

RESOLUTION NO. 138-15

**A RESOLUTION SETTING THE ELECTRIC RATES
WITHIN THE ELECTRIC SERVICE AREA OF
COLORADO SPRINGS UTILITIES**

WHEREAS, Colorado Springs Utilities (Utilities) has analyzed the cost of providing electric utility service to its Customers and has analyzed its current and expected revenue needs; and

WHEREAS, Utilities has prepared a Cost-of-Service Study that shows that electric service is currently in an unacceptable net income situation on a *pro forma* basis; and

WHEREAS, to rectify the unacceptable cash net income position, electric service non-fuel revenues will need to increase by approximately \$15.7 million; and

WHEREAS, Utilities has proposed, and the City Council finds it prudent, to modify the Residential, Commercial, Industrial, Contract Service, non-municipal street lighting, and traffic signals non-fuel rates to reflect the appropriate cost for the service; and

WHEREAS, the details of the changes for each rate class, including the pricing changes noted above and all changes noted in the following clauses, are reflected in the tariff sheets attached to this resolution, are provided in red-line format within Utilities' 2016 Rate Case Filing, and are discussed further in the City Council Decision and Order for this case; and

WHEREAS, Utilities has proposed, and the City Council finds it prudent, to remove the optional Kilowatcher program as of April 1, 2016 from the Industrial Service – Time-of-Day Service 1,000 kWh/Day Minimum, Industrial Service – Time-of-Day Service 500 kW Minimum, Industrial Service - Time-of-Day Service 4,000 kW Minimum, and Contract Service; and

WHEREAS, Utilities has proposed, and the City Council finds it prudent, to modify the Residential the Time-of-Day tariff; and

WHEREAS, Utilities has proposed and the City Council finds it prudent to remove certain USAFA charges from the Contract Service – EINFPRS tariff since the construction projects to which those charges applied are now completed and no further billing is necessary; and

WHEREAS, Utilities has prepared projections of costs and revenues in conformance with the language in the Electric Cost Adjustment (ECA) tariff; and

WHEREAS, Utilities has proposed, and the City Council finds it prudent to combine the fuel recovery rates of the Supply Charge and the ECA rate into one rate recovering fuel costs; and that the combined rate will be called the "Electric Cost Adjustment"; and

WHEREAS, the revised and recalculated Electric Cost Adjustment results in an overall fuel rate decrease from the currently in place rates and a combined rate of \$0.0249 per kWh; and

WHEREAS, Utilities has proposed, and the City Council finds it prudent to approve the realignment of on and off peak fuel rates for those schedules that have time of day pricing; and

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

WHEREAS, Utilities has proposed, and the City Council finds it prudent, to remove the Woody Biomass option to the Contract Service tariff due to program completion as of June 30, 2016 and no current Customer participation; and

WHEREAS, Utilities has proposed, and the City Council finds it prudent, to make changes to the Totalization Service tariff; and

WHEREAS, Utilities has proposed, and the City Council finds it prudent, to approve fourth year changes to the Reserved Capacity Charge incurred by Enhanced Power Customers which will bring this rate to full cost through a five year phase in program; and

WHEREAS, Utilities has proposed, and the City Council finds it prudent, to remove the Renewable Energy Certificates tariff due to its completion; and

WHEREAS, Utilities has proposed, and the City Council finds it prudent, to revise contract termination rights of the Industrial Service – Large Power & Light and Industrial Service – Time-of-Day Service – Winter / Summer Non-Demand Option; and

WHEREAS, Utilities has proposed, and the City Council finds it prudent, to update the USAFA charges on the Contract Service – EINFPRS tariff; and

WHEREAS, Utilities has proposed, and the City Council finds it prudent, to approve changes to the Customer Bill Credit for the Community Solar Garden Bill Credit Program (Pilot Program); and

WHEREAS, Utilities has proposed, and the City Council finds it prudent, to approve changes to the Customer Bill Credit for the Community Solar Garden Program; and

WHEREAS, Utilities has proposed, and the City Council finds it prudent, to approve clarifying terms and conditions changes to the Wind Power tariff; and

WHEREAS, Utilities has provided public notice of the proposed changes and has complied with the requirements of the City Code for changing its electric rates, charges and regulations; and

WHEREAS, the City Council finds that the proposed modifications to the electric rate schedules and tariffs are just, reasonable, sufficient and not unduly discriminatory and allow Utilities to collect revenues that enable Utilities to continue to operate in the best interest of all of its Customers; and

WHEREAS, Utilities has proposed to make the electric rate schedule and tariff changes effective January 1, 2016; and

WHEREAS, specific rates, policy changes, and changes to any terms and conditions of service are set out in the attached tariffs for adoption with the final City Council Decision and Order in this case.

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:

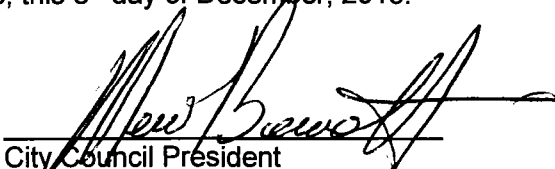
Effective January 1, 2016

City Council Vol. No. 5		
Sheet No.	Title	Cancels Sheet No.
Fifth Revised Sheet No. 1	Table of Contents	Fourth Revised Sheet No. 1
Eighth Revised Sheet No. 2	Residential Service	Seventh Revised Sheet No. 2
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Second Revised Sheet No. 9.3	Industrial Service – Time-of-Day 1,000 KWh/Day Minimum	First Revised Sheet No. 9.3
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Sixth Revised Sheet No. 19	Industrial Service – Large Power and Light	Fifth Revised Sheet No. 19
Sixth Revised Sheet No. 20	Contract Service – Traffic Signals	Fifth Revised Sheet No. 20
Fifth Revised Sheet No. 21	Contract Service – Street Lighting	Fourth Revised Sheet No. 21
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City Council Vol. No. 5		
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Seventh Revised Sheet No. 37	Enhanced Power Service	Sixth Revised Sheet No. 37
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Third Revised Sheet No. 40.5	Community Solar Garden Bill Credit (Pilot Program)	Second Revised Sheet No. 40.5
Third Revised Sheet No. 40.14	Community Solar Garden Program	Second Revised Sheet No. 40.14
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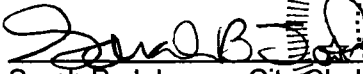
Section 2: The attached Tariff Sheets, Council Decision and Order, and other related matters are hereby approved and adopted.


Dated at Colorado Springs, Colorado, this 8th day of December, 2015.



 City Council President

ATTEST:


 Sarah B. Johnson, City Clerk





ELECTRIC RATE SCHEDULES
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ELECTRIC RATE SCHEDULES
RESIDENTIAL SERVICE – E1R, ETR

AVAILABILITY

Available in Utilities’ electric service territory for general residential purposes. Whether or not the end use of the electric service is residential in nature, this rate is not available for master metered or non-residential accounts.

RATE OPTIONS

Customers may choose between the Standard Option or Time-Of-Day Option. The Time-Of-Day Option will be for a minimum of twelve (12) consecutive billing periods.

Standard Option (E1R)

The billing statements are the sum of:

Access and Facilities Charges

Per Day\$0.5010
Per kWh.....\$0.0763

Electric Cost Adjustment Charge (ECA)

Per kWh.....Sheet No. 31

Electric Capacity Charge

Per kWh.....Sheet No. 31.1

Time-Of-Day Option (ETR)

The billing statements are the sum of:

Access and Facilities Charges

Per Day\$0.5412
On-Peak, Per kWh.....\$0.2017
Off-Peak, Per kWh.....\$0.0576

Electric Cost Adjustment Charge (ECA)

Per kWh.....Sheet No. 31

Electric Capacity Charge

Per kWh.....Sheet No. 31.1

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ELECTRIC RATE SCHEDULES
RESIDENTIAL SERVICE – E1R, ETR

RATE OPTIONS – cont'd

On-Peak Periods

Winter (October through March): 4:00 p.m. to 10:00 p.m.

Summer (April through September): 3:00 p.m. to 7:00 p.m.

On-Peak periods are Monday through Friday excluding the holidays as defined below.

Off-Peak Periods

All other hours plus the following legally observed holidays (the 24-hour calendar day period): 1) New Year's Day, 2) Memorial Day, 3) Independence Day, 4) Labor Day, 5) Thanksgiving Day, and 6) Christmas Day.

RULES AND REGULATIONS

Service under this rate schedule will be in accordance with the provisions of Utilities' Rules and Regulations and *Line Extension & Service Standards* for Electric.

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ELECTRIC RATE SCHEDULES
RESERVED FOR FUTURE FILING

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ELECTRIC RATE SCHEDULES
COMMERCIAL SERVICE – SMALL – E1C (EMC)

AVAILABILITY

Available in Utilities' electric service territory for any establishment engaged in the operation of a business or an institution, whether or not for profit, whose average daily usage (billing period kWh divided by the number of days in the billing period) does not exceed 33 kWh in any of the last twelve (12) billing periods.

RATE

The billing statements are the sum of:

Access and Facilities Charges

Per Day\$0.5010
Per kWh.....\$0.0763

Electric Cost Adjustment Charge (ECA)

Per kWh.....Sheet No. 31

Electric Capacity Charge

Per kWh.....Sheet No. 31.1

Optional Service Charges

Totalization Service ChargeSheet No. 33

RULES AND REGULATIONS

Service under this rate schedule will be in accordance with the provisions of Utilities' Rules and Regulations and *Line Extension & Service Standards* for Electric.

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ELECTRIC RATE SCHEDULES
COMMERCIAL SERVICE – GENERAL – E2C (EMC)

AVAILABILITY

Available in Utilities' electric service territory for any establishment engaged in the operation of a business or an institution, whether or not for profit, whose average daily usage (billing period kWh divided by the number of days in the billing period) is greater than 33 kWh in any of the last twelve (12) billing periods. This rate schedule is not available to Customers whose average daily usage equals or exceeds 1,000 kWh in any of the last twelve (12) billing periods.

RATE OPTIONS

Customers may choose between the Standard Option or the Time-Of-Day Option. The Time-Of-Day Option offering will initially be for a minimum of twelve (12) consecutive billing periods.

Standard Option (E2C)

The billing statements are the sum of:

Access and Facilities Charges

Per Day\$0.6899
Per kWh.....\$0.0575

Electric Cost Adjustment Charge (ECA)

Per kWh.....Sheet No. 31

Electric Capacity Charge

Per kWh.....Sheet No. 31.1

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ELECTRIC RATE SCHEDULES
COMMERCIAL SERVICE – GENERAL - ETC

RATE OPTIONS - cont'd

Time-Of-Day Option (ETC)

The billing statements are the sum of:

Access and Facilities Charges

Per Day	\$0.7342
On-Peak, Per kWh	\$0.0689
Off-Peak, Per kWh	\$0.0276

Electric Cost Adjustment Charge (ECA)

Per kWh	Sheet No. 31
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Electric Capacity Charge

Per kWh	Sheet No. 31.1
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Optional Service Charges

Totalization Service Charge	Sheet No. 33
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On-Peak Periods

Winter (October through March): 4:00 p.m. to 10:00 p.m.
Summer (April through September): 11:00 a.m. to 6:00 p.m.
On-Peak periods are Monday through Friday, excluding the holidays as defined below.

Off-Peak Periods

All other hours plus the following legally observed holidays (the 24-hour calendar day period): 1) New Year's Day, 2) Memorial Day, 3) Independence Day, 4) Labor Day, 5) Thanksgiving Day, and 6) Christmas Day.

RULES AND REGULATIONS

Service under these rate schedules will be in accordance with the provisions of Utilities' Rules and Regulations and *Line Extension & Service Standards* for Electric.

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ELECTRIC RATE SCHEDULES

INDUSTRIAL SERVICE – TIME-OF-DAY TRANSMISSION VOLTAGE - ETX

AVAILABILITY

Available in Utilities' electric service territory for any Customer who has provided, installed, and maintains transformer(s) to receive three-phase, 60-hertz, alternating current electrical service at a nominal potential of one-hundred and fifteen thousand (115,000) or two-hundred and thirty thousand (230,000) volts on the Customer's Premise. The Customer may be required to execute a contract with additional terms and conditions should service to the Customer under this rate schedule require any material change to Utilities' plant in service or operations.

