

City of Independence

COUNCIL STUDY SESSION AGENDA

August 12, 2019
6:00 PM, Council Chambers

Agendas are published late in the week for the following week's Council business meetings. Changes made after the tentative agenda is published will be reflected in the latest version posted.

To view a Council meeting agenda, visit <http://independencemo.org/agenda>, and select 'Most Recent Council Agenda'.

PRESENTATIONS

1. [EDC Update](#)
2. [Electric Rate Study Report](#)

STAFF REPORTS

1. [Boards/Commissions Report](#)

OTHER TOPICS

"Is it good for the children?"

City of Independence

AGENDA ITEM COVER SHEET

Agenda Title:

EDC Update

Background:

In recognition of the vital role the City of Independence plays in economic development, including as a member and supporter of the Independence EDC, President Tom Lesnak will appear before the City Council to give a quarterly update on economic development activities and initiatives

Department: City Manager's Office **Contact Person:** John Mayfield

REVIEWERS:

Department	Action
City Managers Office	Approved
Finance Department	Approved
Law Department	Approved
City Managers Office	Approved
City Clerk Department	Approved

Council Action:

Council Action:

City of Independence

AGENDA ITEM COVER SHEET

Agenda Title:

Electric Rate Study Report

Recommendations:

Approval of new rate design recommended

Executive Summary:

Consultants from Burns & McDonnell and City staff will present the results of the Electric Rate Study and make recommendations for a new rate design.

Background:

The City contracted with Burns & McDonnell to conduct an Electric Rate Study and to make recommendations for a new rate design. In accordance with direction from the City Council and City Manager, the new rate design will be simpler than the one currently in use, and more consistent with industry practice. In addition, the new rates will be lower, reflecting the recent rate reductions authorized by the Council, yet sufficient to maintain our award-winning level of system reliability.

Fiscal Impact:

The new rates will incorporate over \$8 million, or 6%, in rate reductions as authorized by Council.

Department:

Contact Person:

Mark Randall

REVIEWERS:

Department

City Managers Office

Action

Approved

Finance Department
Law Department
City Managers Office
City Clerk Department

Approved
Approved
Approved
Approved

Council Action:

Council Action:

ATTACHMENTS:

