

BILL NO. _____

RESOLUTION NO. _____

A RESOLUTION REPEALING RESOLUTIONS 6386, 6436 and 6486.

WHEREAS, on November 19th, 2018, the Independence City Council adopted Resolution 6386, which directed the City Manager to implement a rate reduction for all Independence Power & Light customers of 2%; and,

WHEREAS, the fiscal impact of the 2% rate reduction was a loss of \$3 million annually to Independence Power & Light and a loss of \$272,000 in PILOT revenues to the City's General Fund; and,

WHEREAS, in May 2019, the city's consultant Burns and McDonnell cautioned against rate reduction greater than 2% because it would draw down Independence Power & Light fund balances and require rate increases in 2025; and,

WHEREAS, on May 13th, 2019, the Independence City Council adopted Resolution 6436, which directed the City Manager to implement a rate reduction for all Independence Power & Light Customers of at least 4% starting August 1st, 2019; and,

WHEREAS, the fiscal impact of the 2% rate reduction was an estimated loss of \$5.454 million annually to Independence Power & Light and a loss of \$495,223 in PILOT revenues to the City's General Fund; and,

WHEREAS, the City's financial advisor-Springsted Incorporated-recommended the City Council wait to make a decision on a potential rate moratorium until after their study on the electric utility's financial position was presented to City officials which was anticipated to occur by October 26th; and,

WHEREAS, on October 17th, 2019, the Independence City Council Adopted Resolution 6486, in advance of Springsted's financial analysis, which included implementation of a five-year moratorium on rate increases for all Independence Power & Light rate classes; and,

WHEREAS, on April 6, 2020 the City Council adopted Ordinance 19105, which amended the City of Independence Power & Light Department Schedule of Electric Rates beginning October 1, 2020 and further declaring that the existing rate structure would sunset within three years of the implementation of the new structure with all accounts being transitioned by October 2023; and,

WHEREAS, since 1989, Independence Power & Light rates have not kept pace with inflation, as rates have increased by an average of 1.06% per year, while the Midwest Consumer Price Index has increased by an average of 2.5% per year; and,

WHEREAS, since the cumulative 6% rate discount went into effect, Independence Power & Light has experienced an erosion of revenues and is forecasted to drop below the lower reserve requirement of \$25 Million by June 2025; and,

WHEREAS, elimination of the 6% rate discount has been presented to and recommended by the Public Utility Advisory Board; and,

WHEREAS, elimination of the 6% rate discount has been included in the City Manager's Proposed Budget for Fiscal Year 2023-24; and,

WHEREAS, elimination of the 6% rate discount doesn't solve the long-term financial health of Independence Power & Light, but represents an important first step that stabilizes the financial position of the electric utility while the City engages in the concurrent studies leading up to the public vote regarding the future ownership of Independence Power & Light as directed by the City Council; and,

WHEREAS, elimination of the 6% rate discount will also generate an additional \$600,000 for the General Fund in Fiscal Year 2023-24 and help avoid any cuts to current service levels; and,

WHEREAS, failure to eliminate the 6% rate discount and the five-year moratorium will necessitate budgetary reductions to current service delivery levels;

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF INDEPENDENCE, MISSOURI, AS FOLLOWS:

SECTION 1. That Resolutions 6386, 6436 and 6486 are hereby repealed.

SECTION 2. The City Manager is directed to eliminate the 6% rate discount effective with the launch of the new rate schedule in October 2023 as adopted in Ordinance 19105.

PASSED THIS _____ DAY OF _____, 2023, BY THE CITY COUNCIL OF THE CITY OF INDEPENDENCE, MISSOURI.

Presiding Officer of the City Council
of the City of Independence, Missouri

ATTEST:

City Clerk

APPROVED - FORM AND LEGALITY:

City Counselor

REVIEWED BY:

City Manager