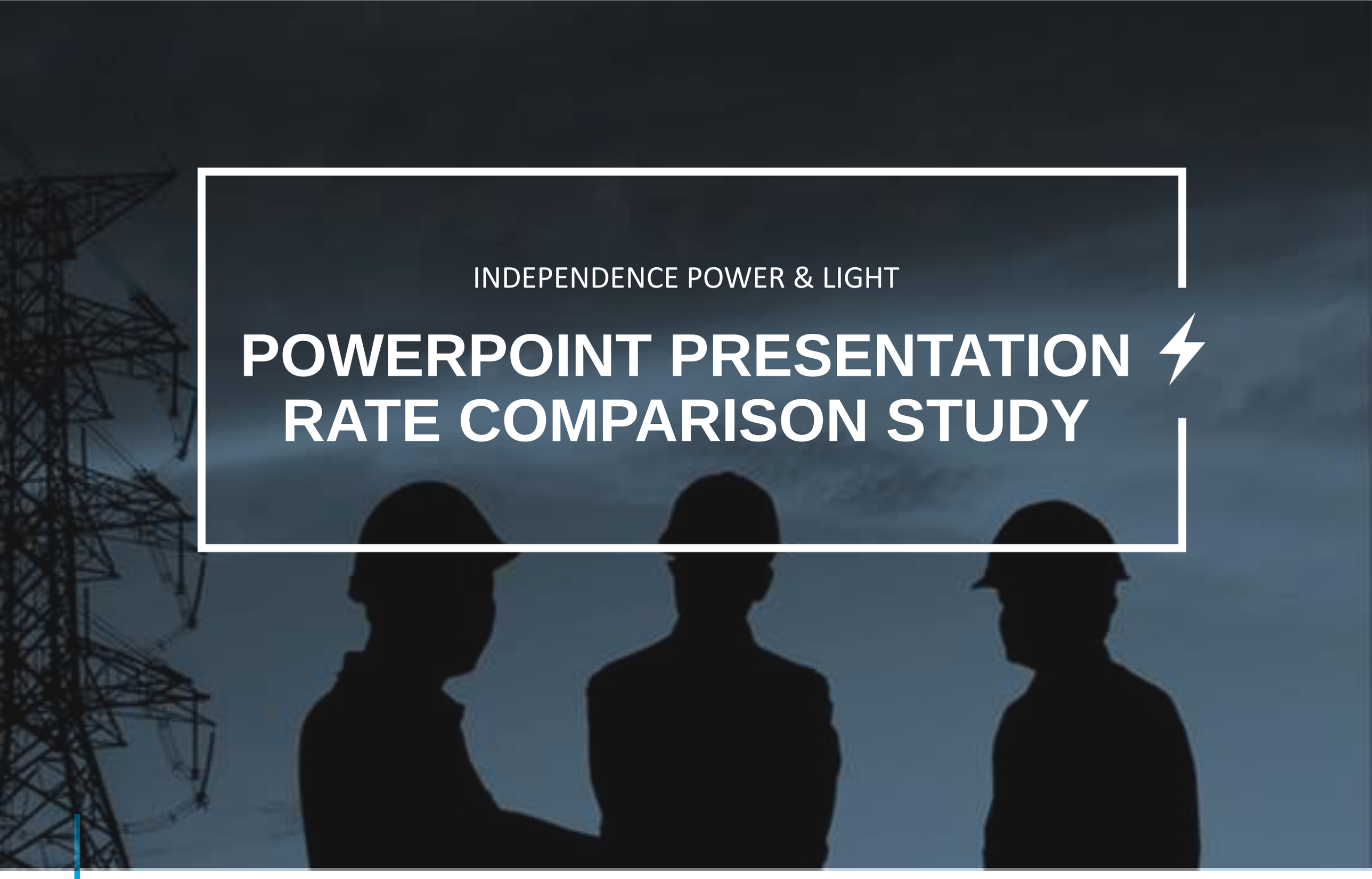
INDEPENDENCE POWER & LIGHT

POWERPOINT PRESENTATION RATE COMPARISON STUDY



2021 RATE COMPARISON STUDY

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FINLEY

PURPOSE OF THE STUDY

HOW DO IPL RATES COMPARE?

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2021 RATE COMPARISON STUDY

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PURPOSE OF THE STUDY

HOW DO IPL RATES COMPARE?

This is a rate comparison study of Independence Power and Light to other electric utility companies within a 200-mile radius. This is NOT an actual rate study. The objective of this study is to provide relevant and reliable financial information to assist in making rate decisions that effect IPL's revenue.

What the study is and what the study is NOT.