RATE

The billing statements are the sum of:

Access and Facilities Charges

Per Day\$37.2269

Demand Charges

On-Peak Billing Demand, Per kW, Per Day\$0.6862

Off-Peak Billing Demand, Per kW, Per Day.....\$0.3774

Electric Cost Adjustment (ECA)

Per kWh.....Sheet No. 31

Electric Capacity Charge

Per kWh.....Sheet No. 31.1

On-Peak Periods

Winter (October through March): 4:00 p.m. to 10:00 p.m.

Summer (April through September): 11:00 a.m. to 6:00 p.m.

On-Peak periods are Monday through Friday, excluding the holidays as defined below.

Off-Peak Periods

All other hours plus the following legally observed holidays (the 24-hour calendar day period): 1) New Year's Day, 2) Memorial Day, 3) Independence Day, 4) Labor Day, 5) Thanksgiving Day, and 6) Christmas Day.

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ELECTRIC RATE SCHEDULES

**INDUSTRIAL SERVICE – TIME-OF-DAY 1,000 KWH/DAY MINIMUM – ETL, ETLK,
ETLO, ETLW**

AVAILABILITY

Available in Utilities' electric service territory for Customers whose average daily usage (billing period kWh divided by the number of days in the billing period) equals or exceeds 1,000 kWh in any 12-month billing period. This rate is not available to Customers whose Maximum Demand equals or exceeds 500 kW in any of the last twelve (12) billing periods.

RATE OPTIONS

Standard Option (ETL)

The billing statements are the sum of:

Access and Facilities Charges

Per Day\$2.8281

Demand Charges

On-Peak Billing Demand, Per kW, Per Day\$0.6548

Off-Peak Billing Demand, Per kW, Per Day.....\$0.4256

Electric Cost Adjustment Charge (ECA)

Per kWh.....Sheet No. 31

Electric Capacity Charge

Per kWh.....Sheet No. 31.1

Kilowatcher Option (ETLK)

Upon notice and through a separate contract, Customers receiving service under the Time-of-Day service, 1,000 kWh per day Minimum rate schedule may elect to receive service under the Kilowatcher option. This option is offered based on an annual contract. Service under this option is ending March 31, 2016. Existing contracts will complete the current term, but will not be renewed beginning April 1, 2016.

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ELECTRIC RATE SCHEDULES

INDUSTRIAL SERVICE – TIME-OF-DAY 1,000 KWH/DAY MINIMUM – ETL, ETLK, ETLO, ETLW

RATE OPTIONS – cont'd

The Customer will be given notice of the declaration by Utilities of a Super-Peak period. This notice will be provided by email or fax to the Customer at least twenty-four (24) hours prior to the commencement of the Super-Peak period. The Super-Peak periods will not be in effect for any hours that would normally be an Off-Peak hour. During a contract year, the cumulative number of Super-Peak hours will not exceed 100.

The billing statements are the sum of:

Access and Facilities Charges

Per Day\$2.8281

Demand Charges

On-Peak Billing Demand, Per kW, Per Day\$0.6548

Off-Peak Billing Demand, Per kW, Per Day.....\$0.4256

Electric Cost Adjustment Charge (ECA)

Per kWhSheet No. 31

Electric Capacity Charge

Per kWh.....Sheet No. 31.1

Optional Service Charges

Totalization Service ChargeSheet No. 33

Non-Demand Summer Option (ETLO)

Upon notice and or separate contract, Customers may elect Non-Demand Summer Option. This option is offered only for a contract year. As long as the customer continues to meet the eligibility requirements, service shall be automatically renewed. After the initial 12-month contract period, Customer may provide written notice thirty (30) days prior to the beginning of the month for which Customer elects not to renew. Customers will be evaluated periodically to insure they continue to

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ELECTRIC RATE SCHEDULES

INDUSTRIAL SERVICE – TIME-OF-DAY 1,000 KWH/DAY MINIMUM – ETL, ETLK, ETLO, ETLW

RATE OPTIONS – cont'd

meet eligibility requirements. In the event that a customer is no longer eligible, the contract for service shall not renew at the close of the contract anniversary date and Customer shall be required to move to the rate schedule to which they are eligible upon the end of the contract period.

Customers electing this option must consume seventy five percent (75%) or more of their 12 billing periods kilowatt-hours (kWh) during the Summer period (May through October).

The billing statements are the sum of:

Access and Facilities Charges

Per Day	\$11.9681
Per kWh	
Summer (May through October) - Per kWh.....	\$0.1081
Winter (November through April) - Per kWh	\$0.0539

Electric Cost Adjustment Charge (ECA)

Per kWh	Sheet No. 31
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Electric Capacity Charge

Per kWh	Sheet No. 31.1
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Non-Demand Winter Option (ETLW)

Upon notice and or separate contract, Customers may elect Non-Demand Winter Option. This option is offered only for a contract year. As long as the customer continues to meet the eligibility requirements, service shall be automatically renewed. After the initial 12-month contract period, Customer may provide written notice thirty (30) days prior to the beginning of the month for which Customer elects not to renew. Customers will be evaluated periodically to insure they continue to meet eligibility requirements. In the event that a customer is no longer eligible, the contract for service shall not renew at the close of the contract anniversary date and Customer shall be required to move to the rate schedule to which they are eligible upon the end of the contract period.

Customers electing this option must consume seventy five percent (75%) or more of their annual calendar year kilowatt-hours (kWh) during the Winter period (November through April).

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ELECTRIC RATE SCHEDULES

INDUSTRIAL SERVICE – TIME-OF-DAY 1,000 KWH/DAY MINIMUM – ETL, ETLK, ETLO, ETLW

RATE OPTIONS – cont'd

The billing statements are the sum of:

Access and Facilities Charges

Per Day	\$11.9681
Per kWh	
Summer (May through October) - Per kWh.....	\$0.0535
Winter (November through April) - Per kWh.....	\$0.1079

Electric Cost Adjustment Charge (ECA)

Per kWh	Sheet No. 31
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Electric Capacity Charge

Per kWh	Sheet No. 31.1
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DETERMINATION

Maximum Demand

Maximum Demand is the greatest fifteen (15) minute load during any time in the billing period adjusted upward by one percent (1%) for each one percent (1%) that the power factor of Customer is below ninety-five percent (95%) lagging or leading.

Billing Demand

On-Peak:

The greatest fifteen (15) minute load during On-Peak hours in the billing period adjusted upward by one percent (1%) for each one percent (1%) that the power factor of Customer is below ninety-five percent (95%) lagging or leading.

Off-Peak either A or B, whichever is greater:

- A. The greatest fifteen (15) minute load during Off-Peak hours in the billing period adjusted upward by one percent (1%) for each one percent (1%) that the power factor of Customer is below ninety-five percent (95%) lagging or leading, minus the On-Peak billing Demand. Such demand will not be less than zero.
- B. Sixty-eight percent (68%) of the Maximum Demand during the last twelve (12) billing periods, minus the On-Peak Billing Demand. Such demand will not be less than zero.

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ELECTRIC RATE SCHEDULES

**INDUSTRIAL SERVICE – TIME-OF-DAY 1,000 KWH/DAY MINIMUM – ETL, ETLK,
ETLO, ETLW**

RATE OPTIONS – cont'd

On-Peak Periods

Winter (October through March): 4:00 p.m. to 10:00 p.m.

Summer (April through September): 11:00 a.m. to 6:00 p.m.

On-Peak periods are Monday through Friday excluding the holidays as defined below.

Off-Peak Periods

All other hours plus the following legally observed holidays (the 24-hour calendar day period):

1) New Year's Day, 2) Memorial Day, 3) Independence Day, 4) Labor Day, 5) Thanksgiving Day, and 6) Christmas Day

RULES AND REGULATIONS

Service under this rate schedule will be in accordance with the provisions of Utilities' Rules and Regulations, *Line Extension & Service Standards* for Electric, and the conditions of any associated contract.

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ELECTRIC RATE SCHEDULES

INDUSTRIAL SERVICE – TIME-OF-DAY 500 KW MINIMUM - E8T, E8TK

AVAILABILITY

Available in Utilities' electric service territory for Customers whose Maximum Demand equals or exceeds 500 kW in any of the last twelve (12) billing periods. Service is not available under this rate schedule for any Customer whose Maximum Demand equals or exceeds 4,000 kW in any of the last twelve (12) billing periods.

RATE OPTIONS

Standard Option (E8T)

The billing statements are the sum of:

Access and Facilities Charges

Per Day\$21.0248

Demand Charges – Primary Service

On-Peak Billing Demand, Per kW, Per Day\$0.7139

Off-Peak Billing Demand, Per kW, Per Day.....\$0.4236

Demand Charges – Secondary Service

On-Peak Billing Demand, Per kW, Per Day\$0.7257

Off-Peak Billing Demand, Per kW, Per Day.....\$0.4354

Electric Cost Adjustment Charge (ECA)

Per kWh.....Sheet No. 31

Electric Capacity Charge

Per kWh.....Sheet No. 31.1

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ELECTRIC RATE SCHEDULES

INDUSTRIAL SERVICE – TIME-OF-DAY 500 KW MINIMUM - E8T – E8TK

RATE OPTIONS - cont'd

Kilowatcher Option (E8TK)

Upon notice and through a separate contract, Customers receiving service under the Time-of-Day service, 500 kW Minimum rate schedule may elect to receive service under the Kilowatcher option. This option is offered based on an annual contract. Service under this option is ending March 31, 2016. Existing contracts will complete the current term, but will not be renewed beginning April 1, 2016.

The Customer will be given notice of the declaration by Utilities of a Super-Peak period. This notice will be provided by email or fax to the Customer at least twenty-four (24) hours prior to the commencement of the Super-Peak period. The Super-Peak periods will not be in effect for any hours that would normally be an Off-Peak hour. During a contract year, the cumulative number of Super-Peak hours will not exceed 100.

The billing statements are the sum of:

Access and Facilities Charge	
Per Day	\$21.0248
Demand Charge – Primary Service	
On-Peak Billing Demand, Per kW, Per Day	\$0.7139
Off-Peak Billing Demand, Per kW, Per Day	\$0.4236
Demand Charge – Secondary Service	
On-Peak Billing Demand, Per kW, Per Day	\$0.7257
Off-Peak Billing Demand, Per kW, Per Day	\$0.4354
Electric Cost Adjustment Charge (ECA)	
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ELECTRIC RATE SCHEDULES

INDUSTRIAL SERVICE – TIME-OF-DAY 500 KW MINIMUM – EST - ESTK

DETERMINATION

Maximum Demand

Maximum Demand is the greatest fifteen (15) minute load during any time in the billing period adjusted upward by one percent (1%) for each one percent (1%) that the power factor of Customer is below ninety-five percent (95%) lagging or leading.

Billing Demand

On-Peak: the greatest fifteen (15) minute load during On-Peak hours in the billing period adjusted upward by one percent (1%) for each one percent (1%) that the power factor of Customer is below ninety-five percent (95%) lagging or leading.

Off-Peak: either A or B, whichever is greater:

- A. The greatest fifteen (15) minute load during Off-Peak hours in the billing period adjusted upward by one percent (1%) for each one percent (1%) that the power factor of Customer is below ninety-five percent (95%) lagging or leading, minus the On-Peak Billing Demand. Such demand will not be less than zero.
- B. Sixty-eight percent (68%) of the Maximum Demand during the last twelve (12) billing periods, minus the On-Peak Billing Demand. Such demand will not be less than zero.

On-Peak Periods

Winter (October through March): 4:00 p.m. to 10:00 p.m.
Summer (April through September): 11:00 a.m. to 6:00 p.m.
On-Peak periods are Monday through Friday, excluding the holidays as defined below.

Off-Peak Periods

All other hours plus the following legally observed holidays (the 24-hour calendar day period): 1) New Year's Day, 2) Memorial Day, 3) Independence Day, 4) Labor Day, 5) Thanksgiving Day, and 6) Christmas Day.

RULES AND REGULATIONS

Service under this rate schedule will be in accordance with the provisions of Utilities' Rules and Regulations, *Line Extension & Service Standards for Electric*, and the conditions of any associated contract.

Approval Date: December 8, 2015
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ELECTRIC RATE SCHEDULES

INDUSTRIAL SERVICE – TIME-OF-DAY 500 KW MINIMUM – E8T - E8TK

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ELECTRIC RATE SCHEDULES

INDUSTRIAL SERVICE – TIME-OF-DAY 4,000 KW MINIMUM - E8S, E8SK

AVAILABILITY

Available in Utilities' electric service territory for Customers whose Maximum Demand equals or exceeds 4,000 kW in any of the last twelve (12) billing periods.

