

## Fast Facts about Board of Public Utilities

### *General Utility Information*

- The Kansas City Board of Public Utilities (BPU) was established in 1920 to provide the highest quality electric and water services at the lowest possible cost to consumers.
- Currently BPU serves approximately 65,000 electric customers and 51,000 water customers.
- BPU's mission is to be the utility of choice and the workplace of choice, while improving the quality of life in the communities it serves.
- BPU is a publicly-owned administrative agency of the Unified Government of Wyandotte County/Kansas City, Kansas and is self-governed by six publicly elected Board of Directors.
- The Utility serves 127.5 square miles of Wyandotte County. Electric services are provided within the Kansas City, Kansas area and water is supplied to KCK, as well as portions of suburban Wyandotte, Leavenworth and Johnson counties.
- Bond ratings for BPU are insured with a AAA credit rating from all three major bond-rating firms:
  - Fitch- A+
  - Standard and Poor's – A+
  - Moody's Investor Services- A1

### *Electric Utility*

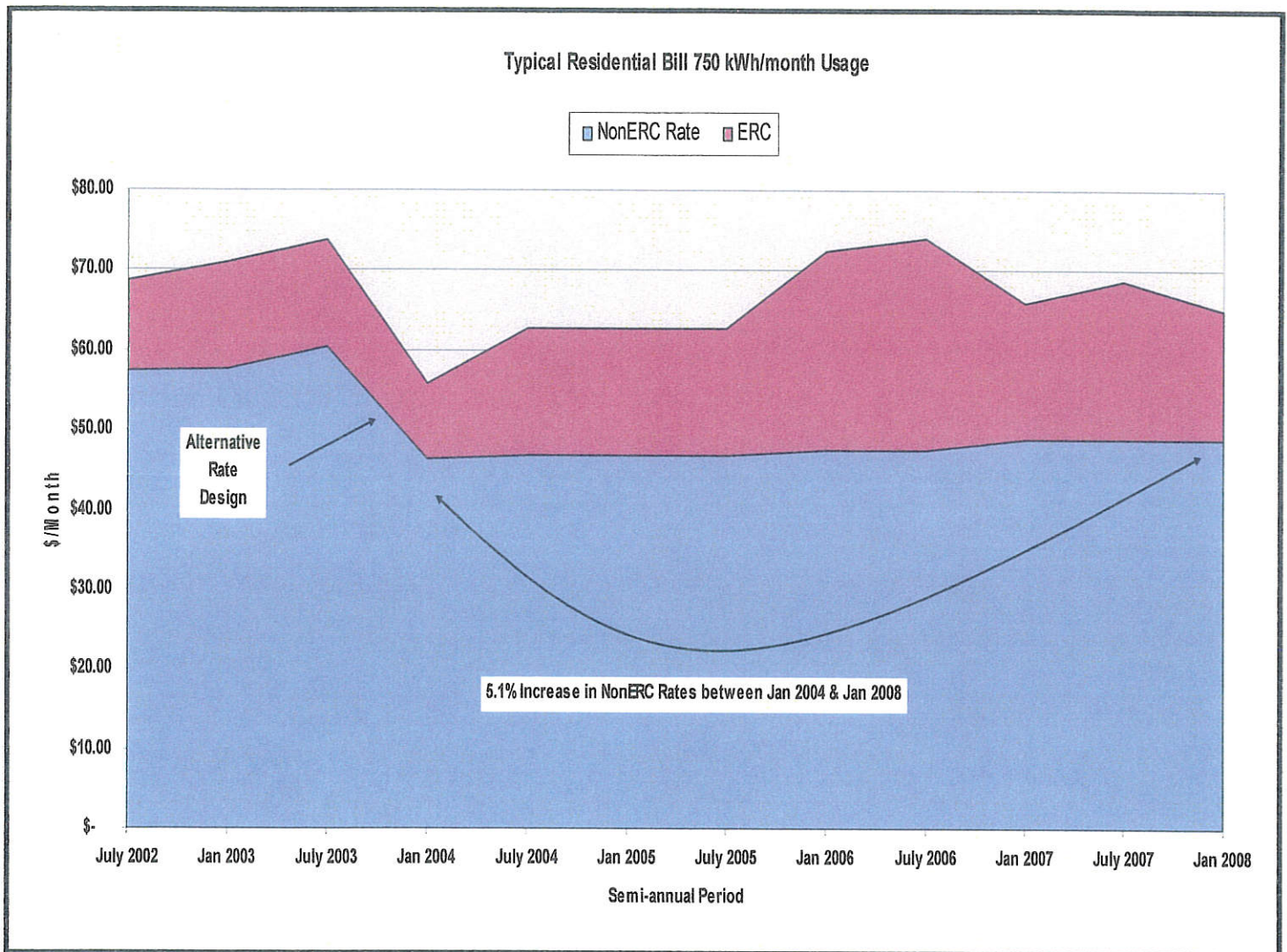
- The electric utility was established in late 1912
- Transmission system consists of 161kV and 69kV transmission lines. The 161kV system is configured in two loops, establishing a figure eight over the service territory to maintain the highest reliability standards. Interconnection between the 161kV and 69kV systems is made at four locations.
- Highest peak demand was recorded on August 9, 2006 at 529MW
- Electrical lines interconnect to four KCP&L locations and one Westar Energy location.
- Facilities consist of three power stations, 29 substations and 2,992 miles of electrical lines
  - Nearman Creek Power Station- 315MW
  - Quindaro Power Station- 316MW
  - Kaw Power Station- 92MW\* currently inactive

### *Water Utility*

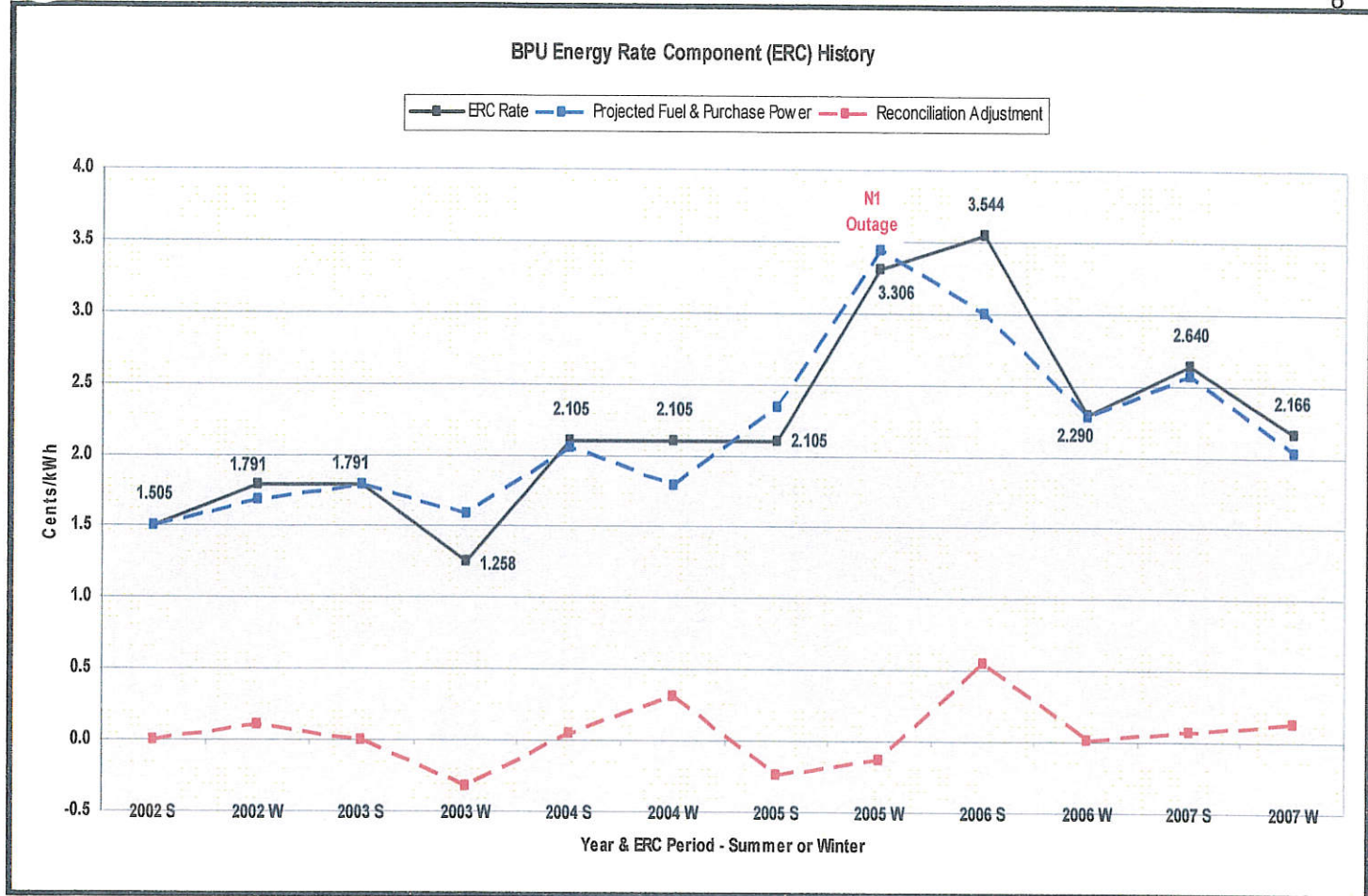
- A privately-owned system was purchased in 1909 to provide the community with quality water.
- Facilities consist of two water treatment plants with 1,004 miles of water pipes and 6, 242 hydrants.
  - Nearman Water Treatment Plant provide a capacity of 54 million gallons per day (MGD) from two horizontal collector wells.
  - Quindaro Water Treatment Plant has a capacity of 30MGD \* (currently on standby basis)
- Four pump stations transfer water to four water pumping districts, delivering water through more than 96 miles of transmission mains and 908 miles of secondary distribution mains. Thirty-one million gallons of water are held in reserve and stored in reservoirs and elevated storage tanks throughout the city.
- Water system pressure ranges between 40 and 100psi.
- Water distribution lines interconnect with WaterOne in Johnson County, KS; Kansas City, MO and Bonner Springs, KS.