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HOW DO IPL RATES COMPARE?

UNDERSTANDING ENERGY PRICING

2021 RATE COMPARISON STUDY

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HOW DO IPL RATES COMPARE?

UNDERSTANDING ENERGY PRICING PER KILOWATT-HOUR (kWh)

Electricity must **ALWAYS** be made available **24 hours a day, 7 days a week, 365 days a year.** Some customers, such as residential, only consume 26 kWh per day; but other customers, such as industrial giants, consume 33,000 kWh per day. The costs of building and maintaining infrastructure that provides electricity to all customers, large and small, is recovered based on the total amount of electricity a utility's customer mix consumes. Total kWh sales must be planned for and determines how high or how low the price per kWh should be for the utility.

SALES is King - SALES is Queen - SALES is Everything!

HOW DO IPL RATES COMPARE?

UNDERSTANDING CUSTOMER SALES MIX

No matter how large or small the utility, it's customer mix determines how many kWh sales it can generate every month. The customer mix is broken up into three categories:

- **Residential Customer**
- **Commercial Customer**
- **Industrial Customer**

Having more industrial and commercial customers allows a utility to generate enough sales to lower rates for all customers, while having more residential customers limits a utility to generate enough sales to lower rates.

Kilowatt-Hour Sales recover the costs required to build & maintain Distribution and Transmission infrastructure to all customers.

HOW DO IPL RATES COMPARE?

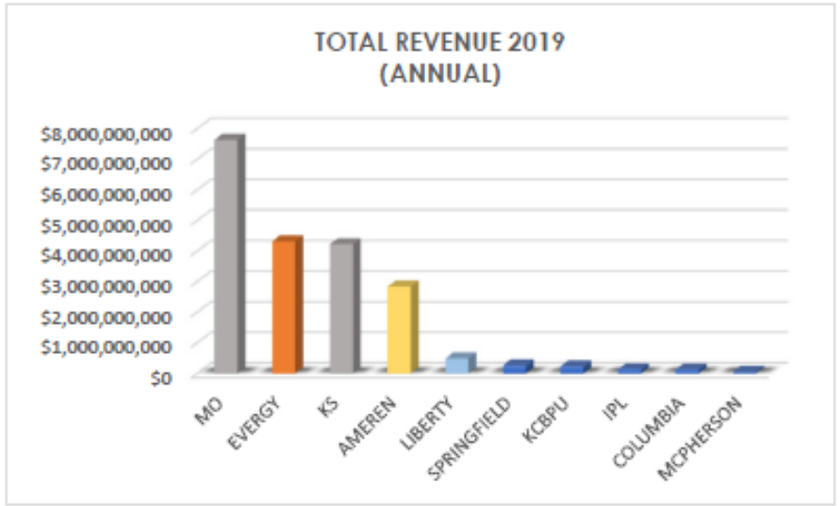
SALES COMPARISON

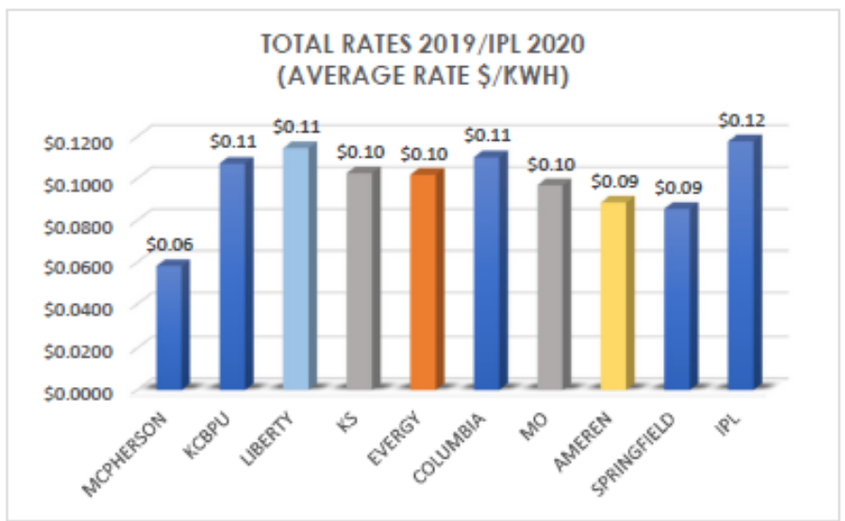
The City of McPherson had the highest sales per customer and the lowest average rate per kWh.

