

RESOLUTION NO. 120-16

**A RESOLUTION MODIFYING
THE UTILITIES RULES AND REGULATIONS OF
COLORADO SPRINGS UTILITIES**

WHEREAS, Colorado Springs Utilities (Utilities) has proposed modifications to the Utilities Rules and Regulations section of its tariff; and

WHEREAS, Utilities proposes, and City Council approves, increasing the restoration time of Customers who have been disconnected from service from a maximum time of 12 hours to 24 hours; and

WHEREAS, Utilities proposes, and City Council approves, updating the contribution in aid of construction fee amounts collected through electric line extensions and services and natural gas mains and services; and

WHEREAS, Utilities proposes, and City Council approves, changing the multiplier for all meter sizes greater than four inch to a meter capacity ratio for the water development charges; and

WHEREAS, Utilities proposes, and City Council approves, changing the multiplier for all meter sizes greater than $\frac{3}{4}$ inch to a meter capacity ratio for the wastewater development charges; and

WHEREAS, Utilities proposes, and City Council approves, correcting an incorrect reference to a section of a City Code within Utilities Rules and Regulations Section 39; and

WHEREAS, Utilities has provided public notice of the proposed changes and has complied with the requirements of the City Code for changing its Utilities Rules and Regulations; and

WHEREAS, the proposed Utilities Rules and Regulations changes shall be effective January 1, 2017; 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, Utilities Rules and Regulations shall be revised as follows:

Effective January 1, 2017:

City Council Vol. No. 5		
Sheet No.	Sheet Title	Cancels Sheet No.
Third Revised Sheet No. 18	General	Second Revised Sheet No. 18
Third Revised Sheet No. 18.1	General	Second Revised Sheet No. 18.1
First Revised Sheet No. 29	General	Original Revised Sheet No. 29
Second Revised Sheet No. 46	Electric	First Revised Sheet No. 46
Second Revised Sheet No. 46.1	Electric	First Revised Sheet No. 46.1
Second Revised Sheet No. 47	Electric	First Revised Sheet No. 47
Second Revised Sheet No. 58	Natural Gas	First Revised Sheet No. 58
Fourth Revised Sheet No. 66	Wastewater	Third Revised Sheet No. 66
Third Revised Sheet No. 67	Wastewater	Second Revised Sheet No. 67
Third Revised Sheet No. 68	Wastewater	Second Revised Sheet No. 68
Sixth Revised Sheet No. 69	Wastewater	Fifth Revised Sheet No. 69
Eighth Revised Sheet No. 69.1	Wastewater	Seventh Revised Sheet No. 69.1
Third Revised Sheet No. 69.2	Wastewater	Second Revised Sheet No. 69.2
Second Revised Sheet No. 70	Wastewater	First Revised Sheet No. 70
First Revised Sheet No. 80	Wastewater	Original Sheet No. 80
Fifth Revised Sheet No. 81	Water	Fourth Sheet No. 81
Fifth Revised Sheet No. 82	Water	Fourth Revised Sheet No. 82
Fifth Revised Sheet No. 83	Water	Fourth Revised Sheet No. 83
Fifth Revised Sheet No. 83.1	Water	Fourth Revised Sheet No. 83.1
Fifth Revised Sheet No. 83.2	Water	Fourth Revised Sheet No. 83.2
Eighth Revised Sheet No. 84	Water	Seventh Revised Sheet No. 84
Fourth Revised Sheet No. 84.1	Water	Third Revised Sheet No. 84.1

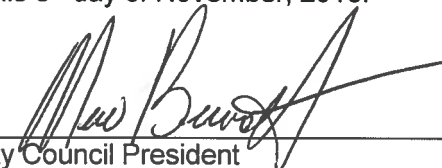
Section 2: The attached tariff sheets, City Council Decision and Order, and other related matters are hereby approved and adopted.

Dated at Colorado Springs, Colorado, this 8th day of November, 2016.

ATTEST:


Sarah B. Johnson, City Clerk





City Council President

UTILITIES RULES AND REGULATIONS

GENERAL

6. BILLING - cont'd

2. Commercial Service

- a. Current charges may include credits or additional amounts Utilities determines to be due from past billing periods arising from any event, whether or not under the control of Utilities, including but not limited to meter malfunctions, billing errors, meter reading errors, failure to read a meter or automated meter reading technology errors.
- b. Active Customers who have been underbilled for service received, whether or not in the control of Utilities, will be re-billed not to exceed twelve (12) consecutive billing periods for the actual or estimated service based on Utilities' records or other information acceptable to Utilities. Should any subsequent under billing event occur within twelve (12) months of a previous under billing event, for the same Customer and same meter, or be the result of a recurring Utilities error as determined by Utilities, Utilities will not re-bill the Customer for the subsequent under billing.
- c. Customers are permitted to make installment payments if any amounts from a past billing period are included in current charges. Typically, installment payments will not extend over a period that exceeds the length of the period during which the errors were accumulated.

C. Overbilling

1. Overbilling adjustments will be applied to current Customer accounts without interest.
2. Previous Customer accounts will be reviewed to determine if they were affected by the overbilling. If it is determined that an overbilling affected a previous Customer, reasonable efforts will be made to locate the Customer and refund any amounts owed due to the overbilling without interest.

Approval Date: November 8, 2016
Effective Date: January 1, 2017
Resolution No. _____

UTILITIES RULES AND REGULATIONS

GENERAL

6. BILLING - cont'd

3. No overbilling adjustments, credits or refunds will be made in situations where utility service has been metered within Utilities' prescribed accuracy limits. Reasonable overbilling adjustments can be made where consumption has been estimated due to failure or malfunction of metering equipment and Utilities is provided with information acceptable to Utilities indicating that the estimated consumption does not reasonably equate to the Customer's ability to use the utility services provided.

D. Water Leak Adjustment Program

The Water Leak Adjustment Program is intended to provide financial relief to Customers who experience extremely high water use as a result a leak. Water leak adjustments are limited to two per Premise in any thirty-six (36) month period. Water leak adjustments may span a maximum of two billing periods.

Within the context of the program, a water leak shall be defined as "an unintentional water loss caused by broken or damaged plumbing fixtures, pipes, or irrigation equipment, at a Customer's residence or non-residential site that results in a Customer's bill(s) being higher than the Customer's typical bill for water services."

Upon application for a water leak adjustment in accordance with a Customer's type of water service, as discussed below, a Customer must verify that a water leak occurred, the estimated time frame of the water leak, and that the water leak was repaired. Utilities will accept reasonable documentation that the water leak was repaired, such as a receipt for repairs, parts, or a signed affirmation of the Customer. Utilities shall have the right to deny an application for a water leak adjustment or reduce the adjusted quantity of water that passed through the billing meter as a result of the water leak for a water leak adjustment if, in Utilities' sole discretion, the leak or its magnitude is the result of negligence or malicious acts by the Customer.

Approval Date: November 8, 2016
Effective Date: January 1, 2017
Resolution No. _____

UTILITIES RULES AND REGULATIONS

GENERAL

13. DISCONTINUANCE OF SERVICE - cont'd

F. Medical Certificate

In the event a Medical Certificate is received by Utilities, residential service cannot be discontinued, or if already discontinued, must be restored. The period of non-discontinuance of service is effective for sixty (60) days from the date of the Medical Certificate. One thirty (30) day extension of service may be granted by receipt of a second Medical Certificate by Utilities prior to the expiration of the initial sixty (60) day period. A maximum of ninety (90) days per household will be granted in any consecutive twelve (12) month period. The twelve (12) month period begins on the date the first Medical Certificate is presented to Utilities.

14. RESTORATION OF SERVICE

A. Service will be restored within twenty-four (24) hours, unless extenuating circumstances prevent restoration, after the Customer satisfies any one (1) of the following provisions:

1. pays, in full, the amount shown on a notice of discontinuance and any restoration charges, provided payment has been confirmed by Utilities
2. makes acceptable payment arrangements,
3. presents a Medical Certificate to Utilities, or
4. notifies Utilities that the cause of discontinuance has been corrected and such information is confirmed by Utilities.