RATE OPTIONS

Standard Option (E8S)

The billing statements are the sum of:

Access and Facilities Charges

Per Day\$34.7526

Demand Charges - Primary

On-Peak Billing Demand, Per kW, Per Day\$0.5946

Off-Peak Billing Demand, Per kW, Per Day.....\$0.3520

Demand Charges - Secondary

On-Peak Billing Demand, Per kW, Per Day\$0.6064

Off-Peak Billing Demand, Per kW, Per Day.....\$0.3638

Electric Cost Adjustment Charge (ECA)

Per kWh.....Sheet No. 31

Electric Capacity Charge

Per kWh.....Sheet No. 31.1

Approval Date: December 8, 2015
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ELECTRIC RATE SCHEDULES

INDUSTRIAL SERVICE – TIME-OF-DAY 4,000 KW MINIMUM – E8S, E8SK

RATE OPTIONS – cont'd

Kilowatcher Option (E8SK)

Upon notice and through a separate contract, Customers receiving service under the Time-of-Day Service, 4,000 kW Minimum rate schedule may elect to receive service under the Kilowatcher option. This option is offered based on an annual contract. Service under this option is ending March 31, 2016. Existing contracts will complete the current term, but will not be renewed beginning April 1, 2016.

The Customer will be given notice of the declaration by Utilities of a Super-Peak period. This notice will be provided by email or fax to the Customer at least twenty-four (24) hours prior to the commencement of the Super-Peak period. The Super-Peak periods will not be in effect for any hours that would normally be an Off-Peak hour. During a contract year, the cumulative number of Super-Peak hours will not exceed 100.

The billing statements are the sum of:

Access and Facilities Charges

Per Day\$34.7526

Demand Charge – Primary

On-Peak Billing Demand, Per kW, Per Day\$0.5946

Off-Peak Billing Demand, Per kW, Per Day.....\$0.3520

Demand Charges – Secondary

On-Peak Billing Demand, Per kW, Per Day\$0.6064

Off-Peak Billing Demand, Per kW, Per Day.....\$0.3638

Electric Cost Adjustment Charge (ECA)

Per kWh..... Sheet No. 31

Electric Capacity Charge

Per kWh..... Sheet No. 31.1

Optional Service Charges

Totalization Service Charge Sheet No. 33

Approval Date: December 8, 2015
Effective Date: January 1, 2016
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ELECTRIC RATE SCHEDULES

INDUSTRIAL SERVICE – LARGE POWER AND LIGHT - ELG

AVAILABILITY

Service under this rate schedule is available by contract in Utilities’ electric service territory for the Customers whose aggregated Maximum Demand equals or exceeds 4,000 kW in any of the last twelve (12) billing periods. Demand aggregation may only be performed for contiguous service properties on a Customer campus setting. Customers must maintain an annual load factor of 75% or greater.

Service is offered for a 12-month contract period. As long as the customer continues to meet the eligibility requirements, service shall be automatically renewed. After the initial 12-month contract period, Customer may provide written notice thirty (30) days prior to the beginning of the month for which Customer elects not to renew. Customers will be evaluated periodically to insure they continue to meet eligibility requirements. In the event that a customer is no longer eligible, the contract for service shall not renew at the close of the contract anniversary date and Customer shall be required to move to the rate schedule to which they are eligible upon the end of the contract period.

In addition to the charges listed below, Customers who select this service will be required to provide a suitable location for the aggregation equipment. Totalization charges do not apply to this offering.

RATE

The billing statements are the sum of:

Access and Facilities Charge	
Per Day	\$6.1942
Demand Charge – Primary	
Billing Demand, Per kW, Per Day	\$0.5859
Demand Charge – Secondary	
Billing Demand, Per kW, Per Day	\$0.5977
Electric Cost Adjustment Charge (ECA)	
Per kWh	Sheet No. 31
Supply Credit – Primary and Secondary Service	
Per kWh	(\$0.0034)
Electric Capacity Charge	
Per kWh	Sheet No. 31.1

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ELECTRIC RATE SCHEDULES
CONTRACT SERVICE – TRAFFIC SIGNALS – E2T

AVAILABILITY

Available by contract in Utilities’ electric service territory for traffic signal lighting purposes.

RATE

The billing statements are the sum of:

Access and Facilities Charges

Per Day\$0.4101
Per kWh.....\$0.0758

Electric Cost Adjustment Charge (ECA)

Per kWh Sheet No. 31

Electric Capacity Charge

Per kWh..... Sheet No. 31.1

RULES AND REGULATIONS

Service under this rate schedule will be in accordance with the provisions of Utilities’ Rules and Regulations and *Line Extension & Service Standards* for Electric and the conditions of any associated contract.

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ELECTRIC RATE SCHEDULES
CONTRACT SERVICE – STREET LIGHTING - E7SL

AVAILABILITY

Available by contract in Utilities' electric service territory for street lighting purposes. Additional mercury vapor lamps will not be served under this rate schedule.

RATE OPTIONS

	Installation Paid - Other
	Maintenance - Utilities
All Rates per Month, per Pole	SL-2
Mercury Vapor Lamps	
175 Watts	
Wood and Fiberglass	\$8.48
Ornamental	\$11.69
Wallpack	\$5.96
400 Watts	
Wood and Fiberglass	\$12.61
Ornamental	\$18.87
700 Watts	
Wood and Fiberglass	\$18.27
Ornamental	\$24.95
1000 Watts	
Wood and Fiberglass	\$23.92
Ornamental	\$31.03
High Pressure Sodium	
70 Watts	
Wood and Fiberglass	\$3.79
Wallpack	\$3.79
Decorative	\$11.20
100 Watts	
Wood and Fiberglass	\$6.74
Ornamental	\$10.57
Decorative	\$11.73
Decorative Double Fixture (2X Wattage)	\$17.73
150 Watts	
Wood and Fiberglass	\$8.18
Decorative	\$12.63
Decorative Double Fixture (2X Wattage)	\$19.52

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ELECTRIC RATE SCHEDULES
CONTRACT SERVICE – STREET LIGHTING - E7SL

	Installation Paid - Other
	Maintenance - Utilities
250 Watts	
Wood and Fiberglass	\$10.75
Ornamental	\$13.08
Double Fixture (2X Wattage)	\$20.47
Wallpack	\$7.45
400 Watts	
Wood and Fiberglass	\$14.85
Ornamental	\$16.23
Double Fixture (2X Wattage)	\$26.77
INDUCTION	
150 Watts	
Wallpack	\$5.51
LED	
100 Watt Equivalent	
Wood and Fiberglass	\$8.18
Decorative	\$13.02
Decorative Double Fixture (2X Wattage)	\$19.94
Ornamental	\$10.11
Double Fixture (2X Wattage)	\$16.49
150 Watt Equivalent	
Wood and Fiberglass	\$8.61
Decorative	\$12.68
Decorative Double Fixture (2X Wattage)	\$19.65
250 Watt Equivalent	
Wood and Fiberglass	\$10.64
Ornamental	\$13.47
Double Fixture (2X Wattage)	\$21.26
400 Watt Equivalent	
Wood and Fiberglass	\$13.18
Ornamental	\$15.84
Double Fixture (2X Wattage)	\$26.00

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ELECTRIC RATE SCHEDULES

CONTRACT SERVICE – STREET LIGHTING - E7SL

In addition to the rates above, this rate schedule is subject to the ECA set forth on Sheet No. 31 and the Electric Capacity Charge set forth on page 31.1. kWh is calculated as rated watts divided by one thousand (1,000), adjusted for ballast losses, times average burning hours for each month.

RULES AND REGULATIONS

Service under this rate schedule will be in accordance with the provisions of Utilities' Rules and Regulations and *Line Extension & Service Standards* for Electric and any conditions of any associated contract.

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ELECTRIC RATE SCHEDULES
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ELECTRIC RATE SCHEDULES
CONTRACT SERVICE – ECD - ECDK

AVAILABILITY

Standard Contract Service is available by contract in Utilities' electric service territory to the United States of America at the Fort Carson Military Installation, the Peterson Air Force Base, the United States Air Force Academy, and the Cheyenne Mountain Air Force Station.

In addition to the standard Contract Service to the listed military installations, the following two services are available by contract to the United States of America at the United States Air Force Academy for service within the geographic confines of the United States Air Force Academy:

- (a) Electric and Facilities Contract Service – USAFA, consisting of high-voltage electric and facilities service provided within the geographic confines of the United States Air Force Academy.
- (b) On-site, Direct-service Solar Contract Service – USAFA, consisting of solar energy electric service provided from solar electric generating facilities located within the geographic confines of the United States Air Force Academy and with direct electric service from those solar electric generating facilities provided to the United States Air Force Academy.

RATE OPTIONS

Standard Option (ECD)

The billing statements are the sum of:

Access and Facilities Charges

Per Day	\$37.4963
Per Meter, Per Day	\$0.4563

Demand Charges – Primary

On-Peak Billing Demand, Per kW, Per Day	\$0.5566
Off-Peak Billing Demand, Per kW, Per Day	\$0.3008

Demand Charges – Secondary

On-Peak Billing Demand, Per kW, Per Day	\$0.5684
Off-Peak Billing Demand, Per kW, Per Day	\$0.3126

Electric Cost Adjustment Charge (ECA)

Per kWh.....Sheet No. 31

Electric Capacity Charge

Per kWhSheet No. 31.1

Approval Date: December 8, 2015
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ELECTRIC RATE SCHEDULES
CONTRACT SERVICE – ECD - ECDK

RATE OPTIONS – cont'd

Kilowatcher Option (ECDK)

Upon notice and through a separate contract, Customers receiving service under the Contract Service rate schedule may elect to receive service under the Kilowatcher option. This option is offered based on an annual contract. Service under this option is automatically renewed for additional 12-month ending March 31, 2016. Existing contracts will complete the current term, but will not be renewed beginning April 1, 2016.

The Customer will be given notice of the declaration by Utilities of a Super-Peak period. This notice will be provided by email or fax to the Customer at least twenty-four (24) hours prior to the commencements of the Super-Peak period. The Super-Peak periods will not be in effect for any hours that would normally be an Off-Peak hour. During a contract year, the cumulative number of Super-Peak hours will not exceed 100.

The billing statements are the sum of:

Access and Facilities Charges

Per Day\$37.4963
Per Meter, Per Day\$0.4563

Demand Charges – Primary

On-Peak Billing Demand, Per kW, Per Day\$0.5566
Off-Peak Billing Demand, Per kW, Per Day.....\$0.3008

Demand Charges – Secondary

On-Peak Billing Demand, Per kW, Per Day\$0.5684
Off-Peak Billing Demand, Per kW, Per Day.....\$0.3126

Electric Cost Adjustment Charge (ECA)

Per kWh..... Sheet No. 31

Electric Capacity Charge

Per kWh Sheet No. 31.1

Approval Date: December 8, 2015
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ELECTRIC RATE SCHEDULES

CONTRACT SERVICE – ECD - ECDK

DETERMINATION

Under this rate schedule the Customers' billing energy and demand will be determined by totalizing all main primary service meters to the Installation, Base, Station or Academy. This service is provided to Customers as part of this rate schedule.

Maximum Demand

Maximum Demand is the greatest fifteen (15) minute load during any time in the billing period adjusted upward by one percent (1%) for each one percent (1%) that the power factor of Customer is below ninety-five percent (95%) lagging or leading.

Billing Demand

On-Peak

The greatest fifteen (15) minute load during On-Peak hours in the billing period adjusted upward by one percent (1%) for each one percent (1%) that the power factor of Customer is below ninety-five percent (95%) lagging or leading.

Off-Peak: either A or B, whichever is greater:

- A. The greatest fifteen (15) minute load during Off-Peak hours in the billing period adjusted upward by one percent (1%) for each one percent (1%) that the power factor of Customer is below ninety-five percent (95%) lagging or leading, minus the On-Peak Billing Demand. Such demand will not be less than zero.
- B. Sixty-eight percent (68%) of the Maximum Demand during the last twelve (12) billing periods, minus the On-Peak Billing Demand. Such demand will not be less than zero.

On-Peak Periods

Winter (October through March): 4:00 p.m. to 10:00 p.m.

Summer (April through September): 11:00 a.m. to 6:00 p.m.

On-Peak periods are Monday through Friday, excluding the holidays as defined below.

Off-Peak Periods

All other hours plus the following legally observed holidays (the 24-hour calendar day period): 1) New Year's Day, 2) Memorial Day, 3) Independence Day, 4) Labor Day, 5) Thanksgiving Day, and 6) Christmas Day.