Description	Type
▫ Rate Study Presentation	Backup Material

Electric Rate Study

Rate Design Results

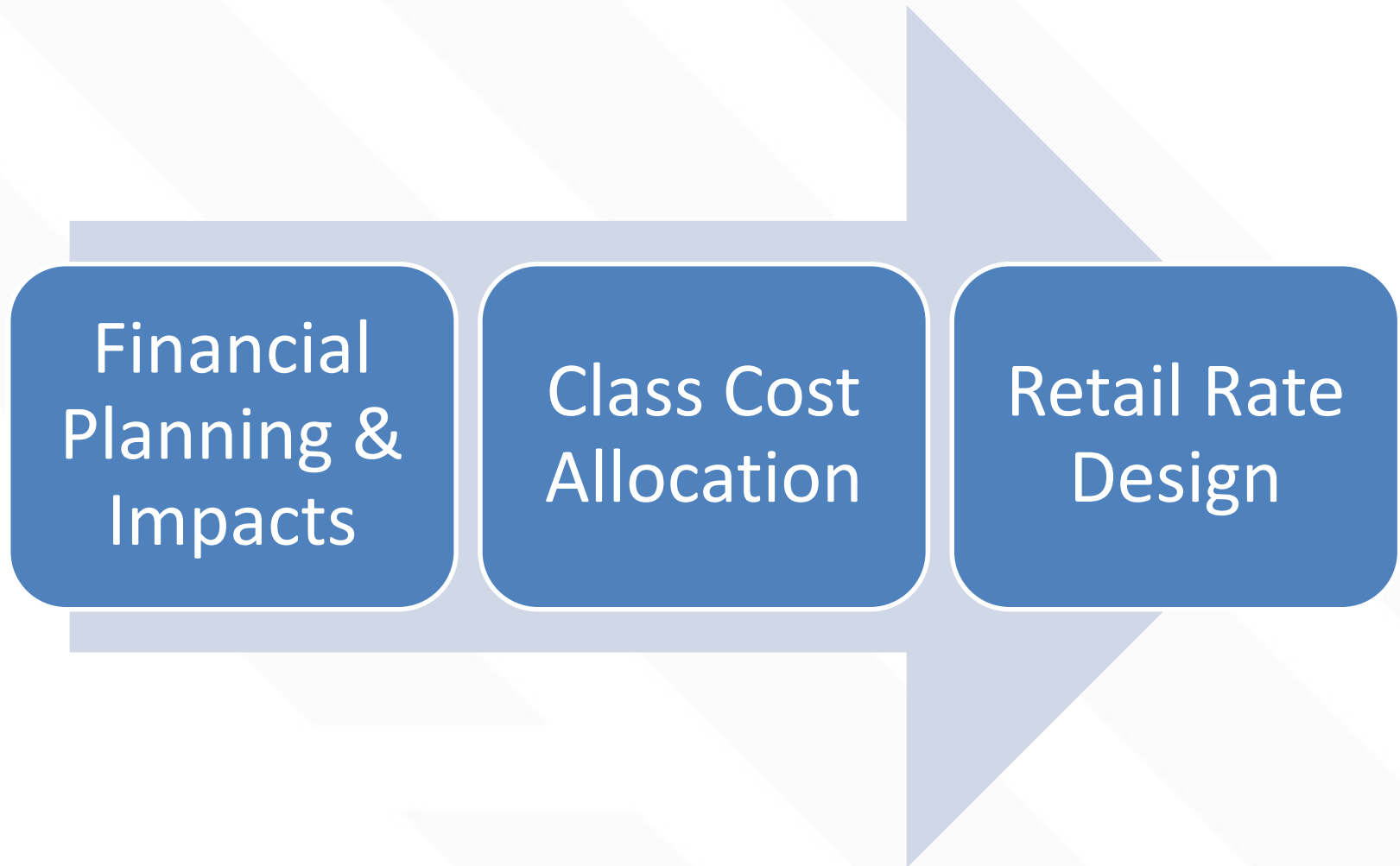
BURNS  **MCDONNELL**[™]

August 12, 2019

Rate Study Findings

- ▶ Total cumulative rate revenue decrease of 6% has been approved.
 - 2% January 2019
 - 4% August 2019
- ▶ 6% rate revenue reduction is applied across the board to all classes.
- ▶ Rate class consolidations and restructuring is desired and recommended
- ▶ Residential rates and bills will be the lowest in the Kansas City area after the changes are made

Rate Study Process



FINANCIAL PLANNING AND COST OF SERVICE

Financial Forecast

- ▶ Financial forecast model and draft class cost of service analysis completed.
- ▶ Approved January 2019 rate decrease of 2% provides \$2.7M in rate revenue reductions
 - O&M reductions completed to offset \$2.7M in rate revenue reductions.
- ▶ Additional August 2019 rate decrease of 4% provides \$5.4M in rate revenue reductions.
 - O&M and capital cost reductions planned to offset \$5.4M in rate revenue reductions.
- ▶ Overall rate revenue decrease of 6% for all customer classes.
- ▶ IPL financial plan maintains operating reserves and maintain debt service coverage (DSC) ratios over next 5 years.

Class Cost of Service Analysis

- ▶ Overall rate revenue decrease of 6% for all customer classes.
- ▶ Class cost of service analysis demonstrated that some classes should reduce while others should increase
 - Residential is under recovering its costs
 - Large General Service is over recovering its costs
- ▶ IPL and the City have elected to do across the board rate revenue reductions totaling 6% for all classes

Rate Design

Rate Design

- ▶ Implement across the board 6% rate revenue reduction
- ▶ Roll existing FCA rider into the existing rate structures
- ▶ Consolidate and simplify 22 rate classes into 12 rate classes
- ▶ Consolidated classes will each realize a 6% reduction
- ▶ Residential rates and bills will be less than GMO rates and bills for all Residential customers
- ▶ Implement a new Manufacturing Rate that is competitive

