

**Council Meeting Date:** October 24, 2017

**To:** President and Members of City Council

**From:** Jerry A. Forte, P.E., CEO, Colorado Springs Utilities

**Subject Title:** A resolution setting the Electric Cost Adjustment and Electric Capacity Charge effective November 1, 2017

**Presenter:**  
Sonya Thieme, Rates Manager

**Summary:**  
Colorado Springs Utilities (Utilities) is requesting changes to the Electric Cost Adjustment (ECA) and Electric Capacity Charge (ECC) rates effective November 1, 2017. Consistent with the Cost Adjustment Guidelines, the proposed ECA adjustment changes the current effective rate of \$0.0267 per kWh to a proposed rate of \$0.0220 per kWh. The proposed ECC changes increase the rates by Rate Class consistent with capacity allocation.

**Previous Council Action:**  
On July 25, 2017, City Council approved the current ECA rate of \$0.0267 per kWh effective August 1, 2017 by Resolution 85-17. On December 8, 2015, City Council approved the current ECC rates effective January 1, 2016 by Resolution 138-15.

**Background:**  
The ECA rate has remained at the approved level since August 1, 2017. The ECC rates have remained at the approved level since January 1, 2016. Utilities' staff continues to provide regular updates to Utilities Board and will recommend timely adjustments to the ECA rate per the Cost Adjustment Guidelines. Utilities' staff will conduct an annual review of ECC in July and update the Utilities Board Finance Committee and Utilities Board of any proposed adjustments.

**Financial Implications:**  
Implementing the proposed rates will impact the respective customer's electric bill as follows:  
Monthly Electric bill:  
    Typical Residential electric bill decrease of \$0.98 or 1.1%  
    Typical Commercial electric bill decrease of \$9.00 or 1.6%  
    Typical industrial electric bill decrease of \$960.00 or 2.9%

**Board/Commission Recommendation:**  
N/A

**Stakeholder Process:**  
N/A

**Alternatives:**  
N/A

**Proposed Motion:**

Move adoption of the proposed resolution.

**Summary of Ordinance Language**

N/A

c: Utilities' Officer Team

Attachments:

- Resolution
- Tariff sheets
- ECA Schedule 1
- ECC Schedule 2

RESOLUTION NO. \_\_\_\_\_

**A RESOLUTION SETTING THE ELECTRIC COST ADJUSTMENT  
AND ELECTRIC CAPACITY CHARGE EFFECTIVE NOVEMBER 1, 2017**

WHEREAS, the Colorado Springs Utilities' Electric Rate Schedules allow Electric Cost Adjustment and Electric Capacity Charge rates to be changed as often as monthly; and

WHEREAS, Utilities has proposed, and the City Council finds it prudent to shift recovery of expenses associated with transporting and storing natural gas used for electric generation from the Electric Cost Adjustment to the Electric Capacity Charge; and

WHEREAS, Colorado Springs Utilities has prepared projections of costs and revenues in conformance with the language in the rate schedules; and

WHEREAS, Colorado Springs Utilities has shown that an Electric Cost Adjustment rate of \$0.0267 per kWh should be adjusted to \$0.0220 per kWh in order to represent the current state of electric system revenue needs and that the Electric Cost Adjustment shall be revised accordingly; and

WHEREAS, Utilities has proposed, and the City Council finds it prudent, to approve changes to the Electric Capacity Charge rates; and

WHEREAS, the proposed Electric Cost Adjustment and Electric Capacity Charge rates shall be effective November 1, 2017.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF COLORADO SPRINGS:**

Section 1. That Colorado Springs Utilities Tariff, City Council Volume No. 5, Electric Rate Schedules shall be revised as follows:

Effective November 1, 2017

City Council Vol. No. 5 Sheet No.	Title	Cancels Sheet No.
Twenty-second Revised Sheet No. 31	Electric Cost Adjustment	Twenty-first Revised Sheet No. 31
Eighth Revised Sheet No. 31.1	Electric Capacity Charge	Seventh Revised Sheet No. 31.1

Section 2. The Electric Cost Adjustment and Electric Capacity Charge rates and the effective dates shall be published in the legal section of a newspaper of general circulation in Colorado Springs Utilities' service area within ten (10) days following the date of the passage of this Resolution.