B. A thirty dollar (\$30.00) fee will be charged for restoration of service not caused by operational or maintenance activities. If a Customer requests one or more of the meters to be restored on a subsequent day, which requires another trip, an additional thirty dollar (\$30.00) restoration fee will be charged.

C. An additional fee of ten dollars (\$10.00) will apply when a Customer requests restoration of service outside of Utilities' normal business day.

Approval Date: November 8, 2016
Effective Date: January 1, 2017
Resolution No. _____



UTILITIES RULES AND REGULATIONS
ELECTRIC

19. ELECTRIC LINE EXTENSIONS AND SERVICES - cont'd

be cancelled outside the time frame set out in Utilities' policies or the service installation itself may not comply with Utilities' *Line Extension & Service Standards* when it is inspected. For those events the following fees shall apply on and after April 1, 2007:

Return Trip Single Service:\$299.98

Return Trip Joint Service:\$491.89

5. Cancellation Fees

In certain instances under Utilities' policies, a reduced fee may be charged for cancellation of inspection and connection appointments. In that circumstance, the following fees shall apply on and after April 1, 2007:

Step One Fee: 10% of applicable Return Trip Fee

Step Two Fee:.....25% of applicable Return Trip Fee

Step Three Fee:.....50% of applicable Return Trip Fee

6. Electric Distribution Charge (Electric Only)

The contributions-in-aid of construction will be determined as the sum of the following:

- \$17.36 per linear foot of (underground) single-phase primary distribution line required to serve such Customer;
- \$11.37 per circuit foot of three-phase main line distribution line in excess of twenty-two(22) but not more than seventy-five (75) circuit feet of mainline per Customer to be served;
- \$22.74 per circuit foot of three-phase main line distribution line in excess of seventy-five (75) but not more than one hundred seventy-five (175) circuit feet of mainline per Customer to be served; and

Approval Date: November 8, 2016
Effective Date: January 1, 2017
Resolution No. _____



UTILITIES RULES AND REGULATIONS

ELECTRIC

19. ELECTRIC LINE EXTENSIONS AND SERVICES - cont'd

- \$54.74 per circuit foot of underground three-phase main line distribution line in excess of one hundred seventy-five (175) circuit feet of mainline per Customer to be served.

7. Electric Distribution Charge (Joint Trench with Gas)

The contributions-in-aid of construction will be determined as the sum of the following:

- \$13.31 per linear foot of (underground) single-phase primary distribution line required to serve such Customer;
- \$11.37 per circuit foot of three-phase main line distribution line in excess of twenty-two (22) but not more than seventy-five (75) circuit feet of mainline per Customer to be served;
- \$22.74 per circuit foot of three-phase main line distribution line in excess of seventy-five (75) but not more than one hundred seventy-five (175) circuit feet of mainline per Customer to be served; and
- \$54.74 per circuit foot of underground three-phase main line distribution line in excess of one hundred seventy-five (175) circuit feet of mainline per Customer to be served.

b. Underground Electric Service - Commercial and Industrial

The Customer will provide, at no cost to Utilities, trenching, backfilling, compaction and restoration of property for the primary and secondary trenches; installation of primary conduit from the primary source to the transformer pad; and installation of secondary conduit, conductor and terminations from the transformer pad to the meter.

Approval Date: November 8, 2016
Effective Date: January 1, 2017
Resolution No. _____



UTILITIES RULES AND REGULATIONS

ELECTRIC

19. ELECTRIC LINE EXTENSIONS AND SERVICES - cont'd

The contributions-in-aid of construction will be determined as the sum of the following:

- \$11.37 per circuit foot of primary mainline distribution line in excess of six (6) but not more than twenty (20) circuit feet of primary and mainline lines per kVA of transformer capacity required to serve the Customer as estimated by Utilities;
- \$22.74 per circuit foot of primary mainline distribution line in excess of twenty (20) but not more than fifty (50) circuit feet of primary and mainline lines per kVA of transformer capacity required to serve the Customer as estimated by Utilities; and
- \$54.74 per circuit foot of underground primary mainline distribution line in excess of fifty (50) circuit feet of primary and mainline lines per kVA of transformer capacity required to serve the Customer as estimated by Utilities.

A. Extensions for Electric Temporary Service

Electric Temporary Service may be provided for construction needs, circuses, bazaars, fairs, fireworks stands, Christmas tree sales, concessions and similar enterprises, or to non-permanent ventures upon application for service for a period not to exceed eighteen (18) months, on the Electric Rate Schedule applicable to the particular class of service.

Utilities will provide a temporary power pedestal (in an underground service area) when distribution facilities exist and upon payment of the Temporary Service Connection Fees. Service loop supports must be supplied by the Customer in overhead service areas and Temporary Service will be provided when distribution facilities exist and upon payment of the charges below.

Electric Temporary Service Connection Fee - A non-refundable fee for the total cost of all labor, material, equipment and supplies required by Utilities to establish and disconnect service to include the removal and return of the pedestal.

Electric Temporary Service Connection Fee\$130.00

Approval Date: November 8, 2016
Effective Date: January 1, 2017
Resolution No. _____

UTILITIES RULES AND REGULATIONS

NATURAL GAS

32. EXTENSION OF NATURAL GAS MAINS AND SERVICES - cont'd

The Applicant will execute an Extension Contract for installation of all new facilities necessary to serve the development. Contracts for economically feasible extensions, as determined by Utilities, under one-hundred thousand dollars (\$100,000.00) in total estimated extension cost will be required to pay twenty percent (20%) of the estimated extension cost in addition to the specified design fee, as a non-refundable payment.

All other Applicants will advance one hundred percent (100%) of the estimated cost of construction to Utilities in addition to the specified non-refundable design fee. As an alternative, the Applicant may advance fifty percent (50%) of the estimated cost of construction and provide adequate assurance acceptable to Utilities for the remaining fifty percent (50%). This assurance will be irrevocable and may be in the form of a letter of credit, cash escrow, set-aside letter, or other forms acceptable to Utilities which will allow Utilities to receive the second fifty percent (50%) immediately after construction. After completion of construction, Utilities will determine the actual costs of construction and will charge (or refund without interest) the contract holder the difference between the estimated and actual costs of construction. Utilities may refuse to make connections until all amounts due to Utilities have been paid. After all the amounts due to Utilities are paid, the Applicant will be entitled to execute a Refund Contract.

C. Refunds

1. Refund Contracts

Advance payments for extension of facilities that are eligible for refunds will be completed under one (1) of the following Refund Contracts:

- a. Single Parcel Refund Contract - This contract is intended to cover the cost of installing mains and Service Stubs to serve a parcel and may include allocated costs for Oversized Distribution Mains. This contract includes provisions for refunding all or part of the advance payment. Refunds of advance payments will be based on estimated or actual revenue. The term of this contract will be ten (10) years.

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Effective Date: January 1, 2017

Resolution No. _____



UTILITIES RULES AND REGULATIONS

WASTEWATER

34. WASTEWATER DEVELOPMENT CHARGE - cont'd

The initial cost of liquid treatment capacity in the JCC Wastewater Service Area is the responsibility of property developers. Properties that develop in the JCC Wastewater Service Area will be responsible for any reimbursements to developers for funding of liquid treatment capacity as provided for in any outstanding advance recovery agreements or recovery agreements.

