

CSU Rate Increase

A Summary of the Proposed Rate Increase for 2016

November 24, 2015

Councilmember Keith King, District 3

Rates from 2005 to 2014

- The residential customers have seen their rates increase 52% in the past ten years.
- The commercial customers have seen their rates increase 29% in the past ten years.
- The industrial customer have seen their rates increase 12% in the past ten years.

*“To provide safe, reliable,
competitively-priced electric, natural
gas, water and wastewater services to
the citizen owners and customers of
Colorado Springs Utilities.”*

-CSU Mission Statement

What is the Trend?

- *Since 2009 we have **Increased Electrical Rates** every year and now CSU is asking for another rate increase in 2016. These rate increases are making CSU **less competitive** and not more competitive. A regional competitive advantage is not being accomplished by always raising rates.*

CSU Rates Comparison - Residential Rates

Colorado Springs Utilities
Regional Rate Total Bill Comparison
As of September 30, 2015

	Electric		Natural Gas		Water		Wastewater		Total	
	Typical Bill	% Higher/ (Lower)	Typical Bill	% Higher/ (Lower)	Typical Bill	% Higher/ (Lower)	Typical Bill	% Higher/ (Lower)	Typical Bill	% Higher/ (Lower)
Residential	600 kWh		6,000 cf		1,100 cf		700 cf			
Colorado Springs										
Colorado Springs Utilities (E1R, G1R, W-R, S-R)	\$ 74.87		\$ 43.10		\$ 57.07		\$ 32.50		\$ 207.54	
Denver										
Xcel Energy (Sch. R, Sch. RG)	\$ 68.35	-8.71%	\$ 36.33	-15.72%						
Denver Water (Inside City SF Res)					\$ 29.37	-48.54%				
City of Denver Wastewater (Res 5/8")							\$ 19.79	-39.10%	\$ 153.83	-25.88%
Aurora										
Xcel Energy (Sch. R, Sch. RG)	\$ 68.35	-8.71%	\$ 36.33	-15.72%						
Aurora Water (Res 5/8")					\$ 55.42	-2.89%	\$ 21.25	-34.61%	\$ 181.35	-12.62%
Lakewood										
Xcel Energy (Sch. R, Sch. RG)	\$ 68.35	-8.71%	\$ 36.33	-15.72%						
City of Lakewood (SF 5/8")					\$ 51.79	-9.26%	\$ 24.58	-24.38%	\$ 181.04	-12.77%
Pueblo										
Black Hills Energy (RS-1)	\$ 100.40	34.10%								
Xcel Energy (Sch. RG)			\$ 36.33	-15.72%						
Pueblo Board of Water Works (Inside City 3/4")					\$ 26.47	-53.62%				
City of Pueblo Wastewater (Res 3/4")							\$ 29.14	-10.33%	\$ 192.34	-7.32%
Fort Collins										
Fort Collins Utilities (Sch-R, SF)	\$ 56.88	-24.02%			\$ 37.61	-34.09%	\$ 35.71	9.88%		
Xcel Energy (Sch. RG)			\$ 36.33	-15.72%					\$ 166.53	-19.76%

CSU Rates Comparison – Commercial Rates

Commercial	6,000 kWh		124,000 cf		3,000 cf		3,000 cf				
Colorado Springs											
Colorado Springs Utilities (E2C, G1CL, W-C, S-C)	\$	515.20	\$	650.28	\$	179.16	\$	108.46	\$	1,453.10	
Denver											
Xcel Energy (Sch-C, Sch-CSG)	\$	608.31	18.07%	\$	551.82	-15.14%					
Denver Water (Non-Res)						\$	70.02	-60.92%			
City of Denver Wastewater (Comm 1 1/2")								\$	84.82	-21.79%	
								\$	1,314.97	-9.51%	
Aurora											
Xcel Energy (Sch-C, Sch-CSG)	\$	608.31	18.07%	\$	551.82	-15.14%					
Aurora Water (Comm 1 1/2")						\$	154.54	-13.74%	\$	93.67	-13.64%
								\$	1,408.34	-3.08%	
Lakewood											
Xcel Energy (Sch-C, Sch-CSG)	\$	608.31	18.07%	\$	551.82	-15.14%					
City of Lakewood (Non-Res 1 1/2")						\$	144.83	-19.16%	\$	92.19	-15.00%
								\$	1,397.15	-3.85%	
Pueblo											
Black Hills Energy (Sch-SGS-N)	\$	959.66	86.27%								
Xcel Energy (Sch-CSG)				\$	551.82	-15.14%					
Pueblo Board of Water Works (Inside City 1 1/2")						\$	74.28	-58.54%			
City of Pueblo Wastewater (Comm 1 1/2")								\$	92.16	-15.03%	
								\$	1,677.92	15.47%	
Fort Collins Utilities											
Fort Collins Utilities (GS-25, Comm 1 1/2")	\$	543.07	5.41%			\$	160.36	-10.49%	\$	107.27	-1.10%
Xcel Energy (Sch-CSG)				\$	551.82	-15.14%			\$	1,362.51	-6.23%

