


OSCEOLA, ARKANSAS  
**COMMERCIAL ELECTRIC RATES**  
Regional Comparison and  
Estimated Reduction Impact

April 15, 2019



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# DISCLOSURES

## A FEW THINGS TO NOTE BEFORE MOVING FORWARD

- **All Figures Are Estimates**

- This information presented has not been obtained from a consultant or utility rate study, but has been gathered, calculated, and estimated to the best of our ability.

- **Estimates Consider Electric Utilities Only**

- They do not factor in other rate classes such as residential or industrial, nor do they include any other city services such as water, sewage, or garbage.

- **Comparison Notes**

- It's important to remember that OMLP and the City of Osceola operate from revenue generated by utility and services, as well sales tax collections. Mississippi County Electric Cooperative and Entergy Arkansas do not support municipal services. Due to their larger size and location, West Memphis and Jonesboro collect higher sales tax revenues.

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# DISCLOSURES

## A FEW THINGS TO NOTE BEFORE MOVING FORWARD

- **Starting a Discussion**

- This is intended to spark further assessment, discussion, and consideration of OMLP's commercial utility rates, specifically as it relates to the overall cost of doing business in Osceola and our collective effort to support our existing businesses and grow our community.

- **Not Suggesting How City Should Spend Money**

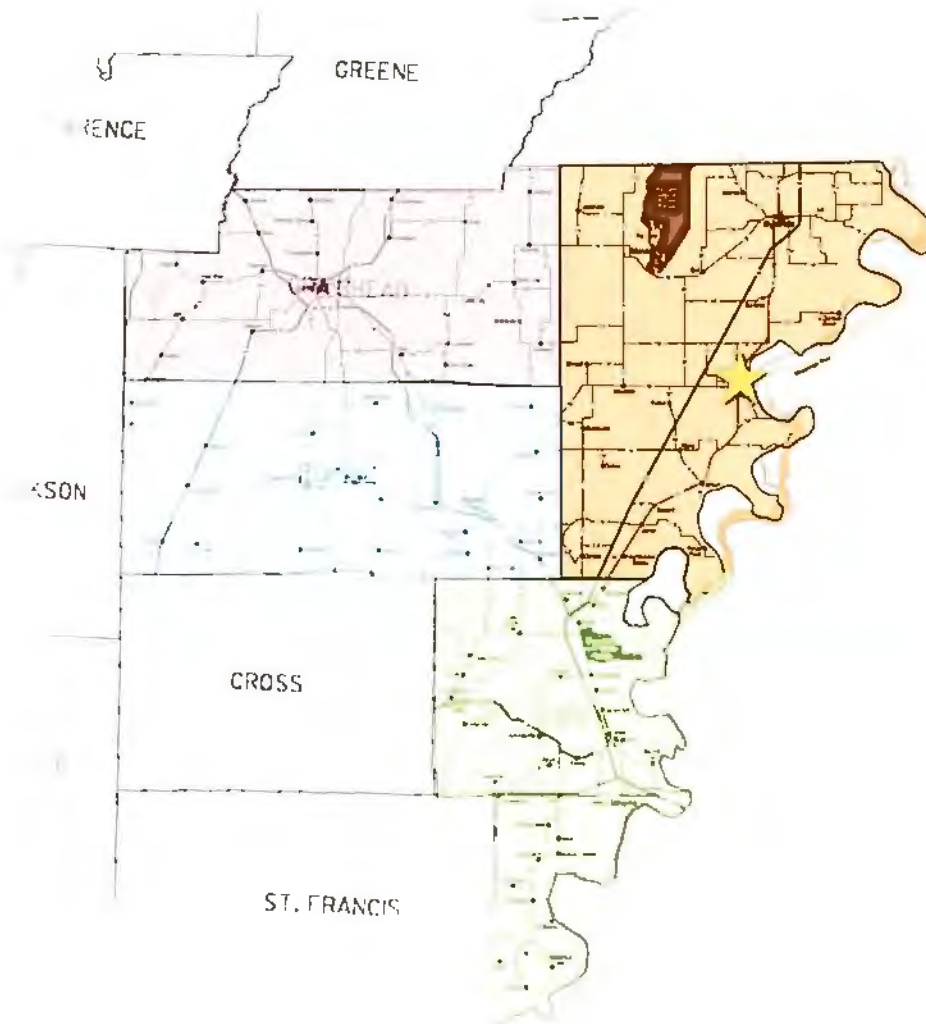
- We are not suggesting specific ways to attain the goals outlined, whether through new revenue generation or reduction of existing services.