- C. For each Non-Residential, Single-Family Residential (1" or larger water meter), Multi-Family or Mixed-Use connection based on meter size:

Inside City Limits

Excluding JCC Wastewater Service Area based on water meter size:

3/4 inch or less (excludes Single-Family Residential).....	\$2,604.00
1 inch.....	\$4,349.00
1-1/2 inch	\$8,671.00
2 inch.....	\$13,879.00
3 inch.....	\$26,040.00
4 inch.....	\$43,409.00
6 inch.....	\$138,871.00
8 inch.....	\$243,031.00
10 inch.....	\$364,560.00
12 inch.....	\$460,049.00

Inside City Limits

JCC Wastewater Service Area – Sludge Treatment and Conveyance, based on water meter size

3/4 inch or less (excludes Single-Family Residential).....	\$445.00
1 inch.....	\$743.00
1-1/2 inch	\$1,482.00
2 inch.....	\$2,372.00
3 inch.....	\$4,450.00
4 inch.....	\$7,418.00
6 inch.....	\$23,732.00
8 inch.....	\$41,532.00
10 inch.....	\$62,300.00
12 inch.....	\$78,618.00

Approval Date: November 8, 2016
Effective Date: January 1, 2017
Resolution No. _____



UTILITIES RULES AND REGULATIONS
WASTEWATER

34. WASTEWATER DEVELOPMENT CHARGE - cont'd

Outside City Limits

Excluding JCC Wastewater Service Area, based on water meter size

3/4 inch or less (excludes Single-Family Residential).....	\$3,906.00
1 inch.....	\$6,524.00
1-1/2 inch	\$13,007.00
2 inch.....	\$20,819.00
3 inch.....	\$39,060.00
4 inch.....	\$65,114.00
6 inch.....	\$208,307.00
8 inch.....	\$364,547.00
10 inch.....	\$546,840.00
12 inch.....	\$690,074.00

Outside City Limits

JCC Wastewater Service Area – Sludge Treatment and Conveyance, based on water meter size

3/4 inch or less (excludes Single-Family Residential).....	\$667.00
1 inch.....	\$1,115.00
1-1/2 inch	\$2,223.00
2 inch.....	\$3,558.00
3 inch.....	\$6,675.00
4 inch.....	\$11,127.00
6 inch.....	\$35,598.00
8 inch.....	\$62,298.00
10 inch.....	\$93,450.00
12 inch.....	\$117,927.00

Mixed-Use Premises shall pay the rate per water meter under section 34. D. when one water meter is requested. If more than one water meter is requested, the non-residential use shall pay the rate per water meter under section 34. D. and the Multi-Family use shall pay the rate per water meter under section 34. B. multiplied by the number of dwelling units for individually metered connections provided the metering configuration is approved by Utilities.

The initial cost of liquid treatment capacity in the JCC Wastewater Service Area is the responsibility of property developers. Properties that develop in the JCC Wastewater Service Area will be responsible for any reimbursements to developers for funding of liquid treatment capacity as provided for in any outstanding advance recovery agreements or recovery agreements.

Approval Date: November 8, 2016
Effective Date: January 1, 2017
Resolution No. _____



UTILITIES RULES AND REGULATIONS
WASTEWATER

34. WASTEWATER DEVELOPMENT CHARGE - cont'd

D. Additional WWDC for Services

An additional WWDC may be assessed for large nonresidential service for the incremental increase in Biochemical Oxygen Demand (BOD) and Total Suspended Solids (TSS). In the event of collection system or treatment system capacity constraints, Utilities reserves the right to limit the availability of service or require recycling of wastewater if individual circumstances warrant such restrictions.

An additional WWDC may also be assessed as follows:

1. any increase in size of an existing water meter;
2. when wastewater service conditions change as a result of changes in Customer operations;
3. the remodeling or moving of existing Customer buildings or structures; or
4. the construction of additional Customer buildings or structures.

The WWDC will be assessed for any such increase in the size of an existing meter in an amount equal to the difference between the WWDC which would be imposed for the existing service conditions and the WWDC imposed for the proposed service conditions. Payment of the WWDC is due in full in cash or check, prior to the issuance of a building permit or as provided in 34 J. Any request for a change in wastewater service shall be administered as a new application for service and subject to all requirements of the City Code and these Tariffs. If the service is not applicable to section 34 C and the change in use does not result in an increase in water meter size, no additional WWDC is due.

E. Non-waiver of WWDC

The applicable WWDC will not be waived for any governmental, quasi-governmental or nonprofit organization or any other entity requesting connection to Utilities' wastewater system.

Approval Date: November 8, 2016
Effective Date: January 1, 2017
Resolution No. _____



UTILITIES RULES AND REGULATIONS

WASTEWATER

34. WASTEWATER DEVELOPMENT CHARGE - cont'd

F. Credit for Prior WWDC Payment

Credit for the WWDC paid for a prior development may be given for reuse of existing connections, or for new connections to a land parcel where the WWDC charge was paid. Credit for Multi-Family Residential dwelling units and non-residential service must be determined by inspection by Utilities before any remodeling, moving or demolition of the structure occurs. No refund for excess credit will be given.

Credit for the WWDC may only be transferred between Premises if all of the conditions listed below are met to Utilities' satisfaction. Any sale of credit for the WWDC is expressly prohibited. Credit for a WWDC can only be transferred one time. Any paid recovery agreement charges shall remain with the donor Premises and are not eligible to be transferred. No refund of excess credits, if any, will be given.

Conditions:

1. There must be common ownership of the donor Premises and recipient Premises; the party requesting the transfer of credit for the WWDC must provide Utilities with proof of common ownership, which may include, but is not limited to evidence of common ownership at a parent company level;
2. Both the donor Premises and the recipient Premises must be Non-residential, Multi-Family or Mixed Use;
3. The donor Premises must be a vacant parcel without structure(s);
4. The recipient Premises must meet and comply with all then current infill descriptions and/or criteria established by City of Colorado Springs;
5. The recipient Premises must have an approved development plan, in accordance with applicable laws and regulations, prior to Utilities' approval of a transfer of the WWDC credit;
6. All service line ordinances, regulations, and policies shall apply to transferred WWDC credits and any applicable charges and/or fees shall be paid; and
7. The party requesting the credit transfer shall pay to Utilities a fee of \$100.00 and shall commit to be responsible for all costs associated with the transfer, including but not limited to, title commitment, processing, and recording fees.

Approval Date: November 8, 2016
Effective Date: January 1, 2017
Resolution No. _____



UTILITIES RULES AND REGULATIONS

WASTEWATER

34. WASTEWATER DEVELOPMENT CHARGE - cont'd

Upon the completion of a transfer of credit for the WWDC, the transfer will be effectuated by recording a notice to the El Paso County Clerk and Recorder for both the donor Premises and the recipient Premises, which recording fees shall be paid by the owner of the donor and recipient Premises. The notice shall include the credits transferred and remaining, and applicable service dates associated with each Premises.

G. Request for WWDC Refund

Requests for a refund of the WWDC for connections not constructed must be made in writing to Utilities within two (2) years of payment of the WWDC. No refunds of any such charges will be made unless a request is received by Utilities within two (2) years of payment and no service has been connected. Any charges which are not refunded are retained by Utilities as a contribution-in-aid of construction. Payments for WWDC may be applied within twenty (20) years as a credit towards the payment of the WWDC for connection of the same land parcel, which may become due thereafter.

In any event, no credit will be given after twenty (20) years or more from the date of discontinuance of use of the existing connection or payment of the unused WWDC.

H. Inactive Wastewater Service

In the event that a service line was classified as abandoned and/or inactive through prior Utilities' Rules and Regulations standards and/or City Code provisions (prior to March 1, 2016), the property Owner(s) may request to reestablish utility service from Utilities and Utilities shall reestablish the service upon payment of applicable fees and compliance with applicable rules and regulations.

I. Timing of Payment of the WWDC and Related Connection Charges

Payment for a new connection or increased service level as provided in section 34.E:

1. Shall be due in full in cash or check prior to the issuance of a building permit, or
2. The WWDC may be deferred until the time prior to the installation of a meter to serve a Premise. The deferred WWDC, Recovery Agreement Charges or any other fees shall be paid at the then current rates plus an additional charge equal to a 5% annual interest rate of the deferred amount, calculated per day, and shall be paid in full in cash or check prior to the installation of meters and prior to the provision of service. The payment of all Wastewater Permit Fees and all other related charges, as determined by Utilities, shall be paid prior to the issuance of the building permit.