## Usage, Supply and Cost Comparisions

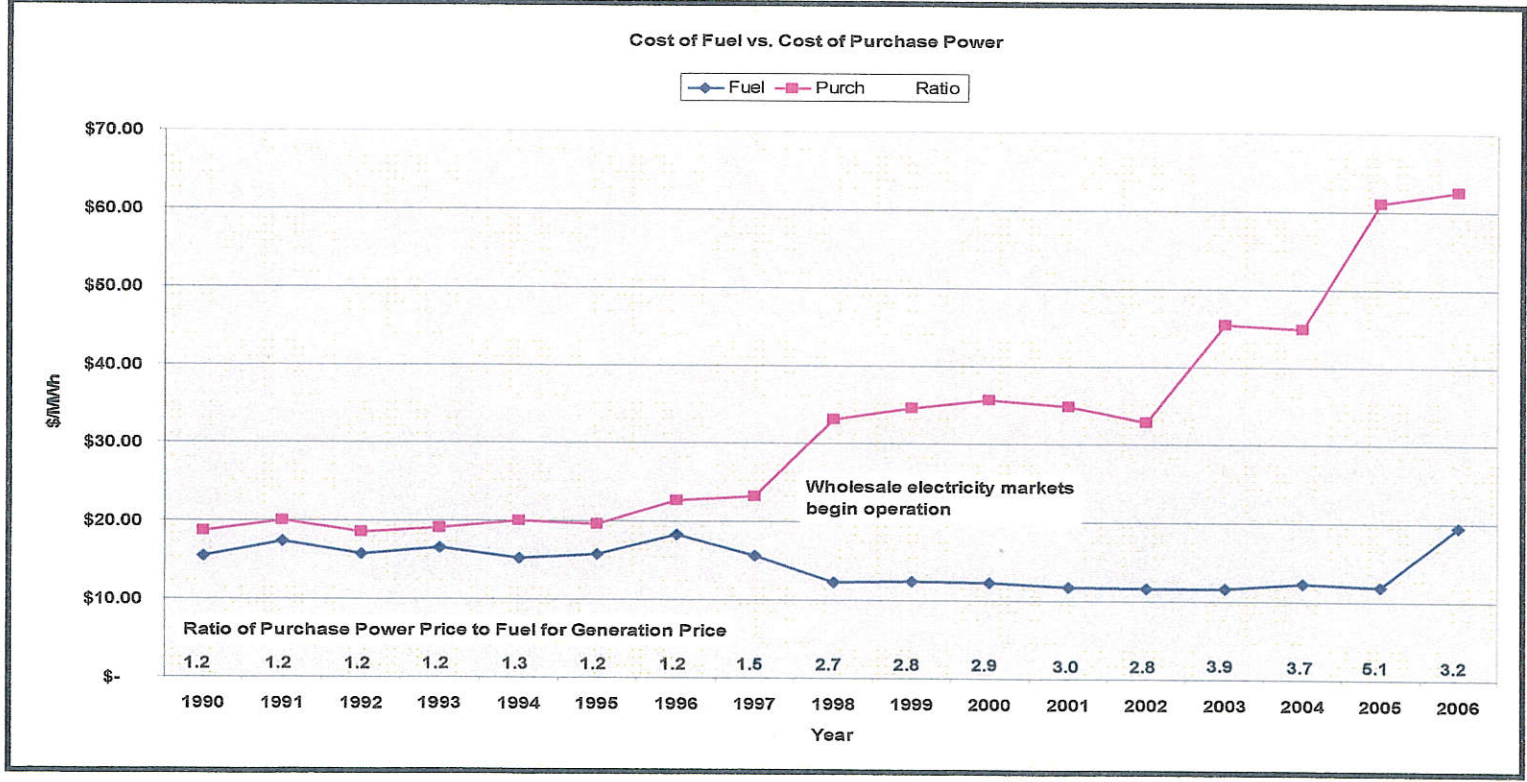
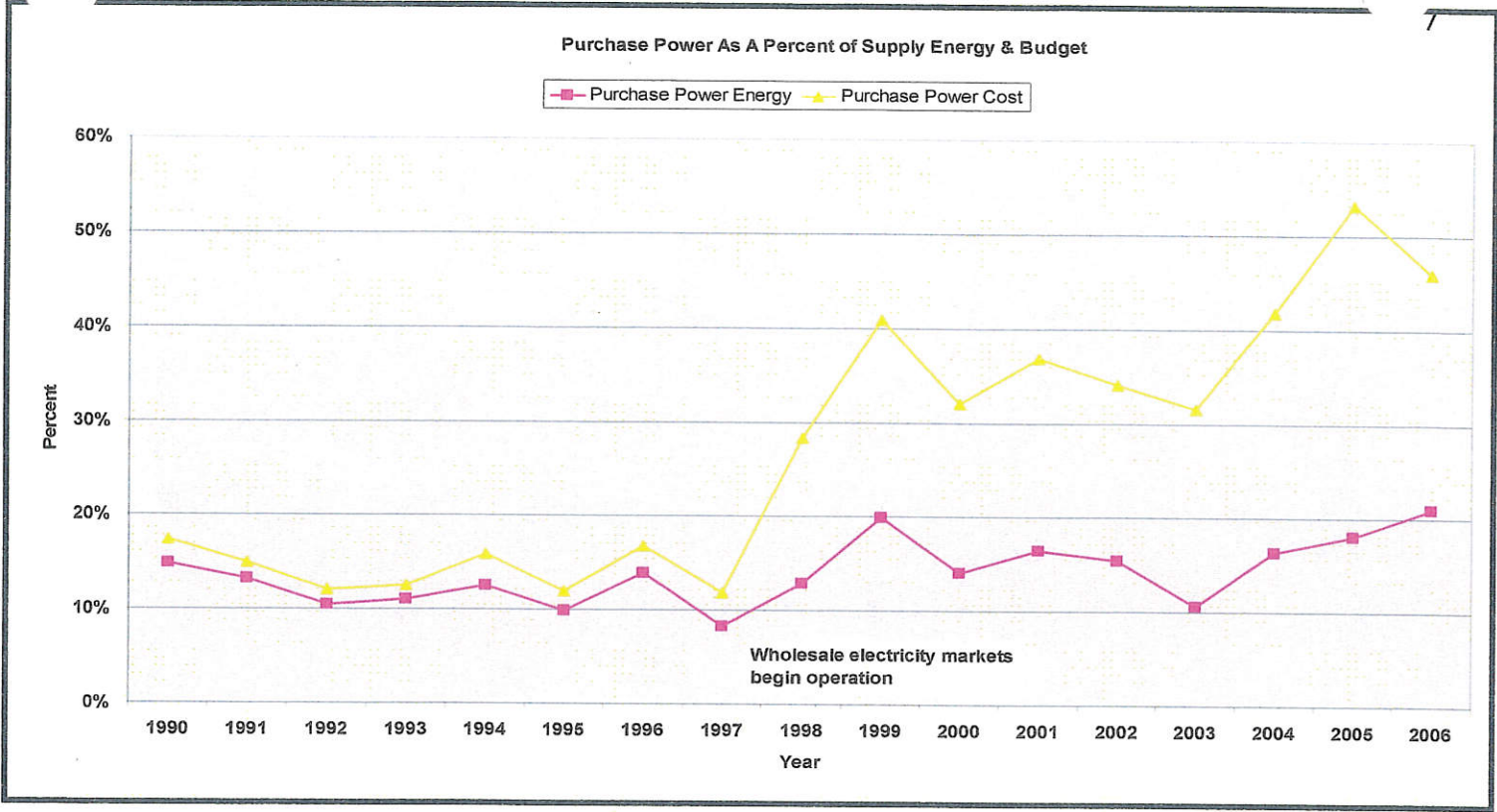


- Between January of 2004 and January of 2008 there has been only a 5.1% increase in customer rates.
- In comparison, the nationally between the same time period there was a 9.9% increase in customer rates.
- During this time period as well the cost of gasoline has risen to \$2.94 from \$1.59 and the price of milk has increased to \$1.26 from \$0.72 according to the Bureau of Labor Statistics.



- ERC is the Energy Rate Component which is the cost of fuel.
- Investor-owned utilities have ERC equivalents commonly known as fuel/ energy adjustment charges .