- **Importance of City of Osceola Services**

- We understand the importance of quality of life as it applies to retention and growth of residents, businesses, and industries, and appreciate the City of Osceola's investment in services that help make our community a great place to live, work, and visit.

# COMPARISON REGION

MISSISSIPPI, CRAIGHEAD, CRITTENDEN,  
AND POINSETT COUNTIES



## Providers in Mississippi County

Osceola Municipal Light and Power  
Mississippi County Electric Cooperative  
Entergy Arkansas

## Nearest Municipal Power Providers

West Memphis Utilities  
Jonesboro City Water & Light



# COMPARISON REGION

MISSISSIPPI, CRAIGHEAD, CRITTENDEN,  
AND POINSETT COUNTIES

## Sales Tax Comparisons

<u>City (County)</u>	<u>State</u>	<u>County</u>	<u>Local</u>	<u>Total</u>	<u>2018 YTD Local</u>
Osceola (Mississippi)	6.50%	2.50%	1.00%	10.00%	\$1,101,055
Blytheville (Mississippi)	6.50%	2.50%	1.50%	10.50%	\$4,468,016
Manila (Mississippi)	6.50%	2.50%	1.25%	10.25%	\$440,366
Jonesboro (Craighead)	6.50%	1.00%	1.00%	8.50%	\$18,885,502
West Memphis (Crittenden)	6.50%	2.75%	1.50%	10.75%	\$7,174,513
Marion (Crittenden)	6.50%	2.75%	2.00%	11.25%	\$3,084,688

# COMPARISON RATES

## UTILITY PRICES OF PROVIDERS IN THE COMPARISON REGION

### Osceola Municipal Light and Power (effective 1/1/2016)

<u>Rate Class</u>	<u>Base</u>	<u>Per KWH</u>	<u>Notes</u>	<u>Avg Per kwh</u>
Small Commercial A (0-4KW)	\$16.59	\$0.1085		
Small Commercial B (4-20KW)	\$16.59	\$0.1336		
Small Commercial C (20-100KW)	\$16.59	\$0.1350		\$0.1239
Large Commercial (100-1000KW)	\$1000.00	\$0.1263	First 50,000 kwh	
Large Commercial (100-1000KW)	\$1000.00	\$0.1160	All over 50,000 kwh	

### Entergy Arkansas (effective 4/8/2016)

<u>Rate Class</u>	<u>Base</u>	<u>Per KWH</u>	<u>Notes</u>	<u>Avg Per kwh</u>
Small General Service	\$24.25		Customer Charge	
Small General Service	\$4.43		Per KW Demand Charge	
Small General Service		\$0.0564	First 900kwh + 150kwh over 6Kw	
Small General Service		\$0.0397	Additional kwh	
Large General Service	\$90.53		Customer Charge	
Large General Service	\$13.85		Per KW Demand June-Sept	\$0.0442
Large General Service	\$11.74		Per KW Demand other months	
Large General Service		\$0.0271	June-Sept	
Large General Service		\$0.0193	Other months	

Note: Entergy figures do not include Rate Schedule 17, which lists a Table of Additional Ridders but does not specify amounts.

# COMPARISON RATES

## UTILITY PRICES OF PROVIDERS IN THE COMPARISON REGION

### Mississippi County Electric Cooperative (effective 4/28/2016)

<u>Rate Class</u>	<u>Base</u>	<u>Per KWH</u>	<u>Notes</u>	<u>Avg Per kwh</u>
Three Phase <50KW May-Sept	\$12.00	\$0.1014	First 200kwh	
Three Phase <50KW May-Sept		\$0.0640	Over 200kwh	
Three Phase <50KW Oct-Apr	\$12.00	\$0.0828	First 200kwh	\$0.0731
Three Phase <k0KW Oct-Apr		\$0.0443	Over 200kwh	

*Next Closest Rate*

Note: MCECI has a disclaimer that rate schedules may increase or decrease to compensate for changes in purchase costs.