Approval Date: November 8, 2016
Effective Date: January 1, 2017
Resolution No. _____



UTILITIES RULES AND REGULATIONS
WASTEWATER

34. **WASTEWATER DEVELOPMENT CHARGE - cont'd**

J. WWDC Deferral for Primary Employers

A Primary Employer enlarging its facilities or building new facilities within the City limits may be eligible for deferral of the WWDC.

If the commercial or industrial operation meets the Primary Employer criteria, it may submit an application for development charge deferral to Utilities. Upon approval of the application by Utilities, the company is qualified to pay the WWDC on a five (5) year payment schedule. Payments can be made either on a monthly or yearly basis at a preset date as agreed to in the contract for service. Interest charges on WWDC not paid will be calculated in accordance with the published ten (10) year U.S. Treasury Note rate (Interest Rate).

K. WWDC Deferral for Affordable Housing

There are two defined Affordable Housing Programs for WWDC deferral based on the targeted income level for the affordable housing project. Projects, which are a mix of affordable and traditional units, are eligible to receive a deferral only for that portion of the project which is affordable and qualifies under this program.

Single-family residences or Multi-Family Residential Premises construction that meet:

1. the affordable housing criteria as defined by the City of Colorado Springs Housing and Community Development Office, and
2. the energy and water conservation standards defined in Utilities' Affordable Housing Program are eligible for a deferral of the WWDC.

Deferral of the WWDC is on a first-come, first-served basis and will not, in aggregate, exceed five percent (5%) of Utilities' previous year's total WWDC revenues. Therefore, regardless of the number of applications reviewed and preliminarily approved, deferrals will be issued on an annual basis up to, but not exceeding, the financial guidelines. All projects obtaining a service contract during a given year after this limitation has been met will not receive deferrals, nor will the WWDC be eligible for refund in subsequent calendar years.

The amounts to be repaid under any of the Affordable Housing Programs will be based on the WWDC in effect at the time the first repayment is made, but will not exceed the deferred amount plus interest charges. Interest charges used to determine the "not-to-exceed" amount will be calculated from the date of deferral to the date of first repayment in accordance with the Interest Rate in effect on the date of deferral, compounded annually.

Approval Date: November 8, 2016
Effective Date: January 1, 2017
Resolution No. _____



UTILITIES RULES AND REGULATIONS
RESERVED FOR FUTURE FILING

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Approval Date: November 8, 2016
Effective Date: January 1, 2017
Resolution No. _____



UTILITIES RULES AND REGULATIONS

WASTEWATER

37. DISCHARGE PERMIT FEE

- A. A Discharge Permit Fee of one thousand one hundred and thirty-two dollars (\$1,132.00) will be assessed to all significant industrial users proposing to connect to, and discharge into, any part of the wastewater treatment system and collected at the time of application. This fee is non-refundable and will not be assessed on a pro rata basis.
- B. An annual renewal Discharge Permit Fee of one thousand one hundred and thirty-two (\$1,132.00) will be assessed to existing Discharge Permit holders in accordance with the City Code. This fee is non-refundable and will not be assessed on a pro rata basis.

38. ZERO DISCHARGE PERMIT FEE

A Zero Discharge Permit Fee charge of fifty dollars (\$50.00) will be assessed to all significant industrial users proposing to connect to any part of the wastewater treatment system and collected at the time of application or any subsequent renewal. This fee is non-refundable and will not be assessed on a pro rata basis.

39. APPLICABILITY OF CITY CODE – WASTEWATER

Wastewater service outside city limits is subject to the requirements of the Code of the City of Colorado Springs (including without limitation Part 2 of Article 6 of Chapter 7 pertaining to Annexations and Part 3 of Article 5 of Chapter 12 pertaining to Wastewater Service) as the Code is now in effect and as it may be amended from time to time hereafter by City Council.

40. RESERVED FOR FUTURE USE

Approval Date: November 8, 2016
Effective Date: January 1, 2017
Resolution No. _____



UTILITIES RULES AND REGULATIONS

WATER

41. WATER DEVELOPMENT CHARGE

A Water Development Charge (WDC) is assessed for each new connection to Utilities' supply system except for those Customers receiving service under the Augmentation Water Service Rate Schedule. The applicable WDC is shown below.

A.1. For each Single-Family Residential Connection with a 3/4 inch water meter:

Inside City Limits

Less than 3,000 square foot lot	\$5,887.00
Between 3,000 and 4,999 square foot lot.....	\$6,533.00
Between 5,000 and 6,999 square foot lot.....	\$7,956.00
Between 7,000 and 8,999 square foot lot.....	\$9,292.00
Between 9,000 and 10,999 square foot lot.....	\$10,197.00
Between 11,000 and 14,999 square foot lot.....	\$11,555.00
15,000 square foot or larger lot.....	\$12,913.00

Outside City Limits

Less than 3,000 square foot lot	\$8,830.00
Between 3,000 and 4,999 square foot lot.....	\$9,800.00
Between 5,000 and 6,999 square foot lot.....	\$11,934.00
Between 7,000 and 8,999 square foot lot.....	\$13,938.00
Between 9,000 and 10,999 square foot lot.....	\$15,296.00
Between 11,000 and 14,999 square foot lot.....	\$17,332.00
15,000 square foot or larger lot.....	\$19,369.00

A.2. For each Non-Residential, Single-Family Residential (1" or larger meter), Multi-Family or Mixed-Use connection based on meter size:

Inside City Limits

3/4 inch or less (excludes Single-Family Residential).....	\$9,292.00
1 inch.....	\$15,487.00
1-1/2 inch	\$30,973.00
2 inch.....	\$49,557.00
3 inch.....	\$92,920.00
4 inch.....	\$154,867.00
6 inch.....	\$495,542.00
8 inch.....	\$867,222.00
10 inch.....	\$1,300,880.00
12 inch.....	\$1,641,618.00

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Effective Date: January 1, 2017
Resolution No. _____



UTILITIES RULES AND REGULATIONS
WATER

41. WATER DEVELOPMENT CHARGE - cont'd

Outside City Limits

3/4 inch or less (excludes Single-Family Residential)	\$13,938.00
1 inch	\$23,230.00
1-1/2 inch.....	\$46,460.00
2 inch	\$74,336.00
3 inch	\$139,380.00
4 inch	\$232,300.00
6 inch	\$743,313.00
8 inch	\$1,300,833.00
10 inch	\$1,951,320.00
12 inch	\$2,462,427.00

Mixed-Use Premises shall pay the rate per water meter under section 41.A.2. when one water meter is requested. If more than one water meter is requested, the non-residential use shall pay the rate per water meter under section 41.A.2., and the Multi-Family use shall pay the rate per water meter in section 41.B. multiplied by the number of dwelling units for individually metered connections provided the metering configuration is approved by Utilities.

- B. For each Multi-Family Residential Premises connection or for each additional 3/4 inch Residential connection on a Single Platted Lot:
- | | |
|---------------------------|------------|
| Inside City Limits..... | \$5,295.00 |
| Outside City Limits | \$7,942.00 |

Individually metered Multi-Family Premise connections shall pay the applicable WDC in section 41.B. multiplied by the number of dwelling units, while Master Metered Multi-Family Premise connections shall pay the WDC per meter under section 41.A.2.

- C. For Non-potable Water Connection Based on Meter Size:
- | | |
|----------------------|-------------|
| 2 inch or less | \$10,714.00 |
| 3 inch..... | \$23,614.00 |
| 4 inch..... | \$37,680.00 |
| 6 inch..... | \$75,167.00 |

Upon approval of Utilities, payment of the WDC for a new non-potable point of service is not required if there will be an offsetting reduction in potable water consumption from an existing potable water service. Requests for new or additional water demands will be required to pay the non-potable WDC.