Rate Consolidation

- ▶ RS-3: Residential Standard
- ▶ RSWH: Residential Hot Water Heating
- ▶ RS-4: Residential All-Electric
- ▶ RSSH: Residential Electric Space Heat
- ▶ RSSHW: Residential Space Heat and Hot Water
- ▶ GS-1: General Service
- ▶ GSSH-1: General Service Electric Space Heat
- ▶ CH-1: Churches and Hospitals
- ▶ CH-1-E: Churches and Hospitals All-Electric
- ▶ LGS-1: Large General Service
- ▶ LGS-1-SH: Large General Service Space Heat
- ▶ SP-1: Sewer Pumping
- ▶ EDU-1: Schools
- ▶ TEGS: Total Electric General Service
- ▶ EDU-1: Schools All-Electric
- ▶ LGS-P: Large General Service Primary
- ▶ LP-2: Large Power Service
- ▶ SCIS-1: Industrial Interruptible Service
- ▶ LPS-T: Large Power Service Transmission
- ▶ Private Lighting
- ▶ Traffic Signals
- ▶ Street Lights

- ▶ RS: Residential Standard
- ▶ RS-SH: Residential Space Heating
- ▶ GS-1: General Service
- ▶ LGS-1: Large General Service
- ▶ TEGS: Total Electric General Service
- ▶ LGS-P: Large General Service Primary
- ▶ LP-2: Large Power Service
- ▶ SCIS-1: Industrial Interruptible Service
- ▶ Manufacturing Rate or Rider
- ▶ Municipal Rate
- ▶ Private Lighting
- ▶ Traffic Signals

Rate Simplification

- ▶ Go from Minimum Bill to Customer Charge
- ▶ Eliminate Declining Block Structure
- ▶ Transition to Flat Energy Rates

Residential Rate Class Consolidation

▶ Residential General Use

- Residential (R3); 43,000 customers
- Residential - Water Heating; 900 customers

▶ Residential Electric Space Heating

- Residential All-Electric (R4); 5,324 customers
- Residential Space Heating; 2,088 customers
- Residential Water & Space Heating; 128 customers

Residential General Use - Rates

RS-3: Residential Standard			
Existing Structure		Proposed Structure	
Minimum Bill	\$4.14	Customer Charge	\$10.00
<u>Off-Peak Season</u>		<u>Off-Peak Season</u>	
0-30 kWh	\$0.2014	All kWh	\$0.1235
31-100 kWh	\$0.1292		
101-300 kWh	\$0.1224		
301-600 kWh	\$0.1109		
600+ kWh	\$0.1040		
<u>On-Peak Season</u>		<u>On-Peak Season</u>	
0-30 kWh	\$0.2014	All kWh	\$0.1275
31-100 kWh	\$0.1292		
100+ kWh	\$0.1224		
FCA	\$0.0254	FCA	\$0.0000

Residential General Use - Typical Bills

Winter Season					
Customer Type	Energy Use (kWh)	Billig Demand (kW)	Existing Bill (\$/mo.)	Proposed Bill (\$/mo.)	Dollar Difference (\$/mo.)
Low	332	-	\$51.48	\$50.94	(\$0.54)
Average	663	-	\$96.23	\$91.88	(\$4.35)
High	995	-	\$139.12	\$132.82	(\$6.30)

Summer Season					
Customer Type	Energy Use (kWh)	Billig Demand (kW)	Existing Bill (\$/mo.)	Proposed Bill (\$/mo.)	Dollar Difference (\$/mo.)
Low	493	-	\$75.64	\$72.79	(\$2.84)
Average	985	-	\$148.43	\$135.59	(\$12.84)
High	1,478	-	\$221.22	\$198.38	(\$22.84)

Annual Monthly Average					
Customer Type	Energy Use (kWh)	Billig Demand (kW)	Existing Bill (\$/mo.)	Proposed Bill (\$/mo.)	Dollar Difference (\$/mo.)
Low	401	-	\$61.39	\$60.39	(\$1.00)
Average	803	-	\$118.71	\$110.79	(\$7.92)
High	1,204	-	\$174.51	\$161.18	(\$13.33)

