

WORK SESSION MINUTES – WEDNESDAY, JUNE 16, 2021

STATE OF KANSAS)
) SS
CITY OF KANSAS CITY)

The Board of Public Utilities of Kansas City, Kansas (aka BPU, We, Us, Our) met remotely in Work Session on Wednesday, June 16, 2021 at 5:00 P.M. The following Board Members were on the teleconference: Robert L. Milan, President; Mary Gonzales, Vice President; Rose Mulvany Henry, Secretary; Jeff Bryant, Thomas Groneman, and Ryan Eidson.

Also on teleconference: William Johnson, General Manager; Angela Lawson, Deputy Chief Counsel; Lori Austin, Chief Financial Officer/Chief Administrative Officer; Steve Green, Executive Director Water Operations; Johnetta Hinson, Executive Director Customer Service; Dong Quach, Executive Director Electric Production; Jerry Sullivan, Chief Information Officer; Jerry Ohmes, Executive Director Electric Supply; David Mehlhaff, Chief Communications Officer, Robert Kamp, IT Project Manager; Dennis Dumovich, Director Human Resources, and Patrice Townsend, Director Utility Services.

A tape of this meeting is on file at the Board of Public Utilities.

Mr. Milan called the meeting to order at 5:00 P.M.

Roll call was taken, and all Board Members were present.

Item #3 – Approval of Agenda

A motion was made to approve the Agenda by Ms. Gonzales, seconded by Mr. Groneman and unanimously carried.

Item #4 – Board Updates / GM Updates

Mr. Groneman informed the Board that the UG Standing Committee Public Works and Safety would meet June 21, 2021.

Mr. Eidson began the dialog about coming up with possible topics for future meetings. After discussing, it was decided that Mr. Johnson would bring 10 possible topics for future Work Session meetings to discuss at the next meeting.

WORK SESSION MINUTES – WEDNESDAY, JUNE 16, 2021

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Item #5 – Utility Financial Benchmarking

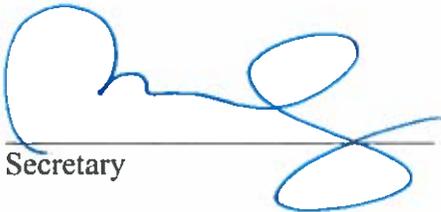
Mr. Jerry McKenzie, MGT Consulting Group, furnished a PowerPoint presentation which gave the Board information regarding where the utility stood with regards to rates as well as where the utility stood with regards to costs compared to other utilities. (see attached)

Mr. McKenzie responded to Questions from the Board.

Item #6 – Adjourn

A motion was made to adjourn the Work Session at 5:58 P.M. by Mr. Groneman, seconded by Ms. Gonzales and carried unanimously.

ATTEST:


Secretary

APPROVED:


President

Benchmarking Analysis (Detailed Schedules)

Completed for the

KANSAS CITY BOARD OF PUBLIC UTILITIES



Prepared
April 2021
by
Jerry McKenzie



**BENCHMARK COMPARISON SUMMARY - ELECTRIC
COMPARISON TO APPA NATIONAL SURVEY
REVENUE PER KWH - FY 2019 (last APPA survey)**

(compiled by MGT Consulting Group)

Benchmark Category	Kansas City BPU	APPA National			APPA National 50-100k Customers			APPA Region Median			
		1st Quartile	Median	3rd Quartile	1st Quartile	Median	3rd Quartile	Southeast	N.Ctl/Plains	Southwest	West
REVENUE PER KWH:											
1 All Customers	\$0.0965	\$0.0840	\$0.0960	\$0.1080	\$0.0890	\$0.1040	\$0.1200	\$0.0980	\$0.0920	\$0.0950	\$0.0910
2 Residential Customers	\$0.1297	\$0.0980	\$0.1090	\$0.1200	\$0.1040	\$0.1160	\$0.1280	\$0.1120	\$0.1080	\$0.1040	\$0.1070
3 Commercial Customers	\$0.1055	\$0.0890	\$0.1010	\$0.1120	\$0.0900	\$0.1050	\$0.1250	\$0.1060	\$0.0990	\$0.0900	\$0.0920
4 Industrial Customers	\$0.0871	\$0.0630	\$0.0720	\$0.0860	\$0.0550	\$0.0730	\$0.0930	\$0.0710	\$0.0770	\$0.0720	\$0.0640

APPA DEFINITIONS:

- | | |
|-------------------------|---|
| 1 All Customers | <i>The ratio of total electric operating revenues from sales to ultimate customers to total kilowatt-hour sales. This ratio measures the revenue received for each kilowatt-hour of electricity sold to all classes of customers.</i> |
| 2 Residential Customers | <i>The ratio of residential revenue to residential sales. This ratio measures the revenue received for each kilowatt-hour of electricity sold to residential customers.</i> |
| 3 Commercial Customers | <i>The ratio of commercial revenue to commercial sales. The ratio measures the revenue received for each kilowatt-hour of electricity sold to commercial customers.</i> |
| 4 Industrial Customers | <i>The ratio of industrial revenue to industrial sales. This ratio measures the revenue received for each kilowatt-hour of electricity sold to industrial customers.</i> |

Data sources - APPA Association Survey and EIA Form 861

**BENCHMARK COMPARISON SUMMARY - ELECTRIC
COMPARISON TO SPECIFIC COMPARABLE UTILITIES
REVENUE PER KWH**

(compiled by MGT Consulting Group)

