



KANSAS CITY

BPU

2023 Electric Rate Proposal

THE POWER OF COMMUNITY

Background:

- BPU is required to complete a *Cost of Service (COS) Rate Study* to determine if existing rates will support future operating and capital needs, as well as reserve requirements over the next 5 years.
- A public hearing process has been initiated to determine what, if any, electric rate adjustments should be implemented.
- Meetings and the hearing process will provide opportunities to discuss rate adjustments, billing processes, capital improvement projects, reserve requirements, and other matters required to meet the future energy needs of our community.

What's Being Proposed:

- An external study recommends an overall 2.5% increase in electric base rates beginning July 1, 2023 and 2.5% on July 1, 2024.
- Creation of a Green Rider that allows Large Commercial and Industrial customers to purchase energy with environmental attributes to meet renewable energy goals.
- Modifying the ERC Rider to allow for additional recovery to build and maintain the new ERC reserve fund.

Why This Is Necessary:

- BPU's electrical system needs more than \$180 million in capital improvements to maintain the integrity of the utility's electrical system, ensuring dependable service and meeting future demand requirements.
- ***BPU hasn't adjusted electric rates since 2018.***
- Postponing a rate adjustment may cause service disruptions and cost even more.
- Inflationary pressure on costs of outside services, materials, and labor have increased.
- The COS study recommends BPU increasing operating reserve funds to 120 days of cash-on-hand.
- BPU won't be able to finance future capital projects and meet reserve and debt service requirements without additional revenue.
- Without a strong credit rating, BPU won't be able to borrow money for capital improvements at a reasonable interest rate.

BPU: Fiscal Responsibility

- BPU continues working to reduce spending, increase efficiencies, and improve overall customer service – without impacts on reliability or future growth requirements.



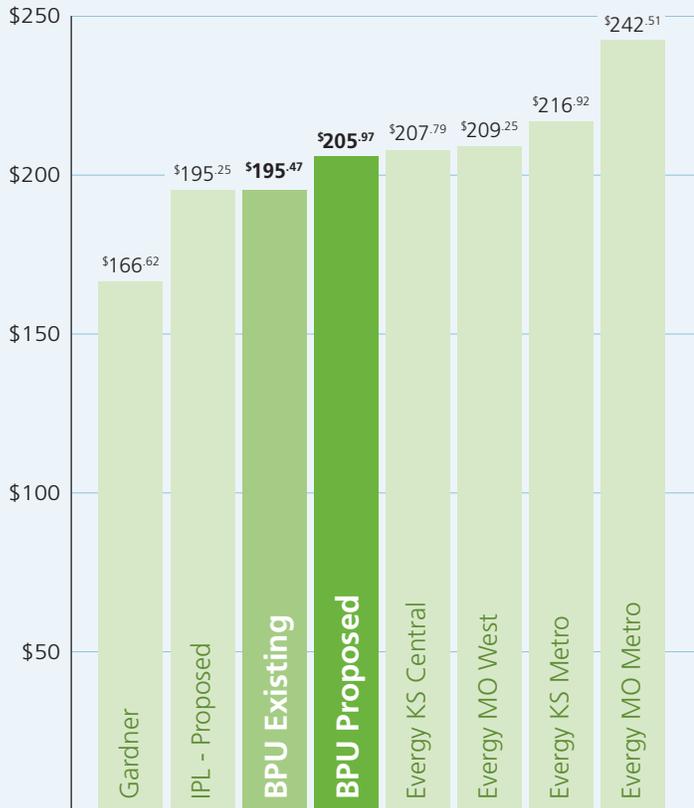
BPU: A Community Asset

- One of the top-ranked publicly owned utilities in the country, BPU has provided affordable and reliable energy to the community for over 100 years.
- Nationally recognized for community service, social responsibility, and volunteerism – including the Summer Youth Program, providing millions in utility assistance, the Annual BPU Charity Golf Tournament, and more.
- Servicing 65,000 electric customers – with two power stations, 29 substations, 16,500 transformers, 3,000 miles of electrical lines, 19,000 streetlights, and 5,300 traffic signal heads.

Critical Capital Improvement Projects: (2023-27) = \$180 million

- Electric Transmission – \$15.8 million
- Electric Substations – \$20.4 million
- Electric Overhead Distribution – \$52.8 million
- Electric Underground Distribution – \$14.5 million
- Electric General Construction - \$8.8 million
- Electric Transformers - \$14.5 million
- Nearman Power Plant Unit 1 – \$29.3 million

Typical Residential Monthly Electric Bill-Summer



*Total Bill - 1500 kWh Excluding PILOT - Summer



Typical Residential Monthly Electric Bill-Winter



*Total Bill - 820 kWh Excluding PILOT - Winter

BPU: A Recognized Green Energy Leader

BPU has worked aggressively to diversify its energy generation capabilities in recent years, shifting toward renewable energy sources like wind, hydropower, landfill gas, and solar.

Today, 48% of BPU power generation now comes from "green energy", including wind, solar, hydro, and landfill gas – enough energy to power 135,000 homes in our community and reducing the utility's coal consumption 62% from 2007-2020.

The NEW "Green Rider" Program

While Residential customers and Small General Service customers can currently access renewable energy through BPU's Community Solar Farm, a new "Green Rider" program now being offered will also allow the largest commercial and industrial customers to purchase energy with Environmental Attributes (EA) to meet their renewable energy goals. Eligible customers with demand of 2.5 MW or greater can now access up to 200 MW of renewable energy by signing up for this innovative and voluntary program.

BPU Generation Output by Fuel Mix