Residential General Use – GMO Comparison

Winter Season					
Customer Type	Energy Use (kWh)	Billig Demand (kW)	Proposed IPL Bill (\$/mo.)	GMO Bill (\$/mo.)	Dollar Difference (\$/mo.)
Low	332	-	\$50.94	\$54.40	(\$3.46)
Average	663	-	\$91.88	\$94.84	(\$2.96)
High	995	-	\$132.82	\$129.18	\$3.64

Summer Season					
Customer Type	Energy Use (kWh)	Billig Demand (kW)	Proposed IPL Bill (\$/mo.)	GMO Bill (\$/mo.)	Dollar Difference (\$/mo.)
Low	493	-	\$72.79	\$80.38	(\$7.58)
Average	985	-	\$135.59	\$148.25	(\$12.66)
High	1,478	-	\$198.38	\$221.26	(\$22.88)

Annual Monthly Average					
Customer Type	Energy Use (kWh)	Billig Demand (kW)	Proposed IPL Bill (\$/mo.)	GMO Bill (\$/mo.)	Dollar Difference (\$/mo.)
Low	401	-	\$60.39	\$65.08	(\$4.69)
Average	803	-	\$110.79	\$116.34	(\$5.55)
High	1,204	-	\$161.18	\$164.86	(\$3.68)

Residential Electric Space Heat Rates

RS-4			
Existing Structure		Proposed Structure	
Minimum Bill	\$12.09	Customer Charge	\$10.00
<u>Off-Peak Season</u>		<u>Off-Peak Season</u>	
0-500 kWh	\$0.1198	0-900 kWh	\$0.1104
501-900 kWh	\$0.0912	900+ kWh	\$0.0605
900+ kWh	\$0.0435		
<u>On-Peak Season</u>		<u>On-Peak Season</u>	
0-500 kWh	\$0.1198	Summer Energy	\$0.1275
500+ kWh	\$0.1113		
FCA	\$0.0262	FCA	\$0.0000

Residential Electric Space Heat Typical Bills

Winter Season					
Customer Type	Energy Use (kWh)	Billig Demand (kW)	Existing Bill (\$/mo.)	Proposed Bill (\$/mo.)	Dollar Difference (\$/mo.)
Low	627	-	\$87.73	\$79.17	(\$8.56)
Average	1,253	-	\$144.31	\$130.72	(\$13.60)
High	1,880	-	\$187.86	\$168.62	(\$19.24)
Summer Season					
Customer Type	Energy Use (kWh)	Billig Demand (kW)	Existing Bill (\$/mo.)	Proposed Bill (\$/mo.)	Dollar Difference (\$/mo.)
Low	457	-	\$66.63	\$68.27	\$1.64
Average	914	-	\$129.74	\$126.54	(\$3.21)
High	1,371	-	\$192.49	\$184.80	(\$7.69)
Annual Monthly Average					
Customer Type	Energy Use (kWh)	Billig Demand (kW)	Existing Bill (\$/mo.)	Proposed Bill (\$/mo.)	Dollar Difference (\$/mo.)
Low	542	-	\$76.42	\$72.99	(\$3.43)
Average	1,085	-	\$133.63	\$124.55	(\$9.08)
High	1,627	-	\$185.09	\$171.05	(\$14.04)

Residential Space Heat – GMO Comparison

Winter Season					
Customer Type	Energy Use (kWh)	Billig Demand (kW)	Proposed IPL Bill (\$/mo.)	GMO Bill (\$/mo.)	Dollar Difference (\$/mo.)
Low	627	-	\$79.17	\$90.55	(\$11.39)
Average	1253	-	\$130.72	\$140.54	(\$9.82)
High	1880	-	\$168.62	\$186.32	(\$17.70)

Summer Season					
Customer Type	Energy Use (kWh)	Billig Demand (kW)	Proposed IPL Bill (\$/mo.)	GMO Bill (\$/mo.)	Dollar Difference (\$/mo.)
Low	457	-	\$68.27	\$80.42	(\$12.15)
Average	914	-	\$126.54	\$148.32	(\$21.79)
High	1371	-	\$184.80	\$216.23	(\$31.42)