Approval Date November 8, 2016
 Effective Date: January 1, 2017
 Resolution No. _____



UTILITIES RULES AND REGULATIONS

WATER

41. WATER DEVELOPMENT CHARGE - cont'd

D. Additional WDC Due

An additional WDC charge is applicable to:

- 1) any increase in size of an existing meter, or
- 2) any increased consumption that results in damage to Utilities' facilities or exceeds the capacity of the meter. The Customer shall pay the cost to upgrade the service and replace the meter and applicable water development charge, or
- 3) any increased water consumption that occurs because of changes in operations, the remodeling or moving of existing buildings or structures, or the construction of additional buildings or structures, if the WDC was originally computed pursuant to section 41.D (or prior similar provision).

The additional WDC charge will be assessed for any such increase in meter size or water consumption in an amount representing the difference between the charge which would be imposed for the existing meter size and the charge which would be imposed for the size of the proposed meter or the increased water consumption. Payment for the additional WDC charge will be collected prior to issuance of a building or nonpotable permit or as provided in section 41.K or when the increased water consumption begins. Any request for a change in water service shall be administered as a new application for service and subject to all requirements of the City Code and tariffs. If the service is not applicable to section 41.D and change in use does not result in an increase in meter size, no additional WDC is due.

E. Non-waiver of the WDC

The applicable WDC will not be waived for any governmental, quasi-governmental or nonprofit organization or any other entity requesting connection to Utilities' supply system.

F. WDC Deferral for Community Gardens

A Community Garden established on a Premise within the Exclusive Water Service Territory may be eligible for deferral of the WDC.

Approval Date: November 8, 2016

Effective Date: January 1, 2017

Resolution No. _____



UTILITIES RULES AND REGULATIONS

WATER

41. WATER DEVELOPMENT CHARGE - cont'd

A non-profit entity may submit an application to Utilities for WDC deferral for the purposes of a Community Garden. The WDC may be deferred for qualifying Community Gardens until such time as use of the service line is no longer solely for a Community Garden or is not for non-profit use. Upon a change of use from a Community Garden, if the Premise requires a permanent water service connection, the WDC shall be due in accordance with the then current Tariffs for a new connection.

G. Credit for Prior WDC Payment

Credit for the WDC paid for a prior development may be given for reuse of existing connections or for new connections to a land parcel where the WDC charge was paid. Credit for Multi-Family Residential dwelling units and non-residential service must be determined by inspection by Utilities before any remodeling, moving or demolition of the structure occurs. No refund for excess credits will be given.

Credit for the WDC may only be transferred between Premises if all of the conditions listed below are met to Utilities' satisfaction. Any sale of credit for the WDC is expressly prohibited. Credit for a WDC can only be transferred one time. Any paid recovery agreement charges shall remain with the donor Premises and are not eligible to be transferred. No refund of excess credits, if any, will be given.

Conditions:

1. There must be common ownership of the donor Premises and recipient Premises; the party requesting the transfer of credit for the WDC must provide Utilities with proof of common ownership, which may include, but is not limited to evidence of common ownership at a parent company level;
2. Both the donor Premises and the recipient Premises must be Non-residential, Multi-Family or Mixed Use;
3. The donor Premises must be a vacant parcel without structure(s);
4. The recipient Premises must meet and comply with all then current infill descriptions and/or criteria established by City of Colorado Springs;
5. The recipient Premises must have an approved development plan, in accordance with applicable laws and regulations, prior to Utilities' approval of a transfer of the WDC credit;

Approval Date: November 8, 2016
Effective Date: January 1, 2017
Resolution No. _____



UTILITIES RULES AND REGULATIONS

WATER

41. WATER DEVELOPMENT CHARGE - cont'd

6. If the donor Premises will be left without any remaining WDC credits, the Owner shall remove the water service line to the donor Premises in accordance with City Code and Utilities' Water Line Extension & Service Standards;
7. All service line ordinances, regulations, and policies shall apply to transferred WDC credit and any applicable charges and/or fees shall be paid; and
8. The party requesting the credits transfer shall pay to Utilities a fee of \$100.00 and shall commit to be responsible for all costs associated with the transfer, including but not limited to, title commitment, processing, and recording fees.

Upon the completion of a transfer of credit for the WDC, the transfer will be effectuated by recording a notice to the El Paso County Clerk and Recorder for both the donor Premises and the recipient Premises, which recording fees shall be paid by the owner of the donor and recipient Premises. The notice shall include the credits transferred and remaining, and applicable service dates associated with each Premises.

H. Request for WDC Refund

Requests for a refund of the WDC for connections not constructed must be made in writing to Utilities within two (2) years of payment of the WDC. No refunds of any such charges will be made unless a request is received by Utilities within two (2) years of payment and no service has been connected. Any charges which are not refunded are retained by Utilities as a contribution-in-aid of construction. Payment for WDC may be applied within nineteen (19) years as a credit towards the payment of the WDC for connection of the same land parcel, which may become due thereafter.

In any event, no credit will be given after nineteen (19) years or more from the date of discontinuance of use of the existing connection or payment of the unused WDC.

I. Inactive Water Service

In the event that a service line was classified as abandoned and/or inactive through prior Utilities' Rules and Regulations standards and/or City Code provisions (prior to March 1, 2016), the property Owner(s) may request to reestablish utility service from Utilities and Utilities shall reestablish the service upon payment of applicable fees and compliance with applicable rules and regulations.

Approval Date: November 8, 2016
Effective Date: January 1, 2017
Resolution No. _____



UTILITIES RULES AND REGULATIONS
WATER

41. WATER DEVELOPMENT CHARGE - cont'd

- J. Timing of Payment of the WDC and related Connection Charges
Payment for a new connection or increased service level as provided in section 41.E:
 - 1. Shall be due in full in cash or check prior to the issuance of a building permit, or
 - 2. The WDC may be deferred until the time prior to the installation of a meter to serve a Premise. The deferred WDC, Recovery Agreement Charges or any other fees – shall be paid at the then current rates plus an additional charge equal to a 5% annual interest rate, calculated per day, of the deferred amount and shall be paid in full in cash or check prior to the installation of meters and prior to the provision of service. The payment of all Water Service Permit Fees and all other related charges as determined by Utilities shall be paid prior to the issuance of the building permit.

K. WDC Deferral for Primary Employers

A Primary Employer enlarging its facilities or building new facilities within the City limits may be eligible for deferral of the WDC.

If the commercial or non-residential operation meets the Primary Employer criteria, it may submit an application for development charge deferral to Utilities. Upon approval of the application by the Greater Colorado Springs Economic Development Corporation and the City of Colorado Springs Office of Economic Development, the company is qualified to pay the WDC on a five (5) year payment schedule. Payments can be made either on a monthly or yearly basis at a preset date as agreed in the contract for service. Interest charges on WDC not paid will be calculated in accordance with the published ten (10) year U.S. Treasury Note rate (Interest Rate).

Approval Date: November 8, 2016
Effective Date: January 1, 2017
Resolution No. -



UTILITIES RULES AND REGULATIONS

WATER

41. WATER DEVELOPMENT CHARGE - cont'd

L. WDC Deferral for Affordable Housing

There are two defined Affordable Housing Programs for WDC deferral based on the targeted income level for the affordable housing project. Projects, which are a mix of affordable and traditional units, are eligible to receive a deferral only for that portion of the project which is affordable and qualifies under this program.

Single-family residences or Multi-Family Residential Premises construction that meet:

1. the affordable housing criteria as defined by the City of Colorado Springs Housing and Community Development Office, and
2. the energy and water conservation standards defined in Utilities' Affordable Housing Program are eligible for a deferral of the WDC.

Deferral of the WDC is on a first-come, first-served basis and will not, in aggregate, exceed five percent (5%) of Utilities' previous year's total WDC revenues. Therefore, regardless of the number of applications reviewed and preliminarily approved, deferrals will be issued on an annual basis up to, but not exceeding, the financial guidelines. All projects obtaining a service contract during a given year after this limitation has been met will not receive deferrals, nor will the WDC be eligible for refund in subsequent calendar years.