Section 3. The attached tariff sheets are hereby approved and adopted effective November 1, 2017 and shall remain in effect unless changed by subsequent Resolution of the City Council.

Dated at Colorado Springs, Colorado this 24<sup>th</sup> day of October, 2017.

\_\_\_\_\_  
Council President

ATTEST:

\_\_\_\_\_  
Sarah Johnson, City Clerk



<b>ELECTRIC RATE SCHEDULES</b>
<b>ELECTRIC COST ADJUSTMENT - ECA</b>

**APPLICABILITY**

Applicable to all rate schedules that are subject to an Electric Cost Adjustment (ECA).

**ELECTRIC COST ADJUSTMENT**

The ECA will be computed, as follows:

The sum of:

- a) the forecasted generation fuel, purchased power, and related costs for the future recovery period determined by Utilities plus
- b) an amount determined by Utilities as a projected over or under collected balance at the end of the recovery period used in a) above less the over or under collected balance of fuel and purchased power costs at the beginning of the recovery period.

Divided by:

- c) forecasted sales subject to the ECA for the same period used in a) above.

**Standard ECA**

Rate Schedule	Per kWh
E1R, E1C, E2C, ETLO, ETLW, ELG, E2T, E7S	\$0.0220

**Time-of-Day (TOD) ECA**

Rate Schedule	Per On-Peak kWh	Per Off-Peak kWh
ETR	\$0.0629	\$0.0159
ETC, ETX, ETL, E8T, E8S, ECD	\$0.0417	\$0.0165

These rates may change as often as monthly by Resolution after review by the Office of the City Auditor and approval by City Council.

Approval Date: October 24, 2017  
 Effective Date: November 1, 2017  
 Resolution No. \_\_\_\_\_



<b>ELECTRIC RATE SCHEDULES</b>
<b>ELECTRIC COST ADJUSTMENT - ECA</b>

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Divided by:

- c) forecasted sales subject to the ECA for the same period used in a) above.

**Standard ECA**

Rate Schedule	Per kWh
E1R, E1C, E2C, ETLO, ETLW, ELG, E2T, E7S	\$0. <del>0267</del> <sup>0220</sup>

**Time-of-Day (TOD) ECA**

Rate Schedule	Per On-Peak kWh	Per Off-Peak kWh
ETR	\$0. <del>0676</del> <sup>0629</sup>	\$0. <del>0206</del> <sup>0159</sup>
ETC, ETX, ETL, E8T, E8S, ECD	\$0. <del>0464</del> <sup>0417</sup>	\$0. <del>0212</del> <sup>0165</sup>

These rates may change as often as monthly by Resolution after review by the Office of the City Auditor and approval by City Council.

Approval Date: July 25, 2017~~October 24, 2017~~  
 Effective Date: August 1, 2017~~November 1, 2017~~  
 Resolution No. \_\_\_\_\_



<b>ELECTRIC RATE SCHEDULES</b>
<b>ELECTRIC CAPACITY CHARGE - ECC</b>

The Revenue Requirements for delivering and storing natural gas used for electric generation and capacity payments to Western Area Power Authority (WAPA) are supported by the rates below:

<b><u>Rate Class</u></b>	<b><u>Per kWh</u></b>
Residential General (E1R) .....	\$0.0047
Residential Time-of-Day (ETR) .....	\$0.0059
Small Commercial (E1C).....	\$0.0047
Commercial General (E2C) .....	\$0.0044
Commercial TOD General (ETC).....	\$0.0028
Industrial TOD 1,000 kWh/Day Minimum (ETL) .....	\$0.0041
Industrial Transmission Voltage – TOD (ETX) .....	\$0.0039
Industrial TOD 500 kW Minimum (E8T).....	\$0.0034
Industrial TOD 4,000 kW Minimum (E8S).....	\$0.0029
Large Power and Light (ELG) .....	\$0.0027
Traffic Signals (E2T) .....	\$0.0024
Street Lighting (E7S) .....	\$0.0024
Contract Service – DOD (ECD) .....	\$0.0035

These rates may change as often as monthly by Resolution after review by the Office of the City Auditor and approval by City Council.

