

Colorado Springs Utilities

It's how we're all connected

2018
Rate Case

October 10, 2017



Colorado Springs Utilities

It's how we're all connected

Date: November 9, 2017
To: Members of City Council
From: Sonya Thieme, Rates Manager *Sonya Thieme*
Subject: **SUPPLEMENTAL INFORMATION FOR COLORADO SPRINGS UTILITIES' 2018 RATE CASE FILING**

Colorado Springs Utilities has prepared supplemental information for the 2018 Rate Case Filing submitted October 10, 2017. The supplemental material conforms to the requirements of Rules and Procedures of City Council, Part 4 - Utilities Pricing and Tariff Hearing Procedure, Section 1.A.6.

The attached packet contains revised and new information.

Revisions:

Revisions to the Typical Bill Comparisons are a result of rate changes to Electric Cost Adjustment (ECA), Gas Cost Adjustment (GCA), Electric Capacity Charge (ECC), and Gas Capacity Charge (GCC). Changes to these rates were approved by City Council on October 24, 2017, effective November 1, 2017.

- Executive Summary - Typical Bill Comparison
- Electric Report Table 1 - Typical Monthly Electric Bill Comparison
- Electric Cost of Service Schedule 1 - Typical Monthly Bill Comparison

URR Sheet No. 118 is revised to include an administrative correction to read “and/or” in place of “and”.

- Utilities Rules and Regulations (URR) Tariff Sheet No. 118

New information:

- Proof of Publication of required Legal Notice
- Public Outreach information
- City Auditor's Report
- Department of Defense Statement of Position

Attachments

Executive Summary

Rate Filing Summary

Colorado Springs Utilities (Utilities) is submitting a 2018 Rate Case filing that includes proposed changes to Utilities Rules and Regulations and the Electric and Water Rate Schedules. Utilities uses a Cash-Needs method to determine the total Revenue Requirement derived from the annual Budget. This technique is frequently utilized by other government-owned enterprise utilities in order to set rates at an appropriate level to recover sufficient revenues to cover all cash needs. A major advantage of this technique is consistency with the budgeting and accounting systems used by these entities.

Utilities has conducted a Cost of Service (COS) study for Electric and Water. The test year for this filing is the 2018 Proposed Budget. The effective date for the proposed tariff changes is January 1, 2018. The rate analysis concluded rate adjustments are required for the Electric, and Water services. The following is an overview by service, please refer to the service specific reports and Utilities Rules and Regulations reports for description of specific proposed changes.

1. Electric Service Non-Fuel Rate Overview

The 2018 Electric Revenue Requirement reflects the final implementation of a 3-phase plan directed by Utilities Board in April 2016 to address Electric Revenue shortfall. As part of Phase 3, the 2018 Electric Revenue Requirement is increased by \$7.8 million to return to the approximate 2016 Electric Revenue Requirement prior to reductions made due to the anticipated revenue shortfall from the Industrial Service - Time of Day 1,000kWH/Day Minimum (ETL) class. Additionally, increases not to exceed 12.5% have been applied to all standard Rate Classes below COS with the intent to bring overall balance to all rate classes within the Electric portfolio.

2. Water Service Overview

Utilities has conducted a Cost of Service (COS) study utilizing the Proposed 2018 Budget. The COS analysis indicates that, in order for Utilities to recover the proposed Revenue Requirement, it is necessary to increase rates. The rate increase will result in total revenue of \$191.7 million, which is \$7.7 million, or 4.2%, higher than the projected revenues under current rates.

On November 8, 2016 City Council approved a two-year phase-in of the Large Nonseasonal Service rate increase proposed in the 2017 Rate Case Filing. The final phase of the Large Nonseasonal Service rate increase is effective January 1, 2018. As a result, revenue from rates for Large Nonseasonal will increase by 3.5%.

3. Wastewater Rates Approved in 2016 effective January 1, 2018

On November 8, 2016 City Council approved a two-year phase-in of certain Wastewater rates in the 2017 Rate Case Filing. The final phase of the Wastewater rate adjustments is effective January 1, 2018. As a result, revenue from rates for Residential will decrease by 0.8%, Nonresidential will increase by 1.8%, and Contract Services, Military and Outside City will increase by 5.5%.

The table below summarizes the typical monthly bill impact of the approved 2017 Rate Case final phase-in effective January 1, 2018 and the proposed changes in the 2018 Rate Case Filing.

TYPICAL MONTHLY BILL COMPARISON

| Line No. | Rate Class | Current Bill | Proposed Bill | Proposed Increase/ (Decrease) | % Change |
|----------|--------------------|---------------------|---------------------|----------------------------------|--------------------|
| (a) | (b) | (c) | (d) | (e) [(d) - (c)] | (f) [(e) / (c)] |
| 1 | Residential | | | | |
| 2 | Electric | \$ 87.13 | \$ 88.39 | \$ 1.26 | 1.4% |
| 3 | Gas | 40.25 | 40.25 | - | 0.0% |
| 4 | Water | 62.72 | 65.91 | 3.19 | 5.1% |
| 5 | Wastewater | 32.25 | 32.01 | (0.24) | -0.7% |
| 6 | Total | \$ 222.35 | \$ 226.56 | \$ 4.21 | 1.9% |
| 7 | Commercial | | | | |
| 8 | Electric | \$ 551.45 | \$ 579.43 | \$ 27.98 | 5.1% |
| 9 | Gas | 571.78 | 571.78 | - | 0.0% |
| 10 | Water | 208.84 | 218.74 | 9.90 | 4.7% |
| 11 | Wastewater | 110.45 | 112.14 | 1.69 | 1.5% |
| 12 | Total | \$ 1,442.52 | \$ 1,482.09 | \$ 39.57 | 2.7% |
| 13 | Industrial | | | | |
| 14 | Electric | \$ 32,579.34 | \$ 32,579.34 | \$ - | 0.0% |
| 15 | Gas | 5,505.62 | 5,505.62 | - | 0.0% |
| 16 | Water | 2,702.19 | 2,867.19 | 165.00 | 6.1% |
| 17 | Wastewater | 1,374.75 | 1,404.64 | 29.89 | 2.2% |
| 18 | Total | \$ 42,161.90 | \$ 42,356.79 | \$ 194.89 | 0.5% |

4. Enterprise Financial Metrics

Utilities has an Aa2/AA/AA stable credit rating from Moody's, Fitch Ratings, and Standard & Poor's, one of the highest ratings among all public power utilities in the nation. Maintaining this rating requires achieving financial metrics that provide assurance to the rating agencies of a sound financial position. The three metrics most closely monitored by the rating agencies are Debt Service Coverage/Fixed Cost Coverage, Days Cash on Hand and Debt Ratio. While there are guidelines from each agency on the level at which these three metrics should be maintained, it is the combination of these metrics and selected other factors that result in the final credit rating.

In September 2017, all three rating agencies (Moody's, Fitch Ratings, and Standard & Poor's) affirmed a AA (Aa2 Moody's) rating for Utilities with a stable outlook. Moody's stated that its rationale reflects Utilities' above average service area characterized by a large regional military presence; the history of sound rate setting and board policies to ensure stable financial metrics and strong liquidity. The stable outlook reflects Moody's expectation that Debt Service Coverage ratios and sound liquidity will continue in the 2017-2018 timeframe.

Moody's expects a AA rated utility to achieve Adjusted Debt Service Coverage of at least 2.0x. The 2018 Proposed Appropriation provides for an Adjusted Debt Service Coverage of 1.85, including Surplus Payments to the City in the calculation, which meets the criteria for an A rated utility. Moody's expects a AA rated utility to carry 150 to 250 Days Cash on Hand, including open lines of credit and capacity under the commercial paper program. The 2018 Days Cash on Hand is projected to be 135 days, and when combined with Utilities' current lines of credit and available commercial paper capacity, meets the AA goal and provides additional cash to fund capital projects if proposed revenue from rates are recognized through the course of the year. Moody's expects a AA rated utility that owns generation to maintain a Debt Ratio between 35% and 60%. Due to the large capital program over the past several years, the Debt Ratio exceeded 60% until 2016. A planned approach to cash-funding more capital has allowed for a projected 2018 Debt Ratio of 55.5%, which meets the sub 60.0% target for a AA rated utility.

Electric

**Electric
Report**

Electric Service

Colorado Springs Utilities (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. This filing proposes changes to the non-fuel related charges.

1. Non-Fuel Rate Overview

Utilities has conducted a Cost of Service (COS) study utilizing the Proposed 2018 Budget. The 2018 Electric Revenue Requirement reflects the final implementation of a 3-phase plan directed by Utilities Board in April 2016 to address Electric Revenue shortfall. As part of Phase 3, the 2018 Electric Revenue Requirement is increased by \$7.8 million to return to the approximate 2016 Electric Revenue Requirement prior to reductions made due to the anticipated revenue shortfall from the Industrial Service - Time of Day 1,000kWH/Day Minimum (ETL) class. Additionally, increases not to exceed 12.5% have been applied to all standard Rate Classes below COS with the intent to bring overall balance to all rate classes within the Electric portfolio. (see Typical Monthly Electric Bill Comparison below).

TABLE 1
TYPICAL MONTHLY BILL COMPARISON

| Line No. | Rate Class | Current Bill | Proposed Bill | Proposed Increase / (Decrease) | % Change |
|----------|----------------|---------------------|---------------------|--------------------------------|--------------------|
| (a) | (b) | (c) | (d) | (e) [(d) - (c)] | (f) [(e) / (c)] |
| 1 | Residential: | | | | |
| 2 | Non-Fuel | \$ 68.44 | \$ 69.70 | \$ 1.26 | 1.8% |
| 3 | Fuel: Capacity | | | | |
| 4 | Supply & ECA | 18.69 | 18.69 | - | 0.0% |
| 5 | Total | \$ 87.13 | \$ 88.39 | \$ 1.26 | 1.4% |
| 6 | Commercial: | | | | |
| 7 | Non-Fuel | \$ 393.05 | \$ 421.03 | \$ 27.98 | 7.1% |
| 8 | Fuel: Capacity | | | | |
| 9 | Supply & ECA | 158.40 | 158.40 | - | 0.0% |
| 10 | Total | \$ 551.45 | \$ 579.43 | \$ 27.98 | 5.1% |
| 11 | Industrial: | | | | |
| 12 | Non-Fuel | \$ 22,401.74 | \$ 22,401.74 | - | 0.0% |
| 13 | Fuel: Capacity | | | | |
| 14 | Supply & ECA | 10,177.60 | 10,177.60 | - | 0.0% |
| 15 | Total | \$ 32,579.34 | \$ 32,579.34 | \$ - | 0.0% |

Note: The typical bill is calculated using the existing and proposed rates from Schedule 3 assuming: 30 days per month; 700 kWh for Residential (E1R); 6,000 kWh for Commercial (E2C); 400,000 kWh and 1,000 kW for Industrial (E8T). Non-Fuel is comprised of the Access Charge, Facilities Charge, and Demand Charge where applicable. Fuel is comprised of Capacity Charge and ECA Charge.

2. Industrial Service – Time-of-Day Service 1,000 kWh/Day Minimum (ETL)

a. Background

As part of its review of the 2015 Electric Rate Filing the Office of the City Auditor (OCA) observed that actual non-fuel revenues were significantly less than forecast for the Industrial Rate Classes combined. OCA recommended Utilities research the variances. Particularly, the ETL Rate Class seemed to be primarily driving the revenue variances observed by the OCA. In 2015, Utilities initial analysis of the 2010 through 2014 period attributed revenue under recovery to variances between forecasted and actual billed demands. Specifically, the analysis indicated the projected demand billing determinants were not in line with the historical billed demands for several Rate Classes, but especially for the ETL Rate Class. Based on this analysis, Utilities implemented an initial process improvement in the 2016 Electric Rate Filing approved by City Council, for deriving demand billing determinants used in Rate Design utilizing forecasted demands based on actual billed demands. This methodology change produced reasonable revenue recovery for all Industrial Rate Classes except ETL. While Utilities projected a shortfall in revenue for the ETL class, this anticipated shortfall was not shifted to other Rate Classes in the 2016 approved Rate Filing. Additionally, Utilities provided Utilities Board a shortfall contingency plan to manage under-collections through expenditure reductions and financial metrics.

In 2016, Utilities also initiated a comprehensive Demand Study for ETL which concluded and confirmed root cause of the ETL revenue shortfall was due to divergence between projected and actual billed demands. The study also validated the appropriateness of fully implementing the process improvement initiated in the approved 2016 Electric Rate Filing of using forecast demands in Rate Design based on historical billing data.

b. Approved and Proposed Rates

Following the conclusion of the ETL Demand Study at the end of the first quarter of 2016, on April 20, 2016, the Utilities Board directed a long-term approach to bring the ETL rate to full COS. The first increase of 4% to the ETL rate was approved by City Council on June 28, 2016 and effective July 1, 2016. The second increase of 12.5% was approved, effective January 1, 2017. A third increase, if required, was anticipated to be included in this filing, to take effect January 1, 2018. The amount and impact of the third change was to be based on the best and most timely data available at that time.

c. Updated Load Study

One of the determinations concluded in ETL Demand results was that forecasted demands based on prior year load study results had been overstated. This necessitated reviewing and updating the annual Load Study for use in the 2018 COS. Utilities retained consultant services from ITRON to review and conduct an updated comprehensive load study which was subsequently used as the basis of the forecasted demands incorporated in the 2018 Electric Cost of Service.

3. Cost of Service

Utilities has performed a COS study following generally accepted ratemaking practices to establish a starting point for determining just and reasonable rates in this filing. The COS study uses systematic analytical procedures to equitably allocate the Revenue Requirement between various customer classes of service. As described in the Rate Manual in the Appendix of this filing, COS study is used to:

- Functionalize, at the account level, the relevant expenditure items to the basic functional categories (e.g. source of supply, transmission and distribution and customer)
- Classify each functionalized cost into broad categories utilizing cost causation principals (e.g. commodity, demand, customer)
- Allocate to the customer Rate Classes based on the service characteristics of each class

4. Rate Design

In September 2014, Utilities Board approved the Rate Design Guidelines that establish guidance, structure, and transparency in the development of Revenue Requirement by Rate Class. The fundamental guidance directs that rates should be designed such that each customer Rate Class recovers costs that are appropriately assigned to that Rate Class utilizing COS, professional judgment and discretion, and if necessary, is supported by additionally identified Supporting Guidelines. Supporting Guidelines include reasonableness, rate stability, asset maximization, and economic development. For additional information, see the Rate Manual and the Rate Design Guidelines in the Appendix of this filing.

With COS as the starting point for establishing each Rate Class' contribution to the Revenue Requirement, Utilities has proposed rates in compliance with approved Rate Design Guidelines. Table 2 below summarizes the relationship of revenue as a percentage of COS applying the current effective rates and proposed rates.

TABLE 2

| Line No. | Rate Class | Current Revenues as % of COS | Percent Revenue Change | Proposed Revenues as % of COS |
|-----------------|--|-------------------------------------|-------------------------------|--------------------------------------|
| <u>(a)</u> | <u>(b)</u> | <u>(c)</u> | <u>(d)</u> | <u>(e)</u> |
| 1 | Residential/Small Commercial (E1R/E1C) | 99.9% | 1.8% | 101.7% |
| 2 | Commercial General (E2C) | 93.4% | 7.1% | 100.1% |
| 3 | Industrial TOD 1,000 kWh/Day Min (ETL) | 100.1% | 0.0% | 100.1% |
| 4 | Industrial TOD 500 kW Min (E8T) | 103.9% | 0.0% | 103.9% |
| 5 | Industrial Transmission Voltage TOD (ETX) | 78.7% | 12.5% | 88.5% |
| 6 | Industrial TOD 4,000 kW Min (E8S) | 81.0% | 12.5% | 91.1% |
| 7 | Industrial Service - Large Power and Light (ELG) | 75.2% | 3.0% | 77.5% |
| 8 | Contract Service - DOD (ECD) | 89.3% | 5.0% | 93.8% |
| 9 | Other Rate Classes | | | |
| 10 | Residential Time-of-Day (ETR) | 75.4% | 1.7% | 76.8% |
| 11 | Commercial TOD General (ETC) | 101.6% | 18.0% | 119.8% |
| 12 | Traffic Signals (E2T) | 100.7% | 0.0% | 100.7% |
| 13 | Street Lighting (E7S) | 146.9% | -31.9% | 100.0% |
| 14 | Contract Service - Wheeling (ECW) | 95.3% | 4.6% | 99.6% |

Utilities examined the relationship of the customer Rate Classes to their respective COS. Utilities sought to bring Rate Classes to within plus or minus 10% of their total COS in accordance with the Reasonableness Guideline while lending credence to the Rate Stability Guideline to mitigate rate shock. Using these guidelines collaboratively and in conjunction with Utilities Board direction, Utilities proposes rate changes ranging from 0.0% to 12.5% for all standard rate offerings. Utilities also proposes rate changes from -31.9% to 18.0% for some of the non-standard, optional, or contract rate offerings. The highest proposed rate increase of 18.0% was applied to the optional Commercial Time-of-Day (ETC) customer Rate Class which was largely driven by an adjustment in the rate design as part of an initiative to provide a more appropriate price signal. This holistic rate design approach continues to move Rate Classes closer to COS and achieves full recovery of the system Revenue Requirement.

a. Industrial Service – Time-of-Day Service 1,000 kWh/Day Minimum (ETL)

In accordance with Utilities Board guidance as of April 20, 2016, Utilities has taken the final step in the three-step phase-in plan to bring the ETL class closer to their Cost of Service. Since current revenues reflect that ETL will be adequate to cover their calculated COS for the class, no rate increase will be necessary.

b. Large Power and Light (ELG)

The ELG rate was designed to attract and retain customers with a large industrial load and high system load factor. Asset maximization characteristics of the ELG rate are demonstrated through a narrower range between average and peak loads, increased Electric system efficiency gained through high load factor and deferment of capacity capital cost. The ELG rate was originally designed to recover less than full COS and seeks to maintain a reasonable range below COS when considering adequate cost recovery of the entire Electric portfolio. Utilities proposes a 3% rate change for the ELG Rate Class in this filing resulting in proposed revenues at 77.4% of COS supported through the application of the Rate Design Guidelines; Asset Maximization and Economic Development Supporting Guidelines.

c. Industrial Service – Transmission Voltage (ETX) and Industrial Service – Time-of-Day Service 4,000 kW Minimum (E8S)

ETX and E8S are both standard offerings for various industrial service customers. COS reflects these customer classes as requiring the maximum increases allowed under Utilities Board guidance for this final phase. The proposed 12.5% rate increases to both ETX and E8S result in approximately 88.5% and 91.1% of COS respectively. Because factors such as widely varying operational usage patterns in ETX and customers shifting in and out of the E8S class, the proposed increases take a measured approach to balance adequate rate recovery with mitigating potential rate shock and providing rate stability to customers in those classes.

d. Residential Time-of-Day (ETR)

Last year, the proposed rates for this rate option were modified to provide customers greater flexibility in their usage patterns to realize savings over the standard residential rate while maintaining the price signal to help reduce system peak demand. The current price signal is adequate, but to maintain the savings threshold, the rate change is aligned with the standard residential rate change.

e. Commercial Time-of-Day (ETC) Adjustment

ETC is a rate option offering commercial customers an opportunity to potentially lower their bill by adjusting their usage patterns to align with off-peak periods as denoted in the tariff. Last year, in reviewing the rate, it was noted that the rates, in their current state, are not designed with the appropriate price signal intended for this rate offering. As the rates existed in 2016, bringing them to an adequate price signal required a significant increase of approximately 69%. To mitigate rate shock associated with such an increase, Utilities proposed a three-year phase-in of rate adjustments for this rate option. The proposed rate increase of 18.0% for 2018 is the second year of the three-year phase-in plan.

f. Non-Municipal Government Streetlights (E7S)

The rate proposals included in this filing address only changes to Electric (Non-Municipal Government) Streetlighting E7S customers. The proposed rate reductions reflect adjustment to approximately 100% of class COS.

g. Contract Service – DoD (ECD) and Contract Service – Wheeling (ECW)

The proposed increases to the ECD and ECW class place them within a reasonable position relative to their COS while again giving consideration of balancing adequate rate recovery and providing rate stability.

5. Additional Tariff Changes

a. Update the Reserved Capacity Charge (RCC) for Enhanced Power Service

This change modifies the charge for reserve capacity. The RCC is incurred by Enhanced Power customers and is designed to recover the costs of reserving capacity on Utilities' system which are associated with the customer's requested higher level of electric availability. A comprehensive review conducted through 2017 determined the Enhanced Power Service is not impacting transmission load or capacity, and thus, transmission expenses are not applicable in the pricing of the RCC rate. As such, the change decreases the rate from \$0.0499 to \$0.0265 per kW per day. (*Electric Rate Schedule Sheet No. 37*)

b. Community Solar Garden (CSG) Pilot Program Bill Credit

This change updates the CSG Pilot Program blended Bill Credit to reflect the proposed Electric service rate increases. (*Electric Rate Schedule Sheet No. 40.5*)

c. CSG Non-Pilot Bill Credit

This change updates the rates on the CSG Non-Pilot Bill Credit table based on the proposed Electric service rates. (*Electric Rate Schedule Sheet No. 40.14*)

**Electric
Resolution**

RESOLUTION NO. _____

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

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

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

WHEREAS, to rectify the unacceptable cash net income position, electric service non-fuel revenues will need to increase by approximately \$7.8 million; and

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

WHEREAS, the details of the changes for each rate class, including the pricing changes noted above and all changes noted in the following clauses, are reflected in the tariff sheets attached to this resolution, are provided in red-line format within Utilities' 2018 Rate Case Filing, and are discussed further in the City Council Decision and Order for this case; and

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

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

WHEREAS, Utilities has proposed, and the City Council finds it prudent, to make changes to the Contract Service – Wheeling (ECW) tariff; and

WHEREAS, Utilities has proposed, and the City Council finds it prudent, to approve changes to the Reserved Capacity Charge incurred by Enhanced Power Customers; and

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

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

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

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

WHEREAS, Utilities has proposed to make the electric rate schedule and tariff changes effective January 1, 2018; and

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

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF COLORADO SPRINGS:

Section 1: That Colorado Springs Utilities Tariff, City Council Volume No. 5, Electric Rate Schedules shall be revised as follows:

Effective January 1, 2018

| City Council Vol. No. 5 | | |
|--------------------------------|---|--------------------------------|
| Sheet No. | Title | Cancels Sheet No. |
| Tenth Revised Sheet No. 2 | Residential Service | Ninth Revised Sheet No. 2 |
| Eighth Revised Sheet No. 4 | Commercial Service - Small | Seventh Revised Sheet No. 4 |
| Ninth Revised Sheet No. 5 | Commercial Service – General | Eighth Revised Sheet No. 5 |
| Ninth Revised Sheet No. 6 | Commercial Service – General – Time-of-Day | Eighth Revised Sheet No. 6 |
| Ninth Revised Sheet No. 7 | Industrial Service – Time-of-Day Transmission Voltage | Eighth Revised Sheet No. 7 |
| Ninth Revised Sheet No. 16 | Industrial Service – Time-of-Day 4,000 KW/Day Minimum | Eighth Revised Sheet No. 16 |
| Seventh Revised Sheet No. 19 | Industrial Service – Large Power and Light | Sixth Revised Sheet No. 19 |
| Seventh Revised Sheet No. 21 | Contract Service – Street Lighting | Sixth Revised Sheet No. 21 |
| Sixth Revised Sheet No. 21.1 | Contract Service – Street Lighting | Fifth Revised Sheet No. 21.1 |
| Tenth Revised Sheet No. 23 | Contract Service - ECD | Ninth Revised Sheet No. 23 |
| Second Revised Sheet No. 26 | Contract Service – Wheeling | First Revised Sheet No. 26 |
| Ninth Revised Sheet No. 37 | Enhanced Power Service | Eighth Revised Sheet No. 37 |
| Fifth Revised Sheet No. 40.5 | Community Solar Garden Bill Credit (Pilot Program) | Fourth Revised Sheet No. 40.5 |
| Fifth Revised Sheet No. 40.14 | Community Solar Garden Program | Fourth Revised Sheet No. 40.14 |

Section 2: The attached Tariff Sheets, Council Decision and Order, and other related matters are hereby approved and adopted.

