

City of Independence

MEMORANDUM

City's Manager Office

DATE: May 29, 2015

TO: Mayor and Councilmembers

FROM:  Robert E. Heacock, City Manager

SUBJECT: IPL Cost of Service and Rate Study



Attached is the Cost of Service and Rate Design Study ("Rate Study") for the Power & Light Department as directed by City Council Resolution 5933, dated July 21, 2014. The Resolution requested a rate study of the electric rates for residential, commercial and industrial customer classes including provisions to incorporate renewable energy options that were identified in the previous report that was completed in November 2014.

This rate study was performed by the engineering consulting firm, Sawvel and Associates and provides their findings and recommendations on additions and changes to the Power & Light Department's retail rate schedules including an unrestricted cash fund balance policy as well as a community solar rider if the City moves forward on a large-scale solar farm.

Staff generally agrees with the recommendations in the report and believes that the proposed changes will make Power & Light's retail rates competitive with the neighboring utilities, and will appropriately position the department for the future. It should be emphasized that this report represents only part of what should be a continuing community dialogue and that balancing a variety of competing needs in a challenging regulatory climate will not be easy.