



2021 Rate Case Hearing

Public Hearing for the Consideration of Resolutions Setting Natural Gas and Electric Rates Within the Service Areas of Colorado Springs Utilities, Certain Changes to Natural Gas and Electric Rate Schedules, and Water and Wastewater Rates

October 27, 2020

2021 Rate Case Agenda

- City Attorney's Office Introductory Briefing
- City Attorney's Office poll regarding *ex parte* material
- Utilities' Presentation: Mr. Scott Shewey, Chief Financial and Planning Officer
- City Auditor Comments: Mrs. Jacqueline Rowland, Interim City Auditor
- Public Questions/Comments
- City Council Questions/Comments for Utilities to Address

2021 Rate Case Agenda – continued

- Break for Utilities' Review and Preparation of Responses (if necessary)
- Utilities' Responses to Public and City Council Questions (if necessary)
- City Council Deliberation and Discussion of Any Amendments to the Proposed Tariffs (if necessary)
- Executive Session for Legal Considerations (if necessary)
- Identification of Issues by City Attorney's Office and Council Direction Regarding Each Proposed Tariff
- Establish further proceedings as necessary

City Attorney's Office Introductory Briefing

and

City Attorney's Office poll regarding ex parte material

Utilities' Presentation

Scott Shewey
Chief Planning and Finance Officer

2021 Rate Case Overview

1. Proposed adjustments to Natural Gas rates
 - Cost of Service (COS) study prepared following industry standards and practices and
 - Rates are designed in compliance with Rate Design Guidelines
2. Other proposed rate adjustments in Electric, Water and Wastewater
3. Other tariff changes in Natural Gas, Electric, Water and Wastewater Rate Schedules

If approved, all proposed changes in the 2021 Rate Case will be effective January 1, 2021

Procedural Compliance

- ✓ • August 20 Preliminary Natural Gas COS study and 2021 Rate Case Filing Reports to OCA
- ✓ • September 22 City Council:
 - Request to establish a Public Hearing date – Consent and formal filing of the 2021 Rate Case with City Clerk
 - Formal filing electronically provided to City Council
 - Rate Case documents posted on CSU.org website
- ✓ • September 25 Published Legal Notice in the Gazette
- October 27 City Council Rate Case Hearing

Natural Gas Service

Natural Gas Service

- Natural Gas Rate Adjustment Drivers
 - Funding regulation and compliance requirements of aging infrastructure
 - Last non-fuel rate filing in 2013 effective January 1, 2014
- Total Natural Gas Proposed Revenue from Rates is \$81.2 million
 - \$2.4 million higher than revenue under current rates
- Overall system increase 3.0%

Natural Gas Service

SCHEDULE 2

SUMMARY OF NET REVENUE REQUIREMENT AND PROPOSED REVENUE

Line No.	Rate Class	Net Revenue Requirement	Revenue Under Current Rates	Proposed Increase / (Decrease)	Percent Revenue Change	Proposed Revenue from Rates	Percent of Net Revenue Requirement
(a)	(b)	(c)	(d)	(e) (g) - (d)	(f) (e) / (d)	(g)	(h) (g) / (c)
1	Residential/Commercial Service - Small Firm (G1R/G1CS)	\$ 58,643,849	\$ 58,248,788	\$ 631,245	1.1%	\$ 58,880,033	100.4%
2	Commercial Service - Large Firm (G1CL/G8M)	15,766,372	14,400,727	1,366,552	9.5%	15,767,279	100.0%
3	Commercial Service - Large Firm (G1S)	288,880	363,366	(71,762)	-19.7%	291,604	100.9%
4	Industrial Service - Interruptible (G2I/G3M)	790,218	888,333	(89,584)	-10.1%	798,749	101.1%
5	Industrial Transportation Service - Firm (G4T)	2,427,454	2,103,845	201,036	9.6%	2,304,881	95.0%
6	Contract Service - Military Firm (GCS-FIRM/GCS-G6M)	2,703,595	2,291,197	278,550	12.2%	2,569,747	95.0%
7	Contract Service - Military Interruptible (GCS-INTS/GCS-G7M)	539,891	500,663	38,954	7.8%	539,617	99.9%
8	Total	\$ 81,160,258	\$ 78,796,918	\$ 2,354,992	3.0%	\$ 81,151,910	100.0%