Dated at Colorado Springs, Colorado, this 28th day of November, 2017.

City Council President

ATTEST:

Sarah B. Johnson, City Clerk

**Electric
Tariff Sheets**

Electric

Redlined Tariff Sheets



ELECTRIC RATE SCHEDULES

COMMERCIAL SERVICE – SMALL – E1C (EMC)

AVAILABILITY

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

RATE

The billing statements are the sum of:

Access and Facilities Charges

| | |
|---------------|-------------------------------------|
| Per Day | \$0.5010 <u>\$0.5103</u> |
| Per kWh | \$0.0763 <u>\$0.0777</u> |

Electric Cost Adjustment Charge (ECA)

Per kWhSheet No. 31

Electric Capacity Charge

Per kWhSheet No. 31.1

Optional Service Charges

Totalization Service ChargeSheet No. 33

RULES AND REGULATIONS

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

Approval Date: ~~December 8, 2015~~November 28, 2017
Effective Date: ~~January 1, 2016~~January 1, 2018
Resolution No. ~~138-15~~



ELECTRIC RATE SCHEDULES

COMMERCIAL SERVICE – GENERAL – E2C (EMC)

AVAILABILITY

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

RATE OPTIONS

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

Standard Option (E2C)

The billing statements are the sum of:

Access and Facilities Charges

| | |
|---------------|-------------------------------------|
| Per Day | \$0.7416 <u>\$0.7943</u> |
| Per kWh | \$0.0618 <u>\$0.0662</u> |

Electric Cost Adjustment Charge (ECA)

| | |
|---------------|--------------|
| Per kWh | Sheet No. 31 |
|---------------|--------------|

Electric Capacity Charge

| | |
|---------------|----------------|
| Per kWh | Sheet No. 31.1 |
|---------------|----------------|

Approval Date: ~~November 8, 2016~~November 28, 2017
 Effective Date: ~~January 1, 2017~~January 1, 2018
 Resolution No. ~~117-16~~



ELECTRIC RATE SCHEDULES

COMMERCIAL SERVICE – GENERAL - ETC

RATE OPTIONS - cont'd

Time-Of-Day Option (ETC)

The billing statements are the sum of:

Access and Facilities Charges

| | |
|-------------------------|-------------------------------------|
| Per Day | \$0.7893 <u>\$0.8453</u> |
| On-Peak, Per kWh | \$0.0820 <u>\$0.0976</u> |
| Off-Peak, Per kWh | \$0.0328 <u>\$0.0390</u> |

Electric Cost Adjustment Charge (ECA)

Per kWhSheet No. 31

Electric Capacity Charge

Per kWhSheet No. 31.1

Optional Service Charges

Totalization Service ChargeSheet No. 33

On-Peak Periods

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

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

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

Off-Peak Periods

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

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

RULES AND REGULATIONS

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

Approval Date: ~~November 8, 2016~~November 28, 2017
Effective Date: ~~January 1, 2017~~January 1, 2018
Resolution No. ~~117-16~~



ELECTRIC RATE SCHEDULES

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

AVAILABILITY

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

RATE

The billing statements are the sum of:

Access and Facilities Charges

| | |
|---------------|---------------------------------------|
| Per Day | \$37.9714 <u>\$42.7178</u> |
|---------------|---------------------------------------|

Demand Charges

| | |
|---|-------------------------------------|
| On-Peak Billing Demand, Per kW, Per Day | \$0.6999 <u>\$0.7874</u> |
| Off-Peak Billing Demand, Per kW, Per Day..... | \$0.3849 <u>\$0.4331</u> |

Electric Cost Adjustment (ECA)

Per kWh.....Sheet No. 31

Electric Capacity Charge

Per kWh.....Sheet No. 31.1

On-Peak Periods

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

Off-Peak Periods

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

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ELECTRIC RATE SCHEDULES

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

AVAILABILITY

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

RATE OPTIONS

Standard Option (E8S)

The billing statements are the sum of:

Access and Facilities Charges

Per Day~~\$38.2279~~\$43.0064

Demand Charges - Primary

On-Peak Billing Demand, Per kW, Per Day~~\$0.6552~~\$0.7386

Off-Peak Billing Demand, Per kW, Per Day.....~~\$0.3884~~\$0.4384

Demand Charges - Secondary

On-Peak Billing Demand, Per kW, Per Day~~\$0.6670~~\$0.7504

Off-Peak Billing Demand, Per kW, Per Day.....~~\$0.4002~~\$0.4502

Electric Cost Adjustment Charge (ECA)

Per kWh.....Sheet No. 31

Electric Capacity Charge

Per kWh.....Sheet No. 31.1

Approval Date: ~~November 8, 2016~~November 28, 2017
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ELECTRIC RATE SCHEDULES

INDUSTRIAL SERVICE – LARGE POWER AND LIGHT - ELG

AVAILABILITY

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

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

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

RATE

The billing statements are the sum of:

Access and Facilities Charge

Per Day.....~~\$6.1942~~\$6.3800

Demand Charge – Primary

Billing Demand, Per kW, Per Day.....~~\$0.5859~~\$0.6038

Demand Charge – Secondary

Billing Demand, Per kW, Per Day.....~~\$0.5977~~\$0.6156

Electric Cost Adjustment Charge (ECA)

Per kWhSheet No. 31

Supply Credit – Primary and Secondary Service

Per kWh (\$0.0034)

Electric Capacity Charge

Per kWhSheet No. 31.1

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ELECTRIC RATE SCHEDULES

CONTRACT SERVICE – STREET LIGHTING - E7SL

AVAILABILITY

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

RATE OPTIONS

| All Rates per Month, per Pole | SL-2 |
|--|-----------------------------------|
| Mercury Vapor Lamps | |
| 175 Watts | |
| Wood and Fiberglass | \$8.63 <u>\$6.10</u> |
| Ornamental | \$11.97 <u>\$7.79</u> |
| Wallpack | \$5.99 <u>\$4.77</u> |
| 400 Watts | |
| Wood and Fiberglass | \$12.68 <u>\$10.06</u> |
| Ornamental | \$19.24 <u>\$13.37</u> |
| 700 Watts | |
| Wood and Fiberglass | \$18.27 <u>\$15.42</u> |
| Ornamental | \$25.24 <u>\$18.95</u> |
| 1000 Watts | |
| Wood and Fiberglass | \$23.92 <u>\$20.78</u> |
| Ornamental | \$31.22 <u>\$24.53</u> |
| High Pressure Sodium | |
| 70 Watts | |
| Wood and Fiberglass | \$3.85 <u>\$2.79</u> |
| Wallpack | \$3.85 <u>\$2.79</u> |
| Decorative | \$11.57 <u>\$6.70</u> |
| 100 Watts | |
| Wood and Fiberglass | \$6.90 <u>\$4.59</u> |
| Ornamental | \$10.88 <u>\$6.61</u> |
| Decorative | \$12.10 <u>\$7.22</u> |
| Decorative Double Fixture (2X Wattage) | \$18.23 <u>\$11.18</u> |
| 150 Watts | |
| Wood and Fiberglass | \$8.33 <u>\$5.74</u> |
| Decorative | \$12.97 <u>\$8.09</u> |
| Decorative Double Fixture (2X Wattage) | \$19.99 <u>\$12.91</u> |

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ELECTRIC RATE SCHEDULES

CONTRACT SERVICE – STREET LIGHTING - E7SL

AVAILABILITY

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

RATE OPTIONS

| | |
|--|-----------------------------------|
| 250 Watts | |
| Wood and Fiberglass | \$10.91 <u>\$7.89</u> |
| Ornamental | \$13.34 <u>\$9.12</u> |
| Double Fixture (2X Wattage) | \$20.76 <u>\$15.00</u> |
| Wallpack | \$7.46 <u>\$6.15</u> |
| 400 Watts | |
| Wood and Fiberglass | \$15.02 <u>\$11.24</u> |
| Ornamental | \$16.45 <u>\$11.97</u> |
| Double Fixture (2X Wattage) | \$26.99 <u>\$20.70</u> |
| INDUCTION | |
| 150 Watts | |
| Wallpack | \$5.56 <u>\$4.34</u> |
| LED | |
| 100 Watt Equivalent | |
| Wood and Fiberglass | \$8.43 <u>\$5.05</u> |
| Decorative | \$13.44 <u>\$7.90</u> |
| Decorative Double Fixture (2X Wattage) | \$20.54 <u>\$12.34</u> |
| Ornamental | \$10.44 <u>\$6.10</u> |
| Double Fixture (2X Wattage) | \$17.01 <u>\$10.00</u> |
| 150 Watt Equivalent | |
| Wood and Fiberglass | \$8.87 <u>\$5.33</u> |
| Decorative | \$13.11 <u>\$7.48</u> |
| Decorative Double Fixture (2X Wattage) | \$20.30 <u>\$11.71</u> |
| 250 Watt Equivalent | |
| Wood and Fiberglass | \$10.92 <u>\$6.92</u> |
| Ornamental | \$13.87 <u>\$8.42</u> |
| Double Fixture (2X Wattage) | \$21.83 <u>\$13.59</u> |
| 400 Watt Equivalent | |
| Wood and Fiberglass | \$13.49 <u>\$8.73</u> |
| Ornamental | \$16.28 <u>\$10.14</u> |
| Double Fixture (2X Wattage) | \$26.64 <u>\$17.04</u> |

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ELECTRIC RATE SCHEDULES

CONTRACT SERVICE - ECD

AVAILABILITY

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

In addition to the standard Contract Service to the listed military installations:

- (1) the following two services are available by contract to the United States of America at the United States Air Force Academy for service within the geographic confines of the United States Air Force Academy:
 - (a) Electric and Facilities Contract Service – USAFA, consisting of high-voltage electric and facilities service provided within the geographic confines of the United States Air Force Academy.
 - (b) On-site, Direct-service Solar Contract Service – USAFA (Contract Service – EINFPRS), consisting of solar energy electric service provided from solar electric generating facilities located within the geographic confines of the United States Air Force Academy and with direct electric service from those solar electric generating facilities provided to the United States Air Force Academy.
- (2) Military Hydroelectric Power Sales Service (Contract Service – EHYDPWR) is available by contract to the United States of America at the Fort Carson Military Installation for sales of electric energy for transmission over Utilities’ electric system for final consumption within the geographic confines of the Fort Carson Military Installation.

RATE OPTIONS

Standard Option (ECD)

The billing statements are the sum of:

Access and Facilities Charges

| | |
|-------------------------|---------------------------------------|
| Per Day..... | \$38.2462 <u>\$40.1585</u> |
| Per Meter, Per Day..... | \$0.4654 |

Demand Charges – Primary

| | |
|---|-------------------------------------|
| On-Peak Billing Demand, Per kW, Per Day..... | \$0.5680 <u>\$0.5970</u> |
| Off-Peak Billing Demand, Per kW, Per Day..... | \$0.3071 <u>\$0.3230</u> |

Demand Charges – Secondary

| | |
|---|-------------------------------------|
| On-Peak Billing Demand, Per kW, Per Day..... | \$0.5798 <u>\$0.6088</u> |
| Off-Peak Billing Demand, Per kW, Per Day..... | \$0.3189 <u>\$0.3348</u> |

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ELECTRIC RATE SCHEDULES

CONTRACT SERVICE – WHEELING - ECW

REQUIRED SERVICES

1. Wheeling

Wheeling is defined as the transporting of power and energy over Utilities' transmission and distribution system for redelivery of Customer's allocated portion of its power and energy from Western or for Customer's purchase of power and energy from Utilities under the Hydro Power tariff. This rate schedule only pertains to wheeling over Utilities' distribution system. Wheeling service over Utilities' transmission system must be arranged under the Open Access Transmission Tariff. Customer must furnish to Utilities copies of contracts and/or agreements between Customer and Western, and between Customer and any intermediate wheeling source. Utilities will maintain copies of Customer's purchases under the Hydro Power tariff. Wheeling availability is always subject to capacity constraints of Utilities' transmission and distribution system and any intermediate wheeling parties' transmission limitations. When Utilities identifies a transmission capacity constraint, Utilities agrees to provide notice to the Customer and to work with the Customer in developing an alternative transmission arrangement.

This service is contingent upon the availability of a transmission and distribution wheeling path from the point of interconnection to Customer's facility. Wheeling will be provided if and when capacity is available above the needs of Utilities' firm Customers.

This service is available to Customer for power and energy purchased from Western and delivered to Utilities' points of interconnection pursuant to a contract between Customer and Utilities. This service is also available to Customer for power and energy purchases from Utilities under the Hydro Power tariff and delivered to Customer. Absent physical or safety constraints, Utilities will redeliver all of Customer's power and energy scheduled and delivered from Western (or purchased by Customer from Utilities under the Hydro Power tariff) to Utilities' points of interconnection with Customer. Utilities shall not be liable for failing to deliver power to Customer either because of interruption of scheduled deliveries from Western (or interruption of deliveries under the Hydro Power tariff) or malfunctions within Utilities' transmission and distribution system or interruptions of wheeling service by intermediate wheeling parties.

The following rates apply to all power wheeled from Western to Customers or purchased under the Hydro Power tariff and wheeled to Customers:

Demand Charge

Per kW of Maximum Scheduled Demand, Per Day in the

Billing Period~~\$0.0680~~\$0.0711

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ELECTRIC RATE SCHEDULES
ENHANCED POWER SERVICE

AVAILABILITY

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

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

Reserved Capacity Charge

The greater of On-Peak or Off-Peak Billing Demand or projected peak demand per kW, per day~~\$0.0499~~\$0.0265

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

Operations & Maintenance Charge

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

RULES AND REGULATIONS

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

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ELECTRIC RATE SCHEDULES

COMMUNITY SOLAR GARDEN BILL CREDIT (PILOT PROGRAM)

CUSTOMER PARTICIPATION UNDER THIS RATE SCHEDULE – cont’d

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

RATE

The rate applicable to each kilowatt hour under the Bill Credit section of this rate schedule shall be ~~9.769.84~~ cents (~~(\$0.0976)~~(\$0.0984). This rate may be revised from time-to-time as determined by the City Council of the City of Colorado Springs as provided by the City Code of the City of Colorado Springs, and as provided by the Colorado Revised Statutes.

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

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

RULES AND REGULATIONS

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

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ELECTRIC RATE SCHEDULES

COMMUNITY SOLAR GARDEN PROGRAM

RATE – cont’d

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

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

Utilities Rate Credit Table

| Customer Rate Class | Customer Credit Rate per Kilowatt-hour |
|---|---|
| Residential/Small Commercial (E1R, E1C) | \$0.0631 <u>\$0.0680</u> |
| Residential Time of Day Option (ETR) | \$0.0718 <u>\$0.0811</u> |
| Commercial General (E2C) | \$0.0652 <u>\$0.0648</u> |
| Commercial General TOD (ETC) | \$0.0480 <u>\$0.0493</u> |
| Industrial TOD Transmission Voltage (ETX) | \$0.0536 <u>\$0.0603</u> |
| Industrial TOD 1000 kWh Min (ETL) | \$0.0646 <u>\$0.0622</u> |
| Industrial TOD 500 kW Min (E8T) | \$0.0551 <u>\$0.0547</u> |
| Industrial TOD 4000 kW Min (E8S) | \$0.0471 <u>\$0.0495</u> |
| Large Light and Power (ELG) | \$0.0472 <u>\$0.0483</u> |
| Military (ECD) | \$0.0547 <u>\$0.0556</u> |

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

RULES AND REGULATIONS

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

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Electric

Final Tariff Sheets



ELECTRIC RATE SCHEDULES
RESIDENTIAL SERVICE – E1R, ETR

AVAILABILITY

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

RATE OPTIONS

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

Standard Option (E1R)

The billing statements are the sum of:

Access and Facilities Charges

| | |
|---------------|----------|
| Per Day | \$0.5103 |
| Per kWh | \$0.0777 |

Electric Cost Adjustment Charge (ECA)

| | |
|---------------|--------------|
| Per kWh | Sheet No. 31 |
|---------------|--------------|

Electric Capacity Charge

| | |
|---------------|----------------|
| Per kWh | Sheet No. 31.1 |
|---------------|----------------|

Time-Of-Day Option (ETR)

The billing statements are the sum of:

Access and Facilities Charges

| | |
|-------------------------|----------|
| Per Day | \$0.5195 |
| On-Peak, Per kWh | \$0.1709 |
| Off-Peak, Per kWh | \$0.0488 |

Electric Cost Adjustment Charge (ECA)

| | |
|---------------|--------------|
| Per kWh | Sheet No. 31 |
|---------------|--------------|

Electric Capacity Charge

| | |
|---------------|----------------|
| Per kWh | Sheet No. 31.1 |
|---------------|----------------|

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ELECTRIC RATE SCHEDULES

COMMERCIAL SERVICE – SMALL – E1C (EMC)

AVAILABILITY

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

RATE

The billing statements are the sum of:

Access and Facilities Charges

Per Day\$0.5103
Per kWh.....\$0.0777

Electric Cost Adjustment Charge (ECA)

Per kWh.....Sheet No. 31

Electric Capacity Charge

Per kWh.....Sheet No. 31.1

Optional Service Charges

Totalization Service ChargeSheet No. 33

RULES AND REGULATIONS

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

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ELECTRIC RATE SCHEDULES

COMMERCIAL SERVICE – GENERAL – E2C (EMC)

AVAILABILITY

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

RATE OPTIONS

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

Standard Option (E2C)

The billing statements are the sum of:

Access and Facilities Charges

| | |
|---------------|----------|
| Per Day | \$0.7943 |
| Per kWh | \$0.0662 |

Electric Cost Adjustment Charge (ECA)

| | |
|---------------|--------------|
| Per kWh | Sheet No. 31 |
|---------------|--------------|

Electric Capacity Charge

| | |
|---------------|----------------|
| Per kWh | Sheet No. 31.1 |
|---------------|----------------|

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ELECTRIC RATE SCHEDULES

COMMERCIAL SERVICE – GENERAL - ETC

RATE OPTIONS - cont'd

Time-Of-Day Option (ETC)

The billing statements are the sum of:

Access and Facilities Charges

| | |
|-------------------------|----------|
| Per Day | \$0.8453 |
| On-Peak, Per kWh | \$0.0976 |
| Off-Peak, Per kWh | \$0.0390 |

Electric Cost Adjustment Charge (ECA)

| | |
|---------------|--------------|
| Per kWh | Sheet No. 31 |
|---------------|--------------|

Electric Capacity Charge

| | |
|---------------|----------------|
| Per kWh | Sheet No. 31.1 |
|---------------|----------------|

Optional Service Charges

| | |
|-----------------------------------|--------------|
| Totalization Service Charge | Sheet No. 33 |
|-----------------------------------|--------------|

On-Peak Periods

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

Off-Peak Periods

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

RULES AND REGULATIONS

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

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Resolution No. _____



ELECTRIC RATE SCHEDULES

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

AVAILABILITY

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

RATE

The billing statements are the sum of:

Access and Facilities Charges

Per Day\$42.7178

Demand Charges

On-Peak Billing Demand, Per kW, Per Day\$0.7874

Off-Peak Billing Demand, Per kW, Per Day.....\$0.4331

Electric Cost Adjustment (ECA)

Per kWh.....Sheet No. 31

Electric Capacity Charge

Per kWh.....Sheet No. 31.1

On-Peak Periods

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

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

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

Off-Peak Periods

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

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

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ELECTRIC RATE SCHEDULES

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

AVAILABILITY

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

RATE OPTIONS

Standard Option (E8S)

The billing statements are the sum of:

Access and Facilities Charges

Per Day\$43.0064

Demand Charges - Primary

On-Peak Billing Demand, Per kW, Per Day\$0.7386

Off-Peak Billing Demand, Per kW, Per Day.....\$0.4384

Demand Charges - Secondary

On-Peak Billing Demand, Per kW, Per Day\$0.7504

Off-Peak Billing Demand, Per kW, Per Day.....\$0.4502

Electric Cost Adjustment Charge (ECA)

Per kWh.....Sheet No. 31

Electric Capacity Charge

Per kWh.....Sheet No. 31.1

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ELECTRIC RATE SCHEDULES

INDUSTRIAL SERVICE – LARGE POWER AND LIGHT - ELG

AVAILABILITY

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

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

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

RATE

The billing statements are the sum of:

Access and Facilities Charge

Per Day.....\$6.3800

Demand Charge – Primary

Billing Demand, Per kW, Per Day.....\$0.6038

Demand Charge – Secondary

Billing Demand, Per kW, Per Day.....\$0.6156

Electric Cost Adjustment Charge (ECA)

Per kWhSheet No. 31

Supply Credit – Primary and Secondary Service

Per kWh (\$0.0034)

Electric Capacity Charge

Per kWhSheet No. 31.1

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ELECTRIC RATE SCHEDULES

CONTRACT SERVICE – STREET LIGHTING - E7SL

AVAILABILITY

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

RATE OPTIONS

| All Rates per Month, per Pole | SL-2 |
|--|-------------|
| Mercury Vapor Lamps | |
| 175 Watts | |
| Wood and Fiberglass | \$6.10 |
| Ornamental | \$7.79 |
| Wallpack | \$4.77 |
| 400 Watts | |
| Wood and Fiberglass | \$10.06 |
| Ornamental | \$13.37 |
| 700 Watts | |
| Wood and Fiberglass | \$15.42 |
| Ornamental | \$18.95 |
| 1000 Watts | |
| Wood and Fiberglass | \$20.78 |
| Ornamental | \$24.53 |
| High Pressure Sodium | |
| 70 Watts | |
| Wood and Fiberglass | \$2.79 |
| Wallpack | \$2.79 |
| Decorative | \$6.70 |
| 100 Watts | |
| Wood and Fiberglass | \$4.59 |
| Ornamental | \$6.61 |
| Decorative | \$7.22 |
| Decorative Double Fixture (2X Wattage) | \$11.18 |
| 150 Watts | |
| Wood and Fiberglass | \$5.74 |
| Decorative | \$8.09 |
| Decorative Double Fixture (2X Wattage) | \$12.91 |

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ELECTRIC RATE SCHEDULES

CONTRACT SERVICE – STREET LIGHTING - E7SL

AVAILABILITY

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

RATE OPTIONS

| | |
|--|---------|
| 250 Watts | |
| Wood and Fiberglass | \$7.89 |
| Ornamental | \$9.12 |
| Double Fixture (2X Wattage) | \$15.00 |
| Wallpack | \$6.15 |
| 400 Watts | |
| Wood and Fiberglass | \$11.24 |
| Ornamental | \$11.97 |
| Double Fixture (2X Wattage) | \$20.70 |
| INDUCTION | |
| 150 Watts | |
| Wallpack | \$4.34 |
| LED | |
| 100 Watt Equivalent | |
| Wood and Fiberglass | \$5.05 |
| Decorative | \$7.90 |
| Decorative Double Fixture (2X Wattage) | \$12.34 |
| Ornamental | \$6.10 |
| Double Fixture (2X Wattage) | \$10.00 |
| 150 Watt Equivalent | |
| Wood and Fiberglass | \$5.33 |
| Decorative | \$7.48 |
| Decorative Double Fixture (2X Wattage) | \$11.71 |
| 250 Watt Equivalent | |
| Wood and Fiberglass | \$6.92 |
| Ornamental | \$8.42 |
| Double Fixture (2X Wattage) | \$13.59 |
| 400 Watt Equivalent | |
| Wood and Fiberglass | \$8.73 |
| Ornamental | \$10.14 |
| Double Fixture (2X Wattage) | \$17.04 |

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ELECTRIC RATE SCHEDULES
CONTRACT SERVICE - ECD

AVAILABILITY

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

In addition to the standard Contract Service to the listed military installations:

- (1) the following two services are available by contract to the United States of America at the United States Air Force Academy for service within the geographic confines of the United States Air Force Academy:
 - (a) Electric and Facilities Contract Service – USAFA, consisting of high-voltage electric and facilities service provided within the geographic confines of the United States Air Force Academy.
 - (b) On-site, Direct-service Solar Contract Service – USAFA (Contract Service – EINFPRS), consisting of solar energy electric service provided from solar electric generating facilities located within the geographic confines of the United States Air Force Academy and with direct electric service from those solar electric generating facilities provided to the United States Air Force Academy.
- (2) Military Hydroelectric Power Sales Service (Contract Service – EHYDPWR) is available by contract to the United States of America at the Fort Carson Military Installation for sales of electric energy for transmission over Utilities’ electric system for final consumption within the geographic confines of the Fort Carson Military Installation.