### West Memphis Utilities (no effective date listed)

<u>Rate Class</u>	<u>Base</u>	<u>Per KWH</u>	<u>Notes</u>	<u>Avg Per kwh</u>
Commercial	\$11.00	\$0.0860	First 2,100kwh	
Commercial		\$0.0640	All over 2,100kwh	\$0.0750

### Jonesboro City Water & Light (effective 4/1/1984)

<u>Rate Class</u>	<u>Base</u>	<u>Per KWH</u>	<u>Notes</u>	<u>Avg Per kwh</u>
General Service—Small	\$6.20	\$0.0635	First 2,500kwh	
General Service—Small		\$0.0515	Next 3,500kwh	\$0.0533
General Service—Small		\$0.0450	Over 6,000kwh	

# OMLP 2018 RESULTS

## BASE FEES AND USAGE REVENUE FOR EACH CURRENT COMMERCIAL RATE LEVEL

### Base Fees

<u>Rate Class</u>	<u>Monthly Base</u>	<u>YTD Customers</u>	<u>YTD Base Revenue</u>
Small Commercial A (0-4KW)	\$16.59	3,307	\$54,863.13
Small Commercial B (4-20KW)	\$16.59	1,633	\$27,091.47
Small Commercial C (20-100KW)	\$16.59	965	\$16,009.35
Large Commercial (100-1000KW)	\$1,000.00	132	\$132,000.00
		<b>Total YTD Base</b>	<b>\$229,963.95</b>

### Usage Revenue

<u>Rate Class</u>	<u>Per KWH</u>	<u>YTD kwh</u>	<u>YTD Usage Revenue</u>
Small Commercial A (0-4KW)	\$0.1085	4,574,235	\$496,304.50
Small Commercial B (4-20KW)	\$0.1336	3,295,819	\$440,321.42
Small Commercial C (20-100KW)	\$0.1350	8,844,273	\$1,193,976.86
Large Commercial (100-1000KW)	\$0.1263	9,552,278	\$1,206,452.71
	\$0.1160		
		<b>Total YTD Revenue</b>	<b>\$3,337,055.49</b>

### Total Revenue Estimate

Base Fees	\$229,963.95
Usage Revenue	\$3,337,055.48
Usage Revenue 1% Sales Tax	\$33,370.55
<b>Estimate YTD Revenue</b>	<b>\$3,600,389.98</b>
Approximate % of OMLP Revenue	20.1%
Approximate % of All Revenue	15.2%

Note: Large Commercial has two different rates based on usage, with a high of \$0.1263 and low of \$0.1160. Usage fluctuates through the year and we looked at rate classes as a whole, not by customer. For these comparisons all calculations were made using the higher \$0.1263 rate, which may inflate adjustment impact to OMLP's benefit. As a reminder, these are all estimates.



# ADJUSTMENT IMPACT

ESTIMATE EFFECT OF 1¢ PER KWH REDUCTION  
BY RATE CLASS BASED ON 2018 USAGE



## Small Commercial A

0-4Kw

54.8% of Commercial Utility Customers

15.4% of Commercial Utility Revenue

Current rate \$0.1085 / kwh

1¢ Less Usage Revenue	\$45,742.35
Less Sales Tax	\$457.42
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Revenue Impact: YTD	\$46,199.77
Revenue Impact: Monthly	\$3,849.98
Average Monthly Customers	276
Average Revenue Per: YTD	\$1,818.93
1¢ Reduction Impact Per: YTD	\$167.39 (9.2%)
1¢ Reduction Impact Per: Monthly	\$13.95



## Small Commercial B

4-20Kw

27.0% of Commercial Utility Customers

13.1% of Commercial Utility Revenue

Current rate \$0.1336 / kwh

1¢ Less Usage Revenue	\$32,958.19
Less Sales Tax	\$329.58
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Revenue Impact: YTD	\$33,287.77
Revenue Impact: Monthly	\$2,773.98
Average Monthly Customers	136
Average Revenue Per: YTD	\$3,268.03
1¢ Reduction Impact Per: YTD	\$244.76 (7.5%)
1¢ Reduction Impact Per: Monthly	\$20.40