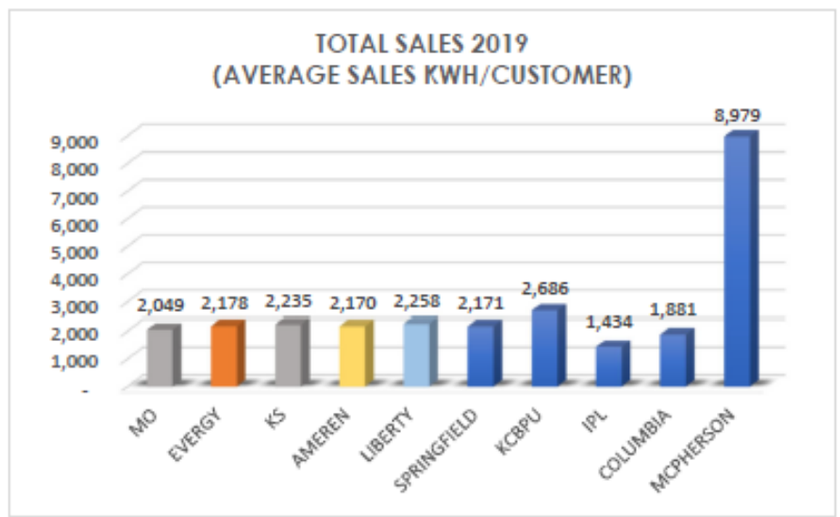
Their customer sales mix consisted of:

- **Residential Sales = 9%**
- **Commercial Sales = 11%**
- **Industrial Sales = 80%**

Their average rate was $0.06 / kWh







HOW DO IPL RATES COMPARE?

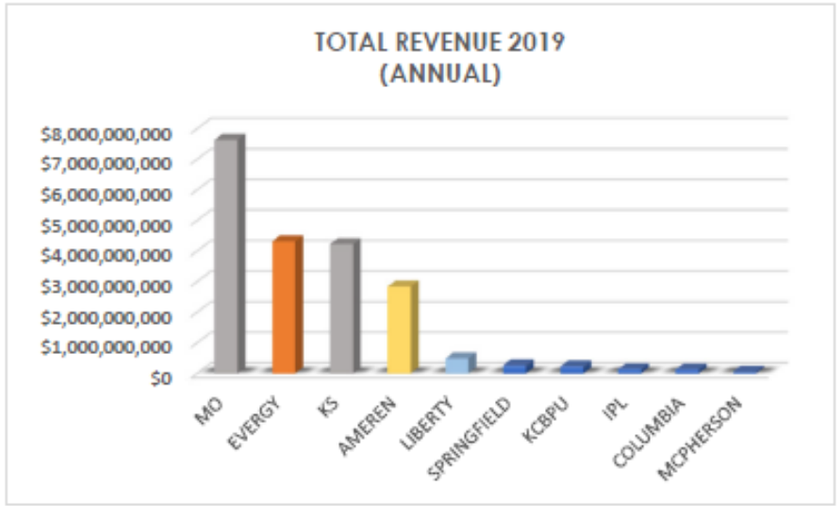
SALES COMPARISON

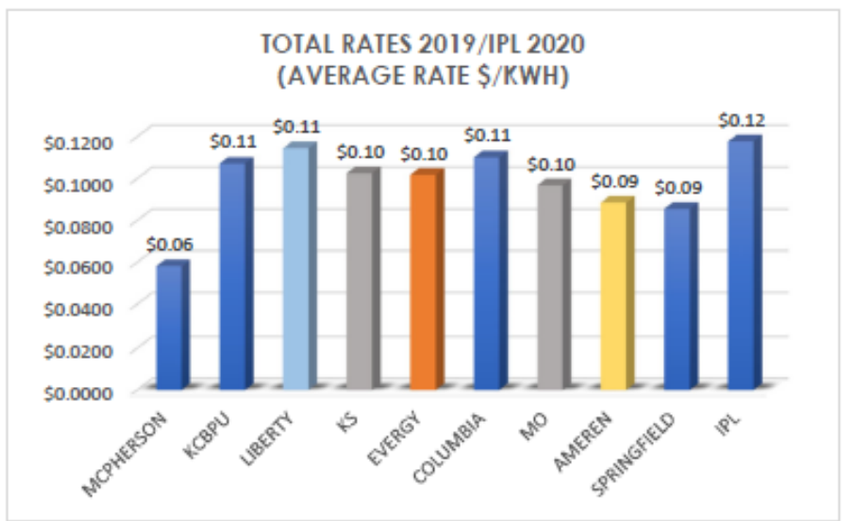
Independence Power & Light had the lowest sales per customer and the highest average rate per kWh.