PAYMENT

The rate under this rate schedule is net. Billing Statements are due and payable within twenty (20) days from the date indicated therein.

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ELECTRIC RATE SCHEDULES
CONTRACT SERVICE – ECD - ECDK

RULES AND REGULATIONS

Service under this rate schedule will be in accordance with the provisions of Utilities' Rules and Regulations, *Line Extension & Service Standards* for Electric and the conditions of any associated contract.

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ELECTRIC RATE SCHEDULES
CONTRACT SERVICE - EINFPRS

On-site, Direct-service Solar Contract Service – USAFA Charge

For the first billing period that begins after July 25 and all subsequent billing periods according to the following schedule:

Year	Amount
2016	\$11,040.81
2017	\$11,261.62
2018	\$11,486.86
2019	\$11,716.59
2020	\$11,950.93

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ELECTRIC RATE SCHEDULES
ELECTRIC COST ADJUSTMENT - ECA

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	\$0.0249

Time-of Day (TOD) ECA

Rate Schedule	Per On-Peak kWh	Per Off-Peak kWh	Per Super-Peak kWh
ETR	\$0.0658	\$0.0188	
ETC, ETX, ETL, E8T, E8S, ECD	\$0.0446	\$0.0194	
ETLK, E8TK, E8SK, ECDK	\$0.0399	\$0.0194	\$0.1596

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

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ELECTRIC RATE SCHEDULES

ELECTRIC CAPACITY CHARGE - ECC

The 2016 Revenue Requirement for capacity payments to Western Area Power Authority (WAPA) is supported by the rates below:

<u>Rate Class</u>	<u>Per kWh</u>
Residential General (E1R).....	\$0.0014
Residential Time-of-Day (ETR).....	\$0.0020
Small Commercial (E1C).....	\$0.0014
Commercial General (E2C).....	\$0.0012
Commercial TOD General (ETC).....	\$0.0013
Industrial TOD 1,000 kWh/Day Minimum (ETL).....	\$0.0015
Industrial Transmission Voltage – TOD (ETX).....	\$0.0014
Industrial TOD 500 kW Minimum (E8T).....	\$0.0011
Industrial TOD 4,000 kW Minimum (E8S).....	\$0.0008
Large Power and Light (ELG).....	\$0.0008
Traffic Signals (E2T).....	\$0.0008
Street Lighting (E7S).....	\$0.0008
Contract Service – DOD (ECD).....	\$0.0012

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

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ELECTRIC RATE SCHEDULES
TOTALIZATION SERVICE

TERMS AND CONDITIONS

- (A) Totalization Service is available to reflect the cost of serving non-residential Customers with multiple electric services concentrated within a contiguous campus setting. A Customer contracting for Totalization Service will receive one electric bill for each service voltage delivered to the Customer, with only the aggregated meter data appearing on the bill.
- (B) The Customer must meet and maintain the following criteria:
1. The multiple meters are within a common address or a contiguous site. To be considered contiguous, the properties making up the campus must share at least one property line or parcel boundary.
 2. Totalized meters must be in the name of the same legal entity.
 3. The Customer will be billed under a separate service agreement per the applicable tariffs for each service voltage.
- (C) Utilities may grant Totalization Service to Customers who are otherwise ineligible if Utilities' limitations require that Customers split their electrical services.

RULES AND REGULATIONS

Service under this rate schedule will be in accordance with the provisions of Utilities' Rules and Regulations, *Line Extension & Service Standards* for Electric, and the conditions of any associated contract.

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ELECTRIC RATE SCHEDULES
ENHANCED POWER SERVICE

AVAILABILITY

Available by contract in Utilities' electric service territory for Customers who receive service under an Industrial Service Electric Rate Schedule and require a higher level of electric availability than standard industrial service.

The charges for this optional service, which are in addition to the Customer's standard charges under the applicable Industrial Service Electric Rate Schedule, include:

Reserved Capacity Charge

The greater of On-Peak or Off-Peak Billing Demand or projected peak demand per kW, per day\$0.0396

The Customer will provide projected peak demand (in kW) for every year of the term of the contract. If the projected peak demand has not been provided, either in the contract or in other writing accepted by Utilities, the last projected peak demand will be used for the remaining period of Enhanced Power Service delivery.

Operations & Maintenance Charge

See *Line Extension & Service Standards* for Electric for Operations and Maintenance Charge calculation.

RULES AND REGULATIONS

Enhanced Power Service will be provided in accordance with the provisions of Utilities' Rules and Regulations, *Line Extension & Service Standards* for Electric, *Electric Distribution Construction Standards* and the conditions of any associated contract.

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ELECTRIC RATE SCHEDULES
COMMUNITY SOLAR GARDEN BILL CREDIT (PILOT PROGRAM)

CUSTOMER PARTICIPATION UNDER THIS RATE SCHEDULE – cont’d

A bill credit in excess of the bill rendered for the Customer’s billing period shall be carried forward to future bills, and a payment to the Customer of any bill credit shall not occur unless the Customer has terminated Electric Service with Utilities and has not transferred the Customer Solar Garden Interest to another Utilities account of the Customer within three billing periods. Any such payment will be directed to the Customer’s last known address on file with Utilities, or as otherwise specifically directed by the Customer.

RATE

The rate applicable to each kilowatt hour under the Bill Credit section of this rate schedule shall be 9.95 cents (\$0.0995). This rate may be revised from time-to-time as determined by the City Council of the City of Colorado Springs as provided by the City Code of the City of Colorado Springs, and as provided by the Colorado Revised Statutes.

This is a Pilot Program and its rate does not include costs related to distribution of electric power to the Premises, integrating the Community Solar Garden Facility into the Utilities Electric System, administering this Pilot Program, or providing standby or firming capacity to the Customer and the Customer’s Premises. Such costs may be included within future revisions to this rate schedule as determined by the City Council of the City of Colorado Springs as provided by the City Code of the City of Colorado Springs, and as provided by the Colorado Revised Statutes.

COMMUNITY SOLAR GARDEN PILOT PROGRAM CAPACITY SUNSET
Total program capacity must be interconnected by August 14, 2015.

RULES AND REGULATIONS

Service under this rate schedule will be in accordance with the provisions of Utilities’ Rules and Regulations, *Line Extension & Service Standards for Electric Service*, the City Code of the City of Colorado Springs, the Colorado Revised Statutes, and the conditions of any associated agreement with the Customer or with the Community Solar Garden Facility.

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ELECTRIC RATE SCHEDULES
COMMUNITY SOLAR GARDEN PROGRAM

RATE – cont’d

found in the Utilities Rate Credit table contained herein. The Customer Credit Rate for each applicable customer rate class will be calculated using the following formula:

$$(\text{Non-fuel}) + (\text{Capacity}) + (\text{ECA})$$

Utilities Rate Credit Table

Customer Rate Class	Customer Credit Rate per Kilowatt-hour
Residential/Small Commercial (E1R, E1C)	\$0.0587
Residential Time of Day Option (ETR)	\$0.0716
Commercial General (E2C)	\$0.0523
Commercial General TOD (ETC)	\$0.0563
Industrial TOD Transmission Voltage (ETX)	\$0.0576
Industrial TOD 1000 kWh Min (ETL)	\$0.0602
Industrial TOD 500 kW Min (E8T)	\$0.0517
Industrial TOD 4000 kW Min (E8S)	\$0.0428
Large Light and Power (ELG)	\$0.0428
Military (ECD)	\$0.0520

This Program and its rate does not include costs related to distribution of electric power to the Premises, integrating the Community Solar Garden Facility into the Utilities Electric System, administering this Program, or providing standby or firming capacity to the Customer and the Customer’s Premises.

RULES AND REGULATIONS

Service under this rate schedule will be in accordance with the provisions of Utilities’ Rules and Regulations, *Line Extension & Service Standards for Electric Service*, the City Code of the City of Colorado Springs, the Colorado Revised Statutes, and the conditions of any associated agreement with the Customer or with the Community Solar Garden Facility.

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ELECTRIC RATE SCHEDULES

WIND POWER - WPWR

AVAILABILITY

Service under this rate schedule is available to any Customer of Utilities who is currently receiving electric service under another electric rate schedule and who, in addition to that service, subscribes with Utilities for blocks of wind energy provided in increments of 100 kWh. Service under this rate schedule is subject to availability. This rate shall expire December 31, 2016, unless specifically extended by the Colorado Springs City Council prior to that date.

RATE OPTIONS

The billing statement consists of:

Charge
Per block.....\$4.900

In addition to all other regular charges the Customer has with electric service.

ADDITIONAL TERMS AND CONDITIONS

Customers taking service under rate schedules subject to the Standard ECA will have the above-listed charge per block adjusted downward by multiplying the \$/kWh Electric Cost Adjustment (ECA) contained on Sheet No. 31, by one hundred. For Customers taking service under rate schedules that have On-Peak and Off-Peak ECA charges, 20% of wind purchase will be deducted from the On-Peak consumption and 80% will be deducted from Off-Peak consumption.

Customers purchasing wind energy under this rate schedule will also receive all rights in the corresponding Colorado Renewable Energy Credits.

RULES AND REGULATIONS

Service under this rate schedule will be in accordance with the provisions of Utilities' Rules and Regulations, *Line Extension & Service Standards* for Electric, and the conditions of any associated contract.

Approval Date: December 8, 2015
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BEFORE THE CITY COUNCIL OF
THE CITY OF COLORADO SPRINGS

IN THE MATTER OF THE REVISION)
OF THE ELECTRIC TARIFF OF) DECISION & ORDER 15-01 (E)
COLORADO SPRINGS UTILITIES)

1. Colorado Springs Utilities, an enterprise of the City of Colorado Springs (“City”), a Colorado home-rule city and municipal corporation, (“Utilities”), provides electric utility service within the City and within its Colorado Public Utilities Commission-certificated service territory outside of the City.
2. Utilities is proposing changes to the Electric, Natural Gas, and Water Rate Schedules and Utilities Rules and Regulations (“URR”) in the 2016 Rate Case Filing.
3. Utilities uses a Cash-Needs method to determine the total Revenue Requirement derived from the annual Budget. This technique is frequently utilized by other government-owned enterprise utilities in order to set rates at an appropriate level to recover sufficient revenues to cover all cash needs. A major advantage of this technique is consistency with the budgeting and accounting systems used by these entities.
4. The test year for the filing is the 2016 proposed budget. Rate analysis was performed utilizing the 2016 Proposed Budget for the Electric, Natural Gas, Water and Wastewater services. This analysis concluded that rate adjustments are required for the Electric, Natural Gas, and Water services.
5. The proposed effective date for the rate increase and all proposed Electric Tariff changes is January 1, 2016, with the exception of the proposed change to the Electric Service Kilowatcher rate options, which have an effective date of April 1, 2016.
6. Utilities engages in the production, purchase, and distribution of electricity. These activities incur fuel related (production and purchases) and non-fuel related (production and distribution) expenditures. Fuel related expenditures are currently recovered through Supply Charges and the Electric Cost Adjustment (“ECA”). Non-fuel related expenditures are recovered through Access and Facilities Charges and Demand Charges. The filing proposes changes to both fuel related and non-fuel related charges.
7. Utilities has conducted a Cost of Service (“COS”) study utilizing the Proposed 2016 Budget. The COS analysis indicates that, in order for Utilities to recover the proposed Electric revenue requirement, it is necessary to increase the non-fuel rates. The rate increase will result in total non-fuel Electric revenue of \$329.7 million, which is \$15.7 million, or 5.0%, higher than the projected revenues under current rates. The effect of this increase on the typical monthly Residential electric bill is an additional \$1.72, or 2.3%, over the current typical electric bill.