Sample Natural Gas Monthly Bill

Line No.	Rate Class	Current Effective	Proposed	Proposed Increase /	% Change
		11/1/20		(Decrease)	
<u>(a)</u>	<u>(b)</u>	<u>(c)</u>	<u>(d)</u>	<u>(e)</u> <u>(d) - (c)</u>	<u>(f)</u> <u>(e) / (c)</u>
1	Residential:				
2	Non-Fuel	\$ 21.66	\$ 21.88	\$ 0.22	1.0%
3	GCA	14.56	14.56	-	0.0%
4	GCC	4.67	4.67	-	0.0%
5	Total	\$ 40.89	\$ 41.11	\$ 0.22	0.5%
6	Commercial:				
7	Non-Fuel	\$ 207.10	\$ 228.18	\$ 21.08	10.2%
8	GCA	300.82	300.82	-	0.0%
9	GCC	91.39	91.39	-	0.0%
10	Total	\$ 599.31	\$ 620.39	\$ 21.08	3.5%
11	Industrial:				
12	Non-Fuel	\$ 1,858.78	\$ 2,069.58	\$ 210.80	11.3%
13	GCA	3,008.24	3,008.24	-	0.0%
14	GCC	913.88	913.88	-	0.0%
15	Total	\$ 5,780.90	\$ 5,991.70	\$ 210.80	3.6%

Note: The sample bill is calculated using the existing and proposed rates assuming:

30 days per month, 60 Ccf for Residential; 1,240 Ccf for Commercial, 12,400 Ccf for Industrial.

Additional Natural Gas Tariff Changes

- Commercial Service – Large Firm Seasonal Option Availability
 - Increase summer (May to October) usage requirement from 30% to 37%
 - Minimal impact to existing customers
 - Usage adjustments can be made over the next year to meet requirement
- Administrative Clean-up
 - Remove upstream capacity release language from Contract Service – Military
 - Remove “Sales” from Interruptible Rate Schedule titles
 - Clarify rate option applicable separate contract requirements in Natural Gas Rate Schedules
 - General Section and Commercial Service – Large Firm
 - Monthly Index Option (G8M) available under separate contract
 - Seasonal Option (G1S) available under separate contract

Electric Service

Electric Tariff Changes

- Residential and Commercial Time-of-Day Option
- Continued phase in of On and Off-Peak rate design
 - Residential Option ETR
 - On-Peak from \$0.1709 to \$0.1827 per kWh
 - Off-Peak from \$0.0488 to \$0.0522 per kWh
 - Commercial Option ETC
 - On-Peak from \$0.0976 to \$0.1093 per kWh
 - Off-Peak from \$0.0390 to \$0.0437 per kWh
- Small Power Producers and Cogeneration rate adjustment
 - On-peak rates changes from \$0.0471 to \$0.0195
 - Off-peak rate changes from \$0.0175 to \$0.0180

Electric Tariff Changes - continued

- Renewable Energy Net Metering Modifications
 - Replace “previous 12 month” with “annual” for determining 120% of Customer’s energy usage
 - Increase Residential maximum design capacity from 10 kW to 15 kW
 - Clarify annual credit of excess generation
- Administrative Clean-up
 - Clarify separate contract requirements for rate options in Electric Rate Schedules
 - General section and Industrial Service – Time-of-Day 1,000 kWh/day minimum
 - Non-Demand Summer Option (ETLO) available under separate contract
 - Non-Demand Winter Option (ETLW) available under separate contract

Water Service

Water Tariff Changes

- Augmentation Service
 - 3.8% or \$0.0003 per cf increase to the Commodity Charge
 - Changing the rate from \$0.0078 to \$0.0081 per cf
 - Pricing is based on the replacement cost of water
 - Utilities' lowest cost supplementary water long-term contract at \$500 per acre foot, or \$0.0115 per cf
 - Proposed increase continues a phased in approach to bring this rate to full replacement cost of water

Wastewater Service

Wastewater Tariff Changes

- Contract Service – Outside City Limits
 - 6.9% or \$0.0019 per cf increase to the Treatment Charge
 - Changing the rate from \$0.0274 to \$0.0293 per cf
 - Year two increase of the three year phase in
- On November 11, 2019 City Council approved effective 1/1/20:
 - Average System Cost (excluding certain costs) pricing methodology
 - Three year phase in of the Treatment Charge increase
 - The proposed year one Treatment Charge of \$0.0274 per cf

Sample Total Monthly Bill

(Proposed Effective January 1, 2021)



