WORK SESSION MINUTES – WEDNESDAY, SEPTEMBER 6, 2023

STATE OF KANSAS)
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CITY OF KANSAS CITY)

The Board of Public Utilities of Kansas City, Kansas (aka BPU, We, Us, Our) met in Work Session on Wednesday, September 6, 2023 at 5:00 PM. The following Board Members were present: Rose Mulvany Henry, President; Thomas Groneman, Vice President; Robert L. Milan, Secretary; Mary Gonzales, and David Haley. Jeff Bryant was absent.

Also present: William Johnson, General Manager; Angela Lawson, Acting Chief Counsel; Lori Austin, Chief Financial Officer/Chief Administrative Officer; Maurice Moss, Executive Director Corporate Compliance; Steve Green, Executive Director Water Operations; Ingrid Setzler, Director Environmental Services; Andrew Coffelt, NERC Compliance Officer; Douglas Bowen, Superintendent Maintenance-Nearman; Paul Sprague, Supervisor EMS Maintenance; and Robert Kamp, IT Project Manager.

A video of this meeting is on file at the Board of Public Utilities and can be found on the BPU website, www.bpu.com.

Ms. Mulvany Henry called the meeting to order at 5:00 PM.

Roll call was taken. All Board Members were present, except Jeff Bryant.

Item #3 –Approval of Agenda

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

Item #4 –Board Update/GM Update

No comments were made.

Item #5 – Corporate Compliance Update

Mr. Maurice Moss, Executive Director Corporate Compliance, Mr. Andrew Coffelt, NERC (North American Electric Reliability Corporation) Compliance Officer, and Ms. Ingrid Setzler, Director Environmental Services, provided an update on the purpose and role of Corporate Compliance. They focused on the departments that encompass Corporate Compliance, which included; Risk Management, NERC and Environmental Compliance. (See attached PowerPoint.)

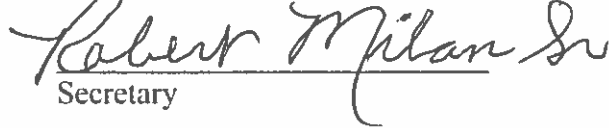# WORK SESSION MINUTES – WEDNESDAY, SEPTEMBER 6, 2023

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Mr. Moss, Mr. Coffelt, and Ms. Setzler responded to questions and comments made by the Board and Mr. Johnson.

Item #6 – Adjourn

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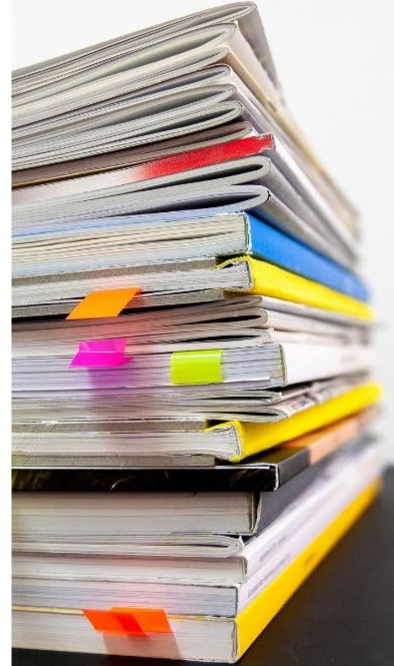
ATTEST:

Secretary

APPROVED:

President

Corporate Compliance Update

September 06, 2023
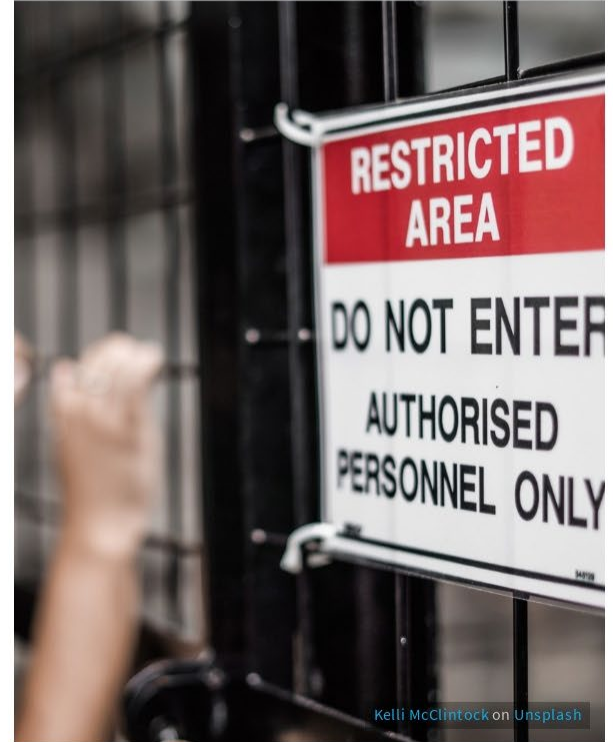
CORPORATE COMPLIANCE DIVISION

PURPOSE AND ROLE

1 Ensure the utility is within regulatory and legal boundaries

2 Follows standards and minimize risks

3 Maintain reputation and foster trust with customers and the community

4 Avoid penalties due to noncompliance and protect the health and safety of the commutnity

Corporate Compliance

Risk Management

NERC Compliance

Environmental Compliance

RISK MANAGEMENT

What is Risk Management?