8. Utilities has performed a COS following generally accepted ratemaking practices to establish a starting point for determining just and reasonable rates in the filing. The COS uses systematic analytical procedures to equitably allocate the revenue requirement between various customer classes of service. As described in the Rate Manual in the Appendix of the filing, COS is used to:
 - a) Functionalize, at the account level, the relevant expenditure items to the basic functional categories (e.g. source of supply, transmission and distribution and customer);
 - b) Classify each functionalized cost into broad categories utilizing cost causation principals (e.g. commodity, demand, customer); and
 - c) Allocate to the customer Rate Classes based on the service characteristics of each individual Rate Class.
9. The Office of the City Auditor (“OCA”) released an Issues Summary Report for the 2015 Rate Case that observed that actual non-fuel volumes and revenues were significantly less than forecast for the Large Commercial and Industrial Rate Classes combined. OCA recommended Utilities research the root cause of these variances. In particular, one of these Rate Classes, the Industrial Service – Time-of-Day Service 1,000 kWh/Day Minimum (ETL), seemed to be primarily driving the revenue variances observed by the OCA.
10. In 2015, Utilities studied this issue by researching billed demands as compared to forecasted demands from 2010 to 2014 for the Large Commercial and Industrial Rate Classes. The variances discovered in these demands were consistent with the variances between actual and forecasted non-fuel revenues indicating the projected billing demand determinants are not in line with the billed demands for several Rate Classes. Utilities modified the methodology for deriving forecasted billing demands changing from Noncoincident Peak (“NCP”) demands to include more known actual billed demands to bring forecasted demand revenues more in line with the actual billed demand revenues.
11. Implementing this methodology change indicated reasonable revenue recovery for the Large Commercial and Industrial Rate Classes for the 2015 Rate Case; however, the ETL Rate Class was impacted to a greater degree where a phase in approach of demand billing determinants is appropriate to mitigate rate shock. The forecasted demands derived from the load study represent a sampled set of meters for the ETL Rate Class which may not adequately reflect demand for all customers within that Rate Class. Utilities seeks to further study this customer Rate Class and better understand how this rate can more effectively serve its customers without undue adverse impact to more inhomogeneous customers that may currently reside in this Rate Class.
12. In 2012, Utilities restructured the Commercial Service – Small (E1C) rate class requirement to not exceed an average daily usage of 33 kWh in any one of the last twelve billing periods. At that time, the current E1C customers using more than a daily average of 33 kWh were moved to the Commercial Service – General (E2C) class while the remaining E1C rate class was combined with the Residential (E1R) customers for

ratemaking purposes in the COS. This implementation was originally supported as a result of indicators pointing to E1C customers having similar consumption patterns as E1R customers and relatively uniform customer service costs and utilization of the Electric system.

13. In 2013, the OCA observed that future COS should track and report the E1R and the E1C rate classes separately to allow for separate rate design development as needed. In order to track the classes, a more robust meter sample set was fielded for use in the 2013 load study to track demand of the E1C class. Results from the 2013 load study showed close correlation of the E1C demand per kWh costs to that of E1R demand per kWh costs.
14. Upon review of the 2016 forecast data, Utilities observes that E1R and E1C are closely related in both their demand per kWh costs and energy per kWh costs.
15. Similarities between E1R and E1C in customer service costs and customer weighting remains consistent as noted in previous filings. Due to these results, Utilities continues to combine the E1C and E1R classes for COS purposes in the filing. Utilities will continue to monitor demand for both three coincident peaks and noncoincident peak of the E1C class as additional years of valid data samples become available.
16. In September 2014, Utilities Board approved the Rate Design Guidelines that establish guidance, structure, and transparency in the development of revenue requirement by Rate Class. The fundamental guidance directs that rates should be designed such that each customer Rate Class recovers costs that are appropriately assigned to that Rate Class utilizing COS, professional judgment and discretion, and if necessary, is supported by additionally identified Supporting Guidelines. Supporting Guidelines include reasonableness, rate stability, asset maximization, and economic development. For additional information see the Rate Manual and the Rate Design Guidelines in the Appendix of the filing.
17. With COS as the starting point for establishing each Rate Class' contribution to the revenue requirement, Utilities has proposed rates in compliance with approved Rate Design Guidelines.
18. With the overall system increase of 5.0% as a baseline, Utilities examined the relationship of the customer Rate Classes to their respective COS. Utilities sought to bring Rate Classes to within plus or minus 10% of their total COS in accordance with the Reasonableness Guideline while lending credence to the Rate Stability Guideline to mitigate rate shock. Using these guidelines collaboratively, Utilities proposes rate increases ranging from 0.0% to 11.8%. The highest proposed rate increase of 11.8% was applied to the Residential Time-of-Day (ETR) customer Rate Class which was largely driven by a change in the rate design as part of an initiative to reduce peak demand. Specifically, the change increased the on-peak rate, but also shortened the on-peak timeframe to more accurately target peak demand.

19. Electric system costs are recovered either through Access and Facilities Charges per day (daily), per kilowatt hour (commodity), or Demand Charges per kilowatt per day. The majority of system costs are fixed in nature, and in order to enhance revenue stability Utilities seeks to recover a larger portion of these fixed costs through the daily charges. This will help mitigate revenue shortage resulting from variable customer usage which causes less than expected revenues to be recovered through the commodity charges.
20. To address the rate strategy goal of Electric system peak demand reduction, Utilities examined the ETR rate. Utilities proposes to enhance the ETR rate by shortening the Summer on-peak period and expanding the ratio between the on-peak and off-peak rate. Upon review of three years' data, Utilities concluded the current on-peak timeframe may be set too broadly to effectively target system peak reduction. The Summer on-peak hours were reduced to more accurately coincide with the top summer hours of system demand. In conjunction with reducing the number of on-peak hours, increasing the ratio between the on-peak and off-peak rates helps to maintain revenue neutrality as well as sending an adequate price signal to consumers for energy conservation during the summer on-peak timeframe.
21. Utilities states that the major non-fuel drivers to the proposed Electric rate changes for 2016 are (a) the capital program, (b) financial metrics, and (c) non-fuel operating expenses.

- a) The Electric service continues to require large capital investments to maintain reliability and meet legal and regulatory requirements. The largest driver of Electric capital in 2016 is the installation of emissions controls on the Drake and Nixon power plants. These are a multiyear projects designed to meet regulatory mandates and will require a \$62.8 million investment in 2016. In addition to these regulatory driven projects, capital demands for infrastructure improvement continue.

In 2016, the Electric Revenue Requirement includes \$105.8 million of cash funded capital compared to \$104.9 million in 2015. The use of cash to fund capital coupled with maintaining adequate liquidity results in an additional \$9.8 million of revenue requirement for the Electric service in 2016. The driver to cash-fund capital in the Electric service is a planned approach to reduce the debt ratio, which is currently over 67%. Utilities is targeting a debt ratio for the Electric service below 60% within the next four years to align with overall enterprise financial metrics.

- b) Utilities has a "AA" (Aa2 Moody's) bond rating, one of the highest credit ratings among all public power utilities in the nation. Maintaining this rating requires achieving financial metrics which are vital to provide assurances to the rating agencies of a sound financial position. The three metrics most closely monitored by the rating agencies are debt service coverage, debt ratio, and day's cash on hand. While there are guidelines from each agency on what level these three

metrics should be maintained, it is the combination of these metrics and many other factors that result in a final rating.

In September of 2015, all three rating agencies (Moody's, Fitch Ratings, and Standard & Poor's) affirmed a "AA" (Aa2 Moody's) rating for Utilities and assigned a stable outlook. Moody's stated that its rationale gave consideration to the Utilities' good financial performance, with a board policy of achieving adjusted debt service coverage of at least 2.0 that includes surplus payments to the City in the calculation. The stable outlook reflects the Utilities' long record of relatively stable debt service coverage margins and the rating agencies' expectation that debt service coverage and liquidity will remain sound as the Utilities completes a large capital program. The 2016 Revenue Requirement provides for adjusted debt service coverage of 2.05, again accounting for surplus payments to the City in the calculation.

Rating agencies expect a "AA" rated utility to carry a minimum of 100 to 120 days cash on hand, not including open lines of credit. The 2016 total days of cash on hand is projected to be 125.4 days, slightly exceeding the goal while allowing for more cash when combined with debt to fund capital projects.

Rating agencies expect a "AA" rated utility that owns its generation to maintain a debt leverage ratio of 60% or less. Due to the large capital program over the past several years, Utilities debt leverage ratio has exceeded 60%. Utilities' planned approach to cash fund more capital has allowed for a projected 2016 debt ratio of 55.7% which meets the sub 60.0% standard.

- c) Non-fuel operating expense is expected to increase \$7.3 million in 2016 as compared to the 2015 budget. The increase is primarily due to deferred plant maintenance in 2015 that is scheduled to be completed in 2016. The remaining budget increase is primarily due to increases in transmission and distribution costs as well as customer service and information costs.

22. Utilities has completed a thorough review of its electric fuel related rates and rate structure. With the objectives of maximizing transparency and aligning rates with cost causation and usage, Utilities proposes the following changes in the filing (additional information on each change is available in Utilities' rate filing):

- a) Consolidation of Supply Charges with the current Electric Cost Adjustment ("ECA") to establish one rate for fuel cost recovery;
- b) Realignment of on-peak and off-peak fuel rates to better align fuel cost with usage characteristics and Time of Day ("TOD") objectives; and
- c) Reduction of the ECA to reflect the current market conditions and manage collected balances during the forecast period.

23. If approved by City Council, exclusive of non-fuel rate changes, these fuel related changes would represent a 1.2% decrease in the typical Residential customer monthly electric bill.
24. The 2016 revenue requirement for capacity payments to the Western Area Power Authority (“WAPA”) is supported by the rates calculated in the COS. The methodology remains unchanged.
25. In addition to the proposed rate increases, Utilities proposes the following changes to the Electric Tariff:
26. United States Air Force Academy (USAFA) Contract Service – Direct Solar: This change adjusts the payment table to reflect contract payment changes as contractually executed with customer. (*Electric Rate Schedule Sheet No. 24*).
27. Removal of USAFA Construction Services Language: This change removes the American Recovery and Reinvestment Act of 2009 related USAFA specific construction services contract due to the completion of all applicable work and payment obligations as contractually executed with customer. (*Electric Rate Schedule Sheet No. 24*).
28. Optional Contract Termination Rights: This change revises customer termination rights, enabling customers to cancel contract service and revert to the applicable rate at any time upon providing 30 days' notice once the initial 12-month contract period is reached (*Electric Rate Schedule Sheet Nos. 9.1, 9.2, 19*).
29. Community Solar Garden (CSG) Pilot Program Bill Credit: This change updates the CSG Pilot Program blended Bill Credit to reflect the proposed Electric service rate increases and takes the credit rate out to four decimal places. Per Utilities Board direction, Program garden capacity sunset was established (June 30, 2015) and the tariff change allows a single developer to own up to 1.5 MW. (*Electric Rate Schedule Sheet No. 40.5*).
30. CSG Non-Pilot Bill Credit: This change updates the rates on the CSG Non-Pilot Bill Credit table based on the proposed Electric service rates. This change also modifies the tariff language to calculate the Bill Credit as (Non-fuel) + (Capacity) + (ECA). (*Electric Rate Schedule Sheet No. 40.14*).
31. Clarify Terms and Conditions for Totalization Service: This change clarifies the terms and conditions of aggregating multiple meters of the same service voltage for billing purposes to allow customers to totalize when premises are served with a mix of primary and secondary voltages. (*Electric Rate Schedule Sheet No. 33.1*).
32. Renewable Energy Certificates (REC): This removal reflects the completion of the REC program. (*Electric Rate Schedule Sheet No. 38*).

33. Kilowatcher Rate Options: This change reflects the end of the Kilowatcher Rate Options. Existing contracts will complete the current term, but will not be renewed in April 2016. (*Electric Rate Schedule Sheet Nos. 9, 9.1, 12, 12.1, 17, 23.1*).
34. Woody Biomass Pilot Program: This change reflects the conclusion of the Woody Biomass Option Pilot Program on June 30, 2016 as supported by the applicable customer. This removal does not prohibit Utilities from future woody biomass activity. (*Electric Rate Schedule Sheet Nos. 23.3, 23.4*).
35. Update the Reserved Capacity Charge (RCC) for Enhanced Power Service: This change modifies the charge for reserve capacity. The RCC is incurred by Enhanced Power customers and is designed to recover the costs of reserving capacity on Utilities' system which are associated with the customer's requested redundant feed. The specific costs recovered by this charge include operation, maintenance and future replacement costs associated with the transmission and substation functions for redundant service. The calculated RCC is \$0.0439 per kW per day. In order to balance recovery of costs and stabilization of rates, Utilities proposed and City Council approved in the 2013 Electric Rate Filing to phase in the rate increase over a five year period. For 2016, the rate will be increased to \$0.0396 per kW per day. (*Electric Rate Schedule Sheet No. 37*).
36. Street Lighting Service: The rate proposals included in the filing address only changes to Electric (non-municipal government) Street Lighting. Utilities will submit the 2015 Revenue Requirement for Municipal Government Street Lighting in a separate filing on November 24, 2015. Within the COS, Electric Street Lighting was categorized into three levels of service, as follows: SL-1 is inclusive of costs associated with installation capital, maintenance and energy; SL-2 is inclusive of maintenance and energy; and SL-3 is inclusive of energy only. (*Electric Rate Schedules Sheet Nos. 21 and 21.1*).
37. In addition to the proposed Electric Tariff revisions, Utilities proposes changes to the Natural Gas and Water Tariffs and the URR.
38. Utilities filed its cost-of-service study supporting the Electric, Natural Gas, and Water services base rate and Tariff changes and the URR changes with the City Auditor, Mr. Denny Nester, and with the City Attorney, Ms. Wynetta Massey, on August 21, 2015. Utilities then filed the enterprise's formal proposals on September 22, 2015, with the City Clerk, Ms. Sarah Johnson, and a complete copy of the proposals was placed in the City Clerk's Office for public inspection. Notice of the filing was published on-line at www.csu.org on September 23, 2015, in *The Gazette* on September 29, 2015, and mailed as required on September 29, 2015. These various notices and filings comply with the requirements of §12.1.107 of the City Code and the applicable provision of the Colorado Revised Statutes. Copies of the published and mailed notices are contained within the record. Additional public notice was provided through Utilities' website, www.csu.org and a complete copy of the proposals was placed on that website for public inspection.