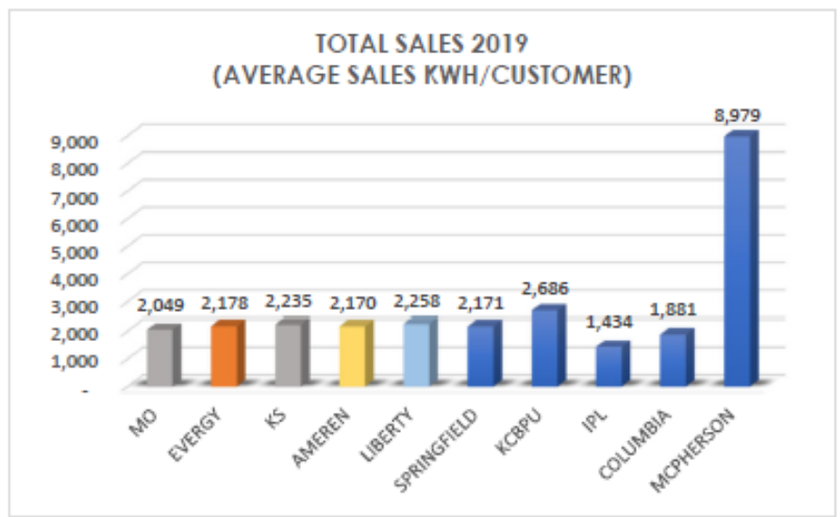
Their customer sales mix consisted of:

- **Residential Sales = 53%**
- **Commercial Sales = 41%**
- **Industrial Sales = 6%**

Their average rate was $0.12 / kWh





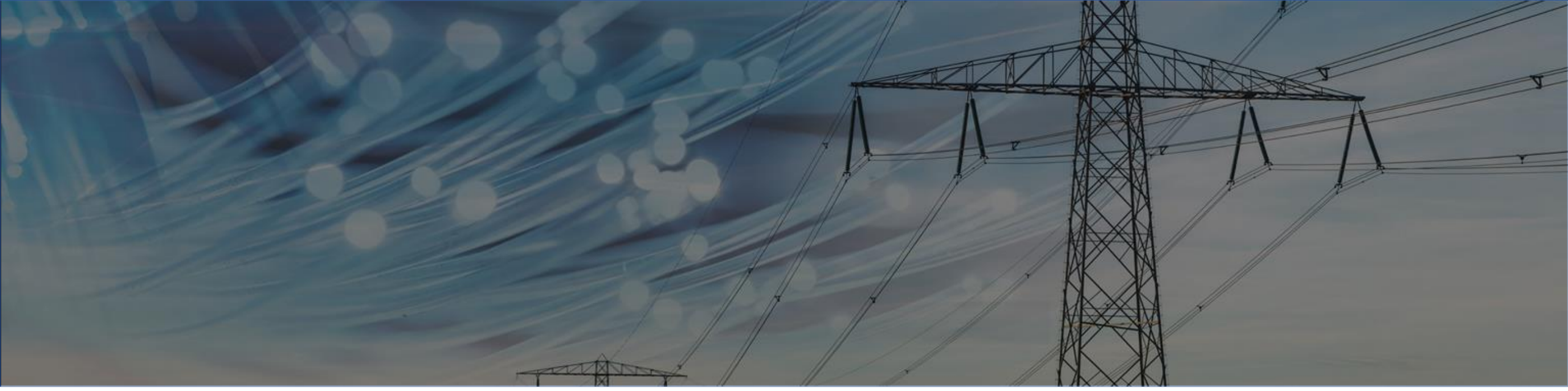


HOW DO IPL RATES COMPARE?

SALES COMPARISON

IPL will need to increase monthly sales by 27,567,851 kWh to be on the same playing field as all of the other utilities analyzed in this study. Independence will need to have one of the following scenarios occur before they will have a median average rate per kWh at $0.102/kWh.

- **Housing Population Increase of 33,375 Customers**
- **Commercial Business Increase of 4,032 Customers**
- **Industrial Business Increase of 27 Customers**



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HOW DO IPL RATES COMPARE?

Independence Power & Light has a relatively high electricity rate for customers in terms of dollars per kWh. However, that's only part of the picture. IPL faces a unique challenge that almost no other utility in the region must face. The City of Independence is not a regional industrial hub, but rather a suburb of Kansas City. Nearly all of its customers are residential, and they have virtually no industrial customer base. If other cities had to manage the lop-sided customer base that IPL has, then they would have to raise their rates above where current IPL rates are set. IPL's rates are as low as they can be without putting significant, financial stress on the utility and the city.

HOW DO IPL RATES COMPARE?

For more information contact:

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