Benchmark Category	Kansas City BPU	Independence Power & Light	City Utilities Springfield	Rochester Public Utilities	Lansing Board Water & Light	Lafayette Utilities System	APPA National		
							1st Quartile	Median	3rd Quartile
REVENUE PER KWH:									
1 All Retail Customers	\$0.0965	\$0.1253	\$0.0856	\$0.1262	\$0.1365	\$0.0868	\$0.0840	\$0.0960	\$0.1080
2 Residential Customers	\$0.1297	\$0.1366	\$0.0992	\$0.1519	\$0.1582	\$0.0932	\$0.0980	\$0.1090	\$0.1200
3 Commercial Customers	\$0.1055	\$0.1179	\$0.0808	\$0.1176	\$0.1334	\$0.0822	\$0.0890	\$0.1010	\$0.1120
4 Industrial Customers	\$0.0871	\$0.0707	\$0.0697	\$0.1053	\$0.1111	shown as comm	\$0.0630	\$0.0720	\$0.0860

APPA DEFINITIONS:

- 1 All Retail Customers *The ratio of total electric operating revenues from sales to ultimate customers to total kilowatt-hour sales. This ratio measures the revenue received for each kilowatt-hour of electricity sold to all classes of customers.*
- 2 Residential Customers *The ratio of residential revenue to residential sales. Measures the revenue received for each kilowatt-hour of electricity sold to residential customers.*
- 3 Commercial Customers *The ratio of commercial revenue to commercial sales. Measures the revenue received for each kilowatt-hour of electricity sold to commercial customers.*
- 4 Industrial Customers *The ratio of industrial revenue to industrial sales. Measures the revenue received for each kilowatt-hour of electricity sold to industrial customers.*

Data sources - APPA Association Survey and EIA Form 861

**BENCHMARK COMPARISON SUMMARY - ELECTRIC
COMPARISON TO APPA NATIONAL SURVEY
EXPENSE BENCHMARKS - FY 2019 (last APPA survey)**

(compiled by MGT Consulting Group)

Benchmark Category	Kansas City BPU	APPA National			APPA National 50-100k Customers			APPA Region Median			
		1st Quartile	Median	3rd Quartile	1st Quartile	Median	3rd Quartile	Southeast	N.Cri/Plains	Southwest	West
EXPENSE BENCHMARKS:											
1 Total O&M less depr per KWH Sold	\$0.0737	\$0.0620	\$0.0780	\$0.0920	\$0.0550	\$0.0730	\$0.0940	\$0.0880	\$0.0760	\$0.0680	\$0.0630
2 Total O&M (exclude Power Supply) per Customer	\$952	\$410	\$544	\$704	\$467	\$586	\$767	\$473	\$539	\$544	\$638
3 Total Power Supply per KWH Sold	\$0.0497	\$0.0460	\$0.0610	\$0.0750	\$0.0430	\$0.0460	\$0.0730	\$0.0710	\$0.0610	\$0.0550	\$0.0460
4 Trans/Distr O&M per Circuit Mile	\$11,568	\$4,937	\$8,755	\$13,983	\$6,083	\$11,173	\$15,926	\$10,844	\$5,779	\$7,510	\$9,793
5 Customer Acctg/Service/Sales per Customer	\$59	\$49	\$66	\$103	\$61	\$82	\$112	\$64	\$58	\$62	\$109
6 Administrative and General per Customer	\$253	\$120	\$179	\$281	\$160	\$212	\$238	\$169	\$158	\$161	\$181

APPA DEFINITIONS:

- | | | |
|---|---|--|
| 1 | Total O&M per KWH Sold | <i>The ratio of total electric utility O&M expenses, including the cost of generated/purchased power to total kilowatt-hour sales to ultimate customers. Measures average total O&M expenses associated with each kilowatt-hour of electricity sold, either for resale or to ultimate customers.</i> |
| 2 | Total O&M (exclude Power Supply) per Customer | <i>The ratio of total electric utility O&M expenses, excluding all costs of power supply to the total number of ultimate customers. Includes costs of transmission, distribution, customer accounting, customer services, sales and administrative and general expenses.</i> |
| 3 | Total Power Supply per KWH Sold | <i>The ratio of the total costs of power supply to total sales to both ultimate and customers. Measures all power supply costs, including generation and purchased power associated with the sale of each kilowatt-hour of electricity.</i> |
| 4 | Trans/Distr O&M per Circuit Mile | <i>The ratio of T&D O&M expenses to the total circuit miles of line. Measures the total transmission/distribution costs associated with each circuit mile of line used to deliver power to customers.</i> |
| 5 | Customer Acctg/Service/Sales per Customer | <i>The ratio of total customer accounting, service, and sales expenses to the total number of customers. Measures the average expenses incurred by the utility in handling each customer's account. Uncollectible accounts and meter reading expenses are included in this ratio.</i> |
| 6 | Administrative and General per Customer | <i>The ratio of total electric utility administrative and general expense to the total number of customers. Measures the average administrative and general expense incurred by the utility on behalf of each customer.</i> |

Data sources - APPA Association Survey and EIA Form 861

**BENCHMARK COMPARISON SUMMARY - ELECTRIC
COMPARISON TO SPECIFIC COMPARABLE UTILITIES
EXPENSE BENCHMARKS**

(compiled by MGT Consulting Group)

Benchmark Category	Kansas City BPU	Independence Power & Light	City Utilities Springfield	Rochester Public Utilities	Lansing Board Water & Light	Lafayette Utilities System	APPA National		
							1st Quartile	Median	3rd Quartile
EXPENSE BENCHMARKS:									
1 Total O&M per KWH Sold	\$0.0737	\$0.0848	\$0.0495	\$0.0995	\$0.0986	\$0.0487	\$0.0620	\$0.0780	\$0.0920
2 Total O&M (exclude Power Supply) per Customer	\$952	\$769	\$724	\$598	\$991	\$842	\$410	\$544	\$704
3 Total Power Supply per KWH Sold	\$0.0497	\$0.0474	\$0.0287	\$0.0755	\$0.0549	\$0.0303	\$0.0460	\$0.0610	\$0.0750
4 Trans/Distr O&M per Circuit Mile	\$11,568	\$15,557	\$7,892	no FERC	\$11,493	not reported	\$4,937	\$8,755	\$13,983
5 Customer Acctg/Service/Sales per Customer	\$59	\$77	\$50	no FERC	included in A&G	\$76	\$49	\$66	\$103
6 Administrative and General per Customer	\$253	\$314	\$165	no FERC	\$444	\$323	\$120	\$179	\$281

note a

note b

APPA DEFINITIONS:

