

BEFORE THE CITY COUNCIL OF
THE CITY OF COLORADO SPRINGS

IN THE MATTER OF THE REVISION)
OF THE ELECTRIC TARIFF OF) DECISION & ORDER 20-02 (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’ 2021 Rate Case filing includes proposed Cost of Service (“COS”) driven rate changes for Natural Gas Services, as well as, changes to the Electric, Water, and Wastewater Services.
3. 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 the Electric Cost Adjustment (“ECA”). Non-fuel related expenditures are recovered through Access and Facilities Charges and Demand Charges.
4. Utilities 2021 Rate Case does not include a COS study for electric service as no base rate changes are proposed. Utilities filing proposes the following changes to the Electric tariff:
 - a) Residential Service Time-of-Day Option (ETR) (Electric Rate Table Sheet No. 2): The ETR rate option offers residential customers an opportunity to potentially lower their bill by reducing energy usage during defined on-peak periods in order to help reduce system peak demand. To provide the appropriate price signal, Utilities proposes increases of 6.9% and 7.0% to the On-Peak and Off-Peak Access and Facilities Charge per kWh rates respectively.
 - b) Commercial Service – General Time-of-Day Option (ETC) (Electric Rate Table Sheet No. 2.1): The ETC rate option offers commercial customers an opportunity to potentially lower their bill by reducing energy usage during defined on-peak periods in order to help reduce system peak demand. As a continued effort to phase-in rates to the appropriate price signal, Utilities proposes increases of 12.0 % and 12.1% to the On-Peak and Off-Peak Access and Facilities Charge per kWh rates respectively.
 - c) Small Power Producers and Cogeneration Service (Electric Rate Table Sheet No. 2.10): Purchase of energy from Qualifying Facilities is available under the Small Power Producer and Cogeneration Service at Utilities’ avoided cost. Utilities

proposes changes to align the Small Power Producers and Cogeneration Service rates with current avoided cost calculations.

- d) Renewable Energy Net Metering (Electric Rate Schedule Sheet Nos. 20 and 20.1): Utilities completed a comprehensive review of the Renewable Energy Net Metering service and proposes several modifications to enhance and add clarity to the service. The proposed changes are as follows:
 - i. Remove references to calendar year period for determining 120% of the Customer's kilowatt-hour usage;
 - ii. Increase the maximum design capacity for residential renewable energy systems from 10 kW to 15 kW; and
 - iii. Clarify annual credit of excess generation at the Small Power Producers and Cogeneration Service rates.
 - e) Clarify Rate Option Contract Applicability (Electric Rate Schedule Sheet Nos. 3 and 7): Utilities proposes administrative clean-up modifications that clarify when a separate contract is required to receive optional service under various rate schedules.
5. In addition to the proposed Electric Tariff revisions, Utilities' 2021 Rate Case filing also proposes changes to the Natural Gas, Water, and Wastewater Rate Schedules.
 6. The proposed effective date for Utilities' tariff changes is January 1, 2021.
 7. Utilities filed its COS study supporting Natural Gas Service base rate and Tariff changes with the Interim City Auditor, Mrs. Jacqueline Rowland, and with the City Attorney, Ms. Wynetta Massey, on August 20, 2020. Utilities then filed the enterprise's formal proposals on September 22, 2020, 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 25, 2020, and in *The Gazette* on September 25, 2020. These various notices and filings comply with the requirements of §12.1.108 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.
 8. The information provided to the City Council and held open for public inspection at the City Clerk's Office was supplemented by Utilities on October 20, 2020. The supplemental materials contained:
 - a) Updates to rate schedules, the executive summary, and Natural Gas report based on the ECA/GCA rates proposed for November 1, 2020;

- b) The Office of the City Auditor’s audit report;
 - c) The legal notice Affidavit of publication; and
 - d) Public outreach information.
9. The Interim City Auditor issued her findings on the proposed rate and tariff changes prior to the rate hearing, dated October 2020, which found no need for formal recommendations. A copy of that report is contained within the record.
 10. On October 27, 2020, the City Council held a public hearing concerning the proposed changes to the Natural Gas, Electric, Water, and Wastewater Tariffs. This hearing was conducted in accordance with §12.1.108 of the City Code, the procedural rules adopted by City Council, and the applicable provisions of state law.
 11. President of the Council Richard Skorman commenced the rate hearing.
 12. The presentations started with Mr. Christopher Bidlack of the City Attorney’s Office. Mr. Bidlack first presented the rate hearing agenda.
 13. Mr. Bidlack then briefed 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 analogous to a quasi-judicial proceeding 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 Water and Wastewater service must be reasonable and appropriate in light of all circumstances, City Code § 12.1.108(F). Rates for Natural Gas and Electric service must be just, reasonable, sufficient, and not unduly discriminatory, City Code § 12.1.108(E).
 14. 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 that no *ex parte* communications were received.
 15. Mr. Scott Shewey, Utilities’ Chief Planning and Finance Officer, provided the enterprise’s proposals.
 16. Mr. Shewey started with the 2021 Rate Case Overview, noting proposed changes to the Natural Gas rates, as well as, changes to Electric, Water, and Wastewater service, all with a proposed effective date of January 1, 2021. He also demonstrated Utilities’ procedural compliance by providing the dates of required filings, City Council actions, and legal notices.

