

**City of Independence  
Power & Light Department**

# **Courtney Bend : An Economic Analysis**

**City Council Study Session  
January 22, 2018**

**Andrew Boatright, PE, Acting Director**

# Courtney Bend Water Treatment Plant



# *Legal Insights*

- **IPL: Serving outside certificated territory**
- **KCPL: Allowing outside utility to serve inside certificated territory**
- **Missouri Public Service Commission: Approval needed**
- **FERC: Would we have to go through FERC?**
- **Legislative Solution**

# ***KCPL Perspective***

- **Do not want to lose revenue**
- **Desire to retain service territory**
- **Transmission line serves multiple KCPL customers**
  - **Will not sell transmission line**
  - **Doubtful we can add facilities to existing lines**
- **Estimated Cost:**
  - **20-year Net Present Value of KCPL revenue streams**
  - **Likely will require additional premium**

# *Estimated KCPL Price*

- Net Annual After Tax Revenue = \$1.5 million
- Present Value 20-year Revenues + 10% Premium  
= \$17.2 million
- Cost to IPL: \$17.2 million +  
Transmission line (\$12.2 million) = \$29.5 million

# *IPL Transmission Line*

- 4.25 Miles New Construction = \$3.7 million
- 4.43 Miles Remove/Replace line segments = \$6.4 million
- Substation Upgrades, Engineering, Contingency  
= \$2.1 million
- Total Estimated Cost = \$12.2 million

# ***IPL Economic Evaluation***

## Financing

- Amount of Bond = \$29.2 million
- Term = 30 Years
- Interest Rate = 4.77%
- Annual Bond Payment = \$1.9 million

IPL Annual Net Revenues = \$1.8 million

Net Annual Gain/(Loss) = (\$81,000)



# ***IPL Future Considerations***

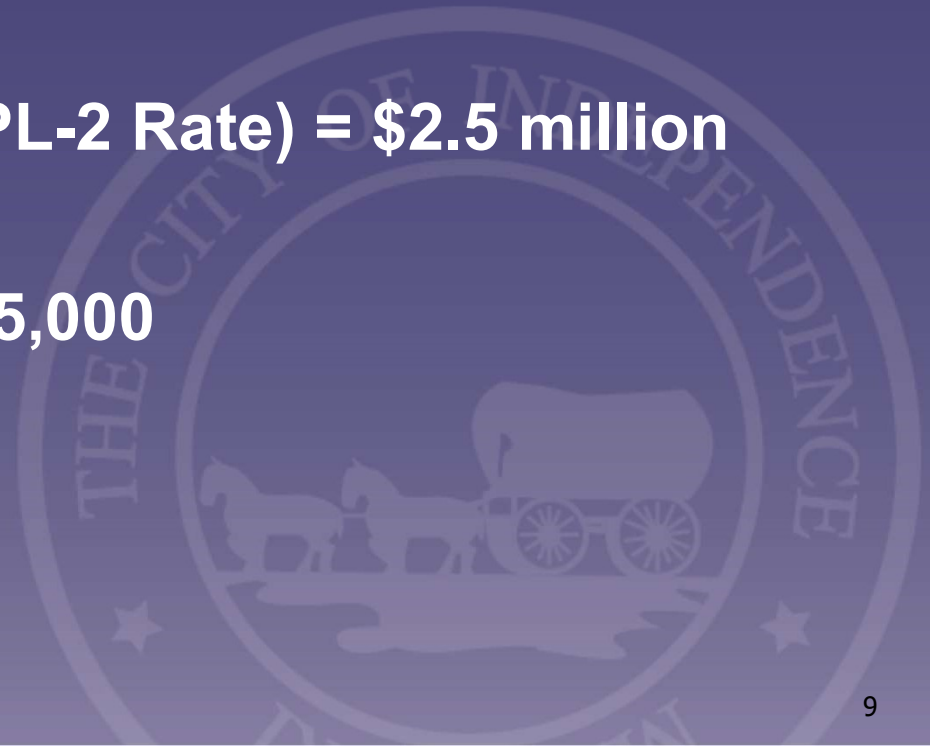
- **Courtney Bend increases Capacity Reserves 5 MW**
  - **Future cost of new Capacity = \$6.5 million**
    - **New Capacity Cost NOT included in evaluation**
- **Impact on Power & Light's Bond Capacity**





# ***Water Department Impacts***

- **Current annual billing (KCPL) = \$2.2 million**
- **Annual billing under IPL (PL-2 Rate) = \$2.5 million**
- **Annual Net Increase = \$345,000**



**Thank you!**