- | | |
|--|--|
| 1 Total O&M per KWH Sold | <i>The ratio of total electric utility O&M expenses, including the cost of generated/purchased power to total kilowatt-hour sales to ultimate customers. Measures average total O&M expenses associated with each kilowatt-hour of electricity sold, either for resale or to ultimate customers.</i> |
| 2 Total O&M (exclude Power Supply)
per Customer | <i>The ratio of total electric utility O&M expenses, excluding all costs of power supply to the total number of ultimate customers. Includes costs of transmission, distribution, customer accounting, customer services, sales and administrative and general expenses.</i> |
| 3 Total Power Supply per KWH Sold | <i>The ratio of the total costs of power supply to total sales to both ultimate and customers. Measures all power supply costs, including generation and purchased power associated with the sale of each kilowatt-hour of electricity.</i> |
| 4 Trans/Distr O&M per Circuit Mile | <i>The ratio of T&D O&M expenses to the total circuit miles of line. Measures the total transmission/distribution costs associated with each circuit mile of line used to deliver power to customers.</i> |
| 5 Customer Acctg/Service/Sales
per Customer | <i>The ratio of total customer accounting, service, and sales expenses to the total number of customers. Measures the average expenses incurred by the utility in handling each customer's account. Uncollectible accounts and meter reading expenses are included in this ratio.</i> |
| 6 Administrative and General per
Customer | <i>The ratio of total electric utility administrative and general expense to the total number of customers. Measures the average administrative and general expense incurred by the utility on behalf of each customer.</i> |

Notes:

- a *City Utilities of Springfield has an "economies of scale advantage" over all of the other utilities in the study with 126% more KWH and nearly 65% more customers than the others on average.*
- b *Lafayette Utilities System has an "economies of scale advantage" over all of the other utilities in the study (except Springfield) with 74% more KWH than the others (except Springfield) or Lafayette's customer count however, is in line with the other utilities included (again except Springfield).*

Data sources - APPA Association Survey and EIA Form 861

**BENCHMARK COMPARISON SUMMARY - ELECTRIC
COMPARISON TO APPA NATIONAL SURVEY
DEBT AND FINANCIAL BENCHMARKS - FY 2019 (last APPA survey)**

(compiled by MGT Consulting Group)

Benchmark Category	Kansas City BPU	APPA National			APPA National 50-100k Customers			APPA Region Median			
		1st Quartile	Median	3rd Quartile	1st Quartile	Median	3rd Quartile	Southeast	N.Crl/Plains	Southwest	West
DEBT & FINANCIAL BENCHMARKS:											
1 Debt to Total Assets	0.636	0.156	0.286	0.468	0.330	0.409	0.535	0.277	0.212	0.355	0.343
2 Operating Ratio	0.673	0.772	0.845	0.902	0.698	0.790	0.874	0.872	0.837	0.784	0.836
3 Current Ratio	2.80	1.86	2.79	4.53	1.93	3.00	4.74	2.79	2.96	3.23	2.47
4 Times Interest Earned	1.43	2.72	4.93	11.35	2.19	3.31	6.89	6.53	5.10	4.79	3.54
5 Debt Service Coverage	2.07	2.06	3.63	6.88	1.90	2.60	3.01	4.71	3.62	3.87	2.73
6 Uncollectible Accounts per Revenue Dollar	0.0025	0.0005	0.0015	0.0027	0.0005	0.0013	0.0021	0.0017	0.0008	0.0031	0.0015
7 Capital Expenditures to Depreciation Expense	1.78	0.85	1.18	1.64	1.03	1.30	1.66	1.07	1.18	0.89	1.32

APPA DEFINITIONS:

- | | |
|---|--|
| 1 Debt to Total Assets | <i>The ratio of long-term debt, plus current and accrued liabilities, to total assets and other debts. Measures a utility's ability to meet its current and long-term liabilities based on the availability of assets.</i> |
| 2 Operating Ratio | <i>The ratio of total electric O&M expenses to total electric operating revenues. This ratio measures the proportion of revenues received from electricity sales, rate adjustments and other electric activities required to cover the O&M costs associated with producing and selling electricity.</i> |
| 3 Current Ratio | <i>The ratio of total current and accrued assets to total current and accrued liabilities. A measure of the utility's short-term liquidity (i.e., the ability to pay bills). The current ratio takes a snapshot of the utility's liquidity at a point in time and thus may vary considerably at other times of the year.</i> |
| 4 Times Interest Earned | <i>The ratio of net electric utility income, plus interest paid on long-term debt, to interest on long-term debt. Measures the ability of a utility to cover interest charges and is indicative of the safety margin to lenders.</i> |
| 5 Debt Service Coverage | <i>The ratio of net revenues available for debt service to total long-term debt service for the year. Measures ability to meet annual long-term debt obligation.</i> |
| 6 Uncollectible Accounts per
Revenue Dollar | <i>The ratio of total uncollectible accounts to total electric utility operating revenues. Measures portion of revenue dollars that will not be collected by the utility.</i> |
| 7 Capital Expenditures to
Depreciation Expense | <i>The amount of capital expenditures in a year divided by depreciation expenses.</i> |