Approval Date: October 24, 2017  
 Effective Date: November 1, 2017  
 Resolution No. \_\_\_\_\_



<b>ELECTRIC RATE SCHEDULES</b>
<b>ELECTRIC CAPACITY CHARGE - ECC</b>

The ~~2016~~ Revenue Requirements for delivering and storing natural gas used for electric generation and capacity payments to Western Area Power Authority (WAPA) ~~is~~are supported by the rates below:

<u>Rate Class</u>	<u>Per kWh</u>
Residential General (E1R) .....	\$0. <del>0014</del> <u>0047</u>
Residential Time-of-Day (ETR) .....	\$0. <del>0020</del> <u>0059</u>
Small Commercial (E1C).....	\$0. <del>0014</del> <u>0047</u>
Commercial General (E2C) .....	\$0. <del>0012</del> <u>0044</u>
Commercial TOD General (ETC).....	\$0. <del>0013</del> <u>0028</u>
Industrial TOD 1,000 kWh/Day Minimum (ETL) .....	\$0. <del>0015</del> <u>0041</u>
Industrial Transmission Voltage – TOD (ETX) .....	\$0. <del>0014</del> <u>0039</u>
Industrial TOD 500 kW Minimum (E8T).....	\$0. <del>0011</del> <u>0034</u>
Industrial TOD 4,000 kW Minimum (E8S).....	\$0. <del>0008</del> <u>0029</u>
Large Power and Light (ELG) .....	\$0. <del>0008</del> <u>0027</u>
Traffic Signals (E2T) .....	\$0. <del>0008</del> <u>0024</u>
Street Lighting (E7S) .....	\$0. <del>0008</del> <u>0024</u>
Contract Service – DOD (ECD) .....	\$0. <del>0012</del> <u>0035</u>

These rates may change as often as monthly by Resolution after review by the Office of the City Auditor and approval by City Council.

Approval Date: ~~December 8, 2015~~October 24, 2017  
 Effective Date: ~~January 1, 2016~~November 1, 2017  
 Resolution No. ~~138-15~~

**Colorado Springs Utilities  
Electric Cost Adjustment (ECA)**

**SCHEDULE 1  
ECA EFFECTIVE 11/1/2017**

<b>Line No.</b>	<b>Description</b>	<b>Forecast Calculation Period November 17- October 18</b>
<u>(a)</u>	<u>(b)</u>	<u>(c)</u>
1	Forecasted Generation Fuel and Purchased Power Cost	\$ 102,893,203 <sup>(1)(2a)</sup>
2	<u>Plus:</u>	
3	Forecasted Over/(Under) Recovery as of 10/31/2018	108,381
4	Less Forecasted Over/(Under) Recovery as of 10/31/2017	1,646,789
5	Cumulative Over/(Under) Recovery (Line 3 - Line 4)	<u>\$ (1,538,408) <sup>(2b)</sup></u>
6	<b>Total Cost</b> (Line 1+Line 5)	<b><u>\$ 101,354,795</u></b>
7	<u>Divided by:</u>	
8	Forecasted Sales Subject to the ECA (kWh)	<u>4,607,036,115 <sup>(2c)</sup></u>
9	<u>Equals:</u>	
10	<b>ECA Rate per kWh</b> (Line 6 / Line 8)	<b><u>\$ 0.0220 <sup>(3)</sup></u></b>

Notes:

<sup>(1)</sup> Includes credits for forecasted Off-System Sales and Industrial Service - Large Power and Light Supply Credits

<sup>(2)</sup> Tariff reference (Electric Rate Schedules, City Council Volume No. 5, Twenty-second Revised Sheet No. 31)

<sup>a)</sup> Forecasted cost of generation fuel, purchased power, and related costs

<sup>b)</sup> Forecasted collected balance at the end of recovery period less collected balance at beginning of recovery period