Line No.	Rate Class	Current Effective 11/1/20	Proposed	Proposed Increase/ (Decrease)	% Change
(a)	(b)	(c)	(d)	(e) (d) - (c)	(f) (e) / (c)
1	Residential				
2	Electric	\$ 88.88	\$ 88.88	\$ -	0.0%
3	Gas	40.89	41.11	0.22	0.5%
4	Water	74.93	74.93	-	0.0%
5	Wastewater	33.38	33.38	-	0.0%
6	Total	\$ 238.08	\$ 238.30	\$ 0.22	0.1%
7	Commercial				
8	Electric	\$ 583.63	\$ 583.63	\$ -	0.0%
9	Gas	599.31	620.39	21.08	3.5%
10	Water	231.21	231.21	-	0.0%
11	Wastewater	116.26	116.26	-	0.0%
12	Total	\$ 1,530.41	\$ 1,551.49	\$ 21.08	1.4%
13	Industrial				
14	Electric	\$ 33,139.34	\$ 33,139.34	\$ -	0.0%
15	Gas	5,780.90	5,991.70	210.80	3.6%
16	Water	3,027.71	3,027.71	-	0.0%
17	Wastewater	1,455.76	1,455.76	-	0.0%
18	Total	\$ 43,403.71	\$ 43,614.51	\$ 210.80	0.5%

Notes:

- (1) The Residential sample bill is calculated using the existing and proposed rates assuming: 30 days per month; 700 kWh for Electric; 60 Ccf for Natural Gas; 1,100 cf for Water-Inside City Limits; 700 cf for Wastewater-Inside City Limits.
- (2) The Commercial sample bill is calculated using the existing and proposed rates assuming: 30 days per month; 6,000 kWh for Electric; 1,240 Ccf for Natural Gas; 3,000 cf for Water-Inside City Limits; 3,000 cf for Wastewater-Inside City Limits.
- (3) The Industrial sample bill is calculated using the existing and proposed rates assuming: 30 days per month; 400,000 kWh and 1,000 kW for Electric; 12,400 Ccf for Natural Gas; 50,000 cf for Water-Inside City Limits; 50,000 cf for Wastewater-Inside City Limits.

Customer Outreach



Website & social media

Proposed bill changes described in:

- csu.org website
- Electronic customer newsletters
 - First Source (business customers)
 - Smart Home (residential customers)
- One-on-one meetings with large business customers
- Community and customer group presentations
- Utilities Board and City Council meetings
- Social media channels



FIRST SOURCE

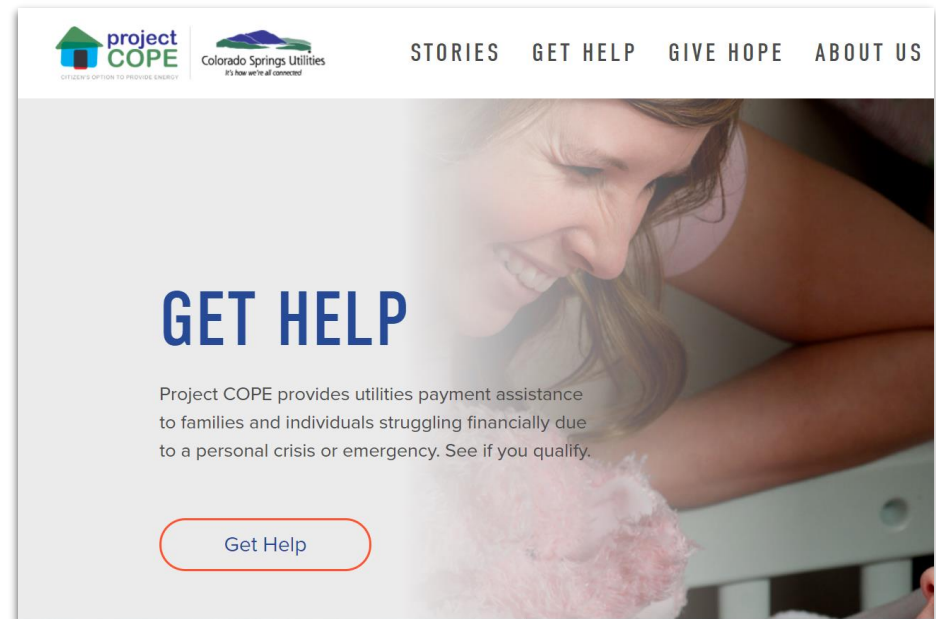
October 2020



In our 2021 rate case, we proposed the first natural gas base rate increase since 2014, to support pipeline upgrades. [Learn more](#) about how this will impact you, if approved in November.

Programs Helping Customers

- Bill assistance
 - Project COPE (Citizens Option to Provide Energy) Program
 - Low income Energy Assistance Program (LEAP)
- High Bill Counseling
 - Conservation Education
 - Home Energy Assistance Program (HEAP)
- Payment Plans
 - Budget billing



Office of City Auditor



Jacqueline Rowland
Interim City Auditor

Public Questions and Comments

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City Council Questions and Comments

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Break

(if necessary)

Utilities' Response

(if necessary)

Executive Session For Legal Considerations

(if necessary)

Identification of Issues by City Attorney's Office and Council Direction Regarding

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Colorado Springs Utilities[®]
It's how we're all connected