Data sources - APPA Association Survey and EIA Form 861

**BENCHMARK COMPARISON SUMMARY - ELECTRIC
COMPARISON TO SPECIFIC COMPARABLE UTILITIES
DEBT AND FINANCIAL BENCHMARKS**

(compiled by MGT Consulting Group)

Benchmark Category	Kansas City BPU	Independence Power & Light	City Utilities Springfield	Rochester Public Utilities	Lansing Board Water & Light	Lafayette Utilities System	APPA National		
							1st Quartile	Median	3rd Quartile
DEBT & FINANCIAL BENCHMARKS:									
1 Debt to Total Assets	0.636	0.475	0.309	0.504	0.519	0.331	0.156	0.286	0.468
2 Operating Ratio	0.673	0.806	0.711	0.750	0.745	0.775	0.772	0.845	0.902
3 Current Ratio	2.80	6.53	1.40	4.68	4.52	2.28	1.86	2.79	4.53
4 Times Interest Earned	1.43	2.42	4.04	4.71	3.10	3.57	2.72	4.93	11.35
5 Debt Service Coverage	2.07	2.33	2.39	2.93	2.39	3.50	2.06	3.63	6.88
6 Uncollectible Accounts per Revenue Dollar	0.0025	0.0018	not reported	0.0012	not reported	0.0038	0.0005	0.0015	0.0027
7 Capital Expenditures to Depreciation Expense	1.78	0.17	1.62	1.33	1.68	0.88	0.85	1.18	1.64
8 Debt Service per Customer	\$700	\$181	\$473	\$252	\$386	\$332	not included	not included	not included

APPA DEFINITIONS:

- | | |
|---|--|
| 1 Debt to Total Assets | <i>The ratio of long-term debt, plus current and accrued liabilities, to total assets and other debits. Measures a utility's ability to meet its current and long-term liabilities based on the availability of assets.</i> |
| 2 Operating Ratio | <i>The ratio of total electric O&M expenses to total electric operating revenues. This ratio measures the proportion of revenues received from electricity sales, rate adjustments and other electric activities required to cover the O&M costs associated with producing and selling electricity</i> |
| 3 Current Ratio | <i>The ratio of total current and accrued assets to total current and accrued liabilities. A measure of the utility's short-term liquidity (i.e., the ability to pay bills). The current ratio takes a snapshot of the utility's liquidity at a point in time and thus may vary considerably at other times of the year.</i> |
| 4 Times Interest Earned | <i>The ratio of net electric utility income, plus interest paid on long-term debt, to interest on long-term debt. Measures the ability of a utility to cover interest charges and is indicative of the safety margin to lenders.</i> |
| 5 Debt Service Coverage | <i>Ratio of net revenues available for debt service to total long-term debt service for the year. Measures ability to meet annual long-term debt obligation</i> |
| 6 Uncollectible Accounts per
Revenue Dollar | <i>Ratio of total uncollectible accounts to total electric utility operating revenues. Measures portion of revenue dollars that will not be collected by the utility</i> |
| 7 Capital Expenditures to
Depreciation Expense | <i>The amount of capital expenditures in a year divided by depreciation expenses.</i> |
| 8 Debt Service per Customer | <i>Not included within APPA survey but defined as the total principal and interest payments in the period divided by the number of customers</i> |

Data sources - APPA Association Survey and EIA Form 861

BENCHMARK COMPARISON SUMMARY - WATER
Key Definitions

1	Debt Ratio	- Measure of the extent to which assets are financed through borrowing. The higher the ratio the more dependent the utility is on debt financing.
2	Return on Assets	- An estimate of a utility's financial effectiveness. Higher ratios are deemed better.
3	Debt Service Coverage Ratio	- Represents the amount of cash flow available to meet interest, principal, and sinking fund payments. Higher ratios are deemed better.
4	Operating Ratio	- Operating expenses divided by operating revenue. Lower percentages are deemed better.
5	O&M Cost Per Account	- Total O&M cost (less depreciation) divided by the average number of customers (accounts). Lower amounts are deemed better.
6	O&M Cost Per MG	- Total O&M cost (less depreciation) divided by the million gallons produced. Lower amounts are deemed better.
7	O&M Cost Per 100 Miles Pipe	- Total O&M cost (less depreciation) divided by the number of miles of water mains (per 100). Lower amounts are deemed better.
8	Prod/Treatment O&M Cost Per MG	- Production/treatment O&M cost divided by the million gallons produced. Lower amounts are deemed better.
9	Distr. O&M Cost Per 100 Miles Pipe	- Transmission/distribution O&M cost divided by the number of miles of water mains (per 100). Lower amounts are deemed better.
10-12	O&M % - Water Treatment/Supply	- Production/treatment O&M cost reflected as a percentage of total O&M cost (less depreciation). Defines "where" a utility is spending their dollars.
13	O&M % - Water Transm./Distr.	- Transm./Distr. O&M cost reflected as a percentage of total O&M cost (less depreciation). Defines "where" a utility is spending their dollars.
14	MGD Water Produced Per Employee	- A measure of employee efficiency expressed by the amount of water delivered by utility employees. Higher ratios are deemed better.
15-18	% of Operating Expenses	- Various O&M functions cost reflected as a percentage of total O&M cost (including depreciation). Defines "where" a utility is spending their dollars.