Annual Monthly Average					
Customer Type	Energy Use (kWh)	Billig Demand (kW)	Proposed IPL Bill (\$/mo.)	GMO Bill (\$/mo.)	Dollar Difference (\$/mo.)
Low	542	-	\$72.99	\$81.78	(\$8.79)
Average	1,085	-	\$124.55	\$137.41	(\$12.86)
High	1,627	-	\$171.05	\$188.72	(\$17.67)

General Service Rate Class Consolidation

▶ General Service

- General Service; 2,888 customers
- Churches & Hospitals; 210 customers
- General Service Space Heating; 12 customers
- Churches & Hospitals All-Electric; 2 customers

General Service Rates

GS-1

Existing Structure

Minimum Bill \$4.08

Energy

0-16 kWh \$4.0800

17-100 kWh \$0.2016

101-200 kWh \$0.1617

201-800 kWh \$0.1379

800+ kWh \$0.1329

FCA \$0.0254

Proposed Structure

Customer Charge \$15.00

Energy

All kWh \$0.1351

FCA \$0.0000

General Service Typical Bills

Annual Monthly Average					
Customer Type	Energy Use (kWh)	Billig Demand (kW)	Existing Bill (\$/mo.)	Proposed Bill (\$/mo.)	Dollar Difference (\$/mo.)
Low	335	-	\$63.97	\$60.26	(\$3.71)
Average	670	-	\$118.74	\$105.52	(\$13.22)
High	1,005	-	\$172.49	\$150.78	(\$21.71)

Large General Service Classes

▶ Large General Service

- Large General Service; 1,641
- Large General Service Electric Space Heating; 12
- Sewer Pumping; 7
- Education; 64

Large General Service Rates

LGS-1			
Existing Structure		Proposed Structure	
Minimum Bill	\$6.31/kW	Customer Charge	\$40.00
<u>Billing Demand</u>		<u>Billing Demand</u>	
0-50 kW	\$7.8400	All kW	\$10.00
51-150 kW	\$6.3100		
150+ kW	\$4.6800		
<u>Hours Use Energy</u>		<u>Hours Use Energy</u>	
0-100 kWh	\$0.0953	0-100 kWh	\$0.1053
101-300 kWh	\$0.0825	101-300 kWh	\$0.0865
301-400 kWh	\$0.0663	301-400 kWh	\$0.0700
400+ kWh	\$0.0612	400+ kWh	\$0.0650
FCA	\$0.0255	FCA	\$0.0000

Large General Service Typical Bills

Annual Monthly Average					
Customer Load Factor	Energy Use (kWh)	Billig Demand (kW)	Existing Bill (\$/mo.)	Proposed Bill (\$/mo.)	Dollar Difference (\$/mo.)
30%	15,540	71	\$2,293	\$2,227	(\$66)
35%	15,540	61	\$2,216	\$2,107	(\$109)
38%	15,540	56	\$2,180	\$2,050	(\$130)
45%	15,540	47	\$2,088	\$1,924	(\$164)
50%	15,540	43	\$2,022	\$1,844	(\$178)

Other Large Customers Classes

- ▶ All other rate classes will receive a 6 percent rate revenue decrease

- ▶ Total Electric General Service; 124
 - LGS customers that meet certain use requirements

- ▶ Large Power Service; 3
 - Large customers that receive power at a higher voltage

- ▶ Large Interruptible Industrial; 2
 - Large customers that interrupt their load for a lower rate

- ▶ New Manufacturing Rider or Rate being developed by IPL*

Rate Study Findings

- ▶ Total cumulative rate revenue decrease of 6% has been approved.
 - 2% January 2019
 - 4% August 2019
- ▶ 6% rate revenue reduction is applied across the board to all classes.
- ▶ Rate class consolidations and restructuring is desired and recommended
- ▶ Residential rates and bills will be the lowest in the Kansas City area after the changes are made