# ADJUSTMENT IMPACT

ESTIMATE EFFECT OF 1¢ PER KWH REDUCTION  
BY RATE CLASS BASED ON 2018 USAGE



## Small Commercial C 20-100Kw

16.0% of Commercial Utility Customers  
33.9% of Commercial Utility Revenue  
Current rate \$0.1350 / kwh

1¢ Less Usage Revenue	\$88,442.73
Less Sales Tax	\$884.43
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Revenue Impact: YTD	\$89,327.16
Revenue Impact: Monthly	\$7,443.93
Average Monthly Customers	80
Average Revenue Per: YTD	\$14,995.85
1¢ Reduction Impact Per: YTD	\$1,116.59 (7.5%)
1¢ Reduction Impact Per: Monthly	\$93.05



## Large Commercial 100-1,000Kw

2.2% of Commercial Utility Customers  
37.5% of Commercial Utility Revenue  
Current high rate \$0.1263 / kwh

1¢ Less Usage Revenue	\$95,522.78
Less Sales Tax	\$955.23
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Revenue Impact: YTD	\$96,478.01
Revenue Impact: Monthly	\$8,039.83
Average Monthly Customers	11
Average Revenue Per: YTD	\$110,774.29
1¢ Reduction Impact Per: YTD	\$8,770.73 (7.9%)
1¢ Reduction Impact Per: Monthly	\$730.89

# OPTIONS: ALL AT ONCE

TO REACH A GOAL RATE OF \$0.1000/KWH  
FOR ALL COMMERCIAL CUSTOMERS

The first option would be to make adjustments to all rate classes at once, which would have the following estimated impact:

<u>Rate Class</u>	<u>Per KWH</u>	<u>YTD kwh</u>	<u>YTD Usage Revenue</u>	<u>YTD Usage Tax</u>	<u>YTD Reduction</u>
Small Commercial A (0-4KW)	\$0.1000	4,574,235	\$457,423.50	\$4,574.24	(39,269.81)
Small Commercial B (4-20KW)	\$0.1000	3,295,819	\$329,581.90	\$3,295.82	(111,846.91)
Small Commercial C (20-100KW)	\$0.1000	8,844,273	\$884,427.30	\$8,844.27	(312,645.05)
Large Commercial (100-1000KW)	\$0.1000	9,552,278	\$955,227.80	\$9,552.28	(253,737.16)
Total YTD Revenue			\$2,626,660.50	\$26,266.61	(717,498.93)

## Total Revenue Estimate at 10¢ / kwh

Base Fees	\$229,963.95
Usage Revenue	\$2,626,660.50
Usage Revenue 1% Sales Tax	\$26,266.61
Estimate Revenue: YTD	\$2,882,891.06
Estimate Impact: YTD	(717,498.93)
Estimate Impact: Monthly	(59,791.58)

# OPTIONS: STAGGERED

TO REACH A GOAL RATE OF \$0.1000/KWH  
FOR ALL COMMERCIAL CUSTOMERS

Another option could be to make a reduction in phases over a period of time. Below are projected progress scheduled if adjustments were made annually or semiannually.

## Reduction Impact Spread Over Four Years *(Annual Schedule)*

<u>Progress</u>	<u>Starting Rate</u>	<u>Ending Rate</u>	<u>YTD Reduction</u>
Phase 1 (Year 1)	Current	Highest to \$0.1150/ kwh	(\$349,589.72)
Phase 2 (Year 2)	Highest at \$0.1150/ kwh	Highest to \$0.1100/ kwh	(\$109,546.47) additional
Phase 3 (Year 3)	Highest at \$0.1100 / kwh	All to \$0.1050 / kwh	(\$125,716.39) additional
Phase 4 (Year 4)	All at \$0.1050 / kwh	All to \$0.1000 / kwh	(\$132,646.35) additional
			Total Reduction (\$717,498.93)

## Reduction Impact Spread Over Two and a Half Years *(Semiannual Schedule)*

<u>Progress</u>	<u>Starting Rate</u>	<u>Ending Rate</u>	<u>SemiAnnual Reduction</u>
Phase 1 (Months 1-6)	Current	Highest to \$0.1150/ kwh	(\$174,794.86)
Phase 2 (Months 7-12)	Highest at \$0.1150/ kwh	Highest to \$0.1100/ kwh	(\$229,568.09) additional
Phase 3 (Months 13-18)	Highest at \$0.1100 / kwh	All to \$0.1050 / kwh	(\$117,631.43) additional
Phase 4 (Months 19-24)	All at \$0.1050 / kwh	All to \$0.1000 / kwh	(\$129,181.37) additional
Phase 5 (Months 25-30)	All at \$0.1000 / kwh		( \$66,323.18) additional
			Total Reduction (\$717,498.93)