BENCHMARK COMPARISON SUMMARY WATER (Based on 2017 Fiscal Year - last AWWA survey) <i>compiled by MGT Consulting Group</i>										
Element of Cost	Kansas City BPU	AWWA Aggregate			AWWA Region IV (a) (b)			AWWA 50,001-100,000 cust.		
		75th percentile	Median	25th percentile	75th percentile	Median	25th percentile	75th percentile	Median	25th percentile
FINANCIAL & OPERATIONAL:										
1 Debt Ratio	51%	20%	33%	52%	12%	37%	53%	13%	30%	44%
2 Return on Assets	2.7%	3.8%	2.4%	1.2%	4.4%	3.5%	1.4%	4.2%	2.0%	-0.5%
3 Debt-Service Coverage Ratio	4.32	4.29	2.34	1.67	4.43	2.73	2.04	4.20	4.02	2.19
4 Operating Ratio	51%	46%	55%	68%	41%	47%	58%	50%	64%	72%
5 O&M Cost Per Account	\$505	\$318	\$470	\$641	\$362	\$480	\$585	\$319	\$483	\$632
6 O&M Cost Per MG	\$2,500	\$1,778	\$2,425	\$3,337	\$1,790	\$2,306	\$2,799	\$1,838	\$2,913	\$3,929
7 O&M Cost Per 100 Miles Pipe	\$2,691,788	\$2,022,662	\$2,904,472	\$4,148,850	\$2,178,126	\$2,854,621	\$3,428,162	\$2,321,733	\$2,947,364	\$3,788,645
8 Prod. & Treatment O&M Cost Per MG	\$505	\$335	\$559	\$803	\$434	\$677	\$809	\$88	\$246	\$802
9 Distribution O&M Cost Per 100 Miles Pipe	\$1,367,655	\$362,576	\$546,503	\$872,607	\$467,261	\$673,985	\$863,295	\$734,486	\$1,241,014	\$1,567,419
10 O&M % - Water Supply		6.2%	17.9%	36.8%	8.6%	15.2%	26.5%	16.2%	41.0%	53.5%
11 O&M % - Water Treatment		19.1%	29.6%	37.8%	19.6%	29.3%	37.7%	5.7%	9.7%	33.9%
12 O&M % - Water Treatment & Supply	20.2%		47.5%			44.5%			50.7%	
13 O&M % - Water Transm. & Distr.	50.8%	15.1%	23.5%	38.7%	14.8%	22.3%	30.6%	17.7%	41.5%	53.7%
14 MGD of Water Produced Per Employee	0.26	0.29	0.23	0.17	0.28	0.22	0.17	0.28	0.21	0.17

(a) Region IV includes Arkansas, Arizona, Colorado, Idaho, **Kansas**, Louisiana, **Missouri**, Nebraska, New Mexico, Oklahoma, Texas, Utah and Wyoming.

(b) Includes from Kansas and Missouri - City of Olathe, Lawrence Water & Sewer Department, Water District No. 1 of Johnson County, Chillicothe Municipal Utilities (Mo), KC Water (Mo) City of Saint Charles (Mo), and City Utilities of Springfield.

BENCHMARK COMPARISON SUMMARY WATER (Based on 2017 Fiscal Year - last AWWA survey) <i>compiled by MGT Consulting Group</i>										
Element of Cost	Kansas City BPU	AWWA Region IV (a) (b)			AWWA 50,001-100,000 cust.			Area Utilities		
		75th percentile	Median	25th percentile	75th percentile	Median	25th percentile	Water Dist. No. 1	K.C. Mo.	Indep. Mo.
FINANCIAL & OPERATIONAL:										
1 Debt Ratio	51%	12%	37%	53%	13%	30%	44%	26%	37%	48%
2 Return on Assets	2.7%	4.4%	3.5%	1.4%	4.2%	2.0%	-0.5%	1.6%	4.2%	3.7%
3 Debt-Service Coverage Ratio	4.32	4.43	2.73	2.04	4.20	4.02	2.19	2.77	6.40	3.61
4 Operating Ratio	51%	41%	47%	58%	50%	64%	72%	49%	50%	63%
5 O&M Cost Per Account	\$505	\$362	\$480	\$585	\$319	\$483	\$632	\$363	\$562	\$748
6 O&M Cost Per MG	\$2,500	\$1,790	\$2,306	\$2,799	\$1,838	\$2,913	\$3,929	\$2,560	\$2,476	\$2,249
7 O&M Cost Per 100 Miles Pipe	\$2,691,788	\$2,178,126	\$2,854,621	\$3,428,162	\$2,321,733	\$2,947,364	\$3,788,645	\$2,035,646	\$3,257,283	\$2,537,070
8 Prod. & Treatment O&M Cost Per MG	\$505	\$434	\$677	\$809	\$88	\$246	\$802	NA	\$558	NA
9 Distribution O&M Cost Per 100 Miles Pipe	\$1,367,655	\$467,261	\$673,985	\$863,295	\$734,486	\$1,241,014	\$1,567,419	\$438,773	\$688,277	\$427,498
10 O&M % - Water Supply		8.6%	15.2%	26.5%	16.2%	41.0%	53.5%			
11 O&M % - Water Treatment		19.6%	29.3%	37.7%	5.7%	9.7%	33.9%			
12 O&M % - Water Treatment & Supply	20.2%		44.5%			50.7%		49.7%	32.4%	36.0%
13 O&M % - Water Transm. & Distr.	50.8%	14.8%	22.3%	30.6%	17.7%	41.5%	53.7%	21.6%	22.2%	18.9%
14 MGD of Water Produced Per Employee	0.26	0.28	0.22	0.17	0.28	0.21	0.17	0.22	0.26	0.28
15 % of Oper. Expenses- Production	15.5%	NA	NA	NA	NA	NA	NA	33.7%	24.8%	30.7%
16 % of Oper. Expenses- Transm. & Distr.	39.1%	NA	NA	NA	NA	NA	NA	14.6%	22.1%	16.1%
17 % of Oper. Expenses- Admin. & Cust.	22.3%	NA	NA	NA	NA	NA	NA	19.5%	32.5%	38.3%
18 % of Oper. Expenses- Depreciation	23.1%	NA	NA	NA	NA	NA	NA	32.2%	20.6%	14.9%
	100.0%							100.0%	100.0%	100.0%

(a) Region IV includes Arkansas, Arizona, Colorado, Idaho, **Kansas**, Louisiana, **Missouri**, Nebraska, New Mexico, Oklahoma, Texas, Utah and Wyoming.