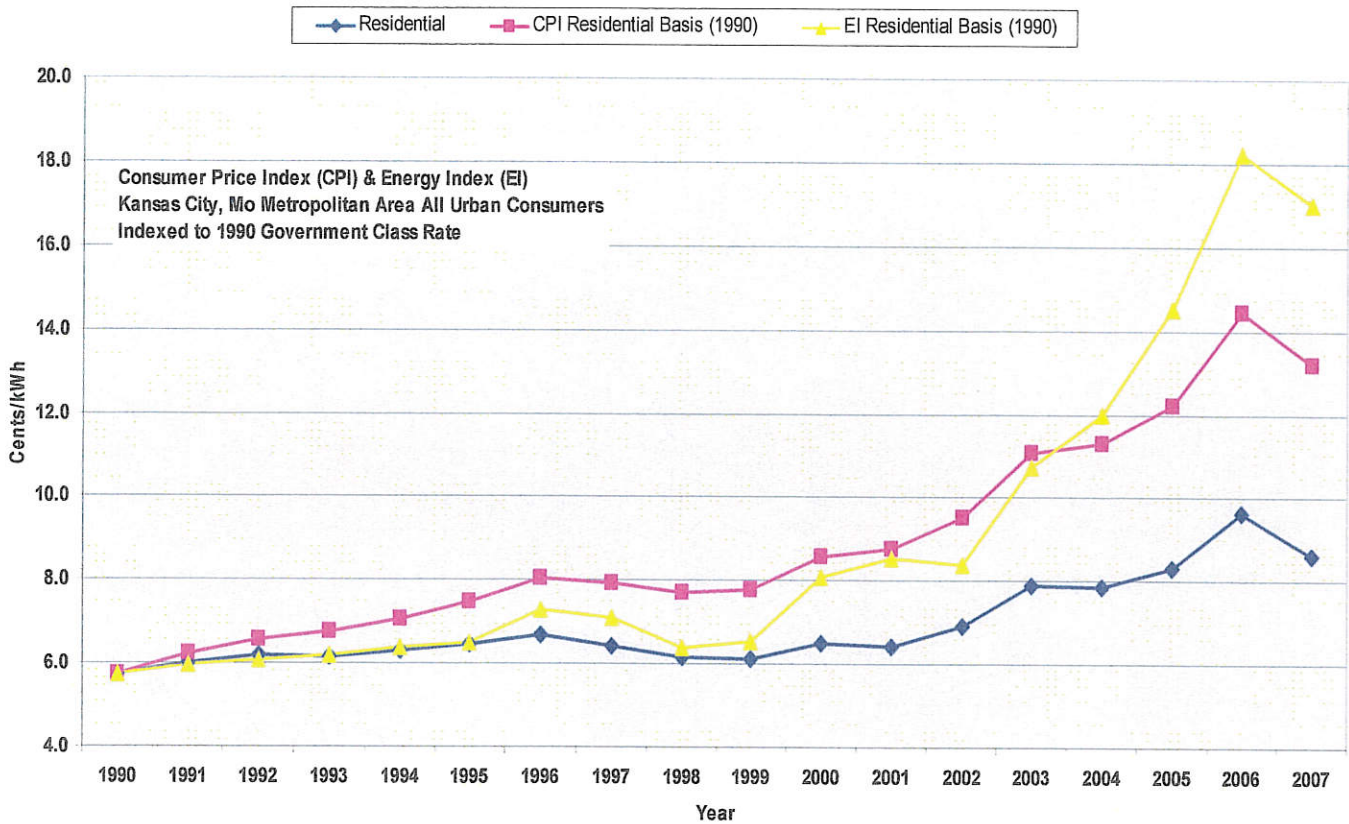




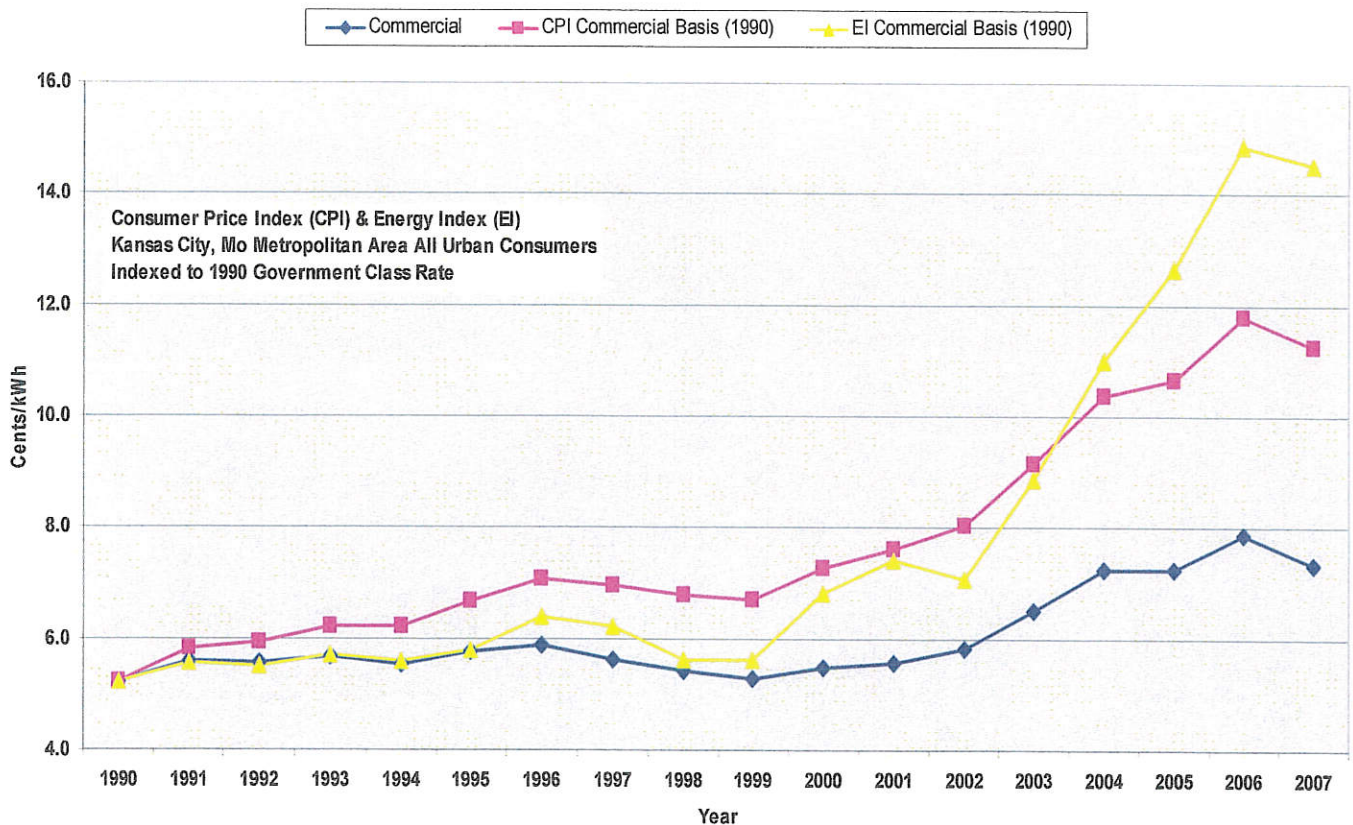
- While the amount of purchased power employed by BPU has remained stable over sixteen years, the cost of purchased power has increased exponentially. The rise in costs were largely driven by the introduction of the wholesale electricity market.
- These charts demonstrate the importance to our customers of having access to reliable, low-cost power supplies.

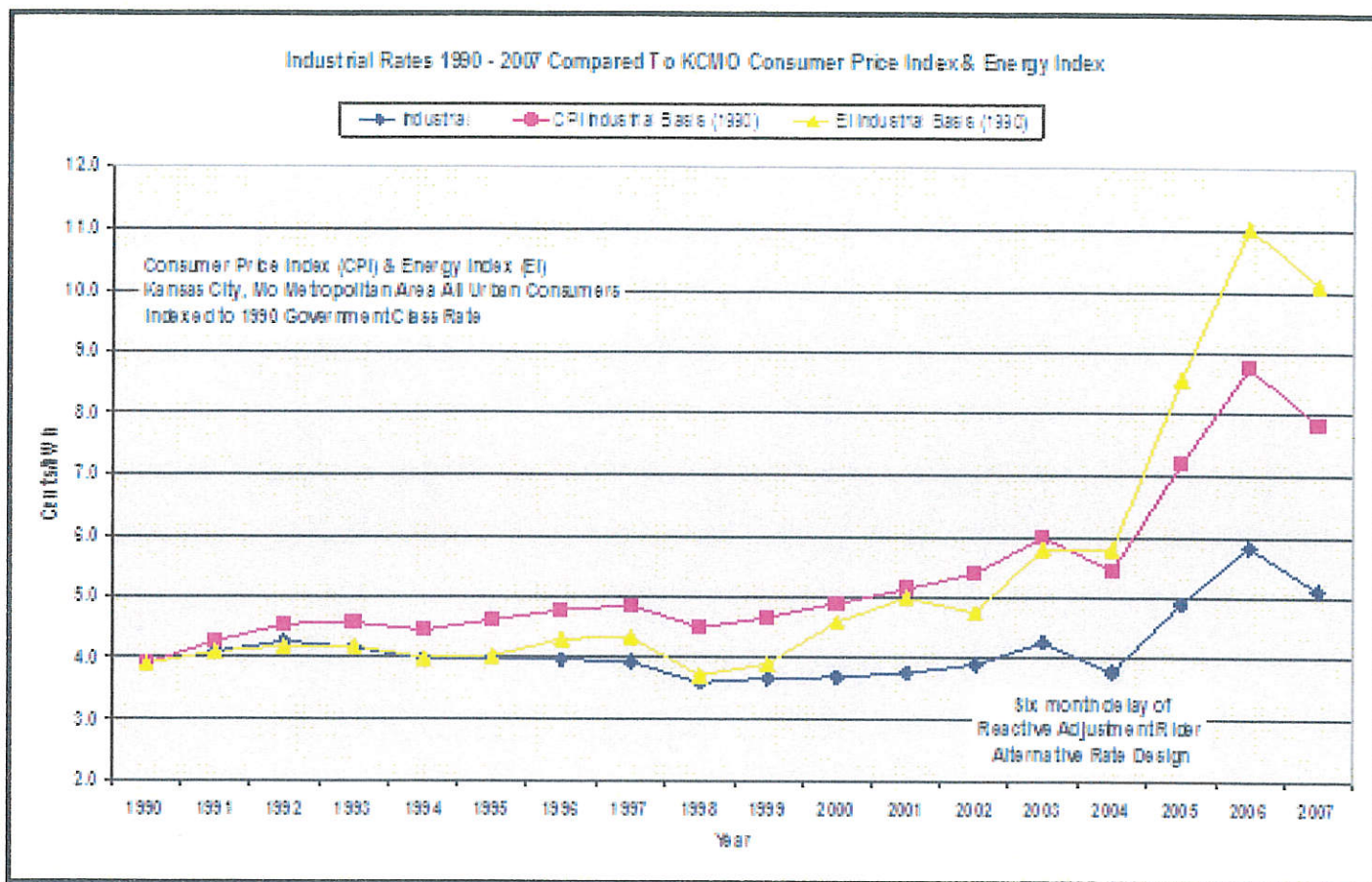


Residential Rates 1990 - 2007 Compared To KCMO Consumer Price Index & Energy Index



Commercial Rates 1990 - 2007 Compared To KCMO Consumer Price Index & Energy Index

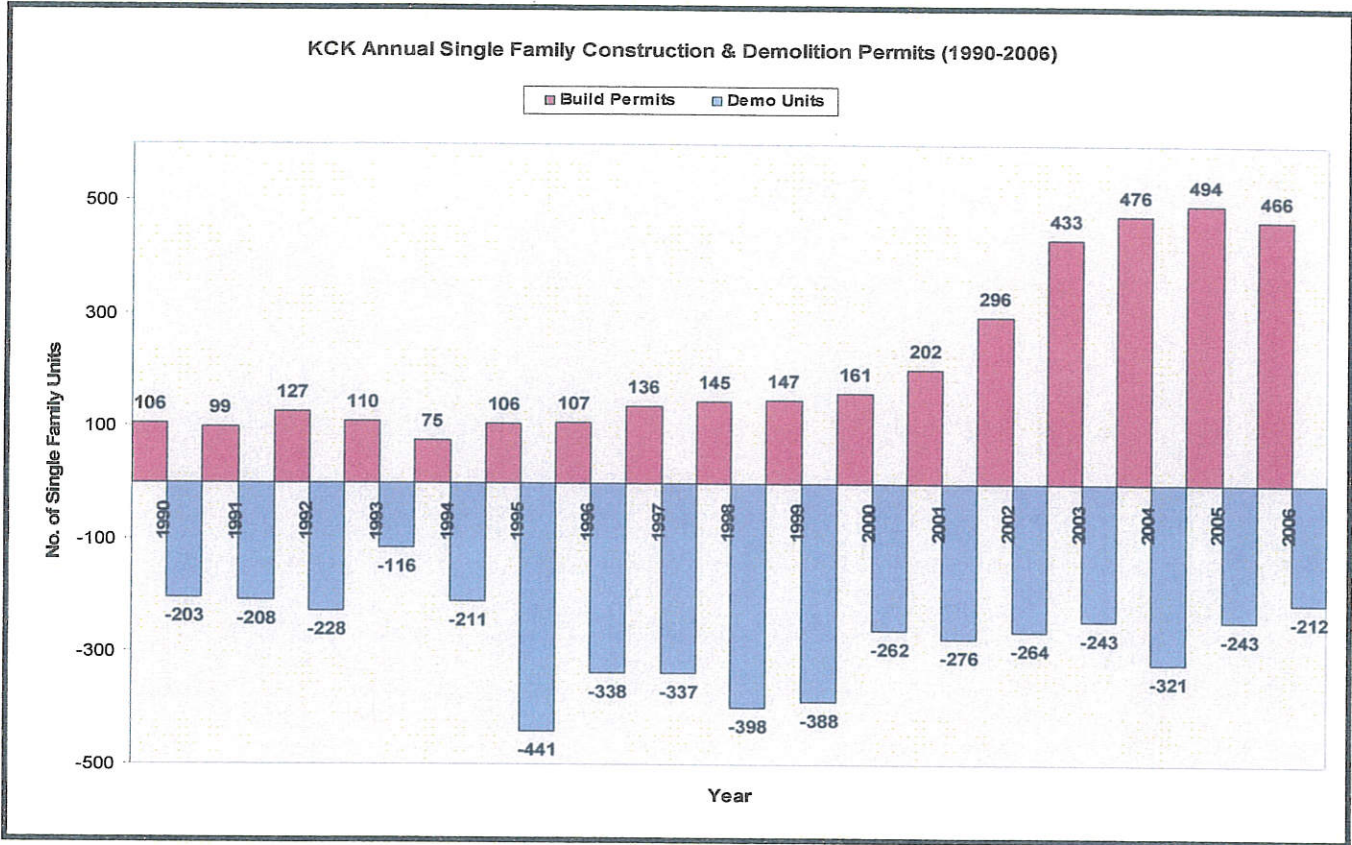




- There are three customer rate classifications: (1) Residential; (2) Commercial; and (3) Industrial
  - Residential customers are homeowners
  - Commercial customers are small, medium and large businesses
  - Industrial customers are very large manufacturing plants, warehouses, sports venues and the like
  
- The Kansas City Board of Public Utilities has experienced the loss of 69 industrial customers since 1990- this means loss of jobs, development and revenue streams for the community. It is in the best interest of every utility to keep all customer classifications rates as low as possible as they are all intrinsically tied to one another.
  
- Our community is hit doubly hard when companies struggle - like General Motors which has the Fairfax Plant in Kansas City, Kansas or Corning which produces insulation. As the housing market has slowed so has the need for home insulation and discretionary spending on items such as new vehicles are trimmed back.



# Population Statistics



- There are 1,003 fewer single family units in Kansas City, Kansas on January 1, 2007 than January 1, 1990.

Year	INDUSTRIAL	COMMERCIAL	RESIDENTIAL	Other System	Total
1990	163	6,513	59,151	235	66,062
1991	140	6,556	58,909	231	65,836
1992	140	6,557	58,927	232	65,856
1993	131	6,581	59,047	243	66,002
1994	121	6,536	58,900	279	65,836
1995	119	6,726	58,688	281	65,814
1996	113	6,759	58,269	283	65,424
1997	112	6,916	58,146	292	65,466
1998	115	6,786	57,856	289	65,046
1999	119	6,819	57,673	293	64,904
2000	115	6,892	57,956	262	65,225
2001	118	6,943	57,876	252	65,189
2002	115	7,147	57,795	246	65,303
2003	106	7,290	57,931	250	65,577
2004	106	7,436	58,067	281	65,890
2005	99	6,896	57,486	224	64,705
2006	94	6,733	57,500	242	64,569

**Decrease                      69                      1651                      1,493**



# Expenditure Review

### Employee Meals 2005-2007



KCKBPU has revised its procurement policies and to include additional and more thorough reviews of expenses.