<sup>c)</sup> Forecasted sales subject to the ECA

<sup>(3)</sup> Time-of-day (TOD) ECA rates established in conformance with TOD objectives and rate design guidelines



Colorado Springs Utilities  
Electric Capacity Charge (ECC)

SCHEDULE 2  
ELECTRIC CAPACITY CHARGE RATES EFFECTIVE 11/1/2017

Line No.	Rate Class	AF01 % Sales	Commodity Related Expense	AF02 % Excess Demand	Demand Related Expense	Total Forecast Capacity Expense 11/17 - 7/20	Forecasted Sales 11/17 - 7/20	ECC Rate Per kWh
<u>(a)</u>	<u>(b)</u>	<u>(c)</u>	<u>(d)</u>	<u>(e)</u>	<u>(f)</u>	<u>(g)</u> <u>[(d)+(f)]</u>	<u>(h)</u>	<u>(i)</u> <u>[(g)/(h)]</u>
1	Residential/Small Commercial (E1R/E1C)	35.15%	\$ 11,151,194	43.55%	\$ 8,735,199	\$ 19,886,393	4,225,668,362	\$0.0047
2	Residential Time-of-Day (ETR)	0.01%	1,945	0.01%	2,806	4,751	804,499	\$0.0059
3	Commercial General (E2C)	14.08%	4,467,591	18.21%	3,652,263	8,119,854	1,848,249,717	\$0.0044
4	Commercial TOD General (ETC)	0.70%	223,489	0.19%	38,602	262,091	92,457,600	\$0.0028
5	Industrial TOD 1,000 kWh/Day Min (ETL)	19.21%	6,094,565	21.08%	4,226,963	10,321,528	2,521,331,296	\$0.0041
6	Industrial TOD 500 kW Min (E8T)	14.17%	4,496,979	8.98%	1,800,658	6,297,637	1,860,407,550	\$0.0034
7	Industrial Transmission Voltage TOD (ETX)	0.96%	303,727	0.95%	189,602	493,330	125,652,463	\$0.0039
8	Industrial TOD 4,000 kW Min (E8S)	1.80%	572,007	0.59%	119,234	691,241	236,640,414	\$0.0029
9	Industrial Service - Large Power and Light (ELG)	6.63%	2,104,847	1.41%	282,617	2,387,464	870,778,532	\$0.0027
10	Traffic Signals (E2T)	0.04%	11,923	0.00%	-	11,923	4,932,583	\$0.0024
11	Street Lighting (E7S)	0.03%	10,322	0.00%	-	10,322	4,270,300	\$0.0024
12	Contract Service - DOD (ECD)	7.22%	2,289,214	5.03%	1,007,839	3,297,053	947,051,381	\$0.0035
13	<b>Total</b>	<b>100.0%</b>	<b>\$ 31,727,803</b>	<b>100.0%</b>	<b>\$ 20,055,783</b>	<b>\$ 51,783,586</b>	<b>12,738,244,699</b>	