QUESTIONS



Next Steps

Next Steps	Objective
Develop Manufacturing Rate/Rider	Targeted rate or rider for manufacturing companies that is highly competitive with other utilities in the metro area
Provide Low Income Assistance	Look to expand the existing IRAP program to assist low income customers with their electric bills
Finalize Rate Schedules	Completed set of rate schedules to bring before the PUAB and City Council for approval

City of Independence

AGENDA ITEM COVER SHEET

Agenda Title:

Boards/Commissions Report

Department: City Clerk**Contact Person:** Becky Behrens

REVIEWERS:**Department**

City Clerk Department

City Clerk Department

Action

Approved

Approved

Council Action:**Council Action:**

ATTACHMENTS:**Description**

▫ Report

Type

Backup Material

City of Independence

MEMORANDUM

DATE: August 7, 2019
TO: Mayor and Members of the City Council
FROM: Becky Behrens, City Clerk
SUBJECT: Boards and Commissions Report



Englewood CID Board of Directors

- Recommendation has been received to appoint Monte Short, Scott Cauger, Witt Ross, Darlene Carpenter, Ann Hinojosa, Thad McCullough and Joshua Paterson to the Board of Directors.
- Staff requests direction as to adding a resolution to the next regular meeting, appointing the above named individuals.

Housing Authority

- Recommendation has been received to appoint Beth Franklin to the Housing Authority.
- Staff requests direction as to adding a resolution to the next regular meeting, appointing the above named individual.

F.Name	L.Name	Position	Staff Apt.	Board Name	Exp.	Interest in Reappointment
Overdue Vacancies						
Vacant				Independence Square Advisory Board	10/4/2008	
Vacant		Alternate		Board of Building and Engineering Appeals	7/18/2015	
Vacant		Alternate		Board of Building and Engineering Appeals	7/18/2016	
Vacant				Industrial Development Authority	11/30/2016	
Vacant				Independence Square Advisory Board	10/4/2017	
Vacant				Industrial Development Authority	11/30/2017	
Vacant				Japanese Sister City Committee	5/1/2018	
Vacant				Independence Square Advisory Board	10/4/2018	
2019 Incumbents/Vacancies						
Vacant			CIC	City Planning Commission	7/1/2019	
Heather	Wiley		CIC	City Planning Commission	7/1/2019	Interested
Robert	Murphy		CIC	Board of Ethics	7/1/2019	Interested
Vacant				Board of Ethics	7/1/2022	
Karl	Blair		CIC	Personnel Board	7/1/2019	Interested
Vacant				Sustainability Commission	10/1/2019	
Jim	Blau			Truman Memorial Scholarship Fund Candidate Selection Committee	8/21/2019	Interested
Robie	Mathews			Truman Memorial Scholarship Fund Candidate Selection Committee	8/21/2019	Interested
Individual Council Appointments						
Vacant			Dougherty	Storm Water Control Oversight Committee	12/16/2014	
Vacant			Huff	Storm Water Control Oversight Committee	12/16/2021	
Paul	Newberry		Roberson	Street Improvement Oversight Committee	10/1/2018	
Donald	DeBoard		Van Camp	Public Safety Sales Tax Oversight Committee	11/15/2018	
Justin	Thatcher		Mayor	Tree Commission	8/1/2019	
Darla	Eames		Mayor	Tree Commission	8/1/2019	Interested
Gail	Price		Roberson	Independence Park Commission	9/1/2019	Interested
Jolie	Austin		Van Camp	Independence Park Commission	9/1/2019	Interested
George	Lightfoot		Mayor	Mayor's Advisory Commission on the Visual Arts	9/1/2019	Not Interested
Byron	Constance		Mayor	Mayor's Advisory Commission on the Visual Arts	9/1/2019	Interested
Vacant			Perkins	Independence Park Commission	9/1/2021	
Mary Beth	Franklin		Mayor	Housing Authority	9/5/2019	Interested
Fran	Wagner		Perkins	Street Improvement Oversight Committee	10/1/2019	
Wes	Epperson		Mayor	Street Improvement Oversight Committee	10/1/2019	Interested
Gloria	Smith		DeLuccie	Street Improvement Oversight Committee	10/1/2019	
Vacant			Perkins	Brand Independence Committee	3/18/2020	