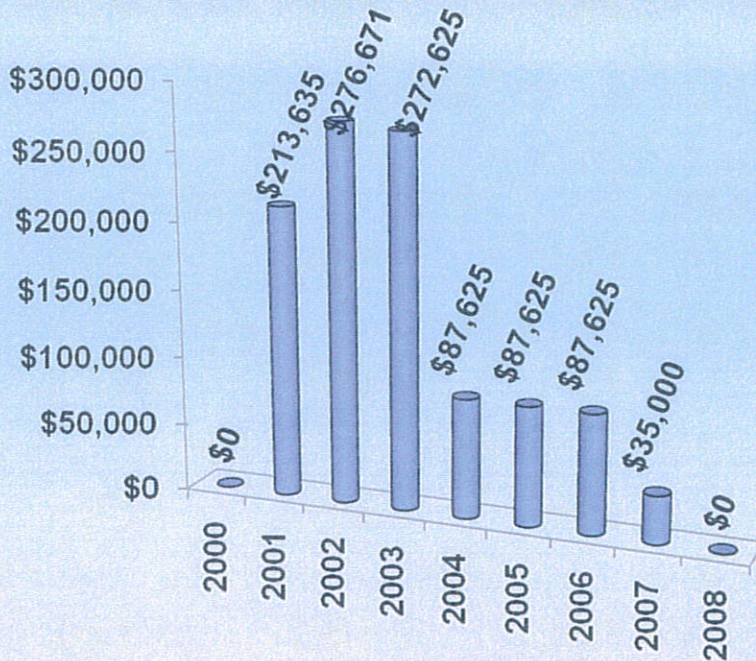
KCKBPU employs approximately 650 people who all reside in Wyandotte County

In 2005, roughly \$37 was spent per employee on meals.

In 2006, roughly \$30.50 was spent per employee on meals.

In 2007, roughly \$14 was spent per employee on meals.

### Kansas Speedway Expenses



KCK BPU has continuously reduced expenditures related to the Kansas Speedway. In 2008, KCK BPU will not be expending any money on Kansas Speedway sponsorships.

## **BPU December 2007 Ice Storm Response**

This is a summary description of past events related to the December 10, 2007 Ice Storm and the subsequent power outages and infrastructure damage. The storm that began during the evening of December 10<sup>th</sup> had a significant impact on the number of customers affected; however, most of the damage and property loss was minimized due to fact that most of the summer foliage had become dormant. The estimated number of customers affected during the initial phases of the storm was reported to be 35,000.

The Board of Public Utilities (BPU) was quick to respond to restoring major systems (i.e., feeders, primary conductors, etc.) which reduced the estimated outages to approximately 10,000 customers by the start of the next business day. BPU scheduled line and field crews to work 16 hour days, covering three shifts with a safety-first emergency response.

Because the storm had already created havoc for most of Oklahoma and southern Missouri, we elected to allow our entire complement of contract line crews and about one-half of our contract tree trimming crews to relocate to those areas in order to restore services. Once the storm reached Kansas City, it was viewed to be less intensive and the subsequent damage was later assessed to be less widespread than with past ice storms. At that point, BPU made a conscious decision that most of the restoration could be accomplished within a few days by the BPU workforce.

The majority of the affected areas were primarily confined to three locations that encompassed several blocks north of the Kansas River and between 18<sup>th</sup> Street to 88<sup>th</sup> Street. BPU provided periodic updates to local television stations and newspapers in the Kansas City Metropolitan Area. The weather updates suggested there were between one to one-half inch of ice to be followed by snow.

The BPU remained in constant communication with the local Emergency Management and Unified Government officials. Part of our communication involved working with the local Red Cross and other agencies to provide temporary shelter, food, and medical assistance and to hold periodic briefing that included Police and Fire Departments.

During the course of the first few days, repeat calls into our Electric Service Dispatch Center (ESDC) created a need to bring in additional telephone representatives to perform customer call-backs and provide additional help in managing the work overflow. Because managing trouble calls and creating work tickets are a labor intensive, time consuming process, BPU is looking to make significant improvements in 2008 to improve customer service and reduce time associated with restoration efforts by installing a new outage management system and interactive voice response system.

Additional data drawn from BPU financial systems indicated that the costs for BPU labor, contract line clearance, and materials equaled approximately \$290,000. The threshold for FEMA reimbursement was set to approximately \$500,000 in combined damage incurred by BPU and the Unified Government. The majority of our expenses occurred during the mid to latter phases of our restoration efforts. Our records indicated we spent a combined 16 days making final repairs and restoring permanent services in our community.

After the storm had elapsed, BPU received numerous 'thank you' letters and words of gratitude from the public, having seen how BPU crews worked diligently to make sure everyone had power restored as quickly as possible.



The BPU Board and Senior Management staff has also conveyed our heartfelt thanks to all of the men and women who spend countless hours, in adverse work conditions, providing a public service.

On a final note, one of the things that distinguish BPU from other utilities in the Kansas City area is the ongoing commitment and the relationship the utility has with its customers. Most of the employees live and work in the community BPU serves. Because of that, we share a vested interest in making sure that our customers receive our best efforts especially during times when they need us the most.

BPU is a 2006 recipient of the prestigious American Association of Public Power's RP3 Platinum Award for service recognized as being among the best in the industry. It speaks volumes when your peers hold you in such high regard and, at the same time, your community benefits by having a tier one public utility that provides safe and reliable power.

**In your packets you will find a sample of the thank you notes we received from our customers following the ice storm.**

## REGULAR SESSION – WEDNESDAY, APRIL 18, 2007

STATE OF KANSAS )

) SS

CITY OF KANSAS CITY )

The Board of Public Utilities of Kansas City, Kansas met in Regular Session on Wednesday, April 18, 2007 at 6:00 P.M. The following Members were present: Mary L. Gonzales, President; John M. Pettey, Secretary; Robert L. Milan, Sr., Vice President; Terry Eidson, Loretta Colombel and Mark Jones, Members. Ms. Gonzales presided.

Also present: Hal Walker, Chief Legal Counsel, Don Gray, General Manager, Marc Conklin, Manager of Human Resources/Legal Counsel; Steve Rehm, Manager of Electric Operations; Carl Wolfe, Chief Administrative Officer; Rick Yarnell, Director of Internal Audit and Performance Assurance; Paul Pausick, Manager of Information Services; Susan Allen, Public Affairs Officer; Lori Austin, Manager of Accounting & Finance, CFO; James Mason, Manager of Customer Service; George Powell, Director of Economic Development and Retail Services; Darrell Dorsey, Manager of Electric Supply and Production; Mike Kline, Superintendent Distribution – Underground; Bill Johnson, Director Electric Transmission and Distribution; Kevin Williams, Director of Employee Relations; Chris Stewart, Director of Civil Engineering; John Mikesic, Accounting Specialist – Cash; Visitors and Press.

Ms. Gonzales made the introductions for the installation ceremony for elected and re-elected members of the Board.

The Honorable Philip Sieve administered the oath of office to Terry Eidson, At Large – Position 3 Representative. Mr. Eidson thanked Judge Sieve for taking the time to come to the meeting and swear him in. Mr. Eidson also thanked his wife, Aileen, and all his family for their support throughout his campaign. He acknowledged the citizens of Kansas City, Kansas, who gave him their support – he thanked them for their confidence in him and for allowing him this honoring position as a member of the Board of Public Utilities. Mr. Eidson pledged to do his very best to maintain the highest level of service and to exceed customer expectations. He stated that he would be open, honest and responsive to customer's needs.

The Honorable Muriel Y. Harris administered the oath of office to Robert L. Milan, Sr., First District Representative, and to John M. Pettey, Third District Representative.



Mr. Milan thanked God, his family, and his friends. He stated his friends and family have been very supportive of him, and that it was a blessing to have been elected five times.

Mr. Pettey thanked his family for their support and his supporters who helped him win the election. Mr. Pettey stated that he has really enjoyed being on the Board. He said the utility has been through some good and bad times and they now need to start working on how the utility will go about producing more electricity.

Ms. Gonzales called the meeting to order. Roll call was taken. All members were present.

Mr. Pettey made the motion to approve the "amended" agenda for the April 18, 2007 meeting, motion seconded by Ms. Colombel. Motion carried.

Ms. Colombel made a motion to approve the minutes of the regular session of April 4, 2007, motion seconded by Mr. Pettey. Motion carried.

There were no visitors.

Ms. Lori Austin, Manager of Accounting & Finance, CFO, reviewed the final results and highlights of the 2006 draft of the financial statements and supplemental schedules.

John Lathrop, Managing Partner, Christy Annin, Audit Manager, and Morgan Hannings, Auditor from the auditing firm of KPMG were also present at the meeting.

Ms. Austin stated the annual audit began on March 5, 2007. The audit covered a wide array of testing and multiple processes. She stated the audits were not only about reviewing financial activity, but also future goals and objectives and how the utility is preparing for them. Ms. Austin stated the financial statements and supplemental schedules would be incorporated into the Unified Government's CAFR. BPU's report will go through the final production review from KPMG prior to the utility forwarding the document to the UG. Once the draft is approved, BPU will proceed with the preparation of the full CAFR for submission to the GFOA for consideration of the certificate of achievement in excellence in financial reporting for the 26<sup>th</sup> year.

Ms. Austin stated that about a month ago she presented the preliminary 2006 results, which were prior to the completion of the annual audit. At that time, some additional items were identified that would still need to be recorded for 2006. These adjustments were not identified as audit adjustments by KPMG. The first item was the valuation of the FASBY 106, which is the retiree's health care benefit as of 12/31/06. This resulted in an additional expense of \$182,000 to meet the valuation requirements. The second item was the reevaluation of the GASBY 27 which is BPU's net pension obligation and pension cost calculation as of 1/1/2007. This adjustment was a reduction of expense of approximately \$6.8M. With both of these adjustments and the adjustments KPMG

would identify a little bit later, the change in net assets would result in a change in net assets of a positive \$14.1M. Between 2006 and 2005 capital assets increased \$23.9M or 4.4% over last year. The debt service coverage for 12/31/06 was 2.33, which compared to 1.93 at the end of 2005. This represents the electric coverage of 2.53 and water coverage of 1.63 for a combined coverage of 2.33. Also, identified in the net assets was increase of \$14.1M during 2006.

Mr. John Lathrop, Managing Partner with KPMG reviewed the results of the audit with the Board. He stated that the audit should be finalized within the next few days. He stated that their profession and rules requires them to make certain communications to boards, which they planned to cover at this meeting. Mr. Lathrop stated that there were two audit adjustments and there will be some areas that will be monitored going forward into 2007. He said that not only will they be issuing an audited statement concerning the basic financial statements, but they would also be issuing compliance reports, which are required by government regulations on internal controls. He stated there was one finding this year that his associate would go over later in the meeting. He stated that KPMG's responsibility is try to ensure that the financial statements that are put together by management and the BPU staff fairly present the financial position of BPU as of December 31, 2006 and for the 12 months there ended. Management prepares the statements, accumulates data and KMPG tests that data to make sure it meets the audit and accounting standards. KPMG tends to focus their efforts on areas that require management judgment. He stated that in an organization as big as BPU, there were numerous judgments made in the preparation of financial statements. KPMG tried to ensure those judgments are reasonable and appropriate in the circumstances. He said they have found that the judgments used by management in the preparation of these financials statement, are reasonable, appropriate, and result in a fair presentation of the utility's financial condition. There were no exceptions taken to any of the accounting policies or practices used by BPU. KPMG looked at revenue recognition, how accruals are made and recorded in the financial statements. They had no disagreements with management on any financial accounting or reporting matters. No material weaknesses in BPU's internal control structure were noted. KPMG received very good cooperation with BPU throughout the course of their work. Mr. Lathrop stated that Ms. Austin and her team did an excellent job getting them the information they needed to conduct their audit. He stated that any adjustments that were brought forward and recommended by KPMG, Ms. Austin and the BPU management team made. Mr. Lathrop stated that during this year's audit more detailed work was done in regard to travel and entertainment expenses than what they would typically do. He said they felt this was appropriate considering the circumstances BPU was in. He said that those are not usually the types of things that rise to the level where they would materially impact the financial statements, but they would be important from an integrity perspective. Twelve people were selected (six senior people at BPU and six board members). Travel and entertainment reimbursements were reviewed for the entire year of 2006 and the findings were unremarkable – they did not note any abusive practices.