Approval Date: November 8, 2016
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Resolution No. _____

BEFORE THE CITY COUNCIL OF
THE CITY OF COLORADO SPRINGS

IN THE MATTER OF THE REVISION)
OF THE UTILITIES RULES AND) DECISION & ORDER 16-05 (URR)
REGULATIONS OF 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”), conducted a review of its Utilities Rules and Regulations (“URR”). During that review, Utilities identified needed changes. Utilities’ rate case filing contains all of these revisions and changes.
2. Utilities is proposing changes to the Electric, Water, and Wastewater Rate Schedules and the URR in the 2017 Rate Case Filing.
3. The proposed effective date for the rate increases and all proposed changes to the URR is January 1, 2017.
4. Utilities’ URR are a part of the collective Tariffs that govern Utilities in accordance with the Colorado Springs City Code. The URR establishes terms and conditions for all Utilities Customers across all utility services and also provides service specific terms and conditions. Utilities is proposing the following URR changes in the filing:
5. Restoration of Service: This change proposes to increase the maximum time from 12 hours to 24 hours in which Utilities must restore service to customers disconnected for non-payment and other customer-controlled situations identified in Section 13 of the URR. Significant changes to actual restoration of service is not anticipated.

Utilities will always attempt to reconnect customers as soon as possible and customers will not be disconnected if temperature is below 35 degrees. The primary reason for this change is to enhance employee safety and allow employees to exercise professional judgement to delay restoration of service when significant environmental and situational hazards are present, primarily at night. Darkness can create safety challenges for employees that include but are not limited to trip hazards, unawareness of animals and customer unrest from strangers on their property at night. Utilities personnel are required to wear protective safety equipment when making these trips to reconnect service and although protective and necessary, this can limit visibility under certain circumstances.

Additionally, Utilities proposes a minor clean-up changing “normal working hours of 7:00 a.m. to 7:00 p.m., Monday through Friday” to “normal working business day.” (*URR Section 14(A) and 14(C), Sheet 29*)

6. 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. City Council approved a three-year phase-in of these charges in the 2016 rate case.

The current Electric Line Extensions and Services fees are proposed to increase a maximum of ten percent (10%), bringing nine of the eleven fees to full cost, with two fees to be brought to full cost with the third year phase-in modification. (*URR Section 19, Sheet 46, 46.1, 47*). The current Natural Gas Mains and Services rate of 18% will increase to 20%, completing the phase-in to full cost. (*URR Section 32, Sheet 58*).

All Line Extensions and Services costs will be reviewed every three years and increases will be proposed as appropriate in order to maintain recovery current with cost as a continuous improvement going forward.

7. **Water and Wastewater Development Charges:** Development Charges are one-time charges to new connections and expansions to existing services. For Water (“WDC”) and Wastewater (“WWDC”) services, Utilities uses the modified equity buy in methodology, which was last ratified by a Utilities Policy Advisory Committee (“UPAC”) study in 2010.

In 1999, Black & Veatch (“B&V”) was hired to perform a comprehensive review of Utilities’ water development charge methodology. The 1999 B&V WDC study yielded higher development charges resulting in a five year phase-in plan. The study recommended that ratios for the one to six inch meters be calculated using a hybrid meter capacity ratio and meter class average usage. In 2004, UPAC recommended and City Council approved full implementation of the B&V study over a five year period. This initiated a phase-in of the meter ratios for one to six inch meters. In 2009 UPAC recommended and City Council affirmed final implementation of the B&V study phase-in. City Council also approved a WDC methodology change for meters six inch or greater, basing the calculation on customer specific water usage forecast. In 2012, City Council approved a methodology change which provided for calculation of the multiplier ratios for one to four inch meters using only meter capacity. This change lowered the WDC charges for meter sizes one to four inch. It also created an inconsistent price signal with the six inch or greater meters which were calculated based on customer usage. The result was a much higher proportional price for the six inch or greater meters.

Utilities proposes two basic changes to the methodology for calculating WDC and WWDC in its filing. Utilities proposes to lower the current charge for WDC meter sizes greater than four inch by utilizing American Water Works Association industry accepted methodology of using the meter capacity ratio multiplier for all meter sizes to include those four inch or greater. As mentioned above, Utilities currently uses a flow based calculation to create the multiplier for meters four inch or greater.

For WWDC, Utilities proposes to align with WDC practices by using the meter capacity ratio multiplier methodology for all meter sizes greater than the ¾ inch meter. This change makes for a consistent methodology and price signal for meter sizes one inch and

greater between services and meter sizes. It also supports UPAC's Economic Development recommendations in that lower charges support regional partnerships, economic development and minimizes current cost prohibitive barriers to entry. It also may increase contribution in aid of construction revenue and provide new sources of ongoing operating revenue from rates that will cover fixed costs and reduce rate pressure. There is no financial impact associated with methodology changes for WDC and WWDC meter sizes greater than four inches due to no activity since 2009. (*URR Section 34, Sheet 66 and 67 (Wastewater) and URR Section 41, Sheet 81 and 82 (Water)*)

8. City Code Reference Correction: Utilities proposes a change to correct an incorrect reference to a section of the City Code in Section 39 of the URR. There is no policy or financial impact of this change. (*URR Section 39, Sheet 80*)
9. In addition to the proposed URR revisions, Utilities proposes changes to the Electric, Water, and Wastewater Tariffs.
10. Utilities filed its cost of service ("COS") study supporting the Electric, Water, and Wastewater services base rate and Tariff changes with the City Auditor, Mr. Denny Nester, and with the City Attorney, Ms. Wynetta Massey, on August 12, 2016. Utilities then filed the enterprise's formal proposals on September 13, 2016, 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 13, 2016, in *The Gazette* on September 16, 2016, and mailed as required on September 16, 2016. 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.
11. 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 18, 2016. The supplemental material contained a supplemental customer feedback report, copies of the publications of required legal notice, public outreach information, and the City Auditor's report.
12. 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, dated October 2016. A copy of that report is contained within the record. A supplemental audit report was filed by the City Auditor on November 7, 2016.
13. On October 25, 2016, the City Council held a public hearing concerning the proposed changes to the Electric, Water, and Wastewater 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.

14. 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.
15. 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 service must be just, reasonable, sufficient, and not unduly discriminatory, City Code §12.1.107(E). Rates for Water and Wastewater service must be reasonable and appropriate in light of all circumstances, City Code § 12.1.107(F).
16. 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. Mr. Bidlack noted that he provided all Council Members with supplemental information on October 24, 2016, based on requests for additional information presented by City Council Members. Mr. Bidlack also noted that Council Member Andy Pico provided a copy of an *ex parte* email he received in relation to customer concerns about the proposed rate increases. City Council indicated there were no additional *ex parte* communications.
17. Utilities then began the presentation of the enterprise's proposals.
18. The speaker was Ms. Sonya Thieme, Utilities' Rates Manager. She started by providing an overview of the 2017 Rate Case. She noted that the 2017 Rate Case filing includes proposed changes to the (1) Electric Rate Schedules, (2) Water Rate Schedules, (3) Wastewater Rate Schedules, and (4) URR. Additionally, the COS is prepared following industry standards and practices and rates are designed in compliance with Rate Design Guidelines.
19. Ms. Thieme then explained that the preliminary 2017 filing was presented to the Utilities Board and the Utilities Board Finance Committee. She then noted that the filing fulfilled proper procedural compliance requirements by (1) filing a preliminary COS study with the OCA on August 12, 2016, (2) requesting a public hearing date, (3) filing the 2017 Rate Case with the City Clerk, (4) posting the filing to www.csu.org on September 13, 2016, and (5) publishing and mailing required legal notices on September 16, 2016.
20. Next, Ms. Thieme provided a summary of the Electric Service changes. The revenue requirement reflects the implementation of Phase 2 of a 3 Phase plan to address Electric revenue shortfall as directed by the Utilities Board in April of 2016. The total base (non-fuel) Electric revenue is \$320.7 million. This is \$13.9 million lower than the 2016 Electric revenue requirement. The reduction is primarily due to the anticipated revenue

shortfall from the Industrial Service - Time of Day 1,000kWH/Day Minimum (ETL) class. Additionally, the rate filing continues a phased in approach to bring rate classes within plus or minus 10% of respective COS. Such increases are not to exceed 12.5% and apply to all standard rate classes below COS. No rate increases have been applied to rate classes at or above COS.