RATE OPTIONS

Standard Option (ECD)

The billing statements are the sum of:

Access and Facilities Charges

| | |
|-------------------------|-----------|
| Per Day..... | \$40.1585 |
| Per Meter, Per Day..... | \$0.4654 |

Demand Charges – Primary

| | |
|---|----------|
| On-Peak Billing Demand, Per kW, Per Day..... | \$0.5970 |
| Off-Peak Billing Demand, Per kW, Per Day..... | \$0.3230 |

Demand Charges – Secondary

| | |
|---|----------|
| On-Peak Billing Demand, Per kW, Per Day..... | \$0.6088 |
| Off-Peak Billing Demand, Per kW, Per Day..... | \$0.3348 |

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ELECTRIC RATE SCHEDULES

CONTRACT SERVICE – WHEELING - ECW

REQUIRED SERVICES

1. Wheeling

Wheeling is defined as the transporting of power and energy over Utilities' transmission and distribution system for redelivery of Customer's allocated portion of its power and energy from Western or for Customer's purchase of power and energy from Utilities under the Hydro Power tariff. This rate schedule only pertains to wheeling over Utilities' distribution system. Wheeling service over Utilities' transmission system must be arranged under the Open Access Transmission Tariff. Customer must furnish to Utilities copies of contracts and/or agreements between Customer and Western, and between Customer and any intermediate wheeling source. Utilities will maintain copies of Customer's purchases under the Hydro Power tariff. Wheeling availability is always subject to capacity constraints of Utilities' transmission and distribution system and any intermediate wheeling parties' transmission limitations. When Utilities identifies a transmission capacity constraint, Utilities agrees to provide notice to the Customer and to work with the Customer in developing an alternative transmission arrangement.

This service is contingent upon the availability of a transmission and distribution wheeling path from the point of interconnection to Customer's facility. Wheeling will be provided if and when capacity is available above the needs of Utilities' firm Customers.

This service is available to Customer for power and energy purchased from Western and delivered to Utilities' points of interconnection pursuant to a contract between Customer and Utilities. This service is also available to Customer for power and energy purchases from Utilities under the Hydro Power tariff and delivered to Customer. Absent physical or safety constraints, Utilities will redeliver all of Customer's power and energy scheduled and delivered from Western (or purchased by Customer from Utilities under the Hydro Power tariff) to Utilities' points of interconnection with Customer. Utilities shall not be liable for failing to deliver power to Customer either because of interruption of scheduled deliveries from Western (or interruption of deliveries under the Hydro Power tariff) or malfunctions within Utilities' transmission and distribution system or interruptions of wheeling service by intermediate wheeling parties.

The following rates apply to all power wheeled from Western to Customers or purchased under the Hydro Power tariff and wheeled to Customers:

Demand Charge

Per kW of Maximum Scheduled Demand, Per Day in the Billing Period

.....\$0.0711

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| |
|--------------------------------|
| ELECTRIC RATE SCHEDULES |
| ENHANCED POWER SERVICE |

AVAILABILITY

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

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

Reserved Capacity Charge

The greater of On-Peak or Off-Peak Billing Demand or projected peak demand per kW, per day\$0.0265

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

Operations & Maintenance Charge

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

RULES AND REGULATIONS

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

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ELECTRIC RATE SCHEDULES

COMMUNITY SOLAR GARDEN BILL CREDIT (PILOT PROGRAM)

CUSTOMER PARTICIPATION UNDER THIS RATE SCHEDULE – cont’d

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

RATE

The rate applicable to each kilowatt hour under the Bill Credit section of this rate schedule shall be 9.84 cents (\$0.0984). This rate may be revised from time-to-time as determined by the City Council of the City of Colorado Springs as provided by the City Code of the City of Colorado Springs, and as provided by the Colorado Revised Statutes.

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

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

RULES AND REGULATIONS

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

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| |
|---------------------------------------|
| ELECTRIC RATE SCHEDULES |
| COMMUNITY SOLAR GARDEN PROGRAM |

RATE – cont’d

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

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

Utilities Rate Credit Table

| Customer Rate Class | Customer Credit Rate per Kilowatt-hour |
|---|---|
| Residential/Small Commercial (E1R, E1C) | \$0.0680 |
| Residential Time of Day Option (ETR) | \$0.0811 |
| Commercial General (E2C) | \$0.0648 |
| Commercial General TOD (ETC) | \$0.0493 |
| Industrial TOD Transmission Voltage (ETX) | \$0.0603 |
| Industrial TOD 1000 kWh Min (ETL) | \$0.0622 |
| Industrial TOD 500 kW Min (E8T) | \$0.0547 |
| Industrial TOD 4000 kW Min (E8S) | \$0.0495 |
| Large Light and Power (ELG) | \$0.0483 |
| Military (ECD) | \$0.0556 |

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

RULES AND REGULATIONS

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

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Electric
Cost of Service Study

**Colorado Springs Utilities
2018 Electric Cost of Service Study**

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Note: Immaterial differences may occur due to rounding.

Colorado Springs Utilities
2018 Electric Cost of Service Study

SCHEDULE 1
TYPICAL MONTHLY BILL COMPARISON

| Line No. | Rate Class | Current Bill | Proposed Bill | Proposed Increase / (Decrease) | % Change |
|-----------------|-------------------|---------------------|----------------------|---------------------------------------|----------------------------------|
| <u>(a)</u> | <u>(b)</u> | <u>(c)</u> | <u>(d)</u> | <u>(e)</u> <u>[(d) - (c)]</u> | <u>(f)</u> <u>[(e) / (c)]</u> |
| 1 | Residential: | | | | |
| 2 | Non-Fuel | \$ 68.44 | \$ 69.70 | \$ 1.26 | 1.8% |
| 3 | Capacity | 3.29 | 3.29 | - | 0.0% |
| 4 | ECA | 15.40 | 15.40 | - | 0.0% |
| 5 | Total | \$ 87.13 | \$ 88.39 | \$ 1.26 | 1.4% |
| 6 | Commercial: | | | | |
| 7 | Non-Fuel | \$ 393.05 | \$ 421.03 | \$ 27.98 | 7.1% |
| 8 | Capacity | 26.40 | 26.40 | - | 0.0% |
| 9 | ECA | 132.00 | 132.00 | - | 0.0% |
| 10 | Total | \$ 551.45 | \$ 579.43 | \$ 27.98 | 5.1% |
| 11 | Industrial: | | | | |
| 12 | Non-Fuel | \$ 22,401.74 | \$ 22,401.74 | \$ - | 0.0% |
| 13 | Capacity | 1,360.00 | 1,360.00 | - | 0.0% |
| 14 | ECA | 8,817.60 | 8,817.60 | - | 0.0% |
| 15 | Total | \$ 32,579.34 | \$ 32,579.34 | \$ - | 0.0% |

Note: The typical bill is calculated using the existing and proposed rates from Schedule 3 assuming: 30 days per month; 700 kWh for Residential (E1R); 6,000 kWh for Commercial (E2C); 400,000 kWh and 1,000 kW for Industrial (E8T). Non-Fuel is comprised of the Access Charge, Facilities Charge, and Demand Charge where applicable. Fuel is comprised of Capacity Charge and ECA Charge.

Colorado Springs Utilities
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SCHEDULE 2
SUMMARY OF NET REVENUE REQUIREMENT AND PROPOSED REVENUE

| Line No. | Rate Class | Net Revenue Requirement | Revenue Under Current Rates | Proposed Increase / Decrease | Percent Revenue Change | Proposed Revenue from Rates | Percent of Net Revenue Requirement |
|----------|--|-------------------------|-----------------------------|------------------------------|------------------------|-----------------------------|------------------------------------|
| (a) | (b) | (c) | (d) | (e) | (f) [(e) / (d)] | (g) [(d) + (e)] | (h) [(g) / (c)] |
| 1 | Residential/Small Commercial (E1R/E1C) | \$ 155,794,054 | \$ 155,568,537 | \$ 2,862,766 | 1.8% | \$ 158,431,303 | 101.7% |
| 2 | Residential Time-of-Day (ETR) | 32,627 | 24,615 | 429 | 1.7% | 25,044 | 76.8% |
| 3 | Commercial General (E2C) | 48,272,485 | 45,107,740 | 3,211,046 | 7.1% | 48,318,786 | 100.1% |
| 4 | Commercial TOD General (ETC) | 1,530,467 | 1,554,657 | 279,353 | 18.0% | 1,834,010 | 119.8% |
| 5 | Industrial TOD 1,000 kWh/Day Min (ETL) | 57,069,835 | 57,144,132 | - | 0.0% | 57,144,132 | 100.1% |
| 6 | Industrial TOD 500 kW Min (E8T) | 34,267,032 | 35,592,802 | - | 0.0% | 35,592,802 | 103.9% |
| 7 | Industrial Transmission Voltage TOD (ETX) | 2,945,504 | 2,317,618 | 289,815 | 12.5% | 2,607,433 | 88.5% |
| 8 | Industrial TOD 4,000 kW Min (E8S) | 3,742,594 | 3,032,086 | 379,100 | 12.5% | 3,411,185 | 91.1% |
| 9 | Industrial Service - Large Power and Light (ELG) | 12,314,061 | 9,263,352 | 277,421 | 3.0% | 9,540,773 | 77.5% |
| 10 | Traffic Signals (E2T) | 230,312 | 231,987 | - | 0.0% | 231,987 | 100.7% |
| 11 | Street Lighting (E7S) | 160,205 | 235,343 | (75,138) | -31.9% | 160,205 | 100.0% |
| 12 | Contract Service - DOD (ECD) | 13,262,900 | 11,846,871 | 589,444 | 5.0% | 12,436,315 | 93.8% |
| 13 | Contract Service - Wheeling (ECW) | 180,502 | 172,003 | 7,841 | 4.6% | 179,844 | 99.6% |
| 14 | Total Electric | \$ 329,802,577 | \$ 322,091,744 | \$ 7,822,077 | 2.4% | \$ 329,913,821 | 100.0% |
| 15 | Municipal (City) Street Lighting | 3,435,351 | 3,490,084 | (54,734) | -1.6% | 3,435,351 | 100.0% |
| 16 | Total Electric and Municipal (City) Street Lighting | \$ 333,237,927 | \$ 325,581,828 | \$ 7,767,343 | 2.4% | \$ 333,349,171 | 100.0% |

Colorado Springs Utilities
2018 Electric Cost of Service Study

SCHEDULE 3
PROOF OF REVENUE

| Line No. | Rate Class | # Days or % On-Off Peak | Test Year - Forecasted 2018 Billing Units | Current Rates | Revenue Under Current Rates | Proposed Rates | Proposed Revenue from Rates | Proposed Increase / (Decrease) | Percent Revenue Change |
|----------|---|-------------------------|---|---------------|-----------------------------|----------------|-----------------------------|--------------------------------|------------------------|
| (a) | (b) | (c) | (d) | (e) | (f) [(c) * (d) * (e)] | (g) | (h) [(c) * (d) * (g)] | (i) [(h) - (f)] | (j) [(i) / (f)] |
| 1 | RESIDENTIAL AND SMALL COMMERCIAL | | | | | | | | |
| 2 | Residential/Small Commercial (E1R/E1C) | | | | | | | | |
| 3 | Access and Facilities Charge (per day) | 365 | 211,782 | \$0.5010 | \$ 38,727,531 | \$0.5103 | \$ 39,446,425 | \$ 718,894 | 1.9% |
| 4 | Access and Facilities Charge (per kWh) | | 1,531,336,916 | \$0.0763 | 116,841,007 | \$0.0777 | 118,984,878 | 2,143,872 | 1.8% |
| 5 | Total Residential/Small Commercial (E1R/E1C) | | | | \$ 155,568,537 | | \$ 158,431,303 | \$ 2,862,766 | 1.8% |
| 6 | Residential Time-of-Day (ETR) | | | | | | | | |
| 7 | Access and Facilities Charge (per day) | 365 | 18 | \$0.5101 | \$ 3,351 | \$0.5195 | \$ 3,413 | \$ 62 | 1.8% |
| 8 | Access and Facilities Charge On Peak (per kWh) | 21.21% | 61,419 | \$0.1679 | 10,312 | \$0.1709 | 10,497 | 184 | 1.8% |
| 9 | Access and Facilities Charge Off Peak (per kWh) | 78.79% | 228,159 | \$0.0480 | 10,952 | \$0.0488 | 11,134 | 183 | 1.7% |
| 10 | Total kWh | | 289,578 | | | | | | |
| 11 | Total Residential Time-of-Day (ETR) | | | | \$ 24,615 | | \$ 25,044 | \$ 429 | 1.7% |
| 12 | Commercial General (E2C) | | | | | | | | |
| 13 | Access and Facilities Charge (per day) | 365 | 13,919 | \$0.7416 | \$ 3,767,538 | \$0.7943 | \$ 4,035,269 | \$ 267,731 | 7.1% |
| 14 | Access and Facilities Charge (per kWh) | | 668,935,312 | \$0.0618 | 41,340,202 | \$0.0662 | 44,283,518 | 2,943,315 | 7.1% |
| 15 | Total Commercial General (E2C) | | | | \$ 45,107,740 | | \$ 48,318,786 | \$ 3,211,046 | 7.1% |
| 16 | Commercial TOD General (ETC) | | | | | | | | |
| 17 | Access and Facilities Charge (per day) | 365 | 446 | \$0.7893 | \$ 128,538 | \$0.8453 | \$ 137,658 | \$ 9,120 | 7.1% |
| 18 | Access and Facilities Charge On Peak (per kWh) | 19.74% | 6,622,022 | \$0.0820 | 543,006 | \$0.0976 | 646,309 | 103,304 | 19.0% |
| 19 | Access and Facilities Charge Off Peak (per kWh) | 80.26% | 26,924,188 | \$0.0328 | 883,113 | \$0.0390 | 1,050,043 | 166,930 | 18.9% |
| 20 | Total kWh | | 33,546,210 | | | | | | |
| 21 | Total Commercial TOD General (ETC) | | | | \$ 1,554,657 | | \$ 1,834,010 | \$ 279,353 | 18.0% |
| 22 | LARGE COMMERCIAL & INDUSTRIAL | | | | | | | | |
| 23 | Industrial TOD 1,000 kWh/Day Min (ETL) | | | | | | | | |
| 24 | Access and Facilities Charge (per day) | 365 | 1,321 | \$3.1816 | \$ 1,534,443 | \$3.1816 | \$ 1,534,443 | \$ - | 0.0% |
| 25 | Demand Charge On Peak (per kW, per day) | 92.26% | 188,587 | \$0.7661 | 52,733,873 | \$0.7661 | 52,733,873 | - | 0.0% |
| 26 | Demand Charge Off Peak (per kW, per day) | 7.74% | 15,821 | \$0.4980 | 2,875,816 | \$0.4980 | 2,875,816 | - | 0.0% |
| 27 | Total Demand kW | | 204,408 | | | | | | |
| 28 | Total Industrial TOD 1,000 kWh/Day Min (ETL) | | | | \$ 57,144,132 | | \$ 57,144,132 | \$ - | 0.0% |

Colorado Springs Utilities
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SCHEDULE 3
PROOF OF REVENUE

| Line No. | Rate Class | # Days or % On-Off Peak | Test Year - Forecasted 2018 Billing Units | Current Rates | Revenue Under Current Rates | Proposed Rates | Proposed Revenue from Rates | Proposed Increase / (Decrease) | Percent Revenue Change |
|----------|---|-------------------------|---|---------------|-----------------------------|----------------|-----------------------------|--------------------------------|------------------------|
| (a) | (b) | (c) | (d) | (e) | (f) [(c) * (d) * (e)] | (g) | (h) [(c) * (d) * (g)] | (i) [(h) - (f)] | (j) [(i) / (f)] |
| 29 | Industrial TOD 500 kW Min (E8T) | | | | | | | | |
| 30 | Access and Facilities Charge (per day) | 365 | 202 | \$21.0248 | \$ 1,547,600 | \$21.0248 | \$ 1,547,600 | \$ - | 0.0% |
| 31 | Demand Charge Secondary On Peak (per kW, per day) | 93.05% | 123,018 | \$0.7257 | 32,584,985 | \$0.7257 | 32,584,985 | - | 0.0% |
| 32 | Demand Charge Secondary Off Peak (per kW, per day) | 6.95% | 9,188 | \$0.4354 | 1,460,217 | \$0.4354 | 1,460,217 | - | 0.0% |
| 33 | Total Demand kW | | 132,206 | | | | | | |
| 34 | Total Industrial TOD 500 kW Min (E8T) | | | | \$ 35,592,802 | | \$ 35,592,802 | \$ - | 0.0% |
| 35 | Industrial Transmission Voltage TOD (ETX) | | | | | | | | |
| 36 | Access and Facilities Charge (per day) | 365 | 2 | \$37.9714 | \$ 27,719 | \$42.7178 | \$ 31,184 | \$ 3,465 | 12.5% |
| 37 | Demand Charge On Peak (per kW, per day) | 75.59% | 7,612 | \$0.6999 | 1,944,566 | \$0.7874 | 2,187,671 | 243,105 | 12.5% |
| 38 | Demand Charge Off Peak (per kW, per day) | 24.41% | 2,458 | \$0.3849 | 345,333 | \$0.4331 | 388,578 | 43,245 | 12.5% |
| 39 | Total Demand kW | | 10,070 | | | | | | |
| 40 | Total Industrial Transmission Voltage TOD (ETX) | | | | \$ 2,317,618 | | \$ 2,607,433 | \$ 289,815 | 12.5% |
| 41 | Industrial TOD 4,000 kW Min (E8S) | | | | | | | | |
| 42 | Access and Facilities Charge (per day) | 365 | 4 | \$38.2279 | \$ 55,813 | \$43.0064 | \$ 62,789 | \$ 6,977 | 12.5% |
| 43 | Demand Charge Secondary On Peak (per kW, per day) | 88.01% | 11,301 | \$0.6670 | 2,751,374 | \$0.7504 | 3,095,398 | 344,025 | 12.5% |
| 44 | Demand Charge Secondary Off Peak (per kW, per day) | 11.99% | 1,540 | \$0.4002 | 224,899 | \$0.4502 | 252,998 | 28,098 | 12.5% |
| 45 | Total Demand kW | | 12,841 | | | | | | |
| 46 | Total Industrial TOD 4,000 kW Min (E8S) | | | | \$ 3,032,086 | | \$ 3,411,185 | \$ 379,100 | 12.5% |
| 47 | Industrial Service - Large Power and Light (ELG) | | | | | | | | |
| 48 | Access and Facilities Charge (per day) | 365 | 6 | \$6.1942 | \$ 13,565 | \$6.3800 | \$ 13,972 | \$ 407 | 3.0% |
| 49 | Demand Charge Secondary (per kW, per day) | | 42,399 | \$0.5977 | 9,249,787 | \$0.6156 | 9,526,801 | 277,014 | 3.0% |
| 50 | Total Demand kW | | 42,399 | | | | | | |
| 51 | Total Industrial Service - Large Power and Light (ELG) | | | | \$ 9,263,352 | | \$ 9,540,773 | \$ 277,421 | 3.0% |
| 52 | <u>MISCELLANEOUS AND CONTRACT RATES</u> | | | | | | | | |
| 53 | Traffic Signals (E2T) | | | | | | | | |
| 54 | Access and Facilities Charge (per day) | 365 | 643 | \$0.4101 | \$ 96,286 | \$0.4101 | \$ 96,286 | \$ - | 0.0% |
| 55 | Access and Facilities Charge (per kWh) | | 1,790,256 | \$0.0758 | 135,701 | \$0.0758 | 135,701 | - | 0.0% |
| 56 | Total Traffic Signals (E2T) | | | | \$ 231,987 | | \$ 231,987 | \$ - | 0.0% |
| 57 | Street Lighting (E7S) | | | | | | | | |
| 58 | Total Street Lighting (E7S) | | | | \$ 235,343 | | \$ 160,205 | \$ (75,138) | -31.9% |