Identify, Assess, and Mitigate

Develop strategies to minimize or prevent risks

Enhance resiliency and protect long-term success

Responsibilities

Enterprise Risk Management

Insurance Management

Regulatory Risks or Opportunities

INSURANCE OVERVIEW

1 Property

Annual Premium $2.2M

Provides coverage for physical assets and property

2 Excess Liability

Annual Premium $1M

Provides an extra liability protection beyond our primary needs

3 D&O and Fiduciary

Annual Premium $225K

Provides coverage for directors and officers and employees managing retirement accounts

4 Excess Workers' Comp

Annual Premium $270K

Provides an extra liability protection beyond our primary needs

5 Auto Liability

Annual Premium $54K

Provides coverage for certain fleet vehicles

ANONYMOUS HOTLINE

A confidential platform sharing concerns, fostering safety and compliance, and promoting a respectful environmental

Multiple reporting channels

- Toll-free number
- Website
- Email
- Postal
- Fax

Case Management System

Available 24/7/365 days

Open Exchange

Reports are sent by Email

NERC COMPLIANCE

NERC COMPLIANCE DEPARTMENT

Maurice Moss
Executive Director

Andrew Coffelt
NERC Compliance Officer

Stephen McGie
O&P Compliance Engineer

Owen Veale
Sr. CIP Compliance Spec.

Ashley Calderon
NERC Coordinator

What is NERC?

Energy Policy Act of 2005

Regional Entities

Midwest Reliability Organization

Responsibilities?

Support Impacted Departments

Monitor Compliance Processes

Enterprise Reporting

Critical Infrastructure Protection (CIP)

12 STANDARDS

Operations & Planning

57 STANDARDS

36 REQUIREMENTS

255 REQUIREMENTS

HOW WE ENSURE COMPLIANCE

1 Assurance Monitoring & Auditing

Annual risk ranking identifies scope of next year's monitoring/auditing

2 Internal Controls

Results of the auditing/monitoring can identify need for development, implementation of internal controls

3 External Participation

Participate in utility focused organizations and webinars

4 Readiness Assessment

Prior to the effective date of a new/revised standard

5 Training

Support impacted departments by training and communicating industry guidance

6 Department Outreach

We team with impacted departments
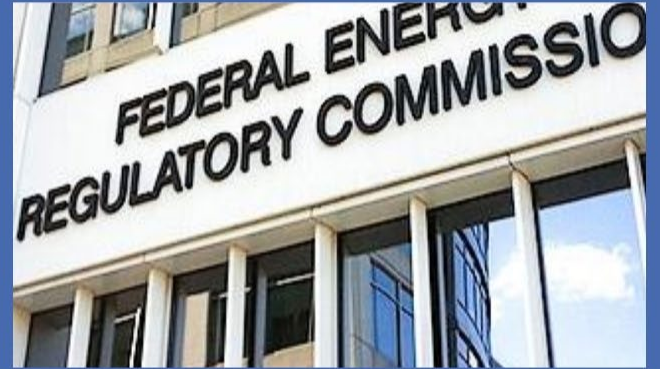
REGULATORY TRACKING

Participate
Early and often at various points in the rulemaking process

Stakeholder Involvement
Member driven organization participation

Representation
Standards are drafted by representatives from the utility industry