21. She then noted the electric rate classes for which rate increases are proposed and those for which no change is proposed.
22. Ms. Thieme provided information on general changes to Residential and Commercial rate options. Optional Time-of-Day rates provide a price signal to help reduce system peak demand and provide customers with (1) an opportunity to adjust their usage patterns to align with off-peak periods and (2) the potential to realize savings over the standard rates. Both Residential and Commercial Time-of-Day rates are modified in the proposed rates to properly reflect the appropriate price signal. Residential Time-of-Day rates are decreased by 15.2% and Commercial Time-of-Day rates are increased by 18%.
23. Ms. Thieme concluded her presentation on Electric service changes by noting the additional proposed Electric tariff changes: (1) the Kilowatt-hour Rate Options is removed from tariff sheets as the existing contracts expired in March of 2016 and the option is no longer offered; (2) the Contract Service – Wheeling (ECW) rate is modified to remove some ancillary services currently offered in the tariff that Customers either have not made use of or required; (3) clarification of the tariff language for Totalization Service to remove obsolete language is provided; (4) the Renewable Energy Net Metering rate is updated to align the sheet numbering with past revisions; (5) the Reserved Capacity Charge (RCC) for Enhanced Power Service is increased to complete a five year phase in to full cost; (6) the Community Solar Garden (CSG) Pilot Program Bill Credit is updated to reflect the proposed Electric service rate increases; (7) the CSG Non-Pilot Bill Credit is updated based on the proposed Electric service rate increases; and (8) the Wind Power Tariff is removed due to expiration.
24. Ms. Thieme then addressed the proposed changes to the Water tariff. The proposed total water revenue is \$199.5 million, which is \$11.3 million higher than revenue under current rates. The overall system increase is 6.0% higher than current rates. The increase breaks down as a 5.1% increase for Residential, 6.2% increase for Nonresidential, 10.0% increase for Contract Services – DOD, 9.7% increase for Large Nonseasonal, and 12.0% increase for Nonpotable and Augmentation customers.
25. The rate design components are (1) continuing to move rate classes closer to COS and (2) increasing the fixed daily charge to enhance financial stability and maintain a conservation signal, specifically for Residential customers.
26. Ms. Thieme concluded her review of proposed changes to the service tariffs by addressing Wastewater. The current Wastewater rates are sufficient to cover the 2017 revenue requirement of \$68.0 million. While no additional revenue is required, the rate classes were updated to use allocations and methodologies consistent with the other

services as the Wastewater rates have not been modified since 2010. The proposed rate changes decrease Residential rates by 1.5% and increase Nonresidential rates by 4.0% and Contract Services – Outside City Limits by 11.6%. Additionally, a new rate class is added for Military customers to be consistent with the rate structure provided across the three other services.

27. Ms. Thieme then provided a summary of the overall impact of the proposed rate changes to a four service utility bill. The typical Residential customer will see a 1.3% or \$2.60 increase to their bill. The typical Commercial customer will see a 3.4% or \$44.34 increase to their bill. And, the typical Industrial customer will see a 0.6% or \$225.91 increase to their bill.

28. Ms. Thieme concluded the substantive portion of her presentation by noting the proposed changes to the URR. Those proposed changes are as follows:

- a) Restoration of Service: This change proposes to increase the maximum time from 12 hours to 24 hours in which Utilities must restore service to customers disconnected for non-payment and other customer-controlled situations identified in Section 13 of URR. Additionally, Utilities proposes a minor clean-up changing “normal working hours of 7:00 a.m. to 7:00 p.m., Monday through Friday” to “normal working business day.”
- b) 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 at or close to the current costs. The current Electric Line Extensions and Services fees are proposed to increase Electric fee increases range from 5.8% to 10% to achieve full cost fees for nine (9) out of eleven (11) total line extensions and services. The current Natural Gas Mains and Services rate of 18% will increase to full cost at 20%.
- c) Water and Wastewater Development Charges: This change proposes to reduce the multiplier for all meters greater than ¾ inch to a meter capacity ratio. This change will lower the current charge for Water Development Charge meter sizes greater than 4 inch. Additionally, this change will also lower the current charge for Wastewater Development Charge meter sizes greater than the ¾ inch.
- d) Correction of City Code reference in Applicability of City Code: This change is to correct an incorrect reference to a section of the City Code. There is no policy or financial impact of this change.

29. Next, Ms. Thieme addressed the customer outreach Utilities performed in relation to the 2017 Rate Case filing. The customer outreach was carried out throughout September and October and included newsletter information about the proposal and hearing dates, required public notice, and meetings with commercial and industrial customers. She 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.

30. The next issue discussed was Utilities Supplemental Customer Feedback Report, which Utilities included within the Supplemental Filing. Utilities received some customer feedback in relation to the proposed rate changes. Those customers were concerned because they face the proposed base-rate increases and the likelihood of Electric Cost Adjustment ("ECA") and Gas Cost Adjustment ("GCA") increases. One of the most impacted customer groups is the Industrial Service – Time-of-Day Service 1,000 kWh/Day Minimum (ETL). There are approximately 1,300 ETL customers impacted by the proposed 12.5% increase. Seventeen (17) of these customers are impacted by Nonpotable proposed 12.0% increase and three (3) of these customers are impacted by Large Nonseasonal proposed 9.7% increase with all of those customers impacted by Nonresidential Wastewater proposed 4% increase. In addition to factors outlined in this rate hearing presentation, the magnitude of bill impact is greatly influenced by the fluctuation in fuel and purchase power costs.
31. Ms. Thieme then explained that the City Council will be presented with ECA and GCA increases on an agenda item following the rate hearing. The proposed changes would be effective November 1, 2016. The proposed ECA rate is approximately \$0.0273 per kWh which impacts bills as follows: typical Residential electric bill increase of \$3.18 or 4.2%; typical Commercial electric bill increase of \$31.80 or 6.3% and; typical Industrial electric bill increase of \$2,120.00 or 6.8%. The proposed GCA rate is approximately \$0.1815 per Ccf which impacts bills as follows: typical Residential gas bill increase of \$2.68 or 7.4%; typical Commercial gas bill increase of \$55.43 or 10.7% and; typical industrial gas bill increase of 554.28 or 11.9%.
32. She then noted that many customers have experienced much lower bills since 2015 because of soft fuel markets. In 2016, Utilities' has reduced the combined ECA and GCA over collection balances by \$18.1 million. The lowest ECA rate was approximately 23% below cost and the lowest GCA rate was approximately 46% below cost. Generally, the ECA and GCA charges represent a significant portion of the business customer's bill. Utilities compiled five (5) year typical bill history to capture both base rate adjustments and ECA and GCA rate adjustments for different customer classes. These compilations show minimal bill impacts over the five (5) year period.
33. Ms. Thieme explained that while Utilities supports the 2017 Rate Case as filed, Utilities created rate alternatives based on the customer feedback. In accordance with City Code § 12.1.107(C)(4), the City Council may amend or revise the proposed rates based on information presented at the rate hearing.
34. If City Council elects to modify the Water rates proposed by Utilities, Utilities proposes modifying the rates to function as a two year phase in for the most affected rate classes. Doing so would create rates effective on January 1, 2017, and January 1, 2018. The

alternate proposal would modify the (1) Contract Service – MIL, (2) Miscellaneous Service – Nonpotable, and (3) Large Non-seasonal Service to create a phased in approach that will increase each rate by 6.0% effective January 1, 2017, and additional increases of 6.0%, 4.0%, and 3.7%, respectfully, to bring the rates to cost of service effective January 1, 2018.