CSU Rates Comparison – Industrial rates

	1,000 kw on-peak demand (88,000 on-peak and 312,000 off-peak demand)		1,240,000 cf		50,000 cf		50,000 cf			
Industrial										
Colorado Springs										
Colorado Springs Utilities (E8T, G1CL, W-C, S-C)	\$ 32,404.11		\$ 6,290.54		\$ 2,392.98		\$ 1,339.86		\$ 42,427.49	
Denver										
Xcel Energy (Sch-SG, Sch-CLG)	\$ 34,855.93	7.57%	\$ 4,898.79	-22.12%						
Denver Water (Non-Res)					\$ 1,061.42	-55.64%				
City of Denver Wastewater (Comm 2")							\$ 1,413.72	5.51%	\$ 42,229.86	-0.47%
Aurora										
Xcel Energy (Sch-SC, Sch-CLG)	\$ 34,855.93	7.57%	\$ 4,898.79	-22.12%						
Aurora Water (Comm 2")					\$ 2,159.32	-9.76%	\$ 1,285.85	-4.03%	\$ 43,199.89	1.82%
Lakewood										
Xcel Energy (Sch-SC, Sch-CLG)	\$ 34,855.93	7.57%	\$ 4,898.79	-22.12%						
City of Lakewood (Non-Res 2", All)					\$ 2,044.67	-14.56%	\$ 1,473.82	10.00%	\$ 43,273.21	1.99%
Pueblo										
Black Hills Energy (Sch-LGS-S)	\$ 48,159.83	48.62%								
Xcel Energy (Sch-CLG)			\$ 4,898.79	-22.12%						
Pueblo Board of Water Works (Inside City 2")					\$ 967.10	-59.59%				
City of Pueblo Wastewater (Ind 2")							\$ 1,179.52	-11.97%	\$ 55,205.24	30.12%
Fort Collins Utilities										
Fort Collins Utilities (GS-750, Comm 2")	\$ 29,972.14	-7.51%			\$ 1,011.00	-57.75%	\$ 1,187.82	-11.35%		
Xcel Energy (Sch-CLG)			\$ 4,898.79	-22.12%					\$ 37,069.75	-12.63%

CSU rates compared to neighbors...

Colorado Springs Utilities														
Summary: Regional Bill Comparison September 30, 2015														
Typical Bill Comparison	CSU		Competition		CSU		Competition		CSU		Competition		CSU Rates Higher by	% Higher on Avg
	Electric		Natural Gas		Water		Wastewater		Total Bill					
Residential	\$ 74.87	\$ 72.46	\$ 43.10	\$ 36.33	\$ 57.07	\$ 40.13	\$ 32.50	\$ 26.10	\$ 207.54	\$ 175.02	\$ 32.52		16%	
Commercial	\$ 515.20	\$ 665.53	\$ 650.28	\$ 551.82	\$ 179.16	\$ 120.81	\$ 108.46	\$ 94.02	\$ 1,453.10	\$ 1,432.18	\$ 20.92		1%	
Industrial	\$32,404.11	\$36,539.96	\$6,290.54	\$4,898.79	\$2,392.98	\$1,448.70	\$1,339.86	\$1,308.15	\$42,427.49	\$ 44,195.59	\$ (1,768.10)		-4%	

CSU Residential rates are not competitive in the region! Residential rates are higher than all five comparison markets from 7% to 26% as shown at slide 5. Utilities must curtail the increased rate percentages for residential rates. Commercial and Industrial rates were competitive in the electric service only.

Rate increase from 2005 -2014 for commercial, industrial, and residential...

Utility Rates Between 2005 and 2014	2005	2014	% Change
Electric - Commerical	\$374.75	\$522.66	39%
Natural Gas - Commerical	\$935.51	\$798.77	-15%
Water - Commerical	\$71.10	\$179.68	153%
Waste Water - Commerical	\$59.57	\$108.87	83%
Total Bill - Commerical	\$1,440.93	\$1,609.98	12%
Electric - Industrial	\$22,856.12	\$32,246.56	41%
Natural Gas - Industrial	\$9,187.21	\$7,772.65	-15%
Water - Industrial	\$1,018.45	\$2,369.88	133%
Waste Water - Industrial	\$836.23	\$1,340.27	60%
Total Bill - Industrial	\$33,898.01	\$43,729.36	29%
Electric - Residential	\$48.87	\$75.75	55%
Natural Gas - Residential	\$53.54	\$50.43	-6%
Water - Residential	\$25.97	\$57.28	121%
Waste Water - Residential	\$13.81	\$32.71	137%
Total Bill - Residential	\$142.19	\$216.17	52%

Residential customers are carrying more than their share of rate increases.

Solutions – Electric Access Fees

- The fixed rate increase for residential daily access charges increased 21.8%. The other fixed rate increases for commercial and industrial did not increase over 6%.
- This aggressive residential rate increase is very regressive and the low income rate payers are hurt by this process.
- Solution: Do not increase residential fixed costs.

Solutions...GCA and ECA must be changed

- The over collected GCA and ECA should be consistent with the energy score card. The current solution in this rate case never gets GCA and the ECA to the midpoint.

Solution: Per City Auditor Report rates should be adjusted down so the projected balance approaches zero at some point in 2016.

Proposed GCA and Gas Capacity Charges (GCC) Must Change

- Rate increases must be balanced between CSU customer classes. The rate increase must not be increased on the residential rate payer at higher percentage than the industrial or commercial classes.
- Solution: The gas capacity charge must be the same for all customer classes as it has been in the past.

Industrial Rate Classes Must Pay Their Cost of Service

- Forecasting the industrial rate class must be more accurate. The inaccuracy of the forecast causes Residential and other classes to pick up the difference and triggers overall rates to increase faster.

Solution: Change the forecasting to reflect the accurate cost of service.

Water Rates

- The water rate case includes a \$1,000,000 transfer to the city as surplus revenue.
- Solution: Governing Board of CSU must allocate \$100,000 to have the freedom to hire staff to do research for them on an independent basis. The current structure of the CSU Governing process does not allow the Board to ask the difficult questions because they do not have the information or research hours to fully ask the tough questions.