

## **City Attorney Briefing**

### **Utilities' March 2026 Rate Case Hearing**

**April 14, 2026**

The City Council's authority to establish rates, charges and regulations for utility services is contained within the Colorado Constitution, Colorado Statutes, the Colorado Springs City Charter, the City Code and the City Council's Rules and Procedures.

#### **RATE-SETTING STANDARDS**

Article 20 of the Colorado Constitution provides the City Council with the authority to establish electric, natural gas, water, and wastewater rates, charges and regulations. Article 6 of the City Charter also provides authority to operate the electric, natural gas, water, and wastewater systems.

The power to establish tariffs for electric and natural gas service provided inside municipal limits lies exclusively with the City Council. City Code § 12.1.108(E) directs the City Council to establish rates for electric and natural gas service that are just, reasonable, sufficient and not unduly discriminatory. Under Colorado Revised Statute § 40-3.5-102, the City Council's rate-setting decisions for electric and natural gas customers outside of municipal limits are not subject to prior review by the Colorado

Public Utilities Commission if the rates and charges are identical to those imposed on municipal residents.

Typically, rates are considered just and reasonable if the rates balance:

- 1) the utility's interest in the recovery of legitimately incurred costs and a reasonable return on its investment dedicated to utility service, and
- 2) the customers' interest in being assessed charges that approximate the costs associated with the provision of utility service.

### **CITY COUNCIL'S ROLE**

Part 4 of the Rules and Procedures of City Council, together with § 12.1.108 of the City Code, set forth the process that governs the City Council's hearing today. In setting rates, charges and regulations for natural gas service, City Council is acting in a legislative role. The written materials you have received, as well as the oral presentations and testimony at this public hearing, will constitute the record of the proceeding.

Today, you will hear the March 2026 Rate Case, which involves tariff proposals for the natural gas tariff.

At the conclusion of the public hearing, I will assist you in determining what issues you have identified and ask for your preliminary decision as to those issues. The draft decisions and order for Utilities' proposal will be

provided to you for your review at the April 27, 2026, City Council Work Session. You will be asked to adopt the resolution at your Regular Meeting of April 28, 2026, in order to implement the rate proposals effective July 1, 2026.

### **CITY ATTORNEY PRE-HEARING COMMUNICATION POLL**

At this point in the proceedings, if City Council members engaged in any material communications related to the rate case prior to today's hearing, I would ask that you indicate and summarize those communications for the record.

(THE CITY COUNCIL MEMBERS MAY GIVE YOU COPIES, WHICH WILL BE PLACED INTO THE RECORD AFTER THE HEARING.)

### **UTILITIES' PRESENTATION BEGINS**