Christy Annin stated that one of the key areas looked at was "significant estimates" that require management's judgment. Significant estimates include the bad debt reserve, unbilled revenue accrual, payroll accrual, reserve for wage allowances, workers compensation reserve, and certain obligations related to Brushy Creek. She said the methodology management has used was reasonable and consistent with prior years. She stated they were aware of a confidential analysis that was leaked to the media during the year. They performed inquiries with management around that analysis and currently management was not aware of what the resolution would be with the EPA, however, it could involve certain fines and penalties. Management made disclosures around those matters and where they were at with the EPA and any potential consequences. She stated that KPMG believed that appropriate disclosures had been made and as more information was known, management would be able to respond to those.

Ms. Annin stated that Brushy Creek Coal Company and Liberty Coal Company involved a wind down of estimates made in the 1970's. Liberty Coal Company filed bankruptcy during 2006, so currently there were no coal mining operations since the bankruptcy. BPU, based on a legal opinion obtained, does not believe that any Liberty creditors would have recourse back to the BPU. KPMG made certain disclosures around Brushy Creek and Liberty Coal Company and their associated abandonment of those investments.

The BPU has recorded two obligations related to Brushy Creek, which they are obligated to provide funding. Those obligations pertain to miner's benefits and certain reclamation costs. The miner's currently are appealing for more benefits and BPU has disclosed that contingency, however, currently no amount has been recorded around those amounts as it is in an appeal process. The BPU also would continue to recover the funding amount for those obligations through rates charged to the customers. Fuel purchased costs are included in the energy rate component. Debt covenant compliance was also reviewed and the BPU was in compliance with their debt covenant as of 2006. Certain testing was performed around payroll expense reimbursements. Nothing appeared to be abusive in expense reimbursements. There were two audit adjustments during the year. The first one was the reversal of construction work in progress. Projects recorded in 2006, however, were not performed in 2006 and that was approximately \$1.1M reversal. As part of the audit, internal controls were reviewed over financial reporting. She stated there were three classifications of deficiencies when looking at internal controls 1) deficiency, 2) significant deficiency, and 3) a material weakness. Material weakness would be the most severe case. There was one significant deficiency – around the BPU's billing system. She said management was taking action to correct that action during 2007. Items they would be monitoring in 2007 include the EPA investigation, the Liberty Coal bankruptcy proceedings, updating estimates for Brushy Creek obligations, the billing system control deficiency, worker's compensation reserve methodology, unbilled revenue analysis, and BPU would be

adopting a new accounting pronouncement in 2007 related to accounting and financial reporting by employer's post retirement benefits other than pension. Those areas would be around uncertain contingencies or significant estimates during the year.

Ms. Austin asked the board for approval of the regulatory asset and liability for the over and under recovery of the fuel and purchased power costs for both the summer and winter period for 2006. This regulatory asset is the under collection of the fuel and purchased power for the summer of 2006 in the amount of \$746,000. The regulatory liability is for the over collection for the fuel and purchased power for the winter period of 2006 in the amount of \$1.2M.

Mr. Pettey made a motion to approve the regulatory asset and liability for the over and under recovery of the fuel and purchased power costs for both the summer and winter period for 2006. Motion was seconded by Mr. Milan. Roll Call vote was taken - motion carried.

Ms. Austin asked the board for an approval of the collection of the regulatory asset and miner benefits and mine reclamation costs in the amount of \$4.6M over a ten year period. This is a reaffirmation of the continuation of the collection of those costs.

Mr. Pettey made a motion to approve the collection of the regulatory asset and miner benefits and mine reclamation costs in the amount of \$4.6M over a ten year period. Motion was seconded by Mr. Milan. Roll Call vote was taken - motion carried.

Ms. Austin asked the board for approval of the 2006 financial statements and supplemental schedules as presented to the board this evening.

Ms. Colombel made a motion to approve the 2006 financial statements and supplemental schedules as presented to the Board at this meeting. Motion seconded by Mr. Pettey. Roll Call vote was taken – motion carried.

Mr. Eidson stated that during the last couple of weeks he had been in and out of the administration building several times and he wanted to thank Senior management and staff, especially Marc Conklin, for making him feel welcome and being part of the BPU family. He looks forward to working with everyone and wanted to say thank you again.

Ms. Colombel welcomed Mr. Eidson and also Mr. Pettey and Mr. Milan, who have provided the board with a lot of guidance and have been great to work with through the years. She offered her congratulations to the families also.



Mr. Milan congratulated Mr. Eidson and stated that there was a lot of work to do. He stated that when emotions leave and clear heads prevail – this board had a tremendous responsibility to this community. He stated that the Board serves on committees with the Unified Government, such as the financial committee, public works, audit committee and human resources. He stated that Ms. Colombel will be sworn in as Chairperson of the American Public Power Association (APPA). Mr. Milan stated that BPU was part of Wyandotte Development Inc. (WDI) and that he was the Vice Chairman. He also serves as vice-chairman there. He said that WDI's annual meeting was May 9<sup>th</sup> at Dave & Busters. Mr. Milan stated that BPU, WDI, the Chamber and the Unified Government work as a team to lure new customers to our area. He has learned a lot during his sixteen years on the Board. He stated that with the help of staff and other board members, BPU could go in the right direction for all the right reasons.

Ms. Gonzales offered her congratulations to Mr. Eidson, Mr. Milan, and Mr. Pettey.

Mr. Jones offered his congratulations to the newly elected commissioners, Mr. Eidson, Mr. Milan, and Mr. Pettey.

Mr. Pettey congratulated Mr. Eidson and Mr. Milan. He said it was nice to see a lot of people in the audience – it would be nice to have crowds that big at every board meeting. Mr. Pettey thanked the families and employees that came to the meeting

Mr. Don Gray, General Manager, congratulated the newly elected board members and stated that he was looking forward to working with the board and that there were certainly some challenges ahead, but with the quality of the board and the staff that the utility had he was sure they would get through them.

Mr. Gray introduced Chris Stewart, the new Director of Civil Engineering.

Mr. George Powell, Director of Economic Development and Retail Services, updated the Board on the Energy Star Partner Award BPU received. There was a Community Development Block Grant Celebration (CDBG) and BPU was presented the Energy Star Partner Award by Lavert Murray, the Director of Community Development and Planning for the UG. The award was in recognition of outstanding contributions to the pilot program for energy housing conservation and partnership with the UG of Wyandotte County/Kansas City, Kansas. Mr. Powell explained that BPU had participated in a pilot program for the construction of three energy efficient homes on the energy efficiency of those homes as a study that HUD was conducting along with the Energy Star Program of the EPA to build energy efficient homes in our community, primarily for homes built east of 635.

Mr. Gray reminded the Board of the United Way annual luncheon on Wednesday, April 25, 2007 at 11:30 at the Reardon Center. The Board should let Geri know if they wanted to attend.

Mr. Milan made a motion for adjournment, motion seconded by Ms. Colombel. Motion carried. Meeting adjourned.

ATTEST:

APPROVED:

\_\_\_\_\_

\_\_\_\_\_

Secretary

President

## Thank You Letters Regarding Ice Storm of December 2007

To Whom It May Concern:

I am way overdue in getting his note out, but I still wanted to send it. I just wanted to say a big "Thank You" to the 2 men who drove truck #9 the day of the ice storm. My neighbor (who had just had cataract surgery that morning) and I had lost power due to a limb coming down. We'd been out about 6 hours when I ran into them (the BPU men) at the gas station. They followed my neighbor and me home and had our power on in 15 minutes. The men were cheerful and so willing to help and I know they must have been exhausted. They were terrific and I'm so grateful. They deserve a pat on the back!

*Becky Powell, Kansas City, Kansas*

Dear Mr. Gray:

My family and I would like to extend our sincere appreciation to the Board of Public Utilities and particularly to the dedicated crew that restored the electrical service to our home late Tuesday evening, December 11<sup>th</sup>. I did contact BPU very early in the morning on Tuesday, December 11<sup>th</sup>, and reported our power being out. Throughout the day, I did not receive any response back from the BPU; which I can certainly understand given the scope of the situation. At approximately 6:00 pm on Tuesday, I introduced myself to the BPU work crew working at 17<sup>th</sup> and Orville. The person I spoke with, Eric was extremely kind and professional and explained that the crew was just finishing up and heading out, was not aware that my house as well as my next door neighbor was still without power, and that he and other crew members would work to get our power restored. True to his word, he and the others did stop by and work until the power was restored to both my house and the next door neighbors. Please extend my sincere thanks to Eric and all the other crew members for all their hard work and professionalism. Our community is very fortunate to have a utility company as professional and caring as the Board of Public Utilities.

*Tom Lally, Kansas City, Kansas*

Board of Public Utilities:

At the 1<sup>st</sup> of the year, I had a water main break and had to call the emergency number. The wind storm we had a couple of weeks ago blew the electrical lines down so I had to call the emergency number. And now, the ice storm. Thank you for being there and helping those in distressed situations.

