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Electric rates in Independence will be going up in January

By BRIAN BURNES

The City Council on Monday night authorized a 9 percent rate increase for the city's Power & Light Department for the first half of 2009. A subsequent 5 percent increase will follow in July, according to the ordinance council members approved.

The vote means that by July, the average monthly summer residential electric bill in Independence will increase from about \$118 today to roughly \$132, according to utility estimates.

The council's vote was unanimous. All members also detailed their reasons for their votes or their concerns about it. Several said they realized the increase was painful in a down economy, but nevertheless necessary.

"We have a responsibility that we must face, and sometimes it is not easy," said Myron Paris, 3rd District council member, who represents southeast Independence.

The adjustments, according to the ordinance, will provide additional revenues required to cover the utility's costs for the next five years "to provide financial stability and to maintain a minimum operating fund balance." The rate increases emerged from a review of the utility's revenue forecasts and requirements for the next five years conducted by Sawvel and Associates, a Kansas consulting firm.

The increases will better position the utility to maintain existing equipment and fund capital improvements, the review concluded. But that won't make them any easier for individual or corporate customers to pay, council members said.

"A large number of people in my district are on fixed incomes," said Jim Page, 4th District council member, who represents southwest Independence.

"Some of these businesses are going to be hit pretty hard," said Will Swoffer, 2nd District council member, who represents the city's northeast district.

City Manager Robert Heacock suggested that the city would listen to companies or individuals especially affected by the hikes. Still, there's no escaping the equipment-upgrade needs of the city-owned utility, he said.

Other council members recognized that. Jim Schultz, at-large council member, likened the increase to painful preventative measures experienced at the doctor's office.

"Mr. Heacock, I don't like this one bit," Schultz said. "I don't like getting a shot, either. I'll be voting 'Yes' on this also, but I d still don't like shots."

The ordinance also authorizes 5 percent July increases from 2010 through 2012.

According to utility estimates, the average monthly summer residential electric bill will be about \$132 by this coming July. That amount compares favorably with the approximately \$138 monthly summer monthly rate that Kansas City Power & Light customers could face, or the approximately \$154 that Aquila customers could pay, according to Independence staff estimates.

The Independence rate hikes of 9 and 5 percent this January and July would seem to result in an estimated monthly summer residential bill a few dollars higher than the approximately \$132 cited by city utility staff members.

However, the projected \$132 monthly rate also reflects the anticipated effect of fuel cost adjustment riders, which utilities often use to estimate future fuel costs, said Paul Mahlberg, planning and rate supervisor of Independence Power & Light.