(b) Includes from Kansas and Missouri - City of Olathe, Lawrence Water & Sewer Department, Water District No. 1 of Johnson County, Chillicothe Municipal Utilities (Mo), KC Water (Mo), City of Saint Charles (Mo), and City Utilities of Springfield.

**BENCHMARK COMPARISON SUMMARY - WATER
COMPARISON TO SPECIFIC COMPARABLE UTILITIES
DEBT AND FINANCIAL BENCHMARKS**

(compiled by MGT Consulting Group)

Benchmark Category	Kansas City BPU	Independence Power & Light	City Utilities Springfield	Rochester Public Utilities	Lansing Board Water & Light	Lafayette Utilities System	WaterOne Johnson Co.
DEBT & FINANCIAL BENCHMARKS:							
1 Debt to Total Assets	0.453	0.161	0.309	0.504	0.519	0.331	0.201
2 Operating Ratio	0.589	0.681	0.711	0.652	0.745	0.775	0.522
3 Current Ratio	0.66	8.64	1.40	7.56	4.52	2.28	4.35
4 Times Interest Earned	1.98	10.23	4.04	4.71	3.10	3.57	3.05
5 Debt Service Coverage	2.44	4.02	2.39	2.93	2.39	3.50	2.37
6 Uncollectible Accounts per Revenue Dollar	0.0025	0.0024	not reported	0.0012	not reported	0.0038	0.0005
7 Capital Expenditures to Depreciation Expense	1.78	1.05	1.62	1.33	1.68	0.88	2.59
8 Debt Service per Customer	\$234	\$52	\$473	\$252	\$386	\$332	\$142
DEFINITIONS:			combined	combined	combined	combined	
1 Debt to Total Assets	<i>The ratio of long-term debt, plus current and accrued liabilities, to total assets and other debts. This ratio measures a utility's ability to meet its current and long-term liabilities based on the availability of assets.</i>						
2 Operating Ratio	<i>The ratio of total water operation and maintenance expenses to total water operating revenues. This ratio measures the proportion of revenues received from water sales, rate adjustments & other water activities required to cover the operation & maintenance costs associated with producing and selling water.</i>						
3 Current Ratio	<i>The ratio of total current and accrued assets to total current and accrued liabilities. This is a measure of the utility's short-term liquidity (i.e., the ability to pay bills). The current ratio takes a snapshot of the utility's liquidity at a point in time and thus may vary considerably at other times of the year.</i>						
4 Times Interest Earned	<i>The ratio of net water utility income, plus interest paid on long-term debt, to interest on long-term debt. This ratio measures the ability of a utility to cover interest charges and is indicative of the safety margin to lenders.</i>						
5 Debt Service Coverage	<i>The ratio of net revenues available for debt service to total long-term debt service for the year. This ratio measures the utility's ability to meet its annual long-term debt obligation.</i>						
6 Uncollectible Accounts per Revenue Dollar	<i>The ratio of total uncollectible accounts to total water utility operating revenues. This ratio measures the portion of each revenue dollar that will not be collected by the utility.</i>						
7 Capital Expenditures to Depreciation Expense	<i>The amount of capital expenditures in a year divided by depreciation expenses.</i>						
8 Debt Service per Customer	<i>Defined as the total principal and interest payments in the period divided by the number of customers.</i>						
<i>Data sources - Comprehensive Annual Financial Reports</i>							