*The Spicers, Kansas City, Kansas*

ENERGY AND HOUSE UTILITIES

DATE: 1/25/2008

ATTACHMENT 2





**Kansas City  
Board of Public Utilities**



ENERGY AND HOUSE UTILITIES

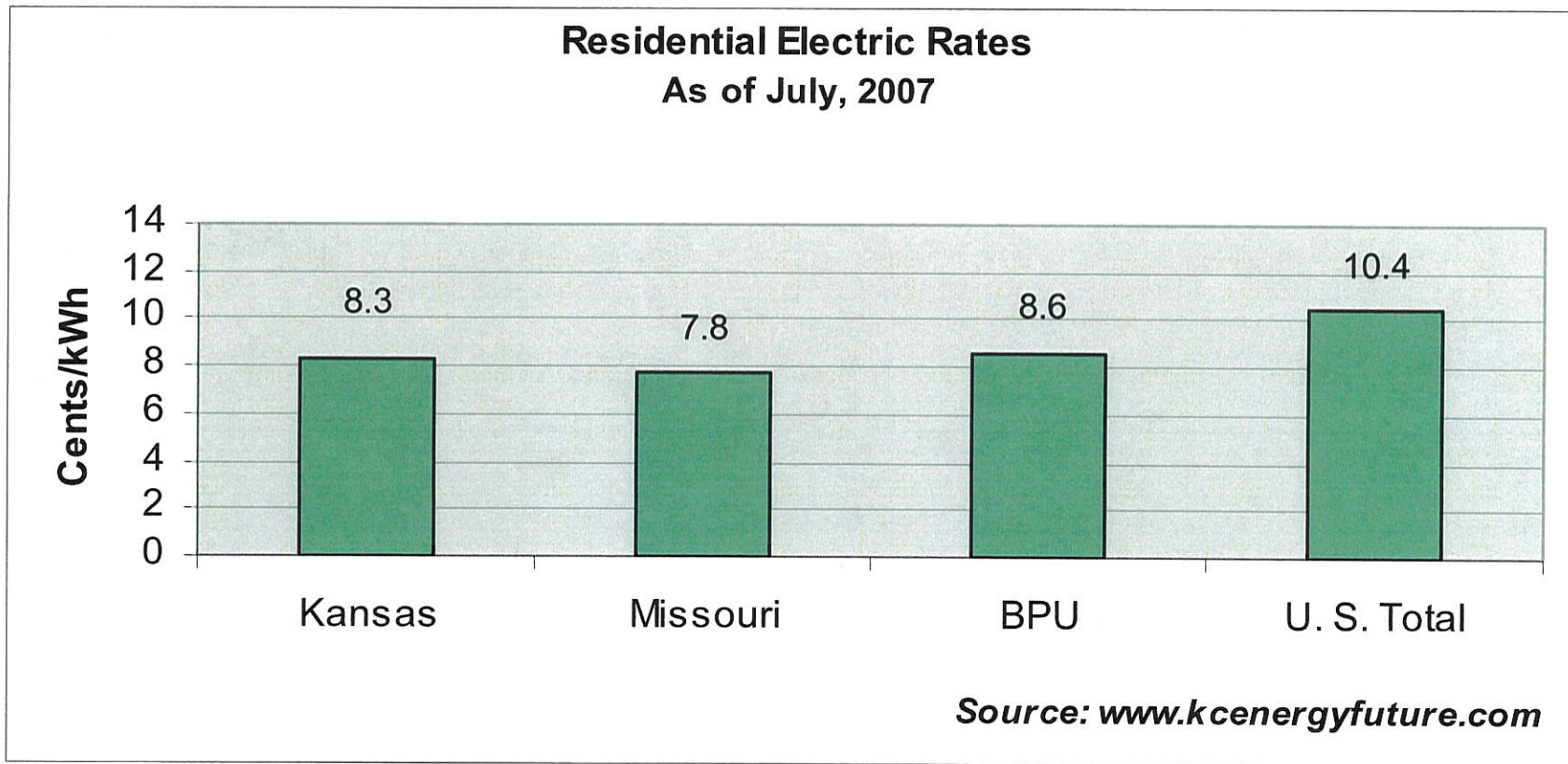
DATE: 1/25/2008

ATTACHMENT 3-1

# Kansas City Board of Public Utilities Rate Comparisons January 22, 2008



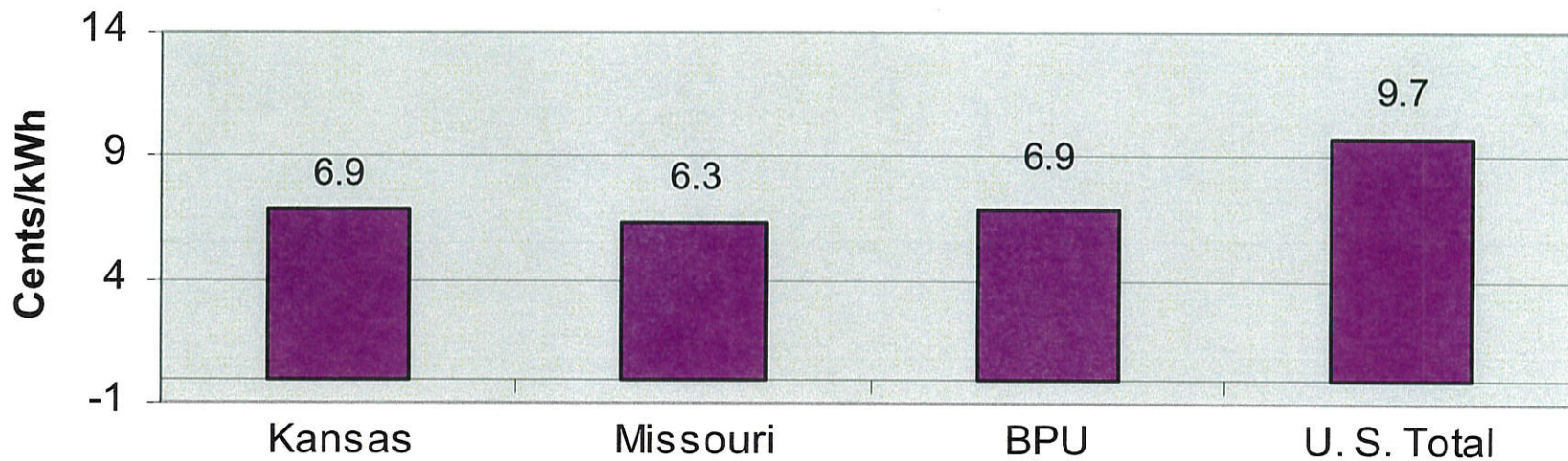
## Residential Rates – As of July, 2007



# Commercial Rates – As of July, 2007



**Commercial Electric Rates  
As of July, 2007**



Source: [www.kcenergyfuture.com](http://www.kcenergyfuture.com)



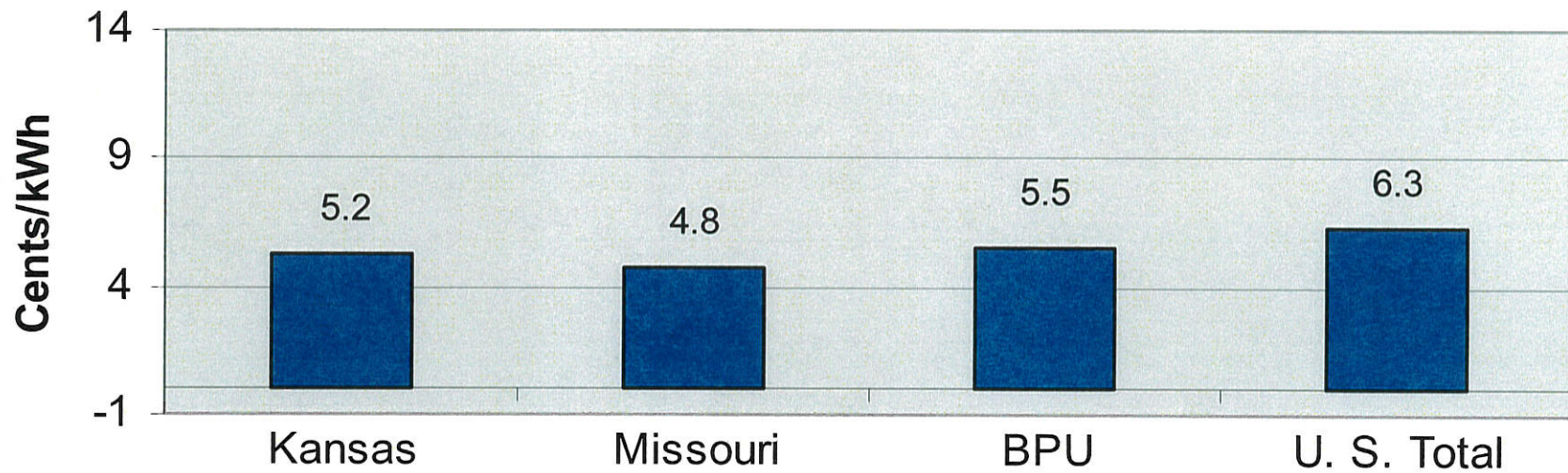


3-4

## Industrial Rates – As of July, 2007

### Industrial Electric Rates

As of July, 2007



Source: [www.kcenergyfuture.com](http://www.kcenergyfuture.com)



**DRIVING THE GROWTH**

# Comprehensive Strategic Plan Update 2007-2010

*Preparing For Our Future  
"Planning The Next 100 Years"*

## *Kansas City's Award Winning Reliable Public Power and Water Provider*

### *Planning BPU's Next 100 Years*

The production, transmission and delivery of reliable, safe, affordable and environmentally sound electricity and water to our customers - that is the reason for BPU's existence. Effective delivery of utility services is a result of good planning and the hard work and dedication of all BPU employees.

We all recognize the importance of planning--following a detailed program worked out in advance aimed at accomplishing a goal. We follow plans in our daily lives—we plan our work, our play and our family time, and we plan for our financial needs and for our future.

Planning is as important to the success of a goal as the goal itself. The process of planning is, by its very nature, the process of exercising control. Without a plan, we leave results to chance.

Over the years, BPU has developed and followed a number of plans, from budgets and financial plans, to facility maintenance and operations plans, master plans and emergency

plans. BPU also develops and follows a *strategic plan*, a plan intended to develop business strategies and goals, and to communicate BPU's vision, mission, values, core strategies and strategic action items to our Board of Directors, management, employees and customers. The process of strategic planning is key to setting BPU's course for the future, and in defining BPU's future identity—BPU's strategic plan establishes the actions necessary to accomplish organizational goals, and creates a framework for developing objectives based upon organizational values and core business strategies. Determining *what* is important (goal or objective--priority) is as necessary as determining *how* to accomplish it (strategy or action--plan).

BPU's strategic planning process develops key priorities and initiatives directed at increasing competitiveness, effectiveness, efficiency, and operational and financial performance, all according to the vision and mission of the BPU—strategic planning is all about starting with the end in mind, and creating strategies aimed at achieving key priorities. At BPU we call this plan the Comprehensive Strategic Plan, or CSP.



ENERGY AND HOUSE UTILITIES

DATE: 1/25/2008

ATTACHMENT A-1



# Kansas City Board of Public Utilities

## *“Committed to the needs of our community in the 21st century”*

### Driving Priorities

As we near the 100 year anniversary of our community owned utility, we are planning and preparing for the continued autonomy, viability and existence of BPU, recognizing BPU’s vital importance to the community. The theme of the 2007-2010 CSP is “Preparing For Our Future.” BPU’s planning process continues to be an adaptable and coordinated effort focused on developing key strategies, with careful consideration of other BPU business plans such as the annual budget and operational master plans.

*The following “driving priorities” set the tone for the 2007-2010 CSP:*

- Determine the most effective future electric capacity and generation plan—incorporate environmental strategies, financial strategies and 2007 Cost of Service results, with communication strategies aimed at involving BPU stakeholders.
- Improve communication of BPU information, both internally with employees, and externally with customers and key stakeholders.
- Benchmarking—compare BPU’s performance to other similar organizations, focus on overall performance and efficiencies to reach best-in-class status; utilize best business practices.
- Provide for the efficient, reliable, safe and economical delivery of electric and water utility services to our customers, and provide excellent customer service, organization-wide.
- Customer-focused approach—provide quality work and respect and appreciate our customers.
- Prepare our workforce for change—be adaptable, trained and willing to take on new challenges, while focusing on excellent customer service.
- Hold the line on rates and reduce expenses. Improve. Always improve.
- Ensure the continued autonomy, independence and existing governance structure of the BPU—recognizing the benefits of community ownership and control of the electric and water utilities.

### Vision

As important as the implementation of the strategic plan itself is the use of the plan document to communicate—by telling stakeholders (Board, management, employees, customers, citizens, media, local and state officials, etc.) details about what projects, strategies and initiatives are underway, and those that are planned, we can more effectively communicate our objectives.

Starting with the end in mind, BPU’s strategic plan begins with a *vision*, a statement of long-range success meant to inspire us (*where* are we going?). BPU’s vision is:

***“To be the best utility for improving your quality of life.”***

As a public electric and water utility, certainly BPU’s *products* (electricity and water) are vitally important to the quality of life of our customers and to each of us. By focusing on providing reliable, safe and low cost utility services to our customers, with a customer-focused attitude, we can positively impact the quality of life in our community.



## Mission

BPU's *mission* communicates our main purpose—BPU's reason for existence:

***“To be the utility of choice and the employer of choice, while improving the quality of life in the communities we serve.”***

BPU's reason for existence is two-fold: first, to reliably, safely and efficiently provide our customers the utility services they desire, and second, to be a fair and responsible employer of a workforce that is capable of serving our customers effectively.