17. Mr. Shewey then presented Utilities' proposed changes to the Natural Gas service. The proposed rate increase is driven by regulation and compliance requirements related to aging infrastructure. Additionally, the last non-fuel Natural Gas rate filing was effective January 1, 2014. The total Natural Gas proposed revenue from rates is \$81.2 million, which is \$2.4 million higher than revenue under current rates. This represents an overall system increase of 3.0%.
18. Next, Mr. Shewey provided the summary of the proposed Natural Gas rate increases across all rates, as well as, a sample monthly, Natural Gas bill. The sample bill showed proposed Natural Gas rate increases of 0.7% for Residential Customers, 4.9% for Commercial Customers, and 5.1% for Industrial Customers.
19. Mr. Shewey finished the proposed Natural Gas changes by explaining several additional changes. Utilities proposes to increase the summer usage requirement for the Large Firm Seasonal rate option. Utilities also proposes the following administrative clean-up changes:
 - a) Removing the upstream capacity release language from the Contract Service – Military rate;
 - b) Removing “Sales” from the Interruptible Rate schedule titles; and
 - c) Clarifying which rate options require customers to enter into a separate contract.
20. Then, Mr. Shewey provided information on Utilities' proposed changes to the Electric tariff. The changes are:
 - a) The continued phase-in of changes to residential and commercial time-of-day rate options;
 - b) Updating the Small Power Producer and Cogeneration rates to align with current avoided costs calculations;
 - c) Updates to the Renewable Energy Net Metering rate to (1) replace “previous 12 months” with “annual” for determining the 120% usage standard, (2) increasing the residential maximum design capacity from 10 kW to 15kW, and (3) clarifying the annual credit of excess generation calculation. In explaining the proposed changes for Net Metering, Mr. Shewey noted that the proposed changes are based on a cross functional review of the program by Utilities' staff that found the proposed changes do not negatively impact Utilities' electric distribution system; and
 - d) Clarifying which rate options require customers to enter into a separate contract.

21. Mr. Shewey next provided Utilities' presentation on the Water tariff and the single proposed change. The proposed change continues the phase in approach of bringing the Augmentation Service rate to the full replacement cost of water.
22. Mr. Shewey concluded the substantive portion of his presentation with an explanation of the proposed change to the Wastewater tariff. This proposed change is the second year increase of a three year phase in to the Contract Service – Outside City Limits rate. The proposed change continues implementation of the Average System Cost (excluding certain costs) pricing methodology that was approved by City Council in the 2020 rate case. The proposed change increase the rate by approximately 7%, with a similar increase expected for 2022.
23. Mr. Shewey then provided a four-utility service sample monthly bill, showing overall proposed increases of 0.1% for Residential Customers, 1.6% for Commercial Customers, and 0.5% for Industrial Customers.
24. Next, Mr. Shewey addressed the customer outreach Utilities performed in relation to the 2021 Rate Case filing. The customer outreach included electronic communications, social media channel communications, newsletter information about the proposal and hearing dates, required public notice, and meetings with commercial and industrial customers. He then noted Utilities' programs that are in place to assist customers: (1) bill assistance through Project COPE and the Low Income Energy Assistance Program, (2) high bill counseling through conservation education and the Home Energy Assistance Program, and (3) payment plans through Utilities' Budget Billing program.
25. Mr. Shewey then noted that the Interim City Auditor reviewed Utilities' filing and found no findings. Mrs. Rowland was available for questions from City Council, although no questions were asked.
26. After Utilities' presentation, President Skorman opened the floor for public comment. No members of the public spoke during the hearing. Of note, one customer spoke on an unrelated City Council agenda item prior to the hearing, addressing Utilities' proposed changes to the Renewable Energy Net Metering tariff. That customer supported the increase of the array rating cap from 10 kW to 15 kW, but requesting further increases without a cap. He also requested the ability for customers to utilize a broader array of solar systems. In response, while addressing the other City Council agenda item, Mr. Shewey noted that the issue is included in the proposed rate case and that the 15 kW cap is based on recommendations from Utilities' multi-divisional team who performed a comprehensive review of the net metering program.
27. Following the opportunity for public comment, President Skorman opened the floor to questions from the City Council. There were no questions or comments.
28. Based on the lack of questions or comments, President Skorman determined that neither a break nor executive session were necessary.

29. Mr. Bidlack then polled the Council Members regarding the issues central to the Natural Gas, Electric, Water, and Wastewater Tariffs.

30. The following are the proposed changes and the votes by City Council addressing the Electric Tariff:

a) Should Utilities modify rate table as proposed for the following rates:

- i. Residential Service Time-of-Day Option (ETR);
- ii. Commercial Service – General Time-of-Day Option (ETC);
- iii. Small Power Producer and Cogeneration Service?

The City Council held that the rates table the following Electric Service Rates shall be modified as proposed: 1) Residential Service Time-of-Day Option (ETR); 2) Commercial Service – General Time-of-Day Option (ETC); and 3) Small Power Producer and Cogeneration Service.

b) Should Utilities modify the General section and the Industrial Service – Time-of-Day 1,000 kWh/Day Minimum rate options to clarify when a separate contract is required to receive service under various rate options?

The City Council held that Utilities shall modify the General section and the Industrial Service – Time-of-Day 1,000 kWh/Day Minimum rate options to clarify when a separate contract is required to receive service under various rate options.

c) Should Utilities modify the Renewable Energy Net Metering tariff with three (3) changes as proposed?

The City Council held that Utilities shall modify the Renewable Energy Net Metering tariff with three (3) changes as proposed.

31. President Skorman then concluded the 2021 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, 2021. 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 10th day of November, 2020.

CITY OF COLORADO SPRINGS

Council President

ATTEST:

City Clerk