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SCHEDULE 3
PROOF OF REVENUE

| Line No. | Rate Class | # Days or % On-Off Peak | Test Year - Forecasted 2018 Billing Units | Current Rates | Revenue Under Current Rates | Proposed Rates | Proposed Revenue from Rates | Proposed Increase / (Decrease) | Percent Revenue Change |
|----------|--|-------------------------|---|---------------|-----------------------------|----------------|-----------------------------|--------------------------------|------------------------|
| (a) | (b) | (c) | (d) | (e) | (f) [(c) * (d) * (e)] | (g) | (h) [(c) * (d) * (g)] | (i) [(h) - (f)] | (j) [(i) / (f)] |
| 59 | Contract Service - DOD (ECD) | | | | | | | | |
| 60 | Access and Facilities Charge (per day) | 365 | 4 | \$38.2462 | \$ 55,839 | \$40.1585 | \$ 58,631 | \$ 2,792 | 5.0% |
| 61 | Access and Facilities Charge (per meter, per day) | 365 | 359 | \$0.4654 | 60,984 | \$0.4654 | 60,984 | - | 0.0% |
| 62 | Demand Charge Secondary On Peak (per kW, per day) | 94.93% | 53,846 | \$0.5798 | 11,395,309 | \$0.6088 | 11,965,271 | 569,962 | 5.0% |
| 63 | Demand Charge Secondary Off Peak (per kW, per day) | 5.07% | 2,876 | \$0.3189 | 334,739 | \$0.3348 | 351,429 | 16,690 | 5.0% |
| 64 | Total Demand kW | | 56,722 | | | | | | |
| 65 | Total Contract Service - DOD (ECD) | | | | \$ 11,846,871 | | \$ 12,436,315 | \$ 589,444 | 5.0% |
| 66 | Contract Service - Wheeling (ECW) | | | | | | | | |
| 67 | Demand Charge (per kW, per day) | 365 | 6,930 | \$0.0680 | \$ 172,003 | \$0.0711 | \$ 179,844 | \$ 7,841 | 4.6% |
| 68 | Total Contract Service - Wheeling (ECW) | | | | \$ 172,003 | | \$ 179,844 | \$ 7,841 | 4.6% |
| 69 | Total Electric Revenue | | | | \$ 322,091,744 | | \$ 329,913,821 | \$ 7,822,077 | 2.4% |
| 70 | Total Municipal (City) Street Lighting | | | | \$ 3,490,084 | | \$ 3,435,351 | \$ (54,734) | -1.6% |
| 71 | Total Revenue | | | | \$ 325,581,828 | | \$ 333,349,171 | \$ 7,767,343 | 2.4% |

Colorado Springs Utilities
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SCHEDULE 4
FUNCTIONAL ALLOCATION OF REVENUE
REQUIREMENT - CASH BASIS

| Line No. | Category | Test Year Budget 2018 | Generation Non-Fuel | Transmission | Distribution | | | |
|----------|---|-----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|---|
| | | | | | Substation | Line - Primary | Line - Secondary | Electric Service, Meters and Installation |
| (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) |
| 1 | Total Operating and Maintenance Expense | \$ 146,712,731 | \$ 68,712,813 | \$ 12,800,025 | \$ 4,145,783 | \$ 15,391,337 | \$ 5,130,446 | \$ 16,106,224 |
| 2 | Nonoperating Expense: | | | | | | | |
| 3 | Surplus Payments to the City | 25,990,038 | - | - | - | - | - | - |
| 4 | Debt Service ⁽¹⁾ | 75,318,454 | 41,092,464 | 4,611,344 | 4,717,063 | 16,010,809 | 5,336,936 | 2,650,861 |
| 5 | Cash Funded Capital ⁽¹⁾ | 75,443,229 | 41,302,436 | 4,634,907 | 4,741,166 | 16,092,620 | 5,364,207 | 2,664,406 |
| 6 | Additions to Cash ⁽²⁾ | 16,110,497 | 8,045,034 | 1,498,653 | 485,397 | 1,802,049 | 600,683 | 1,885,749 |
| 7 | Total Revenue Requirement | \$ 339,574,950 | \$ 159,152,748 | \$ 23,544,928 | \$ 14,089,410 | \$ 49,296,814 | \$ 16,432,271 | \$ 23,307,240 |
| 8 | Less Revenue Credits: ⁽¹⁾ | | | | | | | |
| 9 | Other Operating Revenue | 3,455,049 | 1,902,846 | 213,535 | 218,431 | 741,404 | 247,135 | 122,752 |
| 10 | Nonoperating Revenue | 2,881,973 | 1,584,947 | 177,861 | 181,938 | 617,541 | 205,847 | 102,244 |
| 11 | Net Revenue Requirement | \$ 333,237,927 | \$ 155,664,955 | \$ 23,153,532 | \$ 13,689,041 | \$ 47,937,869 | \$ 15,979,290 | \$ 23,082,243 |
| 12 | Operating and Maintenance Allocator ⁽²⁾ | 100.00% | 47.39% | 8.83% | 2.86% | 10.62% | 3.54% | 11.11% |

Notes:

⁽¹⁾ Allocated based on functional allocation of capital investment, Schedule 4.4

⁽²⁾ Operating and Maintenance allocator derived from Line 1 used for allocating Additions to Cash

Colorado Springs Utilities
2018 Electric Cost of Service Study

SCHEDULE 4
FUNCTIONAL ALLOCATION OF REVENUE
REQUIREMENT - CASH BASIS

| Line No. | Category | Distribution | | Direct |
|----------|---|---------------------|----------------------|------------------------------|
| | | Street Lighting | Customer Accounts | Surplus Payments to the City |
| (a) | (b) | (i) | (k) | (l) |
| 1 | Total Operating and Maintenance Expense | \$ 1,731,831 | \$ 22,694,273 | \$ - |
| 2 | Nonoperating Expense: | | | |
| 3 | Surplus Payments to the City | - | - | 25,990,038 |
| 4 | Debt Service ⁽¹⁾ | 898,976 | - | - |
| 5 | Cash Funded Capital ⁽¹⁾ | 643,487 | - | - |
| 6 | Additions to Cash ⁽²⁾ | (864,157) | 2,657,091 | - |
| 7 | Total Revenue Requirement | \$ 2,410,137 | \$ 25,351,364 | \$ 25,990,038 |
| 8 | Less Revenue Credits: ⁽¹⁾ | | | |
| 9 | Other Operating Revenue | 8,947 | - | - |
| 10 | Nonoperating Revenue | 11,595 | - | - |
| 11 | Net Revenue Requirement | \$ 2,389,595 | \$ 25,351,364 | \$ 25,990,038 |
| 12 | Operating and Maintenance Allocator ⁽²⁾ | 0.00% | 15.65% | |

Notes:

⁽¹⁾ Allocated based on functional allocation of capital investment, Schedule 4.4

⁽²⁾ Operating and Maintenance allocator derived from Line 1 used for allocating Additions to Cash

Colorado Springs Utilities
2018 Electric Cost of Service Study

**SCHEDULE 4.1
FUNCTIONAL ALLOCATION OF OPERATING AND
MAINTENANCE EXPENSE**

| Line No. | Account | Function | Test Year Budget 2018 | Generation Non-Fuel | Transmission | Distribution | |
|----------|--------------|---|-----------------------|----------------------|----------------------|---------------------|-----------------------------|
| | | | | | | Substation | Primary Line ⁽²⁾ |
| (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) |
| 1 | 500-554 | Generation - Non-Fuel | \$ 42,050,388 | \$ 42,050,388 | \$ - | \$ - | \$ - |
| 2 | 560-573 | Transmission | 7,376,682 | - | 7,376,682 | - | - |
| 3 | 580-598 | Distribution: | | | | | |
| 4 | | Substation | 2,434,172 | - | - | 2,434,172 | - |
| 5 | | Line | 20,491,374 | - | - | - | 9,036,932 |
| 6 | | Electric Service, Meters and Installation | 1,014,541 | - | - | - | - |
| 7 | | Street Lighting | 967,573 | - | - | - | - |
| 8 | | Customer Service: | | | | | |
| 9 | 901-904 | Customer Accounts | 6,495,145 | - | - | - | - |
| 10 | 417; 908-909 | Customer Service and Information | 8,692,922 | - | - | - | - |
| 11 | | Subtotal | \$ 89,522,797 | \$ 42,050,388 | \$ 7,376,682 | \$ 2,434,172 | \$ 9,036,932 |
| 12 | 920-932 | Administrative and General ⁽¹⁾ | 57,189,934 | 26,662,425 | 5,423,343 | 1,711,611 | 6,354,405 |
| 13 | | Total Operating and Maintenance Expenses | \$ 146,712,731 | \$ 68,712,813 | \$ 12,800,025 | \$ 4,145,783 | \$ 15,391,337 |
| 14 | | Percent of Subtotal for Allocation | 100.00% | 47.25% | 9.61% | 3.03% | 11.26% |

Notes:

⁽¹⁾ Administrative and General functional allocation based on functionalized Salaries and Wages - Schedule 4.2

⁽²⁾ Line and Electric Service functional allocation based on Net Plant

Colorado Springs Utilities
2018 Electric Cost of Service Study

**SCHEDULE 4.1
FUNCTIONAL ALLOCATION OF OPERATING AND
MAINTENANCE EXPENSE**

| Line No. | Account | Function | Distribution | | | |
|----------|--------------|---|-------------------------------|--|---------------------|----------------------|
| | | | Secondary Line ⁽²⁾ | Electric Service, Meters and Installation ⁽²⁾ | Street Lighting | Customer |
| | | | (i) | (i) | (k) | (l) |
| 1 | 500-554 | Generation - Non-Fuel | \$ - | \$ - | \$ - | \$ - |
| 2 | 560-573 | Transmission | - | - | - | - |
| 3 | 580-598 | Distribution: | | | | |
| 4 | | Substation | - | - | - | - |
| 5 | | Line | 3,012,311 | 8,442,132 | - | - |
| 6 | | Electric Service, Meters and Installation | - | 1,014,541 | - | - |
| 7 | | Street Lighting | - | - | 967,573 | - |
| 8 | | Customer Service: | | | | |
| 9 | 901-904 | Customer Accounts | - | - | - | 6,495,145 |
| 10 | 417; 908-909 | Customer Service and Information | - | - | - | 8,692,922 |
| 11 | | Subtotal | \$ 3,012,311 | \$ 9,456,673 | \$ 967,573 | \$ 15,188,067 |
| 12 | 920-932 | Administrative and General ⁽¹⁾ | 2,118,135 | 6,649,551 | 764,258 | 7,506,206 |
| 13 | | Total Operating and Maintenance Expenses | \$ 5,130,446 | \$ 16,106,224 | \$ 1,731,831 | \$ 22,694,273 |
| 14 | | Percent of Subtotal for Allocation | 3.75% | 11.78% | 0.00% | 13.30% |

Notes:

⁽¹⁾ Administrative and General functional allocation based on functionalized Salaries and Wages - Schedule 4.2

⁽²⁾ Line and Electric Service functional allocation based on Net Plant

**Colorado Springs Utilities
2018 Electric Cost of Service Study**

**SCHEDULE 4.2
FUNCTIONALIZATION OF SALARIES AND WAGES**

| Line | | | Test Year | | | | | |
|-------------|----------------|---|--------------------|-------------------|---------------------|---------------------|-----------------|--|
| No. | Account | Account Description | Budget 2018 | Production | Transmission | Distribution | Customer | |
| (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | |
| 1 | | Steam Power Generation | | | | | | |
| 2 | | Operation | | | | | | |
| 3 | 500000 | Supervision and Engineering | \$ 1,281,099 | \$ 1,281,099 | \$ - | \$ - | \$ - | |
| 4 | 501000 | Fuel | - | - | - | - | - | |
| 5 | 502000 | Steam Expenses | 1,759,398 | 1,759,398 | - | - | - | |
| 6 | 505000 | Electric Expenses | 2,163,339 | 2,163,339 | - | - | - | |
| 7 | 506000 | Miscellaneous Steam Power Expenses | 5,230,361 | 5,230,361 | - | - | - | |
| 8 | 508000 | Supplies and Expenses | 15,482 | 15,482 | - | - | - | |
| 9 | | Maintenance | | | | | | |
| 10 | 510000 | Supervision and Engineering | 987,805 | 987,805 | - | - | - | |
| 11 | 511000 | Structures | 530,498 | 530,498 | - | - | - | |
| 12 | 512000 | Boiler Plant | 4,053,635 | 4,053,635 | - | - | - | |
| 13 | 513000 | Electric Plant | 1,738,036 | 1,738,036 | - | - | - | |
| 14 | 514000 | Miscellaneous Steam Plant | 652,278 | 652,278 | - | - | - | |
| 15 | | Hydraulic Power Generation | | | | | | |
| 16 | | Operation | | | | | | |
| 17 | 535000 | Supervision and Engineering | 58,726 | 58,726 | - | - | - | |
| 18 | 537000 | Hydraulic Expenses | 26,771 | 26,771 | - | - | - | |
| 19 | 538000 | Electric Expenses | 221,239 | 221,239 | - | - | - | |
| 20 | 539000 | Miscellaneous Hydraulic Power Generation Expenses | - | - | - | - | - | |
| 21 | | Maintenance | | | | | | |
| 22 | 541000 | Supervision and Engineering | - | - | - | - | - | |
| 23 | 542000 | Structures | 5,124 | 5,124 | - | - | - | |
| 24 | 543000 | Reservoirs, Dams and Waterways | - | - | - | - | - | |
| 25 | 544000 | Electric Plant | 89,195 | 89,195 | - | - | - | |
| 26 | 545000 | Miscellaneous Hydraulic Plant | 30,585 | 30,585 | - | - | - | |

**Colorado Springs Utilities
2018 Electric Cost of Service Study**

**SCHEDULE 4.2
FUNCTIONALIZATION OF SALARIES AND WAGES**

| Line | | | Test Year | | | | | |
|-------------|----------------|---|--------------------|-------------------|---------------------|---------------------|-----------------|--|
| No. | Account | Account Description | Budget 2018 | Production | Transmission | Distribution | Customer | |
| (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | |
| 27 | | Other Power Generation | | | | | | |
| 28 | | Operation | | | | | | |
| 29 | 546000 | Supervision and Engineering | 1,283,600 | 1,283,600 | - | - | - | |
| 30 | 547000 | Fuel | - | - | - | - | - | |
| 31 | 548000 | Generation Expenses | - | - | - | - | - | |
| 32 | 549000 | Miscellaneous Other Power Generation Expenses | 85,944 | 85,944 | - | - | - | |
| 33 | | Maintenance | | | | | | |
| 34 | 551000 | Supervision and Engineering | 307,031 | 307,031 | - | - | - | |
| 35 | 552000 | Structures | 20,769 | 20,769 | - | - | - | |
| 36 | 553000 | Generating and Electric Equipment | 207,895 | 207,895 | - | - | - | |
| 37 | 554000 | Miscellaneous Other Power Generation Plant | 221,978 | 221,978 | - | - | - | |
| 38 | | Other Power Supply Expenses | | | | | | |
| 39 | 555000 | Purchased Power | - | - | - | - | - | |
| 40 | 556000 | System Control and Load Dispatching | - | - | - | - | - | |
| 41 | 557000 | Other Expenses | 1,710,674 | 1,710,674 | - | - | - | |
| 42 | | Transmission Expenses | | | | | | |
| 43 | | Operation | | | | | | |
| 44 | 560000 | Supervision and Engineering | 1,431,339 | - | 1,431,339 | - | - | |
| 45 | 561000 | Load Dispatching | 792,435 | - | 792,435 | - | - | |
| 46 | 562000 | Station Expenses | - | - | - | - | - | |
| 47 | 563000 | Overhead Line Expenses | - | - | - | - | - | |
| 48 | 566000 | Miscellaneous Transmission Expenses | 921,338 | - | 921,338 | - | - | |
| 49 | | Maintenance | | | | | | |
| 50 | 568000 | Supervision and Engineering | 392,902 | - | 392,902 | - | - | |
| 51 | 569000 | Structures | - | - | - | - | - | |
| 52 | 570000 | Station Equipment | 1,075,570 | - | 1,075,570 | - | - | |
| 53 | 571000 | Overhead Lines | - | - | - | - | - | |
| 54 | 572000 | Underground Lines | - | - | - | - | - | |
| 55 | 573000 | Miscellaneous Transmission Plant | - | - | - | - | - | |

**Colorado Springs Utilities
2018 Electric Cost of Service Study**

**SCHEDULE 4.2
FUNCTIONALIZATION OF SALARIES AND WAGES**

| Line No. | Account | Account Description | Test Year Budget 2018 | Production | Transmission | Distribution | Customer |
|-----------------|----------------|--|------------------------------|-------------------|---------------------|---------------------|-----------------|
| (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) |
| 56 | | Distribution Expenses | | | | | |
| 57 | | Operation | | | | | |
| 58 | 580000 | Supervision and Engineering | 1,197,556 | - | - | 1,197,556 | - |
| 59 | 581000 | Load Dispatching | 684,162 | - | - | 684,162 | - |
| 60 | 582000 | Station Expenses | - | - | - | - | - |
| 61 | 583000 | Overhead Line Expenses | 788,568 | - | - | 788,568 | - |
| 62 | 584000 | Underground Line Expenses | 1,616,136 | - | - | 1,616,136 | - |
| 63 | 585000 | Street Lighting and Signal System Expenses | 1,950 | - | - | 1,950 | - |
| 64 | 585001 | Traffic Signals | - | - | - | - | - |
| 65 | 586000 | Meter Expenses | 485,854 | - | - | - | 485,854 |
| 66 | 587000 | Customer Installations Expenses | - | - | - | - | - |
| 67 | 588000 | Miscellaneous Distribution Expenses | 3,596,550 | - | - | 3,596,550 | - |
| 68 | | Maintenance | | | | | |
| 69 | 590000 | Supervision and Engineering | 1,842,941 | - | - | 1,842,941 | - |
| 70 | 591000 | Structures | - | - | - | - | - |
| 71 | 592000 | Station Equipment | 1,123,426 | - | - | 1,123,426 | - |
| 72 | 593000 | Overhead Lines | 1,234,821 | - | - | 1,234,821 | - |
| 73 | 594000 | Underground Lines | 2,045,487 | - | - | 2,045,487 | - |
| 74 | 595000 | Line Transformers | 189,834 | - | - | 189,834 | - |
| 75 | 596000 | Street Lighting and Signal Systems | - | - | - | - | - |
| 76 | 596001 | Street Traffic Signals | - | - | - | - | - |
| 77 | 597000 | Meters | 325,373 | - | - | - | 325,373 |
| 78 | 598000 | Miscellaneous Distribution Plant | - | - | - | - | - |
| 79 | | Customer Accounts Expense | | | | | |
| 80 | | Operation | | | | | |
| 81 | 901000 | Supervision | 75,459 | - | - | - | 75,459 |
| 82 | 902000 | Meter Reading Expenses | 363,711 | - | - | - | 363,711 |
| 83 | 903000 | Customer Records and Collection Expenses | 3,259,664 | - | - | - | 3,259,664 |
| 84 | 904000 | Uncollectible Accounts | - | - | - | - | - |
| 85 | 905000 | Miscellaneous Customer Accounts Expenses | - | - | - | - | - |

**Colorado Springs Utilities
2018 Electric Cost of Service Study**

**SCHEDULE 4.2
FUNCTIONALIZATION OF SALARIES AND WAGES**

| Line No. | Account | Account Description | Test Year Budget 2018 | Production | Transmission | Distribution | Customer |
|-----------------|----------------|---|------------------------------|----------------------|---------------------|----------------------|---------------------|
| (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) |
| 86 | | Customer Service and Information Expense | | | | | |
| 87 | | Operation | | | | | |
| 88 | 908000 | Customer Assistance Expenses | 1,265,245 | - | - | - | 1,265,245 |
| 89 | 908011 | Customer Solutions Electric | 610,149 | - | - | - | 610,149 |
| 90 | 909000 | Informational and Instructional Advertising Expenses | - | - | - | - | - |
| 91 | | Total | \$ 48,001,932 | \$ 22,681,462 | \$ 4,613,584 | \$ 14,321,431 | \$ 6,385,455 |
| 92 | | Percent of Allocation for Administrative and General | 100.00% | 47.25% | 9.61% | 29.84% | 13.30% |

**Colorado Springs Utilities
2018 Electric Cost of Service Study**

SCHEDULE 4.3

OPERATING AND MAINTENANCE EXPENSE

| Line No. | Account | Account Description | Test Year Budget 2018 |
|-------------|------------|---|--------------------------|
| <u>(a)</u> | <u>(b)</u> | <u>(c)</u> | <u>(d)</u> |
| 1 | | Operation and Maintenance | |
| 2 | | Steam Power Generation | |
| 3 | | Operation | |
| 4 | 500000 | Supervision and Engineering | \$ 1,725,520 |
| 5 | 501050 | Fuel | - |
| 6 | 502000 | Steam Expenses | 1,759,398 |
| 7 | 505000 | Electric Expenses | 2,215,869 |
| 8 | 506000 | Miscellaneous Steam Power Expenses | 7,550,346 |
| 9 | 508000 | Supplies and Expenses | 15,482 |
| 10 | | Total | <u>\$ 13,266,615</u> |
| 11 | | Maintenance | |
| 12 | 510000 | Supervision and Engineering | \$ 1,228,965 |
| 13 | 511000 | Structures | 1,961,826 |
| 14 | 512000 | Boiler Plant | 12,944,707 |
| 15 | 513000 | Electric Plant | 3,537,494 |
| 16 | 514000 | Miscellaneous Steam Plant | 3,511,405 |
| 17 | | Total | <u>\$ 23,184,397</u> |
| 18 | | Hydraulic Power Generation | |
| 19 | | Operation | |
| 20 | 535000 | Supervision and Engineering | \$ 63,726 |
| 21 | 536000 | Water for Power | - |
| 22 | 537000 | Hydraulic Expenses | 26,771 |
| 23 | 538000 | Electric Expenses | 221,239 |
| 24 | 539000 | Miscellaneous Hydraulic Power Generation Expenses | 480 |
| 25 | 540000 | Rents | - |
| 26 | | Total | <u>\$ 312,216</u> |
| 27 | | Maintenance | |
| 28 | 541000 | Supervision and Engineering | \$ - |
| 29 | 542000 | Structures | 109,844 |
| 30 | 543000 | Reservoirs, Dams and Waterways | - |
| 31 | 544000 | Electric Plant | 425,486 |
| 32 | 545000 | Miscellaneous Hydraulic Plant | 38,413 |
| 33 | | Total | <u>\$ 573,743</u> |