# ALL TO 10¢ / KWH

ESTIMATED IMPACT TO ADJUST ALL  
COMMERCIAL RATE CLASSES AT ONCE

## Usage Revenue

<u>Rate Class</u>	<u>Per KWH</u>	<u>YTD kwh</u>	<u>YTD Usage Revenue</u>	<u>YTD Usage Tax</u>	<u>YTD Reduction</u>
Small Commercial A (0-4KW)	\$0.1000	4,574,235	\$457,423.50	\$4,574.24	(39,269.81)
Small Commercial B (4-20KW)	\$0.1000	3,295,819	\$329,581.90	\$3,295.82	(111,846.91)
Small Commercial C (20-100KW)	\$0.1000	8,844,273	\$884,427.30	\$8,844.27	(312,645.05)
Large Commercial (100-1000KW)	\$0.1000	9,552,278	\$955,227.80	\$9,552.28	(253,737.16)
Total YTD Revenue			\$2,626,660.50	\$26,266.61	(717,498.93)

## Total Revenue Estimate at 10¢ / kwh

Base Fees	\$229,963.95
Usage Revenue	\$2,626,660.50
Usage Revenue 1% Sales Tax	\$26,266.61
Estimate Revenue: YTD	\$2,882,891.06
Estimate Impact: YTD	(717,498.93)
Estimate Impact: Monthly	(59,791.58)

## Estimate Customer Impact

<u>Rate Class</u>	<u>Avg Monthly Customers</u>	<u>YTD Avg Impact</u>	<u>Monthly Avg Impact</u>
Small Commercial A	276	\$142.50	\$11.87
Small Commercial B	136	\$821.90	\$68.49
Small Commercial C	80	\$3,887.81	\$323.98
Large Commercial	11	\$23,067.01	\$1,922.25

# ALL TO 10.5¢ / KWH

ESTIMATED IMPACT TO ADJUST ALL  
COMMERCIAL RATE CLASSES AT ONCE

## Usage Revenue

<u>Rate Class</u>	<u>Per KWH</u>	<u>YTD kwh</u>	<u>YTD Usage Revenue</u>	<u>YTD Usage Tax</u>	<u>YTD Reduction</u>
Small Commercial A (0-4KW)	\$0.1050	4,574,235	\$480,294.68	\$4,802.95	(16,169.92)
Small Commercial B (4-20KW)	\$0.1050	3,295,819	\$346,061.00	\$3,460.61	(95,203.03)
Small Commercial C (20-100KW)	\$0.1050	8,844,273	\$928,648.67	\$9,286.49	(267,981.47)
Large Commercial (100-1000KW)	\$0.1050	9,552,278	\$1,002,989.19	\$10,129.89	(205,498.16)
Total YTD Revenue			\$2,757,993.53	\$27,579.94	(584,852.58)

## Total Revenue Estimate at 10.5¢ / kwh

Base Fees	\$229,963.95
Usage Revenue	\$2,757,993.53
Usage Revenue 1% Sales Tax	\$27,579.94
Estimate Revenue: YTD	\$3,015,537.41
Estimate Impact: YTD	(584,852.58)
Estimate Impact: Monthly	(48,737.72)

## Estimate Customer Impact

<u>Rate Class</u>	<u>Avg Monthly Customers</u>	<u>YTD Avg Impact</u>	<u>Monthly Avg Impact</u>
Small Commercial A	276	\$58.68	\$4.89
Small Commercial B	136	\$699.59	\$58.30
Small Commercial C	80	\$3,332.41	\$277.70
Large Commercial	11	\$18,681.65	\$1,556.80