BENCHMARK COMPARISON WATER (2019 Costs) <i>compiled by MGT Consulting Group</i>	BOARD OF PUBLIC UTILITIES				WATER DISTRICT 1 OF JOHNSON CO.				
		52,484	11,157,640	6,738,982	148,525	19,473,415	16,859,772		
	Cost	Per Retail Customer	Per 000 Gal. Pumped	Per 000 Gal. Sold	Cost	Per Retail Customer	Per 000 Gal. Pumped	Per 000 Gal. Sold	
Operating Expenses:									
<i>Personnel Costs</i>		\$0.00	\$0.00	\$0.00		\$0.00	\$0.00	\$0.00	
<i>Services</i>		\$0.00	\$0.00	\$0.00		\$0.00	\$0.00	\$0.00	
<i>Commodities</i>	Data Not	\$0.00	\$0.00	\$0.00	Data Not	\$0.00	\$0.00	\$0.00	
<i>Capital Outlay</i>	Obtained	\$0.00	\$0.00	\$0.00	Obtained	\$0.00	\$0.00	\$0.00	
<i>Redistribution (Cust Svc/Admin/Etc)</i>		\$0.00	\$0.00	\$0.00		\$0.00	\$0.00	\$0.00	
<i>Other Expenses</i>		\$0.00	\$0.00	\$0.00		\$0.00	\$0.00	\$0.00	
<i>Subtotal Operating Expenses</i>		\$29,960,521	\$570.85	\$2.69	\$4.45	\$54,398,113	\$366.26	\$2.79	\$3.23
<i>Depreciation and Amortization</i>		\$7,809,086	\$148.79	\$0.70	\$1.16	\$25,910,243	\$174.45	\$1.33	\$1.54
<i>Total Operating Expenses</i>		\$37,769,607	\$719.64	\$3.39	\$5.60	\$80,308,356	\$540.71	\$4.12	\$4.76
Nonoperating Expenses:									
<i>Interest Expense</i>		\$4,126,976	\$78.63	\$0.37	\$0.61	\$8,826,565	\$59.43	\$0.45	\$0.52
<i>Other</i>		(\$403,878)	(\$7.70)	(\$0.04)	(\$0.06)	\$0	\$0.00	\$0.00	\$0.00
<i>Total Nonoperating Expenses</i>		\$3,723,098	\$70.94	\$0.33	\$0.55	\$8,826,565	\$59.43	\$0.45	\$0.52
Transfers:									
<i>Payments In Lieu of Taxes</i>		\$5,316,134	\$101.29	\$0.48	\$0.79	\$0	\$0.00	\$0.00	\$0.00
<i>Other</i>		\$0	\$0.00	\$0.00	\$0.00	\$0	\$0.00	\$0.00	\$0.00
<i>Total Transfers</i>		\$5,316,134	\$101.29	\$0.48	\$0.79	\$0	\$0.00	\$0.00	\$0.00
GRAND TOTALS		\$46,808,839	\$891.87	\$4.20	\$6.95	\$89,134,921	\$600.13	\$4.58	\$5.29
Production									
<i>Total Production</i>		\$5,505,371	\$104.90	\$0.49	\$0.82	\$27,199,222	\$183.13	\$1.40	\$1.61
Transmission and Distribution									
<i>Total Transm. and Distr.</i>		\$16,052,995	\$305.86	\$1.44	\$2.38	\$10,008,784	\$67.39	\$0.51	\$0.59
General & Administrative (incl Cust Svc)									
<i>Total General & Administrative</i>		\$8,402,155	\$160.09	\$0.75	\$1.25	\$17,190,107	\$115.74	\$0.88	\$1.02
SUBTOTAL		\$29,960,521	\$570.85	\$2.69	\$4.45	\$54,398,113	\$366.26	\$2.79	\$3.23
Other Operating Expenses:									
<i>Depreciation and Amortization</i>		\$7,809,086	\$148.79	\$0.70	\$1.16	\$25,910,243	\$174.45	\$1.33	\$1.54
<i>Other</i>		\$0	\$0.00	\$0.00	\$0.00	\$0	\$0.00	\$0.00	\$0.00
<i>Total Other Operating Exp.</i>		\$7,809,086	\$148.79	\$0.70	\$1.16	\$25,910,243	\$174.45	\$1.33	\$1.54
Reimbursed/Reconciling Items									
<i>Total Reimbursed/Reconciled</i>		\$9,039,232	\$172.23	\$0.81	\$1.34	\$8,826,565	\$59.43	\$0.45	\$0.52
GRAND TOTAL OPER. EXP.		\$46,808,839	\$891.87	\$4.20	\$6.95	\$89,134,921	\$600.13	\$4.58	\$5.29

**BENCHMARK COMPARISON
COMPARISON TO SPECIFIC COMPARABLE UTILITIES
RELIANCE UPON PAYMENT-IN-LIEU OF TAXES**

(compiled by MGT Consulting Group)

COMPONENT	Kansas City BPU	Independence Power & Light	City Utilities Springfield	Rochester Public Utilities	Lansing Board Water & Light	Lafayette Utilities System
ELECTRIC:						
Payment-in-lieu of taxes	\$28,800	\$12,758	\$8,882	\$8,714	\$17,392	\$18,303
Operating Revenues	\$286,321	\$128,576	\$306,218	\$164,893	\$294,101	\$178,008
Ratio	10.1%	9.9%	2.9%	5.3%	5.9%	10.3%
WATER:						
Payment-in-lieu of taxes	\$5,316	\$3,070	\$2,083	\$358	\$2,600	\$6,748
Operating Revenues	\$50,845	\$31,793	\$52,159	\$11,657	\$42,851	\$51,493
Ratio	10.5%	9.7%	4.0%	3.1%	6.1%	13.1%

Data sources - Comprehensive Annual Financial Reports

**BENCHMARK COMPARISON
COMPARISON TO SPECIFIC COMPARABLE UTILITIES
DAYS OF CASH**

(compiled by MGT Consulting Group)

COMPONENT	Kansas City BPU	Independence Power & Light	City Utilities Springfield	Rochester Public Utilities	Lansing Board Water & Light	Lafayette Utilities System
A Total Cash & Equivalents:	\$84,294,473	\$145,291,906	\$28,076,000	\$17,342,605	\$209,377,897	\$122,140,273
B Unrestricted Cash & Equivalents:	\$54,227,944	\$120,357,522	not reported	\$16,168,013	not reported	\$14,175,036
Total Operating Expenses:	\$258,594,120	\$139,474,118	\$390,187,000	\$147,533,946	\$312,050,903	\$203,621,568
Less Depreciation/Amortization:	\$35,835,585	\$16,409,004	\$64,501,000	\$16,307,352	\$46,123,865	\$25,731,165
C Daily Operating Expenses:	\$222,758,535 \$610,297	\$123,065,114 \$337,165	\$325,686,000 \$892,290	\$131,226,594 \$359,525	\$265,927,038 \$728,567	\$177,890,403 \$487,371
A/C Total Days of Cash	138.12	430.92	31.47	48.24	287.38	250.61
B/C UNRESTRICTED Days of Cash	88.85	356.97	not reported	44.97	not reported	29.08

DEFINITION:

This indicator quantifies the number of days of available cash on hand as a measure of financial liquidity. It has been calculated and reported above based upon both Total and Unrestricted cash and cash equivalents divided by operating expenses excluding depreciation divided by 365 days.