**Colorado Springs Utilities
2018 Electric Cost of Service Study**

SCHEDULE 4.3

OPERATING AND MAINTENANCE EXPENSE

| Line No. | Account | Account Description | Test Year Budget 2018 |
|------------|------------|---|-----------------------|
| <u>(a)</u> | <u>(b)</u> | <u>(c)</u> | <u>(d)</u> |
| 34 | | Other Power Generation | |
| 35 | | Operation | |
| 36 | 546000 | Supervision and Engineering | \$ 1,283,600 |
| 37 | 547000 | Fuel | - |
| 38 | 548000 | Generation Expenses | - |
| 39 | 549000 | Miscellaneous Other Power Generation Expenses | 121,154 |
| 40 | | Total | <u>\$ 1,404,754</u> |
| 41 | | Maintenance | |
| 42 | 551000 | Supervision and Engineering | \$ 487,231 |
| 43 | 552000 | Structures | 372,069 |
| 44 | 553000 | Generating and Electric Equipment | 1,469,331 |
| 45 | 554000 | Miscellaneous Other Power Generation Plant | 980,032 |
| 46 | | Total | <u>\$ 3,308,663</u> |
| 47 | | Transmission Expenses | |
| 48 | | Operation | |
| 49 | 560000 | Supervision and Engineering | \$ 2,723,089 |
| 50 | 561000 | Load Dispatching | 847,290 |
| 51 | 562000 | Station Expenses | - |
| 52 | 563000 | Overhead Line Expenses | 5,000 |
| 53 | 566000 | Miscellaneous Transmission Expenses | 1,160,589 |
| 54 | | Total | <u>\$ 4,735,968</u> |
| 55 | | Maintenance | |
| 56 | 568000 | Supervision and Engineering | \$ 800,802 |
| 57 | 569000 | Structures | 300,366 |
| 58 | 570000 | Station Equipment | 1,508,546 |
| 59 | 571000 | Overhead Lines | - |
| 60 | 572000 | Underground Lines | 23,000 |
| 61 | 573000 | Miscellaneous Transmission Plant | 8,000 |
| 62 | | Total | <u>\$ 2,640,714</u> |

Colorado Springs Utilities
2018 Electric Cost of Service Study

SCHEDULE 4.3

OPERATING AND MAINTENANCE EXPENSE

| Line No. | Account | Account Description | Test Year Budget 2018 |
|----------|---------|--|-----------------------------|
| (a) | (b) | (c) | (d) |
| 63 | | Distribution Expenses | |
| 64 | | Operation | |
| 65 | 580000 | Supervision and Engineering | \$ 2,011,237 |
| 66 | 581000 | Load Dispatching | 978,517 |
| 67 | 582000 | Station Expenses | 16,400 |
| 68 | 583000 | Overhead Line Expenses | 791,868 |
| 69 | 584000 | Underground Line Expenses | 1,914,517 |
| 70 | 585000 | Street Lighting and Signal System Expenses | 1,950 |
| 71 | 585008 | Street Lighting and Signal System Expenses | - |
| 72 | 586000 | Meter Expenses | 485,854 |
| 73 | 587000 | Customer Installations Expenses | - |
| 74 | 588000 | Miscellaneous Distribution Expenses | 6,661,446 |
| 75 | | Total | <u>\$ 12,861,789</u> |
| 76 | | Maintenance | |
| 77 | 590000 | Supervision and Engineering | \$ 1,918,930 |
| 78 | 591000 | Structures | - |
| 79 | 592000 | Station Equipment | 1,439,255 |
| 80 | 593000 | Overhead Lines | 3,647,338 |
| 81 | 594000 | Underground Lines | 3,272,777 |
| 82 | 595000 | Line Transformers | 273,261 |
| 83 | 595010 | Main Line Trans Env | - |
| 84 | 596000 | Street Lighting and Signal Systems | - |
| 85 | 596008 | Street Lighting and Signal Systems | 965,623 |
| 86 | 597000 | Meters | 483,012 |
| 87 | 598000 | Miscellaneous Distribution Plant | 45,675 |
| 88 | | Total | <u>\$ 12,045,871</u> |
| 89 | | Total Operation and Maintenance | <u><u>\$ 74,334,730</u></u> |

**Colorado Springs Utilities
2018 Electric Cost of Service Study**

SCHEDULE 4.3

OPERATING AND MAINTENANCE EXPENSE

| Line | | | Test Year |
|-------------|------------------|--|---------------------|
| No. | Account | Account Description | Budget 2018 |
| <u>(a)</u> | <u>(b)</u> | <u>(c)</u> | <u>(d)</u> |
| 90 | Allocated | Customer and Administrative and General | |
| 91 | | Customer Accounts Expense | |
| 92 | | Operation | |
| 93 | 901000 | Supervision | \$ 108,316 |
| 94 | 902000 | Meter Reading Expenses | 1,463,566 |
| 95 | 903000 | Customer Records and Collection Expenses | 4,241,882 |
| 96 | 904000 | Uncollectible Accounts | 681,381 |
| 97 | 904001 | Uncollectible Accounts | - |
| 98 | 905000 | Miscellaneous Customer Accounts Expenses | - |
| 99 | | Total | <u>\$ 6,495,145</u> |
| 100 | | Customer Service and Information Expense | |
| 101 | | Operation | |
| 102 | 417190 | Products & Services | \$ - |
| 103 | 908000 | Customer Assistance Expenses | 1,361,582 |
| 104 | 908011 | Customer Assistance Expenses | 6,729,981 |
| 105 | 908015 | Cust Solutions Comm | 191,019 |
| 106 | 909011 | Informational and Instructional Advertising Expenses | 341,150 |
| 107 | 909015 | Informational and Instructional Advertising Expenses | 69,190 |
| 108 | 909020 | Informational and Instructional Advertising Expenses | - |
| 109 | | Total | <u>\$ 8,692,922</u> |

**Colorado Springs Utilities
2018 Electric Cost of Service Study**

**SCHEDULE 4.3
OPERATING AND MAINTENANCE EXPENSE**

| Line No. | Account | Account Description | Test Year Budget 2018 |
|-----------------|----------------|--|------------------------------|
| <u>(a)</u> | <u>(b)</u> | <u>(c)</u> | <u>(d)</u> |
| 110 | | Administrative and General | |
| 111 | | Operation | |
| 112 | 920000 | Administrative and General Salaries | \$ 17,478,525 |
| 113 | 920007 | Administrative and General Salaries | 1,066,315 |
| 114 | 921000 | Office Supplies and Expenses | 12,823,135 |
| 115 | 921001 | Office Supplies and Expenses | 29,367 |
| 116 | 922000 | Administrative Expenses Transferred—Credit | (3,300,840) |
| 117 | 923000 | Outside Services Employed | 3,337,264 |
| 118 | 923001 | Outside Services Employed | 260,000 |
| 119 | 924000 | Property Insurance | 603,628 |
| 120 | 924001 | Property Insurance | 1,766,396 |
| 121 | 925000 | Injuries and Damages | 1,665 |
| 122 | 925001 | Injuries and Damages | 29,986 |
| 123 | 926000 | Employee Pensions and Benefits | 20,015,119 |
| 124 | 928000 | Regulatory Commission Expenses | 13,928 |
| 125 | 928001 | Regulatory Commission Expenses | 101,320 |
| 126 | 930200 | Miscellaneous General Expenses | 29,128 |
| 127 | 930201 | Miscellaneous General Expenses | 248,700 |
| 128 | | Maintenance | |
| 129 | 932000 | Maintenance of General Plant | 2,686,298 |
| 130 | | Total | <u>\$ 57,189,934</u> |
| 131 | | Total Allocated Customer and Administrative and General | <u>\$ 72,378,001</u> |
| 132 | | Total | <u>\$ 146,712,731</u> |

Note : Fuel related expenses removed from this non-fuel cost of service study

Colorado Springs Utilities
2018 Electric Cost of Service Study

SCHEDULE 4.4
FUNCTIONAL ALLOCATION OF CAPITAL INVESTMENT

| Line No. | Account | Function | Net Plant December 31, 2016 | Generation | Transmission | Distribution | | | |
|----------|---------|---|-----------------------------------|-----------------------|----------------------|----------------------|-----------------------|---|----------------------|
| | | | | | | Substation | Line | Electric Service, Meters and Installation | Street Lighting |
| (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) | (i) |
| 1 | 310-346 | Generation | \$ 617,542,817 | \$ 617,542,817 | \$ - | \$ - | \$ - | \$ - | \$ - |
| 2 | 350-359 | Transmission | 69,299,867 | - | 69,299,867 | - | - | - | - |
| 3 | | Distribution: | | | | | | | |
| 4 | 360 | Land & Land Rights | 3,428,459 | - | - | 3,428,459 | - | - | - |
| 5 | 361 | Structure Improvement | 8,042,627 | - | - | 8,042,627 | - | - | - |
| 6 | 362 | Station Equipment | 59,346,303 | - | - | 59,346,303 | - | - | - |
| 7 | 363 | Storage Battery Equipment | 71,245 | - | - | 71,245 | - | - | - |
| 8 | 364 | Poles, Towers, etc. | 23,412,763 | - | - | - | 23,412,763 | - | - |
| 9 | 365 | Overhead Conductor | 17,126,847 | - | - | - | 17,126,847 | - | - |
| 10 | 366 | Underground Conduit | 128,216,141 | - | - | - | 128,216,141 | - | - |
| 11 | 367 | Underground Conductor | 125,045,440 | - | - | - | 125,045,440 | - | - |
| 12 | 368 | Line Transformers | 27,015,453 | - | - | - | 27,015,453 | - | - |
| 13 | 369 | Electric Service | 18,927,996 | - | - | - | - | 18,927,996 | - |
| 14 | 370 | Meters | 20,909,472 | - | - | - | - | 20,909,472 | - |
| 15 | 371 | Installation - Customer | 11 | - | - | - | - | 11 | - |
| 16 | 373 | Street Lighting | 22,589,228 | - | - | - | - | - | 22,589,228 |
| 17 | | Total | \$ 1,140,974,669 | \$ 617,542,817 | \$ 69,299,867 | \$ 70,888,634 | \$ 320,816,645 | \$ 39,837,479 | \$ 22,589,228 |
| 18 | | Net Plant including Street Lighting ⁽¹⁾ | 100.00% | 54.12% | 6.07% | 6.21% | 28.12% | 3.49% | 1.98% |
| 19 | | Net Plant excluding Street Lighting | 100.00% | 55.22% | 6.20% | 6.34% | 28.69% | 3.56% | - |
| 20 | | Net Plant excluding City Street Lighting ⁽²⁾ | 100.00% | 55.16% | 6.19% | 6.33% | 28.66% | 3.56% | 0.10% |

Notes:

⁽¹⁾ Streetlights = 373000-0008 & 0001 inside and outside

⁽²⁾ Streetlights = 373000-0001 outside city

⁽³⁾ Net plant is inclusive of Construction Work in Progress (CWIP)

Colorado Springs Utilities
2018 Electric Cost of Service Study

SCHEDULE 5
CLASSIFICATION OF FUNCTIONAL EXPENDITURES

| Line No. | Function | Test Year Budget 2018 | Demand Related | | Energy Related | Customer Related | Direct |
|------------|---|-----------------------|------------------------|--------------------------|-----------------------|----------------------|---------------------|
| | | | 3 Coincident Peak (CP) | Noncoincident Peak (NCP) | | | |
| <u>(a)</u> | <u>(b)</u> | <u>(c)</u> | <u>(d)</u> | <u>(e)</u> | <u>(f)</u> | <u>(g)</u> | <u>(h)</u> |
| 1 | Generation Non-Fuel | \$ 155,664,955 | \$ 60,283,973 | \$ - | \$ 95,380,981 | \$ - | \$ - |
| 2 | Transmission | 23,153,532 | 8,966,610 | - | 14,186,922 | - | - |
| 3 | Distribution: | | | | | | |
| 4 | Substation | 13,689,041 | - | 13,689,041 | - | - | - |
| 5 | Line - Primary | 47,937,869 | - | 47,937,869 | - | - | - |
| 6 | Line - Secondary | 15,979,290 | - | 10,386,538 | - | 5,592,751 | - |
| 7 | Electric Service, Meters and Installation | 23,082,243 | - | - | - | 23,082,243 | - |
| 8 | Street Lighting | 2,389,595 | - | - | - | - | 2,389,595 |
| 9 | Customer Accounts | 25,351,364 | - | - | - | 25,351,364 | - |
| 10 | Surplus Payments to the City | 25,990,038 | - | - | 25,990,038 | - | - |
| 11 | Total | \$ 333,237,927 | \$ 69,250,583 | \$ 72,013,448 | \$ 135,557,942 | \$ 54,026,358 | \$ 2,389,595 |

Colorado Springs Utilities
2018 Electric Cost of Service Study

SCHEDULE 6A
COST ALLOCATION DETAIL: GENERATION NON-FUEL
Test Year Budget 2018

| Line No. | Rate Class | AF01 Demand Alloc Factor | Demand Related Cost | AF03 Energy Alloc Factor | Energy Related Cost | Total Allocated Cost |
|------------|--|--------------------------|----------------------|--------------------------|----------------------|-----------------------|
| <u>(a)</u> | <u>(b)</u> | <u>(c)</u> | <u>(d)</u> | <u>(e)</u> | <u>(f)</u> | <u>(g)</u> |
| 1 | Residential/Small Commercial (E1R/E1C) | 48.85% | \$ 29,447,374 | 33.21% | \$ 31,680,042 | \$ 61,127,416 |
| 2 | Residential Time-of-Day (ETR) | 0.02% | 9,185 | 0.01% | 5,991 | 15,176 |
| 3 | Commercial General (E2C) | 18.05% | 10,878,258 | 14.51% | 13,838,822 | 24,717,080 |
| 4 | Commercial TOD General (ETC) | 0.03% | 19,807 | 0.73% | 693,998 | 713,805 |
| 5 | Industrial TOD 1,000 kWh/Day Min (ETL) | 20.16% | 12,151,450 | 19.75% | 18,840,589 | 30,992,039 |
| 6 | Industrial TOD 500 kW Min (E8T) | 6.94% | 4,180,881 | 14.58% | 13,908,347 | 18,089,229 |
| 7 | Industrial Transmission Voltage TOD (ETX) | 0.95% | 573,459 | 0.95% | 904,544 | 1,478,004 |
| 8 | Industrial TOD 4,000 kW Min (E8S) | 0.25% | 149,356 | 1.84% | 1,757,084 | 1,906,439 |
| 9 | Industrial Service - Large Power and Light (ELG) | 0.27% | 161,108 | 6.63% | 6,327,588 | 6,488,697 |
| 10 | Traffic Signals (E2T) | 0.00% | - | 0.04% | 37,037 | 37,037 |
| 11 | Street Lighting | 0.00% | - | 0.53% | 504,839 | 504,839 |
| 12 | Contract Service - DOD (ECD) | 4.50% | 2,713,095 | 7.22% | 6,882,101 | 9,595,196 |
| 13 | Contract Service - Wheeling (ECW) | 0.00% | - | 0.00% | - | - |
| 14 | Total | 100.00% | \$ 60,283,973 | 100.00% | \$ 95,380,981 | \$ 155,664,955 |

Colorado Springs Utilities
2018 Electric Cost of Service Study

SCHEDULE 6B
COST ALLOCATION DETAIL: TRANSMISSION
Test Year Budget 2018

| Line No. | Rate Class | AF01 Demand Alloc Factor | Demand Related Cost | AF03 Energy Alloc Factor | Energy Related Cost | Total Allocated Cost |
|-----------------|--|---------------------------------|----------------------------|---------------------------------|----------------------------|-----------------------------|
| <u>(a)</u> | <u>(b)</u> | <u>(c)</u> | <u>(d)</u> | <u>(e)</u> | <u>(f)</u> | <u>(g)</u> |
| 1 | Residential/Small Commercial (E1R/E1C) | 48.85% | \$ 4,379,989 | 33.21% | \$ 4,712,075 | \$ 9,092,063 |
| 2 | Residential Time-of-Day (ETR) | 0.02% | 1,366 | 0.01% | 891 | 2,257 |
| 3 | Commercial General (E2C) | 18.05% | 1,618,027 | 14.51% | 2,058,380 | 3,676,407 |
| 4 | Commercial TOD General (ETC) | 0.03% | 2,946 | 0.73% | 103,225 | 106,171 |
| 5 | Industrial TOD 1,000 kWh/Day Min (ETL) | 20.16% | 1,807,401 | 19.75% | 2,802,340 | 4,609,741 |
| 6 | Industrial TOD 500 kW Min (E8T) | 6.94% | 621,862 | 14.58% | 2,068,721 | 2,690,583 |
| 7 | Industrial Transmission Voltage TOD (ETX) | 0.95% | 85,296 | 0.95% | 134,541 | 219,838 |
| 8 | Industrial TOD 4,000 kW Min (E8S) | 0.25% | 22,215 | 1.84% | 261,348 | 283,563 |
| 9 | Industrial Service - Large Power and Light (ELG) | 0.27% | 23,963 | 6.63% | 941,162 | 965,126 |
| 10 | Traffic Signals (E2T) | 0.00% | - | 0.04% | 5,509 | 5,509 |
| 11 | Street Lighting | 0.00% | - | 0.53% | 75,089 | 75,089 |
| 12 | Contract Service - DOD (ECD) | 4.50% | 403,544 | 7.22% | 1,023,641 | 1,427,185 |
| 13 | Contract Service - Wheeling (ECW) | 0.00% | - | 0.00% | - | - |
| 14 | Total | 100.00% | \$ 8,966,610 | 100.00% | \$ 14,186,922 | \$ 23,153,532 |

Colorado Springs Utilities
2018 Electric Cost of Service Study

SCHEDULE 6C
COST ALLOCATION DETAIL: DISTRIBUTION SUBSTATION
Test Year Budget 2018

| Line No. | Rate Class | AF02 Demand Alloc Factor | Demand Related Cost | - | - | Total Allocated Cost |
|------------|--|--------------------------|----------------------|--------------|-------------|----------------------|
| <u>(a)</u> | <u>(b)</u> | <u>(c)</u> | <u>(d)</u> | <u>(e)</u> | <u>(f)</u> | <u>(g)</u> |
| 1 | Residential/Small Commercial (E1R/E1C) | 40.32% | \$ 5,519,645 | | \$ - | \$ 5,519,645 |
| 2 | Residential Time-of-Day (ETR) | 0.01% | 1,460 | | - | 1,460 |
| 3 | Commercial General (E2C) | 16.09% | 2,202,106 | | - | 2,202,106 |
| 4 | Commercial TOD General (ETC) | 0.52% | 71,674 | | - | 71,674 |
| 5 | Industrial TOD 1,000 kWh/Day Min (ETL) | 21.97% | 3,006,900 | | - | 3,006,900 |
| 6 | Industrial TOD 500 kW Min (E8T) | 12.87% | 1,761,519 | | - | 1,761,519 |
| 7 | Industrial Transmission Voltage TOD (ETX) | 1.38% | 188,356 | | - | 188,356 |
| 8 | Industrial TOD 4,000 kW Min (E8S) | 1.47% | 201,525 | | - | 201,525 |
| 9 | Industrial Service - Large Power and Light (ELG) | 4.31% | 590,493 | | - | 590,493 |
| 10 | Traffic Signals (E2T) | 0.04% | 6,085 | | - | 6,085 |
| 11 | Street Lighting | 0.62% | 85,266 | | - | 85,266 |
| 12 | Contract Service - DOD (ECD) | 0.33% | 45,794 | | - | 45,794 |
| 13 | Contract Service - Wheeling (ECW) | 0.06% | 8,218 | | - | 8,218 |
| 14 | Total | 100.00% | \$ 13,689,041 | 0.00% | \$ - | \$ 13,689,041 |

Colorado Springs Utilities
2018 Electric Cost of Service Study

SCHEDULE 6D-1
COST ALLOCATION DETAIL: DISTRIBUTION LINE - PRIMARY
Test Year Budget 2018

| Line No. | Rate Class | AF02 Demand Alloc Factor | Demand Related Cost | - | - | Total Allocated Cost |
|------------|--|--------------------------|----------------------|--------------|-------------|----------------------|
| <u>(a)</u> | <u>(b)</u> | <u>(c)</u> | <u>(d)</u> | <u>(e)</u> | <u>(f)</u> | <u>(g)</u> |
| 1 | Residential/Small Commercial (E1R/E1C) | 40.32% | \$ 19,329,330 | | \$ - | \$ 19,329,330 |
| 2 | Residential Time-of-Day (ETR) | 0.01% | 5,112 | | - | 5,112 |
| 3 | Commercial General (E2C) | 16.09% | 7,711,589 | | - | 7,711,589 |
| 4 | Commercial TOD General (ETC) | 0.52% | 250,996 | | - | 250,996 |
| 5 | Industrial TOD 1,000 kWh/Day Min (ETL) | 21.97% | 10,529,910 | | - | 10,529,910 |
| 6 | Industrial TOD 500 kW Min (E8T) | 12.87% | 6,168,691 | | - | 6,168,691 |
| 7 | Industrial Transmission Voltage TOD (ETX) | 1.38% | 659,606 | | - | 659,606 |
| 8 | Industrial TOD 4,000 kW Min (E8S) | 1.47% | 705,724 | | - | 705,724 |
| 9 | Industrial Service - Large Power and Light (ELG) | 4.31% | 2,067,857 | | - | 2,067,857 |
| 10 | Traffic Signals (E2T) | 0.04% | 21,310 | | - | 21,310 |
| 11 | Street Lighting | 0.62% | 298,596 | | - | 298,596 |
| 12 | Contract Service - DOD (ECD) | 0.33% | 160,368 | | - | 160,368 |
| 13 | Contract Service - Wheeling (ECW) | 0.06% | 28,779 | | - | 28,779 |
| 14 | Total | 100.00% | \$ 47,937,869 | 0.00% | \$ - | \$ 47,937,869 |