*Note: Immaterial differences may occur due to rounding on all ECC schedules.*

**Colorado Springs Utilities**  
**Electric Capacity Charge (ECC)**

**SCHEDULE 2.1**

**ELECTRIC CAPACITY CHARGE ALLOCATION FACTORS (AF)**

Line No.	Rate Class	Forecasted Sales 11/17 - 7/20 <sup>(1)</sup>	AF01		3CP <sup>(2)</sup>	AF02	
			Average Demand kW <u>(d)</u> [(c) / (1003*24)]	% Sales <u>(e)</u>		Excess Demand 3CP (kW) <u>(g)</u> [(f) - (d)]	% Excess Day <u>(h)</u>
<u>(a)</u>	<u>(b)</u>	<u>(c)</u>	<u>(d)</u>	<u>(e)</u>	<u>(f)</u>	<u>(g)</u>	<u>(h)</u>
1	Residential/Small Commercial (E1R/E1C)	4,225,668,362	175,543	35.15%	319,947	144,404	43.55%
2	Residential Time-of-Day (ETR)	804,499	31	0.01%	77	46	0.01%
3	Commercial General (E2C)	1,848,249,717	70,329	14.08%	130,706	60,377	18.21%
4	Commercial TOD General (ETC)	92,457,600	3,518	0.70%	4,156	638	0.19%
5	Industrial TOD 1,000 kWh/Day Min (ETL)	2,521,331,296	95,941	19.21%	165,818	69,877	21.08%
6	Industrial TOD 500 kW Min (E8T)	1,860,407,550	70,792	14.17%	100,559	29,767	8.98%
7	Industrial Transmission Voltage TOD (ETX)	125,652,463	4,781	0.96%	7,916	3,134	0.95%
8	Industrial TOD 4,000 kW Min (E8S)	236,640,414	9,005	1.80%	10,976	1,971	0.59%
9	Industrial Service - Large Power and Light (ELG)	870,778,532	33,135	6.63%	37,807	4,672	1.41%
10	Traffic Signals (E2T)	4,932,583	188	0.04%	137	-	0.00%
11	Street Lighting (E7S)	4,270,300	162	0.03%	-	-	0.00%
12	Contract Service - DOD (ECD)	947,051,381	36,037	7.22%	52,698	16,661	5.03%
13	<b>Total</b>	<b>12,738,244,699</b>	<b>499,461</b>	<b>100.00%</b>	<b>830,796</b>	<b>331,548</b>	<b>100.00%</b>

Notes :

<sup>(1)</sup> Forecasted sales based on 2018 long term forecast.

<sup>(2)</sup> Coincident peak demand based on 2018 Cost of Service.

**Colorado Springs Utilities**  
**Electric Capacity Charge (ECC)**

**SCHEDULE 2.2**  
**FORECASTED ELECTRIC CAPACITY EXPENSE <sup>(1)</sup>**

<b>Line No.</b>	<b>Description</b>	<b>Account</b>	<b>Total Forecast Capacity Expense 11/17 - 7/20</b>	<b>Commodity Related Expense</b>	<b>Demand Related Expense</b>
(a)	(b)	(c)	(d)	(e)	(f)
1	Fuel, Transport/Storage <sup>(2)</sup>	547090	\$ 33,389,184	\$ 20,457,553	\$ 12,931,631
2	Purchased Power Capacity	555070	16,196,846	9,923,808	6,273,039
3	Total Forecasted Capacity Expense		<u>\$ 49,586,030</u>	<u>\$ 30,381,361</u>	<u>\$ 19,204,670</u>
4	Plus: Cumulative Over/(Under) Recovery <sup>(3)</sup>		<u>2,197,556</u>	<u>1,346,443</u>	<u>851,113</u>
5	<b>Total</b> (Line 3 + Line 4)		<b><u><u>\$ 51,783,586</u></u></b>	<b><u><u>\$ 31,727,803</u></u></b>	<b><u><u>\$ 20,055,783</u></u></b>

Notes:

<sup>(1)</sup> Capacity expense classified as commodity and demand related expense based on system load factor from 2018 Electric rate filing: 61.27%.

<sup>(2)</sup> Fuel, Transport/Storage expense previously recorded in ECA expense account 547000. Proposal transfers expense from ECA to ECC.

<sup>(3)</sup> Forecasted Over/(Under) recovery from S2.3 Line 3.

**Colorado Springs Utilities**  
**Electric Capacity Charge (ECC)**

**SCHEDULE 2.3**  
**FORECASTED ELECTRIC CAPACITY COLLECTION BALANCE**

<b>Line No.</b>	<b>Description</b>	<b>Collection Balance</b>
(a)	(b)	(c)
1	Forecasted Over/(Under) Recovery as of 10/31/2017	\$ (2,194,188)
2	Less: Forecasted Over/(Under) Recovery as of 7/31/2020	<u>3,368</u>
3	<b>Cumulative Over/(Under) Recovery</b> (Line 1 - Line 2)	<b><u><u>\$ 2,197,556</u></u></b>

*Note:* Forecasted balances based on forecasted November 2017 to July 2020 expense as of October 2017 and ECC rates proposed effective November 2017.