Data sources - Comprehensive Annual Financial Reports

**BENCHMARK COMPARISON
COMPARISON TO SPECIFIC COMPARABLE UTILITIES
BOND RATINGS**

(compiled by MGT Consulting Group)

	Kansas City BPU	Independence Power & Light	City Utilities Springfield	Rochester Public Utilities	Lansing Board Water & Light	Lafayette Utilities System
MOODY'S	A2 Upper Medium Grade	no application	no application	Aa3 High Grade	Aa3 High Grade	A1 Upper Medium Grade
S&P	A Upper Medium Grade	A Upper Medium Grade	AA+ High Grade	no application	AA- High Grade	AA- High Grade
FITCH	A Upper Medium Grade	no application	AA High Grade	AA- High Grade	no application	no application

DEFINITION:

A utility's bond rating is a grade that indicates its creditworthiness. Private, independent rating services such as Standard & Poor's, Moody's, and Fitch provide evaluations of a bond issuer's financial strength based on its ability to pay a bond's principal and interest in a timely fashion. Bond ratings are expressed as letters ranging from "AAA" or "Aaa" which is the highest grade, to "D" (junk), which is the lowest grade. Different rating services use the same letter grades but use various combinations of uppercase and lowercase letters to differentiate themselves. Bond ratings are further grouped into rating categories as follows:

	Moody's	S&P	Fitch
Prime	Aaa	AAA	AAA
High Grade	Aa1,Aa2,Aa3	AA+,AA,AA-	AA+,AA,AA-
Upper Medium Grade	A1,A2,A3	A+,A,B	A+,A,A-
Lower Medium Grade	Baa 1 2 3	BBB +/-	B +/-

Ratings listed are based upon most currently available and are subject to bond issuance activity

Data sources - Comprehensive Annual Financial Reports

**BENCHMARK COMPARISON
COMPARISON TO SPECIFIC COMPARABLE UTILITIES
CAPITAL EXPENDITURES/DEPRECIATION & AMORTIZATION RATIO**

(compiled by MGT Consulting Group)

COMPONENT	Kansas City BPU	Independence Power & Light	City Utilities Springfield	Rochester Public Utilities	Lansing Board Water & Light	Lafayette Utilities System
Construction Work In Progress						
A Electric	\$52,043,016	\$12,624,128		\$5,988,993		
B Water	\$6,375,556	\$4,562,642		\$1,919,608		
C Combined	\$58,418,572	\$17,186,770	\$122,305,000	\$7,908,601	\$69,536,946	\$17,080,210
Depreciation & Amortization						
D Electric	\$28,026,499	\$13,297,863		\$13,565,823		
E Water	\$7,809,086	\$3,111,141		\$2,741,529		
F Combined	\$35,835,585	\$16,409,004	\$64,650,000	\$16,307,352	\$46,123,865	\$25,731,165
CapEx/Depreciation Ratio						
A/D Electric	1.86	0.95		0.44		
B/E Water	0.82	1.47		0.70		
C/F Combined	1.63	1.05	1.89	0.48	1.51	0.66

DEFINITION:

This indicator determines the relationship between Capital spending (CapEx or capital expenditures) and the depreciation of existing assets. The average business has a capital expenditures to depreciation ratio of about 1. A firm that is growing often has a higher ratio, while a firm that is no longer investing in long-term assets usually has a lower ratio. According to Goldman Sachs, the S&P 500 companies have averaged 1.4 in capital expenditures to depreciation over the last couple of decades. Usually, companies in the utilities and energy fields have higher capital expenditure to depreciation ratios than the S&P 500 average.

Data sources - Comprehensive Annual Financial Reports

**BENCHMARK COMPARISON
COMPARISON TO SPECIFIC COMPARABLE UTILITIES
SALARY & BENEFITS AS % OF ADJUSTED OPERATING EXPENSES**

(compiled by MGT Consulting Group)

COMPONENT	Kansas City BPU			Independence Power & Light		
	Electric	Water	Combined	Electric	Water	Combined
Total Operating Expenses	\$220,824,513	\$37,769,607	\$258,594,120	\$117,203,297	\$22,270,821	\$139,474,118
Less Purchased Power	\$57,826,233		\$57,826,233	\$42,861,547		\$42,861,547
Less Depreciation and Amortization	\$28,026,499	\$7,809,086	\$35,835,585	\$13,297,863	\$3,111,141	\$16,409,004
Subtotal	\$134,971,781	\$29,960,521	\$164,932,302	\$61,043,887	\$19,159,680	\$80,203,567
Labor (salary & benefits)	\$61,115,045	\$20,437,657	\$81,552,702	\$23,796,693	\$8,035,973	\$31,832,666
Labor (salary & benefits) as % of Oper Expense	45.28%	68.22%	49.45%	38.98%	41.94%	39.69%
COMPONENT	Kansas City BPU			Rochester Public Utilities		
	Electric	Water	Combined	Electric	Water	Combined
Total Operating Expenses	\$220,824,513	\$37,769,607	\$258,594,120	\$137,187,413	\$10,346,533	\$147,533,946
Less Purchased Power	\$57,826,233		\$57,826,233	\$89,721,650		\$89,721,650
Less Depreciation and Amortization	\$28,026,499	\$7,809,086	\$35,835,585	\$13,565,823	\$2,741,529	\$16,307,352
Subtotal	\$134,971,781	\$29,960,521	\$164,932,302	\$33,899,940	\$7,605,004	\$41,504,944
Labor (salary & benefits)	\$61,115,045	\$20,437,657	\$81,552,702	\$24,151,000	\$3,026,000	\$27,177,000
Labor (salary & benefits) as % of Oper Expense	45.28%	68.22%	49.45%	71.24%	39.79%	65.48%

DEFINITION:

This indicator determines the relationship between labor (salary and benefits or personnel costs) and total operating expenses less purchased power and depreciation and amortization expenses.

Data sources - Comprehensive Annual Financial Reports

Note - City Utilities Springfield, Lansing Board of Water & Light, and Lafayette Utilities do not publish labor (personnel cost) data.