39. The information provided to the City Council and held open for public inspection at the City Clerk's Office was supplemented by Utilities on November 19, 2015. The supplemental material contained revised resolutions, administrative corrections to tariff sheets, copies of the publications of required legal notice, and public outreach information.
40. Prior to the public hearing, Utilities provided a copy of the complete rate filing to the City Auditor and to the City Attorney for review. The City Auditor issued his findings on the proposed rate and tariff changes on November 12, 2015. A copy of that report is contained within the record.
41. On November 24, 2015, the City Council held a public hearing concerning the proposed changes to the Electric, Natural Gas, and Water Tariffs and to the URR. This hearing was conducted in accordance with §12.1.107 of the City Code, the procedural rules adopted by City Council, and the applicable provisions of state law.
42. President of the Council Merv Bennett commenced the rate hearing by providing a summary of the rate hearing agenda and explaining the rate hearing procedure.
43. The presentations started with Mr. Christopher Bidlack of the City Attorney's Office, briefing the City Council on its power to establish rates, charges, and regulations for Utilities' services. In setting rates, charges, and regulations for Utilities' services, the City Council is sitting as a legislative body because the setting of rates, charges, and regulations is necessary to carry out existing legislative policy of operating the various utility systems. However, unlike other legislative processes, the establishment of rates, charges, and regulations is quasi-judicial and requires a decision based upon evidence in the record and the process is not subject to referendum or initiative. Mr. Bidlack provided information on the statutory and regulatory requirements on rate changes. Rates for Electric and Gas service must be just, reasonable, sufficient, and not unduly discriminatory, City Code §12.1.107(E). Rates for water service must be reasonable and appropriate in light of all circumstances, City Code § 12.1.107(F).
44. At the conclusion of his presentation, Mr. Bidlack polled the City Council Members concerning any *ex parte* communication that they may have had during the pendency of this proceeding. City Council indicated there were no *ex parte* communications.
45. Mr. Bidlack also provided an excerpt of the Utilities Board Finance Committee minutes from the October 28, 2015, meeting to the City Clerk for inclusion in the record as an *ex parte* communication.
46. Utilities then began the presentation of the enterprise's proposals.
47. The first speaker was Ms. Sonya Thieme, Utilities' Rates Manager. Ms. Thieme provided background on the actions taken by Utilities in preparing the 2016 Rate Case. Utilities presented preliminary proposals to the Utilities Board: explaining fuel rate changes that (1) Combine ECA and Supply Charge rates into one ECA rate, (2) Combine

GCA and Gas Supply Charge rates into one GCA rate, and (3) Create a new Gas Capacity Cost (GCC) rate; and noting base rate changes and changes to the URR. Utilities also presented the Utilities Board Finance Committee with the same information, as well as information on Natural Gas and Water Allocation reviews, Electric base/non-fuel and Water rate increases, the URR, and Electric and Gas Line Extension Standards.

48. Ms. Thieme then noted Utilities' rate case procedural compliance, stating that (1) the preliminary cost of service study was provided to Office of City Auditor and City Attorney on August 21, 2015, (2) the hearing date was presented to and approved by City Council on September 22, 2015, (3) the formal rate filing was filed with the City Clerk on September 22, 2015, (4) rate case documents were posted online on September 23, 2015, and (5) legal notice was published and mailed on September 29, 2015.
49. Ms. Thieme explained that the September 22, 2015, filing included documentation for Electric, Natural Gas, Water, and the URR, and included several appendices.
50. Ms. Thieme then addressed Electric Service. She noted that the Electric Cost of Service was prepared following industry standards and practices and in compliance with rate design guidelines. The Total Base (non-fuel) Electric Revenue is \$329.7 million, which is \$15.7 million higher than revenue under current rates. This represents an overall system increase 5.0% higher than current rates, based on 2016 Sources & Uses proposed budget ordinances. Within the overall system base rate increase of 5.0%, there is a 4.6% increase for Residential and Small Commercial customers and a 6.0% increase for Large Commercial and Industrial customers. This proposed change continues Utilities transitioning of rate classes to be closer to the Cost of Service. Additionally, the changes include a 5.0% increase for Industrial TOU 500 KW Minimum (E8T) and Large Power and Light customers and a 5.0% increase for Contract Services – DOD customers.
51. Ms. Thieme noted that that the rate increase drivers are capital costs and the financial metrics required to maintain a "AA" credit rating.
52. Rate design of the Industrial Service Time of Day 1,000 kWh/Day Min (ETL) rate was addressed. It was explained that the ETL is a small diverse industrial class and that ETL revenue was less than anticipated for 2012 – 2014. Utilities is currently studying the disparity and the root cause analysis will be completed by March 31, 2016. Additionally, any potential under collection does not shift to other rate classes. Utilities proposes to manage the service under collection in collaboration with Utilities Board through expenditure reductions and financial metrics. Utilities will provide a Revenue Shortfall Contingency Plan in December 2015 to Utilities Board.
53. Ms. Thieme explained the rate design components. The rate design continues to combine the Residential (E1R) and Small Commercial (E1C) Rate Classes because the demand per kWh costs and energy per kWh continue to be related and the cost to serve the classes is closely associated. The optional Residential Time of Use rate is modified through the proposed changes to (1) better align with demand side management and peak shaving long-term goals, (2) increase the On-Peak per kWh rate from \$0.1450 to \$0.2017, (3)

shorten the On-Peak time period from 7 hours to 4 hours, and (4) decrease the Off-Peak per kWh rate from \$0.0580 to \$0.0576. Lastly, the fixed daily charge is increased to enhance financial stability and align with other Front Range electric providers.

54. Next, Ms. Thieme provided a fuel rate overview. She explained that the proposed changes combine the Electric Cost Adjustment (“ECA”) and Supply Charge rates into one ECA rate. The proposed revisions also include a reduced ECA rate of \$0.0249 with Typical Bill Impacts: of Residential (1.2)%, Commercial (1.7)%, and Industrial (2.1)%.
55. To conclude her presentation on Electric service, Ms. Thieme reviewed the additional proposed changes to the Electric tariff.
- a) United States Air Force Academy (USAFA) – Direct Solar: This change adjusts the payment table to reflect contract payment changes as contractually executed with the customer.
 - b) Removal of USAFA Construction Services Language: This change removes the American Recovery and Reinvestment Act of 2009 related to USAFA specific construction services contract due to the completion of all applicable work and payment obligations as contractually executed with the customer.
 - c) Optional Contract Termination Rights: This change revises customer termination rights, enabling customers to cancel contract service and revert to the applicable rate at any time upon providing 30 days' notice once the initial 12-month contract period is reached.
 - d) Community Solar Garden (CSG) Pilot Program Bill Credit: This change updates the CSG Pilot Program blended Bill Credit to reflect the proposed Electric service rate increases and takes the credit rate out to four decimal places. Per Utilities Board direction, Program garden capacity sunset was established (June 30, 2015) and the tariff change allows a single developer to own up to 1.5 MW.
 - e) CSG Non-Pilot Bill Credit: This change updates the rates on the CSG Non-Pilot Bill Credit table based on the proposed Electric service rates. This change also modifies the tariff language to calculate the Bill Credit as: (Non-fuel) + (Capacity) + (ECA).
 - f) Clarify Terms and Conditions for Totalization Service: This change clarifies the terms and conditions of aggregating multiple meters of the same service voltage for billing purposes to allow customers to totalize when premises are served with a mix of primary and secondary voltages.
 - g) Renewable Energy Certificates (REC): This change reflects the completion of the REC program.
 - h) Kilowatcher Rate Options: This change reflects the end of the Kilowatcher Rate Options. Existing contracts will complete the current term, but will not be renewed in April 2016.
 - i) Woody Biomass Pilot Program: This change reflects the conclusion of the Woody Biomass Option Pilot Program on June 30, 2016 as supported by the applicable customer.
 - j) Update the Reserved Capacity Charge (RCC) for Enhanced Power Service: This change modifies the charge for reserve capacity. In order to balance recovery of

costs and stabilization of rates, Utilities proposed and City Council approved in the 2013 Electric Rate Filing to phase in the rate increase over a five year period. For 2016, the rate will be increased to \$0.0396 per kW per day.

56. Ms. Thieme then addressed Natural Gas service. The main proposed Natural Gas service change is the reconfiguration of the Gas Cost Adjustment (“GCA”) and Gas Supply rates into a single GCA rate. The proposed change is revenue neutral and results in a new Gas Capacity Cost (“GCC”), which is calculated for each rate class. The proposed changes also include a new GCA rate of \$0.2126 per Ccf, with typical bill reductions of: Residential (5.2)%, Commercial (10.6)%, and Industrial (10.9)%.

57. To conclude her presentation on Natural Gas service, Ms. Thieme reviewed the additional proposed changes to the Natural Gas tariff.

- a) Commercial Service Seasonal Option: This change clarifies availability to customers with at least 30 percent of annual usage occurring during the months of May through October. This change also revises customer termination rights, enabling customers to cancel contract service and revert to the standard option at any time upon providing 30 days’ notice once the initial 12-month contract period is completed.
- b) Industrial Service - Interruptible Sales: This change revises customer termination rights, enabling customers to cancel contract service and revert to the standard option at any time upon providing 30 days’ notice once the initial 12-month contract period is completed.
- c) Industrial Service - Interruptible Sales Daily Index Option: This change removes the Daily Index Option that is unused by customers.
- d) Industrial Service and Contract Service Monthly Index Option: This change improves consistency between Monthly Index Options defining Index as the first of month index gas price as published in “Inside FERC’s Gas Market Report” for the average between Colorado Interstate Gas Company (Rocky Mountains) and Cheyenne Hub.
- e) Removal of USAFA Construction Services Language: This change removes the American Recovery and Reinvestment Act of 2009 related USAFA specific contract construction services due to the completion of all applicable work and payment obligations as contractually executed with customer.
- f) Industrial Transportation Service – Firm (G4T): This change adds a fifth (5th) nomination cycle and adjusts the times for all other nomination cycles to align with regional pipeline and national standards that will become effective April 1, 2016.

58. Ms. Thieme then presented Utilities proposed changes for Water Service. The proposed changes to the Water rates are based on a Cost of Service Study prepared following industry standards and practices and in compliance with rate design guidelines. The total Water Revenue is \$188.0 million which is \$9.0 million higher than revenue under current rates. The proposed changes include an overall system increase 5.0% higher than current rates based on 2016 Sources & Uses proposed budget ordinances. The overall system

base rate increase of 5% includes the following: 4.3% increase for Residential, 6.0% increase for Nonresidential, 6.5% increase for Contract Services – DOD, 0.0% increase for Large Nonseasonal, and 6.0% increase for Nonpotable and Augmentation.

