

City of Independence

MEMORANDUM

City Council Office

DATE: October 31, 2008
TO: **Honorable Mayor and Council Members**
FROM: Tracey Elmore
Management Analyst



SUBJECT: Power and Light Department's Rate Increase

As you know, the City's Power and Light Department is currently proposing to increase the rates charged to customers for electricity. As per City Code Sec. 1.43.007 E, the Management Analyst is expected to "audit all proposed utility rate increases for any of the City operated utilities (Power and Light, Water, and Water Pollution Control Departments) prior to any action being taken by the City Council on the proposed rate increases." To abide by this requirement, I have reviewed the documents pertaining to the Power and Light Department's current proposal for a rate increase.

To help staff determine whether a rate increase is necessary, IPL asked Sawvel and Associates, Inc. to study IPL's current status and report on the Department's electric cost of service and rate plan. Sawvel and Associates is a reputable firm, and their report appears to have been prepared using appropriate methodologies to develop reliable conclusions.

After reading this report and doing my own research on the status of the electric industry, I concur with staff's opinion that a rate increase is necessary for Independence's customers. It appears that staff has carefully researched this issue and is recommending the lowest rates that will meet the Department's revenue needs for the next few years.

Thank you for your time and attention. Don't hesitate to let me know if you have any questions or concerns.

Cc: Robert Heacock, City Manager
John Pinch, Deputy City Manager
Larry Kaufman, Assistant City Manager
Jane Sharon, City Clerk
Dayla Bishop Schwartz, Deputy City Counselor
Leon Daggett, Power and Light Department Director
Paul Mahlberg, Planning and Rates Supervisor
Ed Valentine, Economic Planning and Rates Manager
Jim Harlow, Finance Department Director