Colorado Springs Utilities
2018 Electric Cost of Service Study

SCHEDULE 6D-2
COST ALLOCATION DETAIL: DISTRIBUTION LINE - SECONDARY
Test Year Budget 2018

| Line No. | Rate Class | AF02 Demand Alloc Factor | Demand Related Cost | AF05 Customer Alloc Factor | Customer Related Cost | Total Allocated Cost |
|------------|--|--------------------------|----------------------|----------------------------|-----------------------|----------------------|
| <u>(a)</u> | <u>(b)</u> | <u>(c)</u> | <u>(d)</u> | <u>(e)</u> | <u>(f)</u> | <u>(g)</u> |
| 1 | Residential/Small Commercial (E1R/E1C) | 40.32% | \$ 4,188,022 | 92.65% | \$ 5,181,565 | \$ 9,369,587 |
| 2 | Residential Time-of-Day (ETR) | 0.01% | 1,108 | 0.01% | 440 | 1,548 |
| 3 | Commercial General (E2C) | 16.09% | 1,670,844 | 6.09% | 340,539 | 2,011,383 |
| 4 | Commercial TOD General (ETC) | 0.52% | 54,382 | 0.20% | 10,916 | 65,299 |
| 5 | Industrial TOD 1,000 kWh/Day Min (ETL) | 21.97% | 2,281,481 | 0.58% | 32,328 | 2,313,809 |
| 6 | Industrial TOD 500 kW Min (E8T) | 12.87% | 1,336,550 | 0.09% | 4,934 | 1,341,484 |
| 7 | Industrial Transmission Voltage TOD (ETX) | 1.38% | 142,915 | 0.00% | 49 | 142,963 |
| 8 | Industrial TOD 4,000 kW Min (E8S) | 1.47% | 152,907 | 0.00% | 98 | 153,005 |
| 9 | Industrial Service - Large Power and Light (ELG) | 4.31% | 448,036 | 0.00% | 147 | 448,183 |
| 10 | Traffic Signals (E2T) | 0.04% | 4,617 | 0.28% | 15,738 | 20,355 |
| 11 | Street Lighting | 0.62% | 64,696 | 0.10% | 5,801 | 70,496 |
| 12 | Contract Service - DOD (ECD) | 0.33% | 34,746 | 0.00% | 98 | 34,844 |
| 13 | Contract Service - Wheeling (ECW) | 0.06% | 6,235 | 0.00% | 98 | 6,333 |
| 14 | Total | 100.00% | \$ 10,386,538 | 100.00% | \$ 5,592,751 | \$ 15,979,290 |

Colorado Springs Utilities
2018 Electric Cost of Service Study

SCHEDULE 6E

COST ALLOCATION DETAIL: DISTRIBUTION ELECTRIC SERVICE, METERS AND INSTALLATION

Test Year Budget 2018

| Line No. | Rate Class | - Demand Alloc Factor | Demand Related Cost | AF07 Customer Alloc Factor | Customer Related Cost | Total Allocated Cost |
|------------|--|-----------------------|---------------------|----------------------------|-----------------------|----------------------|
| <u>(a)</u> | <u>(b)</u> | <u>(c)</u> | <u>(d)</u> | <u>(e)</u> | <u>(f)</u> | <u>(g)</u> |
| 1 | Residential/Small Commercial (E1R/E1C) | | \$ - | 89.04% | \$ 20,552,555 | \$ 20,552,555 |
| 2 | Residential Time-of-Day (ETR) | | - | 0.01% | 2,620 | 2,620 |
| 3 | Commercial General (E2C) | | - | 8.78% | 2,026,109 | 2,026,109 |
| 4 | Commercial TOD General (ETC) | | - | 0.28% | 64,948 | 64,948 |
| 5 | Industrial TOD 1,000 kWh/Day Min (ETL) | | - | 1.11% | 256,460 | 256,460 |
| 6 | Industrial TOD 500 kW Min (E8T) | | - | 0.17% | 39,142 | 39,142 |
| 7 | Industrial Transmission Voltage TOD (ETX) | | - | 0.00% | 388 | 388 |
| 8 | Industrial TOD 4,000 kW Min (E8S) | | - | 0.00% | 776 | 776 |
| 9 | Industrial Service - Large Power and Light (ELG) | | - | 0.01% | 1,165 | 1,165 |
| 10 | Traffic Signals (E2T) | | - | 0.27% | 62,425 | 62,425 |
| 11 | Street Lighting | | - | 0.10% | 23,008 | 23,008 |
| 12 | Contract Service - DOD (ECD) | | - | 0.23% | 52,259 | 52,259 |
| 13 | Contract Service - Wheeling (ECW) | | - | 0.00% | 388 | 388 |
| 14 | Total | 0.00% | \$ - | 100.00% | \$ 23,082,243 | \$ 23,082,243 |

Colorado Springs Utilities
2018 Electric Cost of Service Study

SCHEDULE 6F
COST ALLOCATION DETAIL: CUSTOMER ACCOUNTS
Test Year Budget 2018

| Line No. | Rate Class | - Demand Alloc Factor | Demand Related Cost | AF06 Customer Alloc Factor | Customer Related Cost | Total Allocated Cost |
|------------|--|-----------------------|---------------------|----------------------------|-----------------------|----------------------|
| <u>(a)</u> | <u>(b)</u> | <u>(c)</u> | <u>(d)</u> | <u>(e)</u> | <u>(f)</u> | <u>(g)</u> |
| 1 | Residential/Small Commercial (E1R/E1C) | | \$ - | 87.79% | \$ 22,256,067 | \$ 22,256,067 |
| 2 | Residential Time-of-Day (ETR) | | - | 0.01% | 2,837 | 2,837 |
| 3 | Commercial General (E2C) | | - | 8.65% | 2,194,045 | 2,194,045 |
| 4 | Commercial TOD General (ETC) | | - | 0.28% | 70,331 | 70,331 |
| 5 | Industrial TOD 1,000 kWh/Day Min (ETL) | | - | 1.10% | 277,716 | 277,716 |
| 6 | Industrial TOD 500 kW Min (E8T) | | - | 1.67% | 423,861 | 423,861 |
| 7 | Industrial Transmission Voltage TOD (ETX) | | - | 0.00% | 210 | 210 |
| 8 | Industrial TOD 4,000 kW Min (E8S) | | - | 0.03% | 8,407 | 8,407 |
| 9 | Industrial Service - Large Power and Light (ELG) | | - | 0.05% | 12,611 | 12,611 |
| 10 | Traffic Signals (E2T) | | - | 0.27% | 67,599 | 67,599 |
| 11 | Street Lighting | | - | 0.05% | 12,457 | 12,457 |
| 12 | Contract Service - DOD (ECD) | | - | 0.05% | 12,611 | 12,611 |
| 13 | Contract Service - Wheeling (ECW) | | - | 0.05% | 12,611 | 12,611 |
| 14 | Total | 0.00% | \$ - | 100.00% | \$ 25,351,364 | \$ 25,351,364 |

Colorado Springs Utilities
2018 Electric Cost of Service Study

SCHEDULE 6G
COST ALLOCATION DETAIL: SURPLUS PAYMENTS TO THE CITY
Test Year Budget 2018

| Line No. | Rate Class | - Demand Alloc Factor | Demand Related Cost | AF04 Energy Alloc Factor | Energy Related Cost | Total Allocated Cost |
|------------|--|-----------------------|---------------------|--------------------------|----------------------|----------------------|
| <u>(a)</u> | <u>(b)</u> | <u>(c)</u> | <u>(d)</u> | <u>(e)</u> | <u>(f)</u> | <u>(g)</u> |
| 1 | Residential/Small Commercial (E1R/E1C) | | \$ - | 32.89% | \$ 8,547,392 | \$ 8,547,392 |
| 2 | Residential Time-of-Day (ETR) | | - | 0.01% | 1,616 | 1,616 |
| 3 | Commercial General (E2C) | | - | 14.37% | 3,733,765 | 3,733,765 |
| 4 | Commercial TOD General (ETC) | | - | 0.72% | 187,243 | 187,243 |
| 5 | Industrial TOD 1,000 kWh/Day Min (ETL) | | - | 19.56% | 5,083,260 | 5,083,260 |
| 6 | Industrial TOD 500 kW Min (E8T) | | - | 14.44% | 3,752,523 | 3,752,523 |
| 7 | Industrial Transmission Voltage TOD (ETX) | | - | 0.99% | 256,139 | 256,139 |
| 8 | Industrial TOD 4,000 kW Min (E8S) | | - | 1.86% | 483,155 | 483,155 |
| 9 | Industrial Service - Large Power and Light (ELG) | | - | 6.69% | 1,739,930 | 1,739,930 |
| 10 | Traffic Signals (E2T) | | - | 0.04% | 9,993 | 9,993 |
| 11 | Street Lighting | | - | 0.52% | 136,207 | 136,207 |
| 12 | Contract Service - DOD (ECD) | | - | 7.44% | 1,934,642 | 1,934,642 |
| 13 | Contract Service - Wheeling (ECW) | | - | 0.48% | 124,173 | 124,173 |
| 14 | Total | 0.00% | \$ - | 100.00% | \$ 25,990,038 | \$ 25,990,038 |

Colorado Springs Utilities
2018 Electric Cost of Service Study

SCHEDULE 6.1
SUMMARY OF ALLOCATION FACTOR PERCENTAGES

| Line No. | Rate Class | Class Excess Demand 3 CP (kW) | NCP (kW) | Energy kWh Output to Lines Excluding Wheeling | Forecast Energy kWh Sales | Average Customers | Weighted Average Customers for Access Charge | Weighted Average Customers for Meter Charge |
|------------|--|-------------------------------|------------|---|---------------------------|-------------------|--|---|
| | | AF01 | AF02 | AF03 | AF04 | AF05 | AF06 | AF07 |
| <u>(a)</u> | <u>(b)</u> | <u>(c)</u> | <u>(d)</u> | <u>(e)</u> | <u>(f)</u> | <u>(g)</u> | <u>(h)</u> | <u>(i)</u> |
| 1 | Residential/Small Commercial (E1R/E1C) | 48.85% | 40.32% | 33.21% | 32.89% | 92.65% | 87.79% | 89.04% |
| 2 | Residential Time-of-Day (ETR) | 0.02% | 0.01% | 0.01% | 0.01% | 0.01% | 0.01% | 0.01% |
| 3 | Commercial General (E2C) | 18.05% | 16.09% | 14.51% | 14.37% | 6.09% | 8.65% | 8.78% |
| 4 | Commercial TOD General (ETC) | 0.03% | 0.52% | 0.73% | 0.72% | 0.20% | 0.28% | 0.28% |
| 5 | Industrial TOD 1,000 kWh/Day Min (ETL) | 20.16% | 21.97% | 19.75% | 19.56% | 0.58% | 1.10% | 1.11% |
| 6 | Industrial TOD 500 kW Min (E8T) | 6.94% | 12.87% | 14.58% | 14.44% | 0.09% | 1.67% | 0.17% |
| 7 | Industrial Transmission Voltage TOD (ETX) | 0.95% | 1.38% | 0.95% | 0.99% | 0.00% | 0.00% | 0.00% |
| 8 | Industrial TOD 4,000 kW Min (E8S) | 0.25% | 1.47% | 1.84% | 1.86% | 0.00% | 0.03% | 0.00% |
| 9 | Industrial Service - Large Power and Light (ELG) | 0.27% | 4.31% | 6.63% | 6.69% | 0.00% | 0.05% | 0.01% |
| 10 | Traffic Signals (E2T) | 0.00% | 0.04% | 0.04% | 0.04% | 0.28% | 0.27% | 0.27% |
| 11 | Street Lighting | 0.00% | 0.62% | 0.53% | 0.52% | 0.10% | 0.05% | 0.10% |
| 12 | Contract Service - DOD (ECD) | 4.50% | 0.33% | 7.22% | 7.44% | 0.00% | 0.05% | 0.23% |
| 13 | Contract Service - Wheeling (ECW) | 0.00% | 0.06% | 0.00% | 0.48% | 0.00% | 0.05% | 0.00% |

Colorado Springs Utilities
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SCHEDULE 6.2
ALLOCATION FACTOR CALCULATIONS

| Line No. | Rate Class | DEMAND ALLOCATION FACTORS | | | | ENERGY ALLOCATION FACTORS | | | |
|----------|--|-------------------------------|----------------|----------------|----------------|---|----------------|---------------------------|----------------|
| | | Class Excess Demand 3 CP (kW) | AF01 | NCP (kW) | AF02 | Energy kWh Output to Lines Excluding Wheeling | AF03 | Forecast Energy kWh Sales | AF04 |
| (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) | (j) |
| 1 | Residential/Small Commercial (E1R/E1C) | 134,342 | 48.85% | 362,964 | 40.32% | 1,625,900,034 | 33.21% | 1,531,336,916 | 32.89% |
| 2 | Residential Time-of-Day (ETR) | 42 | 0.02% | 96 | 0.01% | 307,460 | 0.01% | 289,578 | 0.01% |
| 3 | Commercial General (E2C) | 49,628 | 18.05% | 144,807 | 16.09% | 710,243,406 | 14.51% | 668,935,312 | 14.37% |
| 4 | Commercial TOD General (ETC) | 90 | 0.03% | 4,713 | 0.52% | 35,617,756 | 0.73% | 33,546,210 | 0.72% |
| 5 | Industrial TOD 1,000 kWh/Day Min (ETL) | 55,436 | 20.16% | 197,730 | 21.97% | 966,946,773 | 19.75% | 910,708,689 | 19.56% |
| 6 | Industrial TOD 500 kW Min (E8T) | 19,074 | 6.94% | 115,835 | 12.87% | 713,811,639 | 14.58% | 672,296,015 | 14.44% |
| 7 | Industrial Transmission Voltage TOD (ETX) | 2,616 | 0.95% | 12,386 | 1.38% | 46,423,503 | 0.95% | 45,889,532 | 0.99% |
| 8 | Industrial TOD 4,000 kW Min (E8S) | 681 | 0.25% | 13,252 | 1.47% | 90,177,982 | 1.84% | 86,561,187 | 1.86% |
| 9 | Industrial Service - Large Power and Light (ELG) | 735 | 0.27% | 38,830 | 4.31% | 324,747,864 | 6.63% | 311,723,106 | 6.69% |
| 10 | Traffic Signals (E2T) | - | 0.00% | 400 | 0.04% | 1,900,808 | 0.04% | 1,790,256 | 0.04% |
| 11 | Street Lighting | - | 0.00% | 5,607 | 0.62% | 25,909,609 | 0.53% | 24,402,694 | 0.52% |
| 12 | Contract Service - DOD (ECD) | 12,377 | 4.50% | 3,011 | 0.33% | 353,206,880 | 7.22% | 346,607,418 | 7.44% |
| 13 | Contract Service - Wheeling (ECW) | - | 0.00% | 540 | 0.06% | - | 0.00% | 22,246,547 | 0.48% |
| 14 | Total | 275,022 | 100.00% | 900,172 | 100.00% | 4,895,193,714 | 100.00% | 4,656,333,460 | 100.00% |

Colorado Springs Utilities
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SCHEDULE 6.2
ALLOCATION FACTOR CALCULATIONS

CUSTOMER ALLOCATION FACTORS

| Line No. | Rate Class | CUSTOMER ALLOCATION FACTORS | | | | | |
|------------|--|-----------------------------|----------------|--|----------------|---|----------------|
| | | Average Customers | AF05 | Weighted Average Customers for Access Charge | AF06 | Weighted Average Customers for Meter Charge | AF07 |
| <u>(a)</u> | <u>(b)</u> | <u>(k)</u> | <u>(l)</u> | <u>(m)</u> | <u>(n)</u> | <u>(o)</u> | <u>(p)</u> |
| 1 | Residential/Small Commercial (E1R/E1C) | 211,782 | 92.65% | 211,782 | 87.79% | 211,782 | 89.04% |
| 2 | Residential Time-of-Day (ETR) | 18 | 0.01% | 27 | 0.01% | 27 | 0.01% |
| 3 | Commercial General (E2C) | 13,919 | 6.09% | 20,878 | 8.65% | 20,878 | 8.78% |
| 4 | Commercial TOD General (ETC) | 446 | 0.20% | 669 | 0.28% | 669 | 0.28% |
| 5 | Industrial TOD 1,000 kWh/Day Min (ETL) | 1,321 | 0.58% | 2,643 | 1.10% | 2,643 | 1.11% |
| 6 | Industrial TOD 500 kW Min (E8T) | 202 | 0.09% | 4,033 | 1.67% | 403 | 0.17% |
| 7 | Industrial Transmission Voltage TOD (ETX) | 2 | 0.00% | 2 | 0.00% | 4 | 0.00% |
| 8 | Industrial TOD 4,000 kW Min (E8S) | 4 | 0.00% | 80 | 0.03% | 8 | 0.00% |
| 9 | Industrial Service - Large Power and Light (ELG) | 6 | 0.00% | 120 | 0.05% | 12 | 0.01% |
| 10 | Traffic Signals (E2T) | 643 | 0.28% | 643 | 0.27% | 643 | 0.27% |
| 11 | Street Lighting | 237 | 0.10% | 119 | 0.05% | 237 | 0.10% |
| 12 | Contract Service - DOD (ECD) | 4 | 0.00% | 120 | 0.05% | 539 | 0.23% |
| 13 | Contract Service - Wheeling (ECW) | 4 | 0.00% | 120 | 0.05% | 4 | 0.00% |
| 14 | Total | 228,588 | 100.00% | 241,236 | 100.00% | 237,849 | 100.00% |

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SCHEDULE 6.3
ENERGY AND DEMAND ALLOCATION FACTOR DETAIL

| Line No. | Rate Class | Energy kWh Sales | Composite Loss Multiplier ⁽¹⁾ | Energy kWh Output to Lines Excluding Wheeling | NCP Demand kW | 3CP | Average Demand kW | Class Excess Demand 3 CP (kW) |
|------------|--|----------------------|--|---|----------------|----------------|----------------------------|-------------------------------|
| <u>(a)</u> | <u>(b)</u> | <u>(c)</u> | <u>(d)</u> | <u>(e)</u> [(c) * (d)] | <u>(f)</u> | <u>(g)</u> | <u>(h)</u> [(e) / 8760] | <u>(i)</u> [(h) - (i)] |
| 1 | Residential/Small Commercial (E1R/E1C) | 1,531,336,916 | 1.061752 | 1,625,900,034 | 362,964 | 319,947 | 185,605 | 134,342 |
| 2 | Residential Time-of-Day (ETR) | 289,578 | 1.061752 | 307,460 | 96 | 77 | 35 | 42 |
| 3 | Commercial General (E2C) | 668,935,312 | 1.061752 | 710,243,406 | 144,807 | 130,706 | 81,078 | 49,628 |
| 4 | Commercial TOD General (ETC) | 33,546,210 | 1.061752 | 35,617,756 | 4,713 | 4,156 | 4,066 | 90 |
| 5 | Industrial TOD 1,000 kWh/Day Min (ETL) | 910,708,689 | 1.061752 | 966,946,773 | 197,730 | 165,818 | 110,382 | 55,436 |
| 6 | Industrial TOD 500 kW Min (E8T) | 672,296,015 | 1.061752 | 713,811,639 | 115,835 | 100,559 | 81,485 | 19,074 |
| 7 | Industrial Transmission Voltage TOD (ETX) | 45,889,532 | 1.011636 | 46,423,503 | 12,386 | 7,916 | 5,299 | 2,616 |
| 8 | Industrial TOD 4,000 kW Min (E8S) | 86,561,187 | 1.041783 | 90,177,982 | 13,252 | 10,976 | 10,294 | 681 |
| 9 | Industrial Service - Large Power and Light (ELG) | 311,723,106 | 1.041783 | 324,747,864 | 38,830 | 37,807 | 37,072 | 735 |
| 10 | Traffic Signals (E2T) | 1,790,256 | 1.061752 | 1,900,808 | 400 | 137 | 217 | - |
| 11 | Street Lighting | 24,402,694 | 1.061752 | 25,909,609 | 5,607 | - | 2,958 | - |
| 12 | Contract Service - DOD (ECD) | 346,607,418 | 1.019040 | 353,206,880 | 3,011 | 52,698 | 40,320 | 12,377 |
| 13 | Contract Service - Wheeling (ECW) | 22,246,547 | 1.019040 | - | 540 | - | - | - |
| 14 | Total | 4,656,333,460 | | 4,895,193,714 | 900,172 | 830,796 | 558,812 | 275,022 |

Note: ⁽¹⁾ Source: Stone & Webster Eng Corp. Study

**Colorado Springs Utilities
2018 Electric Cost of Service Study**

**SCHEDULE 6.4
FORECASTED BILLING UNITS**

| Line No. | Rate Class | Average Customers | Energy kWh Sales | Billing Demand kW |
|-----------------|--|--------------------------|-------------------------|--------------------------|
| <u>(a)</u> | <u>(b)</u> | <u>(c)</u> | <u>(d)</u> | <u>(e)</u> |
| 1 | Residential/Small Commercial (E1R/E1C) | 211,782 | 1,531,336,916 | - |
| 2 | Residential Time-of-Day (ETR) | 18 | 289,578 | - |
| 3 | Commercial General (E2C) | 13,919 | 668,935,312 | - |
| 4 | Commercial TOD General (ETC) | 446 | 33,546,210 | - |
| 5 | Industrial TOD 1,000 kWh/Day Min (ETL) | 1,321 | 910,708,689 | 204,408 |
| 6 | Industrial TOD 500 kW Min (E8T) | 202 | 672,296,015 | 132,206 |
| 7 | Industrial Transmission Voltage TOD (ETX) | 2 | 45,889,532 | 10,070 |
| 8 | Industrial TOD 4,000 kW Min (E8S) | 4 | 86,561,187 | 12,841 |
| 9 | Industrial Service - Large Power and Light (ELG) | 6 | 311,723,106 | 42,399 |
| 10 | Traffic Signals (E2T) | 643 | 1,790,256 | - |
| 11 | Street Lighting | 237 | 24,402,694 | - |
| 12 | Contract Service - DOD (ECD) | 4 | 346,607,418 | 56,722 |
| 13 | Contract Service - Wheeling (ECW) | 4 | 22,246,547 | 6,930 |
| 14 | Total | 228,588 | 4,656,333,460 | 465,576 |