59. She then noted that the rate increase drivers are the maintenance and replacement of infrastructure and the financial metrics required to maintain “AA” credit rating.
60. Ms. Thieme then addressed the proposed \$1 million surplus included in the Water rate filing. The final use of the undesignated planned surplus expense will be determined by Utilities Board no later than August 2016.
61. The rate design components for the proposed water rate changes focus on increased fixed daily charges to enhance financial stability and maintain conservation signals in a manner consistent with other Front Range water providers.
62. To conclude her presentation on Water service, Ms. Thieme reviewed the additional proposed changes to the Water tariff.
 - a) Large Nonseasonal Service: This change omits pilot language and renames the permanent rate option Large Nonseasonal Service. This change also revises customer termination rights, enabling customers to cancel contract service and revert to Nonresidential Service at any time upon providing 30 days’ notice once the initial 12-month contract period is completed.
 - b) Large Potable Irrigator Water Conservation Rate Pilot Program: This change removes the Large Potable Irrigator Water Conservation Rate Pilot Program, which was withdrawn by City Council on July 10, 2012, effective August 1, 2014.
63. Next, Ms. Thieme provided a summary of typical bill impacts for Residential, Commercial, and Industrial customers across Electric, Natural Gas, Water and Wastewater service. The typical Residential customer bill will increase \$2.04 or 1.0% with the proposed changes. The typical Commercial customer bill will decrease \$48.16 or 3.3% with the proposed changes. The typical Industrial customer bill will decrease \$55.98 or 0.1% with the proposed changes.
64. Ms. Thieme then concluded the substantive portion of her presentation by summarizing the proposed changes to the URR.
 - a) Electric Plan Review Fee: This change adds the word “transformer” to the description of the fee to provide clarification that the cost is applied per building or transformer. The fee amount is unchanged; however, there is a more complete recovery of cost by capturing staff review time in circumstances where multiple transformers per building site exist.
 - b) Dispute Resolution Correction: This change corrects Utilities’ address currently shown in the URR for submitting a dispute. The current incorrect address in the URR results in lost mail and processing delays. The new address will no longer be tied to an individual employee or work team, but to the general Utilities’

address. Internal process will direct the mail to the attention of the Dispute Resolution group. In response to a request from the Utilities Board, Utilities examined whether the proposed address change would create any unintended consequences. The review of potential consequences determined that while the proposed address could limit some types of correspondence, it would not result in any customers being unable to provide Utilities with the necessary documentation. The proposed change also provides enhanced Utilities security. Consequently, Utilities determined that the proposed change was properly vetted and does not create significant unintended consequences.

- c) Totalization Service: This change will allow customers served at both primary and secondary voltage levels to totalize meters when all the meters reside on the same campus setting. Currently, the tariff prohibits totalizing primary and secondary meters. There are no negative impacts to Utilities and this provides customers greater availability to totalize.
- d) Electric Line Extensions and Services and Extension of Natural Gas Mains and Services: This change will update the current contribution in aid of construction fee amounts collected through Electric Line Extensions and Services and Natural Gas Mains and Services, moving the recovery more closely to the current costs. The current Electric Line Extensions and Services fees are proposed to increase ten percent (10%). The current Natural Gas Mains and Services rate of sixteen percent (16%) will increase to eighteen percent (18%).
- e) Water & Wastewater Permit Fees: This change creates consistency between the Water and Wastewater payment process for permit fees. The current Wastewater payment process was changed several years ago to provide developers a choice to facilitate payment of the permit fee at the time of application, or to request a bill. Utilities' bill will reflect a single permit fee, or will aggregate multiple permit fees in a bill cycle, which will benefit customers who make a single payment. This change will align the payment process for Wastewater permit fees with that of Water permit fees, and the language will be uniform for both services.
- f) Water & Wastewater Development Charges Clarification: This change clarifies the language on applicable Development Charges associated with individually metered multi-family premises and master metered multi-family premises. Master metered multi-family premises pay the Development Charge correlated with meter size while individually metered multi-family premises are charged per the specific rates listed for that circumstance. There are no changes to the applicable Development Charges, and the change reflects the current practice and intent of the current language.
- g) Limited Water & Wastewater Development Charge Credit Transfers: This change will allow the limited transfer of unused Development Charge Credits (also referred to as Meter Credits) from a vacant parcel to another parcel under the same ownership, subject to program compliance. The City Code currently prohibits the transfer. Both City Code and URR changes are required for this revision.

65. Ms. Thieme then described the customer outreach provided to Utilities customers informing them of the contents of the proposed rate changes and the Utilities' programs currently in place to assist customers.
66. Ms. Thieme concluded her presentation by explaining the steps that will follow the rate hearing: City Council will be presented with draft Decisions and Orders at the City Council Work Session on December 7, 2015, and will be asked to approve final Decisions and Orders and resolutions at the City Council Meeting on December 8, 2015.
67. City Auditor, Mr. Denny Nester then presented his report. Mr. Nester stated that the Auditor's review is focused on the accuracy and consistency of the methodology used to develop the proposed rate changes; and compliance with rate development guidance approved by the Utilities Board. The audit scope includes: (1) using Utilities' Revenue Requirements, including the Operating and Capital budget, to review Utilities' allocation that determines cost by customer class; (2) recalculating the cost of service study mathematically; (3) reviewing forecasts for reasonableness to prior forecasts; and (4) comparing the filing to Board approved rate guidance. The audit scope does not include a review of the submitted budget or capital plan that drives the rate case.
68. In relation to the proposed Water Service Rate changes, the audit concluded that the cost of service study and proposed rates were prepared accurately using consistent methodology. However, the proposed Waster Service surplus does not have supporting documentation in the rate case, as filed. The audit recommends that Utilities' management work with City Council to ensure Utilities 2016 appropriation includes a resolution related to the Surplus.
69. In relation to the proposed Electric Service Rate changes, the audit concluded that the revenues based on the proposed rates will not support the full recovery of the cost of service due to inaccuracies within the data used to forecast the ETL rate. The audit recommends that (1) Utilities should continue to research the root cause of the significant shortfall between forecast and actual revenues in the ETL rate class; (2) Utilities management should report results to the Utilities Board and propose appropriate forecast and rate changes, if needed; and (3) City Council should determine if the rate case should be approved as submitted, or if additional rate increases are warranted for this class; alternatively, City Council could consider rate changes after March 31, 2016 when root cause analysis is scheduled to be complete. Mr. Nester noted that doubling the Electric Rate increase for ETL customers from 6% to 12% would result in an overall bill impact of 2% instead of 1%.
70. In relation to the ECA and GCA realignments and adjustments, the audit concludes that proposed ECA and GCA collected balances are not consistent with current Enterprise Scorecard guidance because Utilities has proposed an increase in collected balances outside of current guidelines. The adjustment results in an over collection that should be reduced faster than proposed. In Mr. Nester's opinion, he ECA and GCA rates should be further reduced than what is currently proposed. Mr. Nester noted that this issue has been previously discussed by the Utilities Board. The audit recommends that (1) City Council

should decide whether ECA and GCA will be a pass through or a rate stabilization tool, if it is not to be used as a rate stabilization tool, the rates should be adjusted down so the projected balance approaches \$0 at some point in 2016; (2) Council could instruct Utilities to comply with current guidance, in which case, refunds to customers should be increased to reduce collected balances; and (3) based on Council's decision, Utilities Board should provide formal guidance and enterprise scorecard measures for ECA and GCA collected balances.

71. Councilmember Keith King presented on the proposed Utilities rate increases and his position on the proposal. Councilmember King provided his review of Utilities' rate changes between 2004 and 2014, concluding that Residential customers have been subject to disproportionately higher rate increases, when compared to Industrial and Commercial customers. Councilmember King asserted that the Cost of Service Studies performed have furthered the disparity between rate classes and that the consequences is that Utilities has failed to maintain competitive pricing for Residential customers as required by Utilities' mission statement.
72. Councilmember King next stated that since 2012, there have been increases to Electric Rates in 2013, 2014, 2015, and the proposed increases for 2016. He indicated that the Electric Rate increases are making Utilities less competitive and will result in Utilities failing to maintain a regional cost advantage. Councilmember King then provided a rate comparison of Residential, Commercial, and Industrial rates between Colorado Springs and Denver, Aurora, Lakewood, Pueblo, and Ft. Collins.
73. Councilmember King stated that rates for Commercial customers are competitive for electric and natural gas rates, but not for water and wastewater rates. He stated that rates for Industrial customers are competitive.
74. Councilmember King then explained his contention that rates for Residential customers create a competitive disadvantage for Residential rates compared to regional providers and that Residential rates are carrying more than their fair share of the rate increase burden. He stated that the rate structure is neither just nor reasonable and in fact discriminatory to Residential customers, specifically low income customers.
75. To conclude, Councilmember King provided several solutions to the concerns he addressed:
 - a) The ECA and GCA must be changed to eliminate significant over collections and ensure that collections are maintained within the bounds of Utilities' energy score card.
 - b) Rate increases must be balanced between rate classes and Residential rates should not be increased at a higher percentage than Commercial and Industrial rates.
 - c) Industrial rate classes must pay their full cost of service and forecasts for Industrial rate classes must be more accurate.

- d) \$100,000 of the proposed Water Service surplus should be allocated to Utilities Board in order to maintain a research staff, independent of Utilities, to address the Utilities Board's questions.
 - e) Cost of Service methodologies should be modified to eliminate inequitable Residential rates.
76. After Utilities' presentation, President Bennett opened the floor for public comment. President Bennett explained that the questions would be collected, both from the public and the Council, and then Utilities would have a short break to formulate responses.
77. A single citizen spoke. The citizen asked whether the materials presented by Councilmember King would be made public and what accountability measures would be put in place to make sure that any surplus funds paid from Utilities to the City would be used as intended.
78. Following public comment, President Bennett opened the floor to questions from the City Council.
79. Councilmember Tom Strand started by asking several questions:
- a) What are the criteria for customers to participate in Utilities' low income program and how many people are involved in the program?
 - b) In relation to the ETL Electric rate, what evidence is available in relation to the forecasted revenues and actual revenues and what is the impact of the difference on Utilities?
 - c) In relation to the discussion on the ECA and GCA, has the annual audit report addressed the ECA and GCA as a pass through mechanism or a means of rate stabilization?
 - d) In relation to Councilmember King's presentation, is the disparity between the rate increases for Residential and Commercial/Industrial rates a result of previously overpriced Commercial/Industrial rates and/or is the difference an incentive to bring Commercial and Industrial customers to Colorado Springs?
 - e) In relation to Councilmember King's presentation, is the proposed Water surplus intended as a transfer to the City or is it intended as a reserve account for Utilities to use on City related issues as needed?
 - f) In relation to Councilmember King's presentation, have research staff been provided by Utilities and will that be the case in the future?
80. President Bennett then asked whether the City is receiving a fair and equitable rate for street light service given that street lights are generally used during off-peak times?
81. Councilmember Don Knight then asked (1) what will happen if the 2016 Rate Case is not approved before the end of December and (2) what will happen if Utilities' budget is not approved before the end of December?
82. Councilmember Bill Murray then asked two questions:

- a) In relation to the discussion of the ECA and GCA and whether they should be a pass through mechanism or a tool for rate stabilization, what is the turn over for Utilities' customers and what class of customer is negatively impacted if the ECA and GCA are used as rate stabilization tools?
- b) Please provide a formal reconciliation between the rate change information from Councilmember King and Utilities.
 - i. In response, Councilmember King noted that he received his numbers from Utilities.

83. Councilmember King then asked several questions:

- a) In relation to the fixed rate daily charges, why are Residential customers subject to disproportionate increases?
- b) What can be done to make ECA and GCA practice consistent with the requirements of Utilities' score cards?
- c) In relation to the GCC, why is the cost higher for Residential customer than it is for Commercial and Industrial customers?
- d) How will the under collection of Industrial classes be remedied?

84. After the conclusion of City Council comment, President Bennett recessed the rate proceeding to allow Utilities to formulate answers to the City Council questions.

85. Following the recess, President Bennett reconvened the hearing.

86. Utilities then presented its response to the comments and questions.

87. Mr. William Cherrier, Utilities' Chief Planning and Finance Officer led Utilities' responses, first asking Mr. Nester to answer the questions directed at him.

88. Mr. Nester addressed his questions as follows:

- a) In relation to the request for additional information concerning the Electric ETL rate, Mr. Nester explained that in 2010 and 2011, Utilities collected more revenue than was initially forecasted for the ETL rate, but has since collected less revenue than has been forecasted. He explained that Utilities is currently analyzing the situation to determine the best solution.
- b) In relation to the ECA and GCA changes, Mr. Nester noted that ECA and GCA collections were historically more extreme, but that since the required collection bands were established by the Utilities Board, no ECA or GCA proposal has presented a forecasted collection outside of the established collection bands.