## Values

BPU's *values* must support the vision and mission; the values speak to the commitment to our customers and to our fellow employees. BPU's 7 organizational values are:

***“Innovation, Accountability, Responsible Communication, Appreciation, Integrity, Customer Focus, and Respect.”***

Respect for the individual is the value upon which all other values rest. Recognizing the vital importance of respect, BPU formed a Diversity Committee in 2007 made up of employees and board members that meets monthly to discuss workplace issues that relate to our organizational values. In addition, more information will be provided to employees to keep them informed about BPU business, like this CSP newsletter.

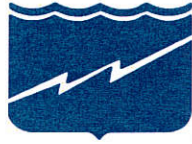
## Core Business Strategies

BPU's core business strategies follow from BPU's reason for existence—to provide reliable, safe and efficient utility services to our customers; core strategies support and define BPU's critical goals for the future, and provide the framework upon which to organize the individual strategies and action items of the strategic plan. BPU's 9 core strategies are:

***“Customer, Economic Development and Growth, Employee, Environment, Finance, Electric Operations, Water Operations, Productivity, and Safety.”***

The primary goal of the CSP is to coordinate planning efforts and to merge the CSP planning process into the annual budget preparation process so that as action items are developed, funding then becomes a reality for higher-priority action items. This two-pronged approach of strategy development and budget preparation results in a coordinated and streamlined annual business and financial plan that communicates BPU's business objectives with the associated cost.





# Kansas City Board of Public Utilities

*“Serving our community’s electric and water needs for nearly 100 years”*

## Comprehensive Strategic Plan

*The following list of 25 action items summarize the focus of the 2007-2010 CSP:*

1. “Planning For Our Future” information and advertising campaign highlighting BPU’s first 100 years of utility operations, and communicating the benefits of municipally-owned electric and water systems. Communicate the positive aspects of BPU, and its impact on the community. Ensure continued autonomy of BPU.
2. Develop risk assessment team to review and consider risk reduction measures, and to study ongoing facility risk assessment reports. Continue asset maintenance programs and continue capital improvement plans.
3. Develop cost reduction strategies.
4. Improve internal communication with employee—Diversity Committee, build relationship with membership of unions and increase CSP participation.
5. Implement BPU.com website improvements aimed at improving customer communication; gather employee and customer email addresses for email communication of important business information.
6. Communicate BPU’s value to employees.
7. Increase billed water revenues, decrease unbilled.
8. Develop conservation and energy efficiency programs.
9. Investigate service call efficiency and cost—consider adding fees where appropriate.
10. Evaluate return on investment, or feasibility and cost/benefit analysis before undertaking new programs.
11. Promote electronic vs. paper business activities.
12. Motivate greater teamwork across divisions and departments of the organization—better coordination of projects; develop project teams.
13. Investigate and recommend appropriate fees for services.
14. Implement IVR improvements.
15. Communicate effectively with BPU employees and customers—key business and planning information.
16. Develop wellness programs aimed at improving health and well being.
17. Develop cross-training opportunities for employees; actively manage workforce development and promotional opportunities.
18. Improve BPU’s reputation—communicate BPU’s positives, its impact on the community, economic value; project a positive image.
19. Work towards 25% reduction in electric and water consumption by Unified Government and BPU by 2010.
20. Work towards 50% reduction in non-critical inventories by 2010.
21. Encourage volunteerism and community service.
22. Reduce purchased power requirements through conservation, energy efficiency, and planning.
23. Focus all employees on being the best—increase efficiency, better use of technology, improve knowledge, skills and aptitudes—take pride in achievement and appreciate contributions of employees.
24. Develop customer appreciation strategies.
25. Commit to environmental leadership and responsibility by working cooperatively with appropriate groups and agencies—lead in conservation and conservation education.

The strategic plan is directed at creating a best-in-class electric and water utility with excellent customer service and a highly trained and qualified workforce, in a nutshell, we seek to be the very best in all core strategies. The BPU workforce, as well as the entire community, can take pride in BPU’s significant achievements and national recognition in the areas of electric operations, production and supply (Platinum Award in American Public Power Association’s Reliable Public Power Provider program), water operations (Gold Award in Competitiveness Achievement from Association of Metropolitan Water Agencies), budget and finance (Government Finance Officers Association Award of Excellence), marketing (Gold Award, Service Industry Advertising Award), and utility wide, BPU is rated A+ by Fitch and Standard and Poors, two of the top financial rating agencies in the world — recognition of BPU’s comprehensive financial practices, strong performance, and the quality of leadership and decision making ability of BPU’s board and staff.



# Kansas City Board of Public Utilities

## Inter-Departmental Practice

### Procurement Card Procedure

| 03-400-003

**1.01 Purpose:** To outline the procedures for the Procurement Card Program which allows specified Kansas City Board of Public Utilities' (KCBPU) employees to have procurement cards issued to them for the purpose of making purchases on behalf of the KCBPU.

**1.02 Scope:** This practice applies to all authorized KCBPU procurement Card holders.

**1.03 Program Objective:** The KCBPU has established a Procurement Card Program through our Financial Institution. This program provides a way to automate small dollar purchases without delays or paperwork. This lowers costs by reducing the number of purchase orders, checks that are printed and mailed, and invoices that must be matched and paid. These procedures have been developed to assist you in understanding the program and providing step-by-step instructions on the use of the card.

The objective of the Procurement Card Program is to:

- a. Reduce the use of purchase orders for small amounts.
- b. Reduce the quantity of "open" purchase orders.
- c. Provide an efficient method of purchasing and paying for goods and services that cost less than the individuals' per transaction dollar limit.
- d. Reduce the time spent by the individual departments, Purchasing and Accounting Departments on processing low dollar transactions.
- e. Allow employees to obtain certain goods and services much faster and easier.

**1.04 Procurement Card  
Issue Approval and  
Authorized Revisions**

**Procurement Card Issue**

The General Manager, Chief Administrative Officer and Division Manager(s) are responsible for designating the employees who will be issued a procurement card. The Managers shall forward a signed Procurement Card Account Action Request, Form No. 0941649-E (Reference: 1.22), to the Procurement Card Program Administrator. The Procurement Card Program Administrator will review all applications prior to the issuance of a procurement card.

Approval: General Manager  
Form No: 9-1178-D (11-04)

Page 1 of 14

Effective: 03/15/07  
Revised: 03/14/07

Revisions	Date	General Manager Approval
	March 15, 2007	<i>Der 1 9/15</i>

ENERGY AND HOUSE UTILITIES

DATE: 1/25/2008

ATTACHMENT 5-1





**Kansas City Board of Public Utilities  
Inter-Departmental Practice**

**Procurement Card Procedure**

**03-400-003**

**Procurement Card Authorization Revisions**

When a Cardholder finds that a limit is too low to accommodate department needs, or other exclusions are too restrictive, a change request on the Procurement Card Account Action Request, Form No. 0941649-E (Reference: 1.22), must be initiated and approved by the General Manager, Chief Administrative Officer or Division Manager. The approved request will then be forwarded to the Procurement Card Program Administrator in the Purchasing Department.

**1.05 Procurement Card  
Assignment and  
Orientation**

**Cardholder Assignment**

Any employee who has completed the new hire probationary period or obtains approval by the General Manager, and whose position requires completion of routine, small purchase requisitions, petty cash, or direct vouchers for small dollar purchases may, with General Manager, Chief Administrative Officer, or Division Manager approval, be eligible to obtain a procurement card.

**Cardholder Training and Orientation**

Each employee is required to receive a Cardholder training session with the Procurement Card Program Administrator (Purchasing Agent) or its designee before a card is issued. This training session will include an overview of the procedures, an oral review of the program, and the reconciliation procedures.

**Cardholder Issue**

The employee will sign the back of the procurement card. A copy of the front and back of the original issued card will be kept on file in the Purchasing Department.

Each employee must sign the Cardholder Agreement, Form No. 094-1650E (Reference: 1.23), prior to the card issuance. This form acknowledges that the employee has received the procurement card, states that the employee will not use the card inappropriately, that the employee has read and understands the procedures, and that the employee agrees to follow the procedures.

**1.06 Procurement Card Use**

Cardholders have the authorization to charge purchases for their department to the procurement card. The cards may be used only to **purchase goods and services for KCBPU**. Such purchases must comply with the Procurement Card Procedure.

Approval: General Manager  
Form No: 9-1178-D (11-04)

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Effective: 03/15/07  
Revised: 03/14/07

Revisions	Date	General Manager Approval
	March 15, 2007	<i>Don J. Gray</i>



# Kansas City Board of Public Utilities

## Kansas City Board of Public Utilities Inter-Departmental Practice

### Procurement Card Procedure

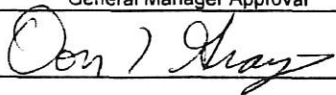
03-400-003

- 1.07 Limitations on Procurement Card** To help ensure the proper use of procurement cards and to ensure that purchasing procedures have not been violated, the following card restrictions may be placed upon each individual Cardholder by the General Manager, Chief Administrative Officer or Division Manager and the Procurement Card Program Administrator:
- a. Prohibition to certain merchant types
  - b. Restriction of cash advances
  - c. Dollars per transaction
  - d. Dollars per billing cycle
- 1.08 Cardholder Purchases** **Purchase Information**  
This information shall be submitted with the monthly reconciliation.
- 1.09 Travel Expenses** When procurement card charges are made for company travel and expenses, the **original detailed receipt should be attached to the KCBPU Expense Report, Form No. 094-1146E (Reference: 1.24)**. A copy of the detailed receipt will need to be attached to the reconciliation of the procurement card. In the event that the purchase involves other participant(s), list the name(s) and the purpose for the group purchase.
- 1.10 Procurement Card Use** **Unauthorized use of your procurement card constitutes improper use of the card and is subject to disciplinary action in accordance with the Personnel Code.**
- 1.11 Authorized Purchases** The following is a partial list of authorized or typical uses:
- a. Materials for minor repair
  - b. Non-capital equipment (equipment under \$500 in value)
  - c. Conference registrations for employee only per KCBPU Travel & Training Policy
  - d. Allowable dues and memberships for employee only
  - e. Subscriptions for business use only
  - f. Books and reference materials

Approval: General Manager  
Form No: 9-1178-D (11-04)

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Effective: 03/15/07  
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**Kansas City Board of Public Utilities  
Inter-Departmental Practice**

**Procurement Card Procedure**

**03-400-003**

- g. Freight, overnight delivery, shipping costs
- h. Film & photo processing
- i. Services (short term rental, equipment repair)
- j. Tow service
- k. Small equipment rental
- l. Non-stock items

The procurement card can be used for most items that do not exceed the individuals' dollar limit per transaction. The procedures to purchase items that exceed the individual limit are contained in the "Quotation Procedure" IDP No. 03-400-013.

**1.12 Procurement Card Misuse**

Any procurement card misuses by employees will be investigated by the Procurement Card Program Administrator and, if determined to be intentional, may be subject to disciplinary action in accordance with the Personnel Code.

**1.13 Maintaining Records**

To facilitate reconciliation and approval of monthly statements, it is mandatory that Cardholders obtain original detailed vendor documentation for all purchases made. Examples of acceptable documentation are:

- a. Approved requisitions
- b. Original itemized vendor sales receipts
- c. Original itemized packing slips with pricing
- d. Original procurement card charge slips with itemized description of products purchased
- e. Shipping order (if applicable)

The Cardholder shall forward all documentation to their Reconciler. Instructions for monthly bill reconciliation begin on page 14, of the Procurement Card Training Manual.