Colorado Springs Utilities
2018 Electric Cost of Service Study

SCHEDULE 7
NET REVENUE REQUIREMENT BY RATE CLASS

| Line No. | Rate Class | Generation Non-Fuel | Transmission | Distribution | | |
|----------|--|-----------------------|----------------------|----------------------|----------------------|----------------------|
| | | | | Substation | Line - Primary | Line - Secondary |
| (a) | (b) | (c) | (d) | (e) | (f) | (g) |
| 1 | Residential/Small Commercial (E1R/E1C) | \$ 61,127,416 | \$ 9,092,063 | \$ 5,519,645 | \$ 19,329,330 | \$ 9,369,587 |
| 2 | Residential Time-of-Day (ETR) | 15,176 | 2,257 | 1,460 | 5,112 | 1,548 |
| 3 | Commercial General (E2C) | 24,717,080 | 3,676,407 | 2,202,106 | 7,711,589 | 2,011,383 |
| 4 | Commercial TOD General (ETC) | 713,805 | 106,171 | 71,674 | 250,996 | 65,299 |
| 5 | Industrial TOD 1,000 kWh/Day Min (ETL) | 30,992,039 | 4,609,741 | 3,006,900 | 10,529,910 | 2,313,809 |
| 6 | Industrial TOD 500 kW Min (E8T) | 18,089,229 | 2,690,583 | 1,761,519 | 6,168,691 | 1,341,484 |
| 7 | Industrial Transmission Voltage TOD (ETX) | 1,478,004 | 219,838 | 188,356 | 659,606 | 142,963 |
| 8 | Industrial TOD 4,000 kW Min (E8S) | 1,906,439 | 283,563 | 201,525 | 705,724 | 153,005 |
| 9 | Industrial Service - Large Power and Light (ELG) | 6,488,697 | 965,126 | 590,493 | 2,067,857 | 448,183 |
| 10 | Traffic Signals (E2T) | 37,037 | 5,509 | 6,085 | 21,310 | 20,355 |
| 11 | Street Lighting | 504,839 | 75,089 | 85,266 | 298,596 | 70,496 |
| 12 | Contract Service - DOD (ECD) | 9,595,196 | 1,427,185 | 45,794 | 160,368 | 34,844 |
| 13 | Contract Service - Wheeling (ECW) | - | - | 8,218 | 28,779 | 6,333 |
| 14 | Total | \$ 155,664,955 | \$ 23,153,532 | \$ 13,689,041 | \$ 47,937,869 | \$ 15,979,290 |

Note: Some columns may not tie to S4 due to rounding

Colorado Springs Utilities
2018 Electric Cost of Service Study

SCHEDULE 7
NET REVENUE REQUIREMENT BY RATE CLASS

| Line No. | Rate Class | Distribution | | | Surplus Payments to the City | Net Revenue Requirement |
|------------|--|---|---------------------|----------------------|------------------------------|-------------------------|
| | | Electric Service, Meters and Installation | Street Lighting | Customer Accounts | | |
| <u>(a)</u> | <u>(b)</u> | <u>(h)</u> | <u>(i)</u> | <u>(j)</u> | <u>(k)</u> | <u>(l)</u> |
| 1 | Residential/Small Commercial (E1R/E1C) | \$ 20,552,555 | \$ - | \$ 22,256,067 | \$ 8,547,392 | \$ 155,794,054 |
| 2 | Residential Time-of-Day (ETR) | 2,620 | - | 2,837 | 1,616 | 32,627 |
| 3 | Commercial General (E2C) | 2,026,109 | - | 2,194,045 | 3,733,765 | 48,272,485 |
| 4 | Commercial TOD General (ETC) | 64,948 | - | 70,331 | 187,243 | 1,530,467 |
| 5 | Industrial TOD 1,000 kWh/Day Min (ETL) | 256,460 | - | 277,716 | 5,083,260 | 57,069,835 |
| 6 | Industrial TOD 500 kW Min (E8T) | 39,142 | - | 423,861 | 3,752,523 | 34,267,032 |
| 7 | Industrial Transmission Voltage TOD (ETX) | 388 | - | 210 | 256,139 | 2,945,504 |
| 8 | Industrial TOD 4,000 kW Min (E8S) | 776 | - | 8,407 | 483,155 | 3,742,594 |
| 9 | Industrial Service - Large Power and Light (ELG) | 1,165 | - | 12,611 | 1,739,930 | 12,314,061 |
| 10 | Traffic Signals (E2T) | 62,425 | - | 67,599 | 9,993 | 230,312 |
| 11 | Street Lighting | 23,008 | 2,389,595 | 12,457 | 136,207 | 3,595,555 |
| 12 | Contract Service - DOD (ECD) | 52,259 | - | 12,611 | 1,934,642 | 13,262,900 |
| 13 | Contract Service - Wheeling (ECW) | 388 | - | 12,611 | 124,173 | 180,502 |
| 14 | Total | \$ 23,082,243 | \$ 2,389,595 | \$ 25,351,364 | \$ 25,990,038 | \$ 333,237,927 |

Note: Some columns may not tie to S4 due to rounding

Colorado Springs Utilities
2018 Electric Cost of Service Study

SCHEDULE 8
RATE DESIGN

| Line No. | Rate Class | # Days or % On-Off Peak | Test Year - Forecasted 2018 Billing Units | Current Rates | Revenue Under Current Rates | Net Revenue Requirement | Proposed Rates | Proposed Revenue from Rates | Proposed Increase / (Decrease) | Percent Revenue Change |
|----------|---|-------------------------|---|---------------|-----------------------------|-------------------------|----------------|-----------------------------|--------------------------------|------------------------|
| (a) | (b) | (c) | (d) | (e) | (f) [(c) * (d) * (e)] | (g) | (h) | (i) [(c) * (d) * (h)] | (j) [(i) - (f)] | (k) [(j) / (f)] |
| 1 | RESIDENTIAL AND SMALL COMMERCIAL | | | | | | | | | |
| 2 | Residential/Small Commercial (E1R/E1C) | | | | | | | | | |
| 3 | Access and Facilities Charge (per day) | 365 | 211,782 | \$0.5010 | \$ 38,727,531 | | \$0.5103 | \$ 39,446,425 | \$ 718,894 | 1.9% |
| 4 | Access and Facilities Charge (per kWh) | | 1,531,336,916 | \$0.0763 | 116,841,007 | | \$0.0777 | 118,984,878 | 2,143,872 | 1.8% |
| 5 | Total Residential/Small Commercial (E1R/E1C) | | | | \$ 155,568,537 | \$ 155,794,054 | | \$ 158,431,303 | \$ 2,862,766 | 1.8% |
| 6 | Residential Time-of-Day (ETR) | | | | | | | | | |
| 7 | Access and Facilities Charge (per day) | 365 | 18 | \$0.5101 | \$ 3,351 | | \$0.5195 | \$ 3,413 | \$ 62 | 1.8% |
| 8 | Access and Facilities Charge On Peak (per kWh) | 21.21% | 61,419 | \$0.1679 | 10,312 | | \$0.1709 | 10,497 | 184 | 1.8% |
| 9 | Access and Facilities Charge Off Peak (per kWh) | 78.79% | 228,159 | \$0.0480 | 10,952 | | \$0.0488 | 11,134 | 183 | 1.7% |
| 10 | Total kWh | | 289,578 | | | | | | | |
| 11 | Total Residential Time-of-Day (ETR) | | | | \$ 24,615 | \$ 32,627 | | \$ 25,044 | \$ 429 | 1.7% |
| 12 | Commercial General (E2C) | | | | | | | | | |
| 13 | Access and Facilities Charge (per day) | 365 | 13,919 | \$0.7416 | \$ 3,767,538 | | \$0.7943 | \$ 4,035,269 | \$ 267,731 | 7.1% |
| 14 | Access and Facilities Charge (per kWh) | | 668,935,312 | \$0.0618 | 41,340,202 | | \$0.0662 | 44,283,518 | 2,943,315 | 7.1% |
| 15 | Total Commercial General (E2C) | | | | \$ 45,107,740 | \$ 48,272,485 | | \$ 48,318,786 | \$ 3,211,046 | 7.1% |
| 16 | Commercial TOD General (ETC) | | | | | | | | | |
| 17 | Access and Facilities Charge (per day) | 365 | 446 | \$0.7893 | \$ 128,538 | | \$0.8453 | \$ 137,658 | \$ 9,120 | 7.1% |
| 18 | Access and Facilities Charge On Peak (per kWh) | 19.74% | 6,622,022 | \$0.0820 | 543,006 | | \$0.0976 | 646,309 | 103,304 | 19.0% |
| 19 | Access and Facilities Charge Off Peak (per kWh) | 80.26% | 26,924,188 | \$0.0328 | 883,113 | | \$0.0390 | 1,050,043 | 166,930 | 18.9% |
| 20 | Total kWh | | 33,546,210 | | | | | | | |
| 21 | Total Commercial TOD General (ETC) | | | | \$ 1,554,657 | \$ 1,530,467 | | \$ 1,834,010 | \$ 279,353 | 18.0% |
| 22 | LARGE COMMERCIAL & INDUSTRIAL | | | | | | | | | |
| 23 | Industrial TOD 1,000 kWh/Day Min (ETL) | | | | | | | | | |
| 24 | Access and Facilities Charge (per day) | 365 | 1,321 | \$3.1816 | \$ 1,534,443 | | \$3.1816 | \$ 1,534,443 | \$ - | 0.0% |
| 25 | Demand Charge On Peak (per kW, per day) | 92.26% | 188,587 | \$0.7661 | 52,733,873 | | \$0.7661 | 52,733,873 | - | 0.0% |
| 26 | Demand Charge Off Peak (per kW, per day) | 7.74% | 15,821 | \$0.4980 | 2,875,816 | | \$0.4980 | 2,875,816 | - | 0.0% |
| 27 | Total Demand kW | | 204,408 | | | | | | | |
| 28 | Total Industrial TOD 1,000 kWh/Day Min (ETL) | | | | \$ 57,144,132 | \$ 57,069,835 | | \$ 57,144,132 | \$ - | 0.0% |
| 29 | Industrial TOD 500 kW Min (E8T) | | | | | | | | | |
| 30 | Access and Facilities Charge (per day) | 365 | 202 | \$21.0248 | \$ 1,547,600 | | \$21.0248 | \$ 1,547,600 | \$ - | 0.0% |
| 31 | Demand Charge Secondary On Peak (per kW, per day) | 93.05% | 123,018 | \$0.7257 | 32,584,985 | | \$0.7257 | 32,584,985 | - | 0.0% |
| 32 | Demand Charge Secondary Off Peak (per kW, per day) | 6.95% | 9,188 | \$0.4354 | 1,460,217 | | \$0.4354 | 1,460,217 | - | 0.0% |
| 33 | Total Demand kW | | 132,206 | | | | | | | |
| 34 | Total Industrial TOD 500 kW Min (E8T) | | | | \$ 35,592,802 | \$ 34,267,032 | | \$ 35,592,802 | \$ - | 0.0% |

Colorado Springs Utilities
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SCHEDULE 8
RATE DESIGN

| Line No. | Rate Class | # Days or % On-Off Peak | Test Year - Forecasted 2018 Billing Units | Current Rates | Revenue Under Current Rates | Net Revenue Requirement | Proposed Rates | Proposed Revenue from Rates | Proposed Increase / (Decrease) | Percent Revenue Change |
|----------|---|-------------------------|---|---------------|-----------------------------|-------------------------|----------------|-----------------------------|--------------------------------|------------------------|
| (a) | (b) | (c) | (d) | (e) | (f) [(c) * (d) * (e)] | (g) | (h) | (i) [(c) * (d) * (h)] | (j) [(i) - (f)] | (k) [(j) / (f)] |
| 35 | Industrial Transmission Voltage TOD (ETX) | | | | | | | | | |
| 36 | Access and Facilities Charge (per day) | 365 | 2 | \$37.9714 | \$ 27,719 | | \$42.7178 | \$ 31,184 | \$ 3,465 | 12.5% |
| 37 | Demand Charge On Peak (per kW, per day) | 75.59% | 7,612 | \$0.6999 | 1,944,566 | | \$0.7874 | 2,187,671 | 243,105 | 12.5% |
| 38 | Demand Charge Off Peak (per kW, per day) | 24.41% | 2,458 | \$0.3849 | 345,333 | | \$0.4331 | 388,578 | 43,245 | 12.5% |
| 39 | Total Demand kW | | 10,070 | | | | | | | |
| 40 | Total Industrial Transmission Voltage TOD (ETX) | | | | \$ 2,317,618 | \$ 2,945,504 | | \$ 2,607,433 | \$ 289,815 | 12.5% |
| 41 | Industrial TOD 4,000 kW Min (E8S) | | | | | | | | | |
| 42 | Access and Facilities Charge (per day) | 365 | 4 | \$38.2279 | \$ 55,813 | | \$43.0064 | \$ 62,789 | \$ 6,977 | 12.5% |
| 43 | Demand Charge Secondary On Peak (per kW, per day) | 88.01% | 11,301 | \$0.6670 | 2,751,374 | | \$0.7504 | 3,095,398 | 344,025 | 12.5% |
| 44 | Demand Charge Secondary Off Peak (per kW, per day) | 11.99% | 1,540 | \$0.4002 | 224,899 | | \$0.4502 | 252,998 | 28,098 | 12.5% |
| 45 | Total Demand kW | | 12,841 | | | | | | | |
| 46 | Total Industrial TOD 4,000 kW Min (E8S) | | | | \$ 3,032,086 | \$ 3,742,594 | | \$ 3,411,185 | \$ 379,100 | 12.5% |
| 47 | Industrial Service - Large Power and Light (ELG) | | | | | | | | | |
| 48 | Access and Facilities Charge (per day) | 365 | 6 | \$6.1942 | \$ 13,565 | | \$6.3800 | \$ 13,972 | \$ 407 | 3.0% |
| 49 | Demand Charge Secondary (per kW, per day) | | 42,399 | \$0.5977 | 9,249,787 | | \$0.6156 | 9,526,801 | 277,014 | 3.0% |
| 50 | Total Demand kW | | 42,399 | | | | | | | |
| 51 | Total Industrial Service - Large Power and Light (ELG) | | | | \$ 9,263,352 | \$ 12,314,061 | | \$ 9,540,773 | \$ 277,421 | 3.0% |
| 52 | <u>MISCELLANEOUS AND CONTRACT RATES</u> | | | | | | | | | |
| 53 | Traffic Signals (E2T) | | | | | | | | | |
| 54 | Access and Facilities Charge (per day) | 365 | 643 | \$0.4101 | \$ 96,286 | | \$0.4101 | \$ 96,286 | \$ - | 0.0% |
| 55 | Access and Facilities Charge (per kWh) | | 1,790,256 | \$0.0758 | 135,701 | | \$0.0758 | 135,701 | - | 0.0% |
| 56 | Total Traffic Signals (E2T) | | | | \$ 231,987 | \$ 230,312 | | \$ 231,987 | \$ - | 0.0% |
| 57 | Street Lighting (E7S) | | | | | | | | | |
| 58 | Total Street Lighting (E7S) | | | | \$ 235,343 | \$ 160,205 | | \$ 160,205 | \$ (75,138) | -31.9% |
| 59 | Contract Service - DOD (ECD) | | | | | | | | | |
| 60 | Access and Facilities Charge (per day) | 365 | 4 | \$38.2462 | \$ 55,839 | | \$40.1585 | \$ 58,631 | \$ 2,792 | 5.0% |
| 61 | Access and Facilities Charge (per meter, per day) | 365 | 359 | \$0.4654 | 60,984 | | \$0.4654 | 60,984 | - | 0.0% |
| 62 | Demand Charge Secondary On Peak (per kW, per day) | 94.93% | 53,846 | \$0.5798 | 11,395,309 | | \$0.6088 | 11,965,271 | 569,962 | 5.0% |
| 63 | Demand Charge Secondary Off Peak (per kW, per day) | 5.07% | 2,876 | \$0.3189 | 334,739 | | \$0.3348 | 351,429 | 16,690 | 5.0% |
| 64 | Total Demand kW | | 56,722 | | | | | | | |
| 65 | Total Contract Service - DOD (ECD) | | | | \$ 11,846,871 | \$ 13,262,900 | | \$ 12,436,315 | \$ 589,444 | 5.0% |

Colorado Springs Utilities
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SCHEDULE 8
RATE DESIGN

| Line No. | Rate Class | # Days or % On-Off Peak | Test Year - Forecasted 2018 Billing Units | Current Rates | Revenue Under Current Rates | Net Revenue Requirement | Proposed Rates | Proposed Revenue from Rates | Proposed Increase / (Decrease) | Percent Revenue Change |
|----------|--|-------------------------|---|---------------|-----------------------------|-------------------------|----------------|-----------------------------|--------------------------------|------------------------|
| (a) | (b) | (c) | (d) | (e) | (f) [(c) * (d) * (e)] | (g) | (h) | (i) [(c) * (d) * (h)] | (j) [(i) - (f)] | (k) [(i) / (f)] |
| 66 | Contract Service - Wheeling (ECW) | | | | | | | | | |
| 67 | Demand Charge (per kW, per day) | 365 | 6,930 | \$0.0680 | \$ 172,003 | | \$0.0711 | \$ 179,844 | 7,841 | 4.6% |
| 68 | Total Contract Service - Wheeling (ECW) | | | | \$ 172,003 | \$ 180,502 | | \$ 179,844 | \$ 7,841 | 4.6% |
| 69 | Total Electric Revenue | | | | \$ 322,091,744 | \$ 329,802,577 | | \$ 329,913,821 | \$ 7,822,077 | 2.4% |
| 70 | Total Municipal (City) Street Lighting | | | | \$ 3,490,084 | \$ 3,435,351 | | \$ 3,435,351 | \$ (54,734) | -1.6% |
| 71 | Total Revenue | | | | \$ 325,581,828 | \$ 333,237,927 | | \$ 333,349,171 | \$ 7,767,343 | 2.4% |

Colorado Springs Utilities
2018 Electric Cost of Service Study

SCHEDULE 8.1
OPTIONAL AND SEASONAL SUPPLY CALCULATIONS

| Line No. | Customer Class | Previous Year Rate | Current Calculated COSS | Rate Change | Percent Rate Change |
|------------|---|--------------------|-------------------------|-------------|---------------------|
| <u>(a)</u> | <u>(b)</u> | <u>(c)</u> | <u>(d)</u> | <u>(e)</u> | <u>(f)</u> |
| 1 | Industrial TOD 1,000 kWh/Day Min (ETL) <i>ETL is only listed here for calculating ETLO and ETLW rates</i> | | | | |
| 2 | Total Industrial TOD 1,000 kWh/Day Min (ETL) | | | 0.0% | |
| | Industrial TOD 1,000 kWh/Day Min Non-Demand Summer Option (ETLO) | | | | |
| 4 | Access and Facilities Charge (per day) | \$ 13.4641 | \$ 13.4641 | \$ - | 0.0% |
| 5 | Access and Facilities Charge Summer (per kWh) | \$ 0.1216 | \$ 0.1216 | \$ - | 0.0% |
| 6 | Access and Facilities Charge Winter (per kWh) | \$ 0.0606 | \$ 0.0606 | \$ - | 0.0% |
| 7 | Industrial TOD 1,000 kWh/Day Min Non-Demand Winter Option (ETLW) | | | | |
| 8 | Access and Facilities Charge (per day) | \$ 13.4641 | \$ 13.4641 | \$ - | 0.0% |
| 9 | Access and Facilities Charge Summer (per kWh) | \$ 0.0602 | \$ 0.0602 | \$ - | 0.0% |
| 10 | Access and Facilities Charge Winter (per kWh) | \$ 0.1214 | \$ 0.1214 | \$ - | 0.0% |
| 11 | Primary Demand Adjustment | | | | |
| 12 | Industrial TOD 500 kW Min (E8T) | | | | |
| 13 | Demand Charge Primary On Peak (per kW, per day) | \$ 0.7139 | \$ 0.7139 | \$ - | 0.0% |
| 14 | Demand Charge Primary Off Peak (per kW, per day) | \$ 0.4236 | \$ 0.4236 | \$ - | 0.0% |
| 15 | Industrial TOD 4,000 kW Min (E8S) | | | | |
| 16 | Demand Charge Primary On Peak (per kW, per day) | \$ 0.6552 | \$ 0.7386 | \$ 0.0834 | 12.7% |
| 17 | Demand Charge Primary Off Peak (per kW, per day) | \$ 0.3884 | \$ 0.4384 | \$ 0.0500 | 12.9% |
| 18 | Industrial Service - Large Power and Light (ELG) | | | | |
| 19 | Demand Charge Primary (per kW, per day) | \$ 0.5859 | \$ 0.6038 | \$ 0.0179 | 3.1% |
| 20 | Contract Service - DOD (ECD) | | | | |
| 21 | Demand Charge Primary On Peak (per kW, per day) | \$ 0.5680 | \$ 0.5970 | \$ 0.0290 | 5.1% |
| 22 | Demand Charge Primary Off Peak (per kW, per day) | \$ 0.3071 | \$ 0.3230 | \$ 0.0159 | 5.2% |

Colorado Springs Utilities
2018 Electric Cost of Service Study

**SCHEDULE 9
RESERVED CAPACITY CALCULATION**

| Line No. | Category | Test Year Budget 2018 |
|-------------|--|--------------------------|
| <u>(a)</u> | <u>(b)</u> | <u>(c)</u> |
| 1 | Carrying Charge | |
| 2 | Operations and Maintenance (O&M) Factor | |
| 3 | 2018 Forecasted Substation O&M | \$ 4,145,783 |
| 4 | Gross Substation Plant as of 12/31/2016 | <u>114,408,445</u> |
| 5 | Total O&M Factor | 3.62% |
| 6 | Depreciation Factor | |
| 7 | Substation Useful Life | 25 |
| 8 | Depreciation Factor | <u>4.00%</u> |
| 9 | Carrying Charge | <u><u>7.62%</u></u> |
| 10 | Substation Replacement Cost per kW | \$ 127 |
| 11 | Reserved Capacity Rate per kW, per day ⁽²⁾ | \$ 0.0265 |

Notes:

⁽¹⁾ Based on account 362000 'Substation Equipment'.

⁽²⁾ Forecasted Substation O&M from SCHEDULE 4, line 1, column (f).

**Colorado Springs Utilities
2018 Electric Cost of Service Study**

**SCHEDULE 10
SOLAR RATE CREDIT CALCULATION**

| Line No. | Rate Class | 2018 Forecasted Sales | Non-Fuel | ECA ⁽¹⁾ | Capacity | Solar Credit |
|-----------------|--|------------------------------|-----------------|---------------------------|-----------------|--|
| <u>(a)</u> | <u>(b)</u> | <u>(c)</u> | <u>(d)</u> | <u>(e)</u> | <u>(f)</u> | <u>(g)</u> <u>[(d) + (e) + (f)]</u> |
| 1 | Residential/Small Commercial (E1R/E1C) | 1,531,336,916 | \$ 0.0399 | \$ 0.0267 | \$ 0.0014 | \$ 0.0680 |
| 2 | Residential Time-of-Day (ETR) | 289,578 | 0.0524 | 0.0267 | 0.0020 | 0.0811 |
| 3 | Commercial General (E2C) | 668,935,312 | 0.0369 | 0.0267 | 0.0012 | 0.0648 |
| 4 | Commercial TOD General (ETC) | 33,546,210 | 0.0213 | 0.0267 | 0.0013 | 0.0493 |
| 5 | Industrial TOD 1,000 kWh/Day Min (ETL) | 910,708,689 | 0.0340 | 0.0267 | 0.0015 | 0.0622 |
| 6 | Industrial TOD 500 kW Min (E8T) | 672,296,015 | 0.0269 | 0.0267 | 0.0011 | 0.0547 |
| 7 | Industrial Transmission Voltage TOD (ETX) | 45,889,532 | 0.0322 | 0.0267 | 0.0014 | 0.0603 |
| 8 | Industrial TOD 4,000 kW Min (E8S) | 86,561,187 | 0.0220 | 0.0267 | 0.0008 | 0.0495 |
| 9 | Industrial Service - Large Power and Light (ELG) | 311,723,106 | 0.0208 | 0.0267 | 0.0008 | 0.0483 |
| 10 | Contract Service - DOD (ECD) | 346,607,418 | 0.0277 | 0.0267 | 0.0012 | 0.0556 |

Notes: ⁽¹⁾ ECA rate (as per current August 2017)

Water

Water Report

Water Service

Colorado Springs Utilities (Utilities) operates an extensive network of Supply, Treatment, Transmission, and Distribution facilities in order to maintain a dependable water supply for the largest city in Colorado not located on a major water source. This filing proposes changes to Water rates.