# HIGHEST TO 11¢ / KWH

ESTIMATE IMPACT TO ADJUST HIGHEST THREE  
COMMERCIAL RATE CLASSES AT ONCE

## Usage Revenue

<u>Rate Class</u>	<u>Per KWH</u>	<u>YTD kwh</u>	<u>YTD Usage Revenue</u>	<u>YTD Usage Tax</u>	<u>YTD Reduction</u>
Small Commercial A (0-4KW)	\$0.1085	4,574,235	\$496,304.50	\$4,963.04	
Small Commercial B (4-20KW)	\$0.1100	3,295,819	\$362,540.09	\$3,625.40	(78,559.14)
Small Commercial C (20-100KW)	\$0.1100	8,844,273	\$972,870.03	\$9,728.70	(223,317.89)
Large Commercial (100-1000KW)	\$0.1100	9,552,278	\$1,050,750.58	\$10,507.51	(157,259.15)
<b>Total YTD Revenue</b>			<b>\$2,882,465.20</b>	<b>\$28,824.65</b>	<b>(459,136.19)</b>

## Total Revenue Estimate at 11¢ / kwh

Base Fees	\$229,963.95
Usage Revenue	\$2,882,465.20
Usage Revenue 1% Sales Tax	\$28,824.65
<b>Estimate Revenue: YTD</b>	<b>\$3,141,253.80</b>
<b>Estimate Impact: YTD</b>	<b>(459,136.19)</b>
<b>Estimate Impact: Monthly</b>	<b>(38,261.35)</b>

## Estimate Customer Impact

<u>Rate Class</u>	<u>Avg Monthly Customers</u>	<u>YTD Avg Impact</u>	<u>Monthly Avg Impact</u>
Small Commercial A	276	\$ -	\$ -
Small Commercial B	136	\$577.29	\$48.11
Small Commercial C	80	\$2,777.01	\$231.42
Large Commercial	11	\$14,296.29	\$1,191.36

# HIGHEST TO 11.5¢ / KWH

ESTIMATE IMPACT TO ADJUST HIGHEST THREE  
COMMERCIAL RATE CLASSES AT ONCE

## Usage Revenue

<u>Rate Class</u>	<u>Per KWH</u>	<u>YTD kwh</u>	<u>YTD Usage Revenue</u>	<u>YTD Usage Tax</u>	<u>YTD Reduction</u>
Small Commercial A (0-4KW)	\$0.1085	4,574,235	\$496,304.50	\$4,963.04	
Small Commercial B (4-20KW)	\$0.1150	3,295,819	\$379,019.19	\$3,790.19	(61,915.26)
Small Commercial C (20-100KW)	\$0.1150	8,844,273	\$1,017,091.40	\$10,170.91	(178,654.31)
Large Commercial (100-1000KW)	\$0.1150	9,552,278	\$1,098,511.98	\$10,985.12	(109,020.15)
Total YTD Revenue			\$2,990,927.05	\$29,909.27	(349,589.72)

## Total Revenue Estimate at 11.5¢ / kwh

Base Fees	\$229,963.95
Usage Revenue	\$2,990,927.05
Usage Revenue 1% Sales Tax	\$29,909.27
<b>Estimate Revenue: YTD</b>	<b>\$3,250,800.27</b>
<b>Estimate Impact: YTD</b>	<b>(349,589.72)</b>
<b>Estimate Impact: Monthly</b>	<b>(29,132.48)</b>

## Estimate Customer Impact

<u>Rate Class</u>	<u>Avg Monthly Customers</u>	<u>YTD Avg Impact</u>	<u>Monthly Avg Impact</u>
Small Commercial A	276	\$ -	\$ -
Small Commercial B	136	\$454.98	\$37.92
Small Commercial C	80	\$2,221.61	\$185.13
Large Commercial	11	\$9,910.92	\$825.91



# CLOSING

## COMMENTS, CONSIDERATIONS, AND HOPEFUL RESULTS

- **Challenges**

- Local businesses struggling
- Impending minimum wage increase

- **Potential Impact of Utility Savings**

- Help businesses sustain and increase investment in our city
- Aid in marketing to potential businesses and entrepreneurs

- **Other potential positive factors**

- New businesses generating utility revenue
- New businesses generating revenue for other OMLP services
- New sales tax collections from sales of new business' goods and services
- Revenue from new privilege licenses
- Commercial property vacancies decrease, encourage sustained and increased investment of property owners



# THANK YOU

FOR YOUR TIME AND  
CONSIDERATION.

For copy of presentation or links to source information, contact

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