35. If City Council elects to not modify the Wastewater rates as proposed by Utilities, Utilities proposes that the changes be implemented over two years, with the first 50% of the change being effective January 1, 2017, and the second 50% of the change being effective January 1, 2018.
36. Ms. Thieme then addressed the supplemental information provided to City Council by Mr. Bidlack on October 24, 2016. The additional information addressed five (5) points of additional information requested by Council Members. Ms. Thieme provided high level summaries of each item listed below.
 - a) Item 1: A slide showing the current different electric rate classes and the percent and dollar value of their fair share of COS they are paying under current rates and how they will stand if the 2017 rate case is approved.
 - b) Item 2: Slides showing the total bill impact for industrial, commercial, and residential for the different proposed ECA/GCA adjustments to be effective November 1, 2016, the rate changes to be effective January 1, 2017, and the ECA/GCA adjustments estimated to be effective February 1, 2017.
 - c) Item 3: Slides showing what the military customer's current dollar amount and fair share is for COS for Water and Wastewater and what it would be under the proposed rates.
 - d) Item 4: Slides showing revenue impact of varying percentages of the proposed residential water rate increase being applied to the daily access charge in comparison to the complete increase being applied to the daily access charge as proposed.
 - e) Item 5: Slides providing a five (5) year history of rate changes for residential, commercial, and industrial customers.
37. Assistant City Auditor, Ms. Jacqueline Rowland then presented the Auditor's report. Ms. Rowland stated that the OCA reviewed the COS for each service and concluded that they were prepared accurately and that the methodology was consistent. The OCA report included two recommendations for future improvements, but supported the Utilities rate filing. Ms. Rowland noted that the OCA also reviewed the proposed ECA and GCA changes, but has not reviewed the alternative options noted by Utilities for Water and Wastewater.
38. 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 City Council, and then Utilities would have a short break to formulate responses, if necessary.

39. Representatives of three customers spoke to address their concerns with the proposed rate increases.
40. Mayor of Manitou Springs Nicole Nicholetta and Ms. Shelly Cobau of Manitou Springs Public Services spoke about the concerns the City of Manitou Springs has with the proposed rate increases in relation to both cost and customer complaints. Both requested that City Council consider the alternatives proposed by Utilities to phase Water and Wastewater changes in over a two year period.
41. Mr. Jason Lachance, the Chief Financial Officer of dpiX, spoke to his concerns about the proposed rate increases and noted his concern that the proposed rate increases will harm dpiX's ability to be a competitive entity and Colorado Springs' ability to remain competitive in the context of attracting and retaining businesses.
42. Lastly, Mr. Dan Malinaric, Vice President of Operations for Microchip, expressed his concerns about the proposed rate increases, specifically the impact of the rate increases on Microchip's business competitiveness and Utilities' ability to be a "low cost utility" and the impact the rate increases will have when Utilities' rates are compared with other entities.
43. Following public comment, President Bennett opened the floor to questions from the City Council.
44. Council Member Don Knight spoke to explain his questions that led to a portion of the additional information provided on October 24, 2016. He noted that two of his four questions were answered with the provided materials (military impact and daily charges), but that he had additional questions related to the COS calculation across rate classes in relation to the proposed 2017 rates and the collective bill impact of the proposed 2017 rates, the November 1, 2016, ECA and GCA changes, and the estimated February 1, 2017, ECA and GCA changes.
45. Ms. Thieme addressed Council Member Knight's first question by presenting the supplemental slide on COS. Council Member Knight emphasized that the presented rates comply with the Utilities Board direction to keep rate classes within +/- 10% of the COS.
46. Council Member Tom Strand then asked whether Utilities received any feedback from Department of Defense customers. Ms. Thieme replied that Utilities worked directly with military customers and that those customers understand the rate drivers and do not opposed the proposed rates.
47. Council Member Strand then asked Ms. Rowland to perform a review of the alternate proposals presented by Utilities. Ms. Rowland confirmed that the analysis would be performed and that the review will be submitted to City Council.
48. Council Member Andy Pico then spoke to the nature of the proposed changes, emphasizing that the majority of the bill impact that customers expressed concern for is

driven by the fuel costs contained within the ECA and GCA and that those costs are a direct pass through by Utilities.

49. President Bennett then asked Utilities Chief Executive Officer, Mr. Jerry Forte whether a recess was necessary to prepare any Utilities' responses. Mr. Forte stated that no break was necessary.
50. Council Member Knight then asked for further clarification on the second question he presented, as noted above. Ms. Thieme provided a walkthrough of the additional materials to demonstrate how they provided a summary of bill impact across the proposed rate changes and the ECA and GCA changes planned for November 1, 2016, and February 1, 2017. Council Member Knight confirmed that the information presented was the requested information.
51. At the conclusion of the City Council discussion, President Bennett determined that an executive session was not needed.
52. Prior to Mr. Bidlack polling the City Council on the issues central to the proposed changes, the City Council had further discussion on whether to address the Water and Wastewater tariffs as proposed by Utilities or whether to support the alternatives presented for each service. Support for the alternatives was given by the City Council and additional discussion followed.
53. Council Member Knight first addressed the Water service alternatives. He contended that while the alternative, phase in approach for the Large Non-seasonal Service should be pursued, the alternative should not be pursued for the Contract Service – Military rate and Nonpotable rate. He explained that the Military customers noted support for the proposed rates and that the Nonpotable rate is significantly below the COS and requires significant increases to reach COS.
54. Following Council Member Knight's comments, consensus was reached to support the alternative two year phase in for only the Large Non-seasonal rate with a 6.0% increase to be effective January 1, 2017, and a 3.7% increase to be effective January 1, 2018. Additionally, there was consensus to reduce the revenue requirement for Water service for 2017 by \$149,552, in correlation with the Large Non-seasonal rate phase in approach.
55. Discussion on the Wastewater alternatives led to a consensus to support the totality of the alternative phase in approach. That approach will implement first 50% of proposed rates to be effective January 1, 2017, and second 50% of the proposed rates to be effective January 1, 2018.
56. At the conclusion of questions by the public and City Council, Utilities' responses, and discussion by City Council, Mr. Bidlack, polled Council Members regarding the issues central to the Electric, Water, and Wastewater services and the URR. Eight members of the City Council were present, with Council Member Bill Murray excused.

57. The following are the proposed changes and the votes by City Council addressing the URR:

- a) Should Utilities increase the restoration time of customers who have been disconnected from service due to customer controlled activity from a maximum of 12 hours to 24 hours and revise the definition of business hours?

The City Council held that Utilities shall increase the restoration time of customers who have been disconnected from service due to customer controlled activity from a maximum of 12 hours to 24 hours and revise the definition of business hours, with Council Member Keith King opposed and Council Member Knight emphasizing that he supports this change because it relates solely to customer caused disconnection.

- b) Should Utilities increase the amounts collected through contributions in aid of construction in the Electric line extensions and services and Natural Gas mains and services?

The City Council held that Utilities shall increase the amounts collected through contributions in aid of construction in the Electric line extensions and services and Natural Gas mains and services.

- c) Should Utilities change the multiplier for all meter sizes greater than four inch to a meter capacity ratio for the Water development charges?

The City Council held that Utilities shall change the multiplier for all meter sizes greater than four inch to a meter capacity ratio for the Water development charges.

- d) Should Utilities change the multiplier for all meter sizes greater than $\frac{3}{4}$ inch to a meter capacity ratio for the Wastewater development charges?

The City Council held that Utilities shall change the multiplier for all meter sizes greater than $\frac{3}{4}$ inch to a meter capacity ratio for the Wastewater development charges.

- e) Should Utilities correct an incorrect reference to a section of a City Code within URR Section 39?

The City Council held that Utilities shall correct an incorrect reference to a section of a City Code within URR Section 39.

58. President Bennett then concluded the 2017 Rate Case Hearing.

ORDER

THEREFORE, IT IS HEREBY ORDERED that:

The URR sheets as attached to the Resolution are adopted and will be effective on and after January 1, 2017. 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 November, 2016.

CITY OF COLORADO SPRINGS



Council President

ATTEST:



City Clerk