89. Ms. Kathleen Solano, Utilities General Manager of Customer Services next addressed Councilmember Strand's question concerning Utilities' low income program. Ms. Solano explained that the program, Low-Income Energy Assistance Program ("LEAP"), is a federally funded program open to low income utility customers to address winter

heating costs. To be eligible a customer must pay heating costs directly to Utilities or as part of their rent. The amount of assistance available to a customer is dependent on the number of eligible residents living in a premises. During the 2013-2014 LEAP season, approximately \$3.3 million was distributed from the Federal program to benefit approximately 8,100 homes. During the 2014-2015 LEAP season, more than \$4 million was distributed from the Federal program to benefit nearly 7,800 homes.

90. Mr. Cherrier then addressed the remainder of the questions posed to Utilities. The questions and responses were addressed as follows.
91. Mr. Cherrier explained that fixed electric charges increase at a different rate for Residential customers than those for Commercial and Industrial customers because the charges are distinct and determined based on the nature and requirements of each rate class. As a result, the charges are not easily compared as they incorporate the different components and needs of each rate class. The overall rate increases are proportionate across rate classes.
92. Mr. Cherrier then addressed the questions concerning the over collection of the ECA and GCA. He stated that the collection should remain in line with the collection bands established by the Utilities Board and that Utilities has worked to maintain those metrics, discussing the issue regularly with the Utilities Board Finance Committee and Utilities Board. He stated that with fuel volatility, there is regular need for balance between prompt price changes and rate stabilization. Additionally, rate decreases are planned for the near future and at the November Utilities Board meeting, the Utilities Board sent the issue to the Finance Committee for additional study.
93. In relation to the question of why the proposed GCC impacts Residential customers differently than Commercial and Industrial customers, Mr. Cherrier explained that the different impact is intentional and is based on accurately placing the costs of serving each rate class on that rate class. He explained that much of this cost is based on costs imposed by gas pipelines and that prior rates did not fully match each rate class' charges with the cost to serve that rate class.
94. Mr. Cherrier then explained that Utilities is actively addressing the concerns surrounding the Electric ETL rate, having previously discussed the issue with both the Utilities Board Finance Committee and the Utilities Board; Utilities is committing to understanding the situation fully by the end of March 2016. Mr. Cherrier stated that the proposed rate increase for the ETL rate is 6% which is in-line with similar rates. The decision was made to treat the ETL rate in a manner consistent with similar rates until the forecasting issue is fully understood.
95. Next, Mr. Cherrier explained that the City Council and Utilities Board have, and have consistently had, full access to Utilities' staff for support and research. Utilities' staff works diligently to be responsive to any and all questions received from Councilmembers. Any change to this practice is ultimately a decision for City Council. Mr. Jerry Forte, Utilities' Chief Executive Officer noted that much of Utilities' staff

support comes through the Utilities Board committee process, where Utilities dedicates significant staff resources.

96. Mr. Cherrier then addressed the provision of street light service to the City. He explained that the City does receive a fair and equitable rate. He noted that a full study was performed in 2008 and that the City Auditor has regularly reviewed the rate.
97. Then, Mr. Cherrier addressed Councilmember Knights questions about the consequences of the City Council's failure to approve the rate case and budget. Mr. Cherrier explained that if the rate case was not approved by the end of December 2015, the existing rates would continue in effect and Utilities would consequently fail to meet the proposed financial metrics. Utilities would have to make significant changes to its expenditures. Utilities is currently working on contingency plans for 2016 revenue short falls of \$5 million, \$10 million, and \$20 million. Mr. Cherrier then explained that if Utilities' budget was not approved by the end of December 2015, Utilities would not have the authorization to expend any funds and could not practically operate. Mr. Cherrier emphasized that approving both a budget and rate case is critical for Utilities.
98. Mr. Cherrier then returned to the ECA and GCA, explaining that the tools are pass throughs but that there are currently over collections. He noted that all customers are treated equally and that all customers receive the same rate adjustments. It is true that a customer may have a net gain or loss depending on the times when they commence and/or terminate service, but that is generally true across the utility industry. He also explained that customer turnover is low and that customers often move within Utilities service territory as opposed to completely leaving Utilities' service territory.
99. Mr. Cherrier concluded by addressing the request for a reconciliation between the information presented by Councilmember King and Utilities. He explained that this issue was previously referred to the Strategic Planning Committee and that Utilities will follow up to ensure that it is addressed there.
100. President Bennett then concluded the discussion and explained that an executive session is not needed.
101. Councilmember Knight then addressed the City Council in his role as the Chair of the Finance Committee, providing additional perspective on the proposed rate case. He started by explaining that there are confusions within Utilities filing that need to be addressed and noting that some complexities within the Utilities rate/budget process can be improved upon in a manner similar to improvements made within the City budget process.
102. Councilmember Knight explained that while the proposed Utilities budget and rate case are not perfect, both should be approved. He noted that the Electric rate increase is driven by federal environmental requirements and that the failure to receive the necessary funds would create a significant risk that Utilities would fail to meet the federal

mandates. He also explained that the Water rate increase is a result of the Southern Delivery System, but is significantly lower than was initially forecasted.

103. Next, Councilmember Knight addressed the three points of concern from the City Auditor's report. In relation to the Water surplus, he explained that the funds will remain unallocated and that as part of the rate filing it was required that they be listed as applying to parks watering. The Finance Committee is working on contingency plans for lower than forecasted revenues. Councilmember Knight explained that the Utilities Board needs to revisit the ECA and GCA philosophy to properly avoid over collections while addressing the intervals appropriate for changes. He said that this issue should not hold up the rate case process. Lastly, in relation to the Electric ETL rate, Councilmember Knight stated that the issues presented should not prevent passage of the rate case, but that a solution should be expedited as quickly as possible.
104. President Bennett then made clear that City Council would not be taking a vote on the rate case until the December 8, 2015, City Council meeting.
105. Councilmember King then asked an additional question, whether the proposed Utilities budget reflects the ECA and GCA over collections. Mr. Cherrier responded that the budget does reflect those over collections.
106. At the conclusion of questions by the public and City Council, Utilities' responses, and discussion by City Council, Mr. Kenneth Burgess, Division Chief Rates and Regulatory, City Attorney's Office, polled Council Members regarding the issues central to the Electric, Natural Gas, and Water services and the URR.
107. The following are the proposed changes and the votes by City Council addressing the Electric Tariff:

- a) Is an increase to the non-fuel revenues of \$15.7 million appropriate for the 2016 rate case test-year period?

The City Council held that an increase to the non-fuel revenues of \$15.7 million appropriate for the 2016 rate case test-year period is appropriate, with Councilmembers King and Collins opposed.

- b) Should rates and tariffs for the following Electric Service Rate Schedules be revised as proposed:
 - i. Residential Service
 - ii. Commercial Service – Small
 - iii. Commercial Service – General
 - iv. Commercial Service – General – ETC

- v. Industrial Service – Time-of-Day Transmission Voltage
- vi. Industrial Service – Time-of-Day 1,000 KWH/Day Minimum
- vii. Industrial Service – Time-of-Day 500 KWh/Day Minimum
- viii. Industrial Service – Time-of-Day 4,000 KWh Minimum
- ix. Industrial Service – Large Power and Light
- x. Contract Service – Traffic Signals
- xi. Contract Service – Street Lighting
- xii. Contract Service – ECD
- xiii. Electric Cost Adjustment
- xiv. Electric Capacity Charge
- xv. Totalization Service
- xvi. Enhanced Power Service
- xvii. Community Solar Garden Bill Credit (Pilot Program)
- xviii. Community Solar Garden Program
- xix. Wind Power

The City Council held that the rates and tariff for the following Electric Service Rate Schedules shall be revised as proposed, with Councilmembers King and Collins opposed: 1) Residential Service; 2) Commercial Service – Small; 3) Commercial Service – General; 4) Commercial Service General – ETC; 5) Industrial Service – Time-of-Day Transmission Voltage; 6) Industrial Service – Time-of-Day 1,000 KWH/Day Minimum; 7) Industrial Service – Time-of-Day 500 KWh/Day Minimum; 8) Industrial Service – Time-of-Day 4,000 KWh Minimum; 9) Industrial Service – Large Power and Light; 10) Contract Service – Traffic Signals; 11) Contract Service – Street Lighting; 12) Contract Service - ECD; 13) Electric Cost Adjustment; 14) Electric Capacity Charge; 15) Totalization Service; 16) Enhanced Power Service; 17) Community Solar Garden Bill Credit (Pilot Program); 18) Community Solar Garden Program; and 19) Wind Power.

- c) Should Utilities remove the optional Kilowatcher program as of April 1, 2016 from the Industrial Service – Time-of-Day Service 1,000 kWh/Day Minimum, Industrial Service – Time-of-Day Service 500 kW Minimum, Industrial Service - Time-of-Day Service 4,000 kW Minimum, and Contract Service?

The City Council held that Utilities shall remove the optional Kilowatcher program as of April 1, 2016 from the Industrial Service – Time-of-Day Service 1,000 kWh/Day Minimum, Industrial Service – Time-of-Day Service 500 kW Minimum, Industrial Service - Time-of-Day Service 4,000 kW Minimum, and Contract Service.

- d) Should Utilities modify the Residential the Time-of-Day tariff?

The City Council held that Utilities shall modify the Residential the Time-of-Day tariff.

- e) Should Utilities modify the Electric Cost Adjustment as presented in Utilities' rate filing?

The City Council held that Utilities shall modify the Electric Cost Adjustment as presented in Utilities' rate filing, with Councilmembers King and Collins opposed.

- f) Should Utilities remove the Woody Biomass option to the Contract Service tariff due to program completion as of June 30, 2016 and no current Customer participation?

The City Council held that Utilities shall remove the Woody Biomass option to the Contract Service tariff due to program completion as of June 30, 2016 and no current Customer participation.

- g) Should Utilities make changes to the Totalization Service tariff?

The City Council held that Utilities shall make changes to the Totalization Service tariff.

- h) Should Utilities increase the Reserved Capacity Charge incurred by Enhanced Power Customers for the fourth year in a five year phase in process which will bring this rate to full cost?

The City Council held that Utilities shall increase the Reserved Capacity Charge incurred by Enhanced Power Customers for the fourth year in a five year phase in process which will bring this rate to full cost.

- i) Should Utilities remove the Renewable Energy Certificates tariff due to its completion?

The City Council held that Utilities shall remove the Renewable Energy Certificates tariff due to its completion.

- j) Should Utilities revise contract termination rights of the Industrial Service – Large Power & Light and Industrial Service – Time-of-Day Service – Winter / Summer Non-Demand Option?

The City Council held that Utilities shall revise contract termination rights of the Industrial Service – Large Power & Light and Industrial Service – Time-of-Day Service – Winter / Summer Non-Demand Option.

- k) Should Utilities update the USAFA charges on the Contract Service – EINFPRS tariff?

The City Council held that Utilities shall update the USAFA charges on the Contract Service – EINFPRS tariff.

- l) Should Utilities change the Customer Bill Credit for the Community Solar Garden Bill Credit Program (Pilot Program)?

The City Council held that Utilities shall change the Customer Bill Credit for the Community Solar Garden Bill Credit Program (Pilot Program).

- m) Should Utilities change the Customer Bill Credit for the Community Solar Garden Program?

The City Council held that Utilities shall change the Customer Bill Credit for the Community Solar Garden Program.

- n) Should Utilities clarify terms and conditions of the Wind Power tariff?

The City Council held that Utilities shall clarify terms and conditions of the Wind Power tariff.

108. President Bennett then concluded the 2016 Rate Case Hearing.

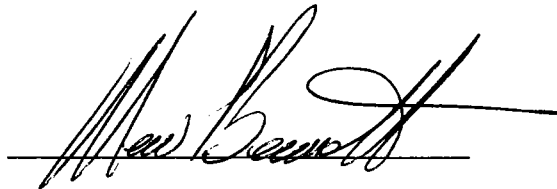
ORDER

THEREFORE, IT IS HEREBY ORDERED that:

The Electric Tariff sheets as attached to the Resolution are adopted and will be effective on and after January 1, 2016, with the exception of the proposed change to the Electric Service Kilowatcher rate options, which have an effective date of April 1, 2016. Such tariff sheets shall be published and held open for public review and shall remain effective until changed by subsequent Resolution duly adopted by the City Council.

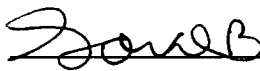
Dated this 8th day of December, 2015.

CITY OF COLORADO SPRINGS



Council President

ATTEST:



City Clerk