Approval: General Manager  
Form No: 9-1178-D (11-04)

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Effective: 03/15/07  
Revised: 03/14/07

Revisions	Date	General Manager Approval
	March 15, 2007	<i>Cam J Gray</i>





**Kansas City  
Board of Public Utilities**

**Kansas City Board of Public Utilities  
Inter-Departmental Practice**

**Procurement Card Procedure**

| 03-400-003

- 1.14 Missing Documentation** If for any reason the Cardholder does not have documentation of the transaction to send with the monthly statement, the Cardholder must attach a completed Procurement Card Missing Receipt or Detail, Form No. 094-9300-E (Reference: 1.25), to the Procurement Card Monthly Reconciliation Report. Continued incidents of missing detailed documentation may result in the cancellation of the employee's procurement card and may be subject to disciplinary action in accordance with the Personnel Code.
- 1.15 Incorrect Quantity or Defective Product** You should always check any incoming item(s) upon receipt to ensure that the product matches what was ordered in quantity and quality. If there are any discrepancies, the following steps should be taken:
- a. Contact the vendor and attempt to resolve the issue over the phone. Be sure to keep records of who you talked to and the action of resolution.
  - b. If no settlement can be reached, inform your Reconciler of the dispute. When the account is reconciled, a dispute form will be created and forwarded to Accounting with transaction log and original receipts. Accounting will be responsible to make sure the bank receives the Dispute Form.
  - c. Our financial institution pledges that they will resolve all disputes as soon as possible, usually within 90 days. It may be necessary to reorder goods in the interim, but KCBPU will receive the correct reimbursement.
  - d. If the item(s) must be returned as defective merchandise, follow the instructions under "Making Returns" and make sure the credit is issued on the following monthly statement.
- 1.16 Reconciler Selection** The General Manager, Chief Administrative Officer, or Division Manager will designate an employee for each Department to maintain documentation and reconcile the monthly bill for each cardholder, including compiling the monthly statement reconciliation for final manager approval.
- 1.17 Procurement Card Monthly Account Reconciliation** Assignment of Reconciler  
It is the responsibility of the General Manager, Chief Administrative Officer, or Division Manager to assign employee(s) in each department to review monthly charges made by Cardholders.

Approval: General Manager  
Form No: 9-1178-D (11-04)

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Effective: 03/15/07  
Revised: 03/14/07

Revisions	Date	General Manager Approval
	March 15, 2007	Don Gray



**Kansas City Board of Public Utilities  
Inter-Departmental Practice**

**Procurement Card Procedure**

**| 03-400-003**

**1.18 Automatic Renewal**

Procurement cards normally expire two years from the date of issue. Renewal procurement cards will be mailed directly to the Procurement Card Program Administrator. The Procurement Card Program Administrator will distribute the replacement cards through inter-office mail. The Cardholder shall sign the back of the new card and cut up and dispose of the old card.

**1.19 Employee Transfers**

When a Cardholder is transferred to a new position within the same department, and with the same supervisor, the same card can be used.

When a Cardholder is transferred to a new position with a new supervisor, the card must be canceled and a new one issued if applicable.

**1.20 Card Termination**

When an employee terminates employment with the KCBPU, it is the responsibility of the Department Supervisor or Manager to retrieve cards from employees upon termination.

The Supervisor or Manager shall cut up the card and dispose of and forward a completed Procurement Card Account Action Request, Form No. 094-1649E (Reference: 1.22), to the Procurement Card Program Administrator as soon as the employee gives notice, or as soon as the information becomes available. When the Administrator receives the completed form, the departed employee's name will be removed from the list of authorized users and will ensure that the card is canceled with the bank.

The Procurement Card Program Administrator will notify the Payroll Department that the card has been turned in. The Accounting Department will not release the employee's final check until the return process is complete.

**1.21 Summary of Responsibilities**

**1. Reconciler Responsibilities:**

- a. Maintain all original detailed receipts and documentation for Cardholder's purchases and returns.
- b. Upon receipt of monthly procurement card billing statement, compare each transaction with Procurement Card Transaction Summary for correctness. If errors exist, work with Cardholder to determine discrepancy.
- c. Sign the Procurement Card Transaction Summary and forward

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along with Summary of Accounts Form, any completed dispute forms and all original detailed receipts to the person designated to approve the monthly statement.

**2. General Manager, Chief Administrative Officer, Division Manager or Designee Responsibilities:**

- a. Approving procurement card applications for designated employees.
- b. Establishing departmental spending limits for employees.
- c. Assigning the responsible parties for monthly statement reconciliations.
- d. Approving the monthly statements for each Cardholder unless another manager has been designated to approve the monthly statements.
- e. Verifying general ledger account coding.
- f. Making sure Accounting gets the reconciled statement for payment within **ten** days after receipt of Monthly Statement.
- g. Evaluating the need to cancel or reissue cards.
- h. Retrieving the procurement card from the employee prior to department transfer or termination.

**3. Purchasing Department Responsibilities:**

- a. Reviewing all procurement card requests and submitting the requests to the bank.
- b. Review procedures with new Cardholders.
- c. Distribute procurement cards to Cardholders.
- d. Targeting new Cardholders and expanded use.
- e. Maintaining Cardholder limits.

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- f. Maintain file of all Procurement Card Account Action Request Forms and Procurement Card Cardholder Agreements.
- g. Evaluating procurement card feedback from suppliers.
- h. Coordinating program procedure issues.
- i. Making decisions when there are exceptions to the limits established and communicating with bank for exception.
- j. Identifying vendors not set up with procurement card and work with bank to get set up.
- k. Coordinating the issuance and cancellation of cards.
- l. Maintaining the procedures for procurement cards.

**4. Accounting Department Responsibilities:**

- a. Forward completed Procurement Card Dispute Forms to bank.
- b. Receiving approved monthly reconciled statements from departments after review and approval by the General Manager, Chief Administrative Officer, Division Manager or their designee.
- c. Auditing statements for original detailed receipts, account coding, signatures, budget, sales tax, and all other accounting information.
- d. Auditing for the appropriateness of expenditure to make sure it is within guidelines.
- e. Notifying departments when monthly statements have not been received.
- f. Maintaining files on statements and receipts.
- g. Administering IRS 1099 reporting.
- h. Making sure vendor and Cardholder Disputes are resolved.

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- i. Ensuring monthly payment is made to Visa.
- j. Withholding final check upon termination of Cardholder's employment until procurement card is returned to the Procurement Card Program Administrator.

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**Procurement Card Account Action Request, Form No. 094-1649-E (01-06)**



**PROCUREMENT CARD ACCOUNT  
ACTION REQUEST**

New Account  
 Name Change  
 Address Change

Lost or Stolen Card  
 Cancel Card/Close  
 Change Control Limits

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ACCOUNT INFORMATION

Last Name (First Name)	Department
BPU Street Address	Card No.    Exp. No.    Class Code
City/State/Zip Code	Card Number Assigned
BPU Telephone Number	Expiration Date

---

LIMITS

_____ Dollars Per Purchase	Card Authorized for Travel _____ Yes _____ No
_____ Dollars Per Billing Cycle	

---

RECONCILER/APPROVAL ASSIGNMENT(S)

The following persons shall be authorized by Management to reconcile and/or approve the controls per monthly statements. Required for new accounts only.

Statement Reconciler	Monthly Statements to be Approved by
----------------------	--------------------------------------

---

NAME AND/OR ADDRESS CHANGE

Name Changed To Last First MI	New Street Address
-------------------------------	--------------------

---

CARD CANCELLATION

Reason for Cancellation	Card Disposition
<input type="checkbox"/> Termination <input type="checkbox"/> Misuse of Card <input type="checkbox"/> Department Transfer	<input type="checkbox"/> Enclosed <input type="checkbox"/> Turned In On: _____ Date

---

SIGNATURES

Employee Signature	Date
Approved Management Signature	Date
Procurement Card Program Administrator Signature	Date

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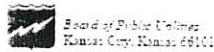
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**Procurement Cardholder Agreement, Form No. 094-1650E (01-02)**



**PROCUREMENT CARD  
CARDHOLDER AGREEMENT**

I \_\_\_\_\_ hereby acknowledge receipt of a UMB Procurement Card. As a Cardholder, I agree to comply with the following terms and conditions of this agreement regarding my use of the Card:

I acknowledge receipt of the Procurement Card Procedures and confirm that I have read and understand the terms and conditions therein.

I understand that I am being entrusted with a valuable tool, a UMB Procurement Card. I will be making financial commitments on behalf of the Board of Public Utilities. I will obtain the best value using the Procurement Card as identified by the Purchasing Department.

I understand that the BPU is liable to UMB for all charges I make using the Procurement Card.

I agree to use this card for BPU authorized and approved purchases only. NO personal expenses are to be charged to the Procurement Card. I accept responsibility for protection and proper use of the Procurement Card as outlined in the Agreement and the Procedure Manual.

I further understand that improper or fraudulent use of the Procurement Card may result in appropriate disciplinary action in accordance with the Personnel Code up to and including termination.

I understand that the Board of Public Utilities may terminate my rights to use this Card at any time for any reason. I agree to return the card to the Board of Public Utilities immediately upon request or upon termination of employment.

If the Card is lost or stolen, I agree to notify UMB's Bankcard Security Dept. and the Procurement Card Program Administrators.

**I HAVE READ THE ABOVE INSTRUCTIONS AND I UNDERSTAND THE CONDITIONS OF THIS AGREEMENT.** \_\_\_\_\_ (Initial)

\_\_\_\_\_  
Employee Signature                      Date                      Department

\_\_\_\_\_  
Procurement Card Program Administrator                      Date                      UMB Member Card

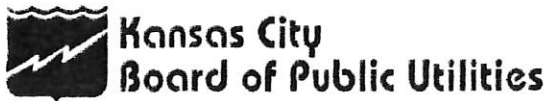
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Expense Report, Form No. 094-1146E (06-05) Page 2 of 2.

**COMPANY TRAVEL**

The following information should be completed for each item on the expense report.

**1. DESCRIPTION OF CHARGE**  
 This section should describe the item being reported. It should include the date, time, location, and amount of the charge. It should also include the name of the vendor and the type of service provided. The description should be clear and concise, and should provide enough detail to allow the reviewer to understand the nature of the charge.

**2. BUSINESS PURPOSE**  
 This section should describe the business purpose of the charge. It should include the name of the client or project, the location of the client or project, and the nature of the business activity. The purpose should be clearly stated and should be supported by the description of the charge.

**3. RECEIPT INFORMATION**  
 This section should include the date, time, and location of the purchase. It should also include the name of the vendor and the amount of the charge. The receipt information should be clearly stated and should be supported by the description of the charge.

**4. APPROVAL INFORMATION**  
 This section should include the name and title of the person who approved the charge. It should also include the date and time of the approval. The approval information should be clearly stated and should be supported by the description of the charge.

**5. OTHER INFORMATION**  
 This section should include any other information that is relevant to the charge. It should include the name of the person who reported the charge, the date and time of the report, and any other information that is relevant to the charge. The other information should be clearly stated and should be supported by the description of the charge.

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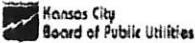
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*Procurement Card Missing Receipt or Detail, Form No. 094-9300E (03-07)*



**PROCUREMENT CARD  
MISSING RECEIPT OR DETAIL**

RECEIPT INFORMATION		
CARDHOLDER		
CARD NUMBER		
DATE OF TRANSACTION		
MERCHANT		
MERCHANT LOCATION	CITY	STATE
PURCHASE ITEM DETAIL		
CITY/PROJECT/ITEM NO.		
MEAL RECEIPTS MUST COMPLETE THIS SECTION		
PURPOSE		
ATTENDEES		
ACCOUNT OR PROJECT TO BE CHARGED		
<input type="checkbox"/> ACCOUNT NO.		
<input type="checkbox"/> PROJECT NO.		

NOTE: ATTACH COMPLETED FORM TO MONTHLY PROCUREMENT CARD RECONCILIATION REPORT

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