FUTURE REGULATIONS

O&P: Cold Weather Standards

Requires BPU to have a Cold Weather Prep plan and submit cold weather data, historically low operating temps, and minimum extreme cold weather temps to Southwest Power Pool.
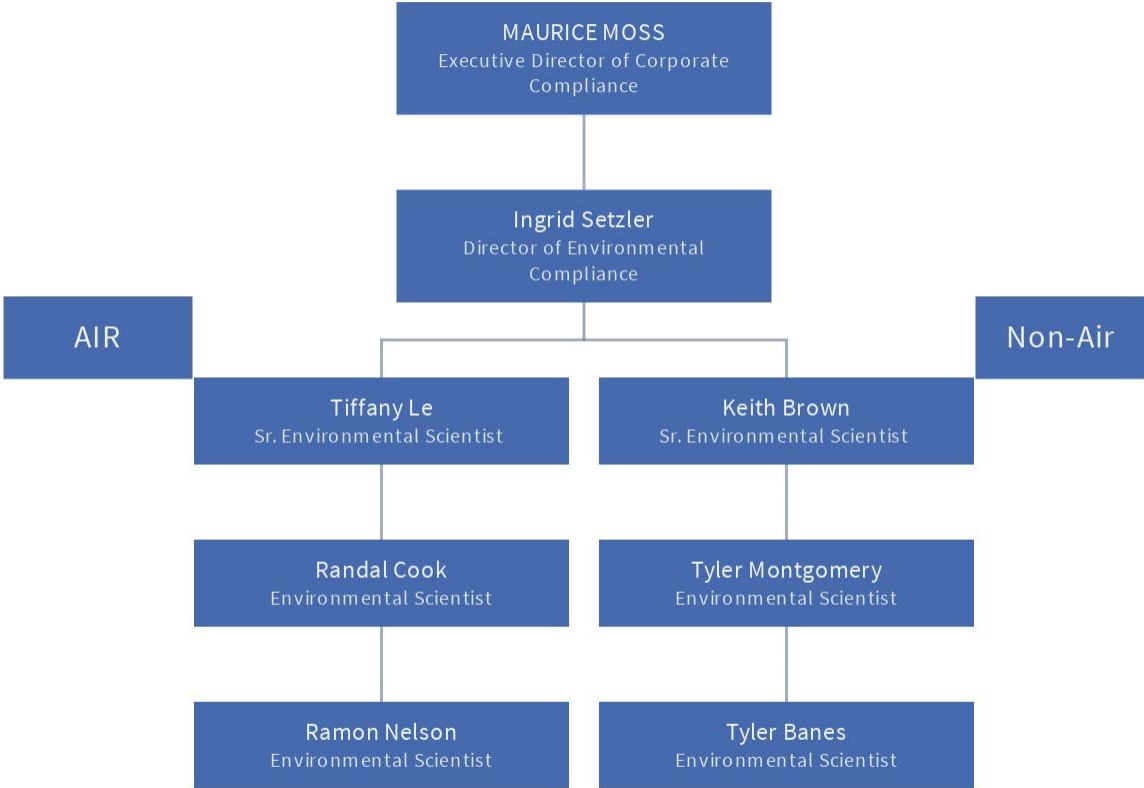
CIP: Internal Network Security Monitoring

Implementation and monitoring of security measures within BPU's trusted network environments, designed to detect intrusions and malicious activity.

FERC: Ambient Adjustable Ratings

Requires BPU to change system operating limits on an hour by hour basis based on time, sunlight and temperature.

ENVIRONMENTAL COMPLIANCE

ENVIRONMENTAL COMPLIANCE DEPARTMENT

MAURICE MOSS
Executive Director of Corporate Compliance

Ingrid Setzler
Director of Environmental Compliance

AIR

Non-Air

Tiffany Le
Sr. Environmental Scientist

Keith Brown
Sr. Environmental Scientist

Randal Cook
Environmental Scientist

Tyler Montgomery
Environmental Scientist

Ramon Nelson
Environmental Scientist

Tyler Banes
Environmental Scientist

What is the Environmental Department responsible for?

Maintaining compliance with all environmental regulations pertaining to BPU

AIR:

Clean Air Act regulations which include air emissions and compliance with permitted limits; ensure compliance with Continuous Air Emissions (CEMS) systems for data accuracy; Best Practice & Maintenance Plans; Reporting to EPA, KDHE and related agencies; Permit negotiations with regulated entities

NON-AIR:

Clean Water Act and related permitting, Resource Conservation and Recovery Act (RCRA) for compliance with hazardous waste; spill prevention plans; risk management plans; asbestos; PCBs; Recycling

How many environmental requirements?

AIR

40 REQUIREMENTS

NON-AIR

100 REQUIREMENTS

HOW WE ENSURE COMPLIANCE

1 Assurance Monitoring & Auditing

Detailed review of programs on an annual basis to identify weaknesses in processes and internal controls

2 Internal Controls

The team uses compliance procedures, inspections, and other mechanisms

3 External Participation

Participate in utility focused organizations and webinars

4 Readiness Assessment

Prior to the effective date of a new regulation

5 Training

Support impacted departments by training and communicating industry guidance

6 Department Outreach

Work as a team with impacted departments

REGULATORY TRACKING

Participate
Early and often at various points in the rulemaking process

Stakeholder Involvement
Member driven organization participation

Representation
Internal staff, outside counsel and other stakeholder representation

FUTURE REGULATIONS

AIR

 Proposed New Source Performance Standards

 Proposed Mercury Air Toxics Standards (MATS)

 Cross-State Air Pollution Rule (CSAPR) Program

NON-AIR

 Legacy CCR Surface Impoundments

 PCBs and Effluent Limitations Guidelines and Standards

SUMMARY

Risk Management
Enhancing utility operations by consistently addressing concerns

NERC Compliance
Continue addressing evolving requirements to mitigate extreme weather risks and cyber threats

Environmental Compliance
Monitoring and addressing the effects of rapidly changing environmental regulations

Questions?