1. Overview

Utilities has conducted a Cost of Service (COS) study utilizing the Proposed 2018 Budget. The COS analysis indicates that, in order for Utilities to recover the proposed Revenue Requirement, it is necessary to increase rates. The rate increase will result in total revenue of \$191.7 million, which is \$7.7 million, or 4.2%, higher than the projected revenues under current rates. The effect of this increase on the typical monthly Residential water bill is an additional \$3.19, or 5.1% higher than the current typical water bill (see Typical Monthly Water Bill Comparison below).

**TABLE 1
TYPICAL WATER MONTHLY BILL COMPARISON**

| Line No. | Rate Class | Current Bill | Proposed Bill | Proposed Increase / (Decrease) | % Change |
|-----------------|---|---------------------|----------------------|---------------------------------------|---------------------------|
| <u>(a)</u> | <u>(b)</u> | <u>(c)</u> | <u>(d)</u> | <u>(e)</u> [(d) - (c)] | <u>(f)</u> [(e) / (c)] |
| 1 | Residential Service - Inside City Limits | \$ 62.72 | \$ 65.91 | \$ 3.19 | 5.1% |
| 2 | Small Nonresidential Service - Inside City Limits | \$ 208.84 | \$ 218.74 | \$ 9.90 | 4.7% |
| 3 | Large Nonresidential Service - Inside City Limits | \$ 2,702.19 | \$ 2,867.19 | \$ 165.00 | 6.1% |

Note: The typical bill is calculated for inside city limits using existing rates and proposed rates from Schedule 3 and assuming: 1,100 cf for Residential, 3,000 cf for Small Nonresidential, and 50,000 cf for Large Nonresidential; and 30 days in a typical billing cycle.

2. Rate Drivers

a. Water Operating and Maintenance Expenses

The Water Service requires an Operating and Maintenance increase of \$7.2 million that is necessary to fund critical programs of work and ensure that drinking water is protected from its source to the tap, in compliance with the Federal Safe Drinking Water Act.

Water planning and condition assessments cover planning activities in each of the major Water Service elements: raw water system, water treatment, finished water and nonportable water. Efforts start with an assessment of the condition and expected service life of the assets. Other drivers considered include population growth, changes in demand and customer behavior, regulatory requirements, aging infrastructure, system operations, and technology. The planning process leads to preparation of infrastructure investment plans that will guide decision making to assess and repair critical infrastructure within the water system.

Water supply, delivery and treatment investments are necessary for Utilities' water system and include acquisition of water rights, new raw water storage, delivery of raw water, and treatment of water for storage and delivery to our customers. Water main rehabilitation and replacement program of work identifies, assesses, prioritizes and makes near- and long-range plans for needed replacement/rehabilitation of pipes and appurtenances in our 2,000-mile finished water distribution system to ensure safe and reliable water service to our customers. Utilities' Water Main Rehabilitation and Replacement team partners with City Public Works staff to ensure that new or rehabilitated water infrastructure is in place and construction complete before the City's street overlay begins.

b. Water Debt Service

Year over year projected debt service expense is up by \$6.8 million as Utilities continues to pay the debt incurred to fund water capital projects.

3. Cost of Service

Utilities has performed a COS study following generally accepted ratemaking practices to establish a starting point for determining reasonable and appropriate rates in this filing. The COS study uses systematic analytical procedures to equitably allocate the Revenue Requirement between various customer classes of service. As described in the Rate Manual in the Appendix of this filing, COS study is used to:

- Functionalize, at the account level, the relevant expenditure items to the basic functional categories (e.g. source of supply, treatment, transmission and distribution, and customer)
- Classify each functionalized cost into broad categories utilizing cost causation principles (e.g. commodity, demand, customer)
- Allocate to the customer Rate Classes based on the service characteristics of each class

4. Rate Design

In September 2014, Utilities Board approved the Rate Design Guidelines that establish guidance, structure and transparency in the development of Revenue Requirement by Rate Class. The fundamental guidance directs that rates should be designed such that each customer Rate Class recovers costs that are appropriately assigned to that class utilizing COS, professional judgment and discretion, and if necessary, is supported by additionally identified Supporting Guidelines. Supporting Guidelines include reasonableness, rate stability, asset maximization, and economic development. For additional information, see the Rate Manual and the Rate Design Guidelines in the Appendix of this filing.

With COS as the starting point for establishing each Rate Class’ contribution to the Revenue Requirement, Utilities is proposing rates in compliance with the approved Rate Design Guidelines. Table 2 below summarizes the relationship of revenue as a percentage of COS applying the current effective rates and proposed rates.

TABLE 2

| Line No. | Rate Class | Current Revenues as % of Adjusted COS | Percent Revenue Change | Proposed Revenues as % of Adjusted COS |
|-----------------|--|--|-------------------------------|---|
| <u>(a)</u> | <u>(b)</u> | <u>(c)</u> | <u>(d)</u> | <u>(e)</u> |
| 1 | Residential Service ⁽¹⁾ | 97.7% | 3.0% | 100.6% |
| 2 | Nonresidential Service ⁽¹⁾ | 95.5% | 5.3% | 100.6% |
| 3 | <i>Note: Prior to COS adj of approx \$0.5 million⁽¹⁾⁽²⁾</i> | 96.2% | | 101.3% |
| 4 | Contract Service | 85.6% | 7.0% | 91.6% |
| 5 | Large Nonseasonal Service ⁽³⁾ | 94.2% | 0.0% | 94.2% |
| 6 | Miscellaneous Service - Nonpotable | 89.2% | 12.1% | 100.0% |
| 7 | <i>Note: Prior to COS adj of approx \$0.5 million⁽²⁾</i> | 75.4% | | 84.5% |

Notes :

⁽¹⁾ Values are inclusive of inside and outside city limit service.

⁽²⁾ COS adjustment decreased Miscellaneous Service - Nonpotable and increased Nonresidential Service by \$0.5 million.

⁽³⁾ Current Revenues include the second of a two-phase rate increase approved by City Council on November 8, 2016. The second phase increases the Large Nonseasonal commodity rate by 3.5% effective January 1, 2018.

With the overall system increase of 4.2% as a baseline, Utilities examined the relationship of the customer Rate Classes to their respective COS. Utilities sought to bring Rate Classes within plus or minus 10.0% of their total COS in accordance with the Reasonableness Guideline while lending credence to the Rate Stability Guideline to mitigate rate shock. Using these guidelines collaboratively, Utilities proposes rate increases ranging from 3.0% to 12.1%. This holistic rate design approach continues to move Rate Classes closer to COS and achieves full recovery of the system Revenue Requirement.

a. Residential

This service is available in the corporate limits of the City in Utilities' water service territory for general residential purposes. This filing proposes a 9.2% or \$0.0032 per cf increase to the Block 1 commodity charge, changing the rate from \$0.0349 to \$0.0381 per cf. This rate is priced approximately 22% below the average commodity cost. Block 1 size is the first 999 cf of consumption and represents approximately 70% of total annual unit sales. As a result, the proposed increase is estimated to produce stable revenue while maintaining the customer's ability to influence their bill through reduced usage. There is no change to the daily Service Charge or Block 2 and 3 Commodity Charges.

b. Contract Service

This service is available to the United States of America at the Fort Carson Military Installation, the Peterson Air Force Base, the United States Air Force Academy and the Cheyenne Mountain Air Force Station. This filing increases the total Contract Service by 7.0% with changes to the winter and summer commodity charges of 7.8% and 6.8% respectively. The winter commodity charge is increased by \$0.0027, changing from \$0.0348 to \$0.0375 per cf, while the summer commodity charge is increased by \$0.0034, changing from \$0.0502 to \$0.0536 per cf.

This filing continues a phased-in approach which started in 2016 to bring the Contract Service rates within an appropriate range of the COS study results. The phased-in approach is based on the Supporting Guideline of Rate Stability, which seeks to mitigate and levelize impacts of rate increases. With the proposed increase, this service is within plus or minus 10.0% of their total COS in accordance with the Reasonableness Guideline.

c. Miscellaneous Service – Nonpotable

This service is available to all customers using Utilities’ nonpotable water from a Utilities owned, operated and maintained supply system. The Miscellaneous Service – Nonpotable rate remained unchanged from 2009 through 2015. This filing increases the Nonpotable rate by 12.1%, or \$0.0023, changing the rate from \$0.0190 to \$0.0213 per cf. Revenue Requirement from the COS for Nonpotable Rate Class is \$3.3 million. Revenues are projected to be \$2.8 million. The \$0.5 million shortfall is offset by the Non-residential Rate Class.

This filing continues a phased-in approach which started in 2016 to bring the Nonpotable rate within an appropriate range of the COS study results. The phased-in approach is based on the Supporting Guideline of Rate Stability, which seeks to mitigate and levelize impacts of rate increases.

5. Additional Tariff Changes

a. Temporary Service – Hydrant Use

This filing increases the Temporary Service - Hydrant Use commodity charges by 6.2%, or \$0.5714, changing the rate from \$9.2462 to \$9.8176 per 1,000 gallons for Classes A, B, and C. (*Water Rate Schedule Sheet No. 7*)

b. Contract Service – Nonpotable

This tariff is available to existing special contract customer for nonpotable water service to the Kissing Camels Golf Course. This filing increases the Contract Service – Nonpotable rate by 11.8%, or \$0.0013, changing the rate from \$0.0110 to \$0.0123 per cf. (*Water Rate Schedule Sheet No. 10*)

Water Resolution

RESOLUTION NO. _____

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

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

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

WHEREAS, to rectify the unacceptable cash net income position, water service revenues will need to increase by approximately \$7.7 million for 2018; and

WHEREAS, Utilities has proposed, and the City Council finds it prudent, to modify the Residential, Nonresidential, Contract, Hydrant, and Nonpotable rates to reflect the appropriate cost for the service; and,

WHEREAS, the details of the changes for each rate class, including the pricing changes noted above and all changes noted in the following clauses, are reflected in the tariff sheets attached to this resolution, are provided in red-line format within Utilities' 2018 Rate Case Filing, and are discussed further in the City Council Decision and Order for this case; and

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

WHEREAS, the City Council finds that the proposed modifications to the water rate schedules and tariffs are reasonable in light of all circumstances and allow Utilities to collect revenues that enable Utilities to continue to operate in the best interest of all of its Customers; and

WHEREAS, Utilities has proposed to make the water rate schedule and tariff changes effective January 1, 2018; 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, Water Rate Schedules shall be revised as follows:

Effective January 1, 2018

| City Council Vol. No. 5 | | |
|--------------------------------|--|-----------------------------|
| Sheet No. | Title | Cancels Sheet No. |
| Ninth Revised Sheet No. 2 | Residential Service – Inside City Limits | Eighth Revised Sheet No. 2 |
| Ninth Revised Sheet No. 3 | Nonresidential Service – Inside City Limits | Eighth Revised Sheet No. 3 |
| Ninth Revised Sheet No. 4 | Residential Service – Outside City Limits | Eighth Revised Sheet No. 4 |
| Ninth Revised Sheet No. 5 | Nonresidential Service – Outside City Limits | Eighth Revised Sheet No. 5 |
| Ninth Revised Sheet No. 6 | Contract Service | Eighth Revised Sheet No. 6 |
| Ninth Revised Sheet No. 7 | Temporary Service – Hydrant Use | Eighth Revised Sheet No. 7 |
| Fourth Revised Sheet No. 9 | Miscellaneous Service - Nonpotable | Third Revised Sheet No. 9 |
| Fifth Revised Sheet No. 10 | Contract Service - Nonpotable | Fourth Revised Sheet No. 10 |

Section 2: The attached Tariff Sheets, Council Decision and Order, and other related matters are hereby approved and adopted.

Dated at Colorado Springs, Colorado, this 28th day of November, 2017.

City Council President

ATTEST:

Sarah B. Johnson, City Clerk

Water
Tariff Sheets

Water

Redlined Tariff Sheets



WATER RATE SCHEDULES

RESIDENTIAL SERVICE – INSIDE CITY LIMITS W-R

AVAILABILITY

Available in the corporate limits of the City in Utilities’ water service territory for general residential purposes. Whether or not the end use of the water is residential in nature, this rate is not available for master metered accounts.

RATE

The billing statements are the sum of:

Service Charge, Per Day\$0.7079

Commodity Charge

First 999 cf~~\$0.0349~~**\$0.0381**
1,000 to 2,499 cf\$0.0654
2,500 cf or greater\$0.0988

but not less than

Meter Size

5/8" - 1 inch.....\$0.7079
1 1/2"\$1.4158
2"\$2.2653
3"\$4.2474

RULES AND REGULATIONS

Service under this rate schedule will be in accordance with City ordinances, resolutions and policies, the provisions of Utilities’ Rules and Regulations and *Line Extension & Service Standards for Water*.

Approval Date: ~~November 8, 2016~~**November 28, 2017**
Effective Date: ~~January 1, 2017~~**January 1, 2018**
Resolution No. ~~118-16~~



WATER RATE SCHEDULES

NONRESIDENTIAL SERVICE – INSIDE CITY LIMITS W-G, W-M

AVAILABILITY

Available in the corporate limits of the City in Utilities’ water service territory for master meter and general nonresidential purposes.

RATE

The billing statements are the sum of:

Service Charge, Per Meter Size in Inches, Per Day

| | |
|------------------------|-----------|
| Less than 2 inch | \$1.6562 |
| 2 inch..... | \$2.6499 |
| 3 inch..... | \$4.9686 |
| 4 inch..... | \$8.2810 |
| 6 inch..... | \$16.5620 |
| 8 inch..... | \$26.4992 |
| 10 inch..... | \$38.0926 |

Commodity Charge

| | |
|--------------------------------------|-------------------------------------|
| November through April, per cf | \$0.0424 <u>\$0.0451</u> |
| May through October, per cf..... | \$0.0637 <u>\$0.0676</u> |

RULES AND REGULATIONS

Service under this rate schedule will be in accordance with City ordinances, resolutions and policies, the provisions of Utilities’ Rules and Regulations and *Line Extension & Service Standards* for Water.

Approval Date: ~~November 8, 2016~~November 28, 2017
Effective Date: ~~January 1, 2017~~January 1, 2018
Resolution No. ~~118-16~~_____



WATER RATE SCHEDULES

RESIDENTIAL SERVICE - OUTSIDE CITY LIMITS W-R

AVAILABILITY

Available outside the corporate limits of the City in areas where water service is available from Utilities for general residential purposes and only with prior approval by the City Council. Whether or not the end use of the water is residential in nature, this rate is not available for master metered accounts.

RATE

The billing statements are the sum of:

Service Charge, Per Day\$1.0619

Commodity Charge

First 999 cf.....~~\$0.0524~~**\$0.0572**
1,000 to 2,499 cf.....\$0.0981
2,500 cf or greater\$0.1482

but not less than

Meter Size

5/8" - 1 inch\$1.0619
1 1/2"\$2.1237
2"\$3.3980
3"\$6.3711

RULES AND REGULATIONS

Service under this rate schedule will be in accordance with City ordinances, resolutions and policies, the provisions of Utilities' Rules and Regulations and *Line Extension & Service Standards* for Water.

Approval Date: ~~November 8, 2016~~**November 28, 2017**
Effective Date: ~~January 1, 2017~~**January 1, 2018**
Resolution No. ~~118-16~~



WATER RATE SCHEDULES

NONRESIDENTIAL SERVICE - OUTSIDE CITY LIMITS W-G, W-M

AVAILABILITY

Available outside the corporate limits of the City in areas where water service is available from Utilities for master meter and general non-residential purposes and only with prior approval by the City Council.

RATE

The billing statements are the sum of:

Service Charge, Per Meter Size in Inches, Per Day

| | |
|------------------------|-----------|
| Less than 2 inch | \$2.4843 |
| 2 inch..... | \$3.9749 |
| 3 inch..... | \$7.4529 |
| 4 inch..... | \$12.4215 |
| 6 inch..... | \$24.8430 |
| 8 inch..... | \$39.7488 |
| 10 inch..... | \$57.1389 |

Commodity Charge

| | |
|--------------------------------------|-------------------------------------|
| November through April, per cf | \$0.0636 <u>\$0.0677</u> |
| May through October, per cf..... | \$0.0956 <u>\$0.1014</u> |

RULES AND REGULATIONS

Service under this rate schedule will be in accordance with City ordinances, resolutions and policies, the provisions of Utilities' Rules and Regulations and *Line Extension & Service Standards* for Water.

Approval Date: ~~November 8, 2016~~ November 28, 2017
 Effective Date: ~~January 1, 2017~~ January 1, 2018
 Resolution No. ~~118-16~~



WATER RATE SCHEDULES

CONTRACT SERVICE WSC-MIL

AVAILABILITY

Available by contract in Utilities’ water service territory to the United States of America at the Fort Carson Military Installation, the Peterson Air Force Base, the United States Air Force Academy, and Cheyenne Mountain Air Force Station.

RATES

The billing statements are the sum of:

Commodity Charge

| | |
|--------------------------------------|-------------------------------------|
| November through April, per cf | \$0.0348 <u>\$0.0375</u> |
| May through October, per cf..... | \$0.0502 <u>\$0.0536</u> |

RULES AND REGULATIONS

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

Approval Date: ~~November 8, 2016~~November 28, 2017
Effective Date: ~~January 1, 2017~~January 1, 2018
Resolution No. ~~118-16~~_____



WATER RATE SCHEDULES

TEMPORARY SERVICE - HYDRANT USE WHYDM

AVAILABILITY

Available by Utilities' permit for development and construction-related activities, health and safety purposes, or other approved uses, as determined by Utilities.

PERMIT FEE

Per Permit\$100.0000

RATE

The billing statements are the sum of:

Customer Charge (All Permit Classes)

Per Day\$5.4216

Meter Charge (Utilities Owned Meter)

Per Day\$4.0000

Equipment Charge (Utilities Owned Back Flow Preventer)

Per Day\$4.0000

Commodity Charge

Class A Permit, Per 1,000 gallons~~\$9.2462~~\$9.8176

Class B Permit, Per 1,000 gallons.....~~\$9.2462~~\$9.8176

Class C Permit (Use of Fire Hydrant without Meter - Specified Capacity),
Per 1,000 gallons.....~~\$9.2462~~\$9.8176

PAYMENT

Billing statements are due and payable by the date indicated on the statement.

DEPOSIT

A cash deposit of three hundred dollars (\$300.00) may be required to guarantee performance of any permit. Utilities may require an additional deposit in the event the three hundred dollars (\$300.00) deposit is determined by Utilities to be insufficient.

RULES AND REGULATIONS

Service under this rate schedule will be in accordance with City ordinances, resolutions and policies, the provisions of Utilities' Rules and Regulations and *Line Extension & Service Standards* for Water.

Approval Date: ~~November 8, 2016~~November 28, 2017
Effective Date: ~~January 1, 2017~~January 1, 2018
Resolution No. ~~118-16~~



WATER RATE SCHEDULES

MISCELLANEOUS SERVICE - NONPOTABLE W-N

AVAILABILITY

Available to all Customers using Utilities’ nonpotable water from a Utilities’ owned, operated, and maintained supply system. Nonpotable water may consist of raw water, reclaimed water, groundwater, or any combination of these. Service is based on pressures, quantities, and availability determined by Utilities.

RATE

The billing statements are the sum of:

Commodity Charge

per cf~~\$0.0190~~\$0.0213

RULES AND REGULATIONS

Service under this rate schedule will be in accordance with City ordinances, resolutions and policies, the provisions of Utilities’ Rules and Regulations, Nonpotable policy, and *Line Extension & Service Standards* for Water.

Approval Date: ~~November 8, 2016~~November 28, 2017
Effective Date: ~~January 1, 2017~~January 1, 2018
Resolution No. ~~118-16~~



WATER RATE SCHEDULES

CONTRACT SERVICE – NONPOTABLE W1P

AVAILABILITY

Available to existing special contract Customer for nonpotable water service to the Kissing Camels Golf Course.

RATE

The billing statements are the sum of:

Commodity Charge

per cf~~\$0.0110~~\$0.0123

RULES AND REGULATIONS

Service under this rate schedule will be in accordance with City ordinances, resolutions and policies, the provisions of Utilities’ Rules and Regulations, Nonpotable policy manual, *Line Extension & Service Standards* for Water and the conditions of any associated contract.

Approval Date: ~~November 8, 2016~~November 28, 2017
Effective Date: ~~January 1, 2017~~January 1, 2018
Resolution No. ~~118-16~~_____

Water

Final Tariff Sheets



WATER RATE SCHEDULES

RESIDENTIAL SERVICE – INSIDE CITY LIMITS W-R

AVAILABILITY

Available in the corporate limits of the City in Utilities’ water service territory for general residential purposes. Whether or not the end use of the water is residential in nature, this rate is not available for master metered accounts.

RATE

The billing statements are the sum of:

Service Charge, Per Day\$0.7079

Commodity Charge

First 999 cf\$0.0381
1,000 to 2,499 cf\$0.0654
2,500 cf or greater\$0.0988

but not less than

Meter Size

5/8" - 1 inch.....\$0.7079
1 1/2"\$1.4158
2"\$2.2653
3"\$4.2474

RULES AND REGULATIONS

Service under this rate schedule will be in accordance with City ordinances, resolutions and policies, the provisions of Utilities’ Rules and Regulations and *Line Extension & Service Standards* for Water.

Approval Date: November 28, 2017
Effective Date: January 1, 2018
Resolution No. _____



WATER RATE SCHEDULES

NONRESIDENTIAL SERVICE – INSIDE CITY LIMITS W-G, W-M

AVAILABILITY

Available in the corporate limits of the City in Utilities’ water service territory for master meter and general nonresidential purposes.

RATE

The billing statements are the sum of:

Service Charge, Per Meter Size in Inches, Per Day

| | |
|------------------------|-----------|
| Less than 2 inch | \$1.6562 |
| 2 inch..... | \$2.6499 |
| 3 inch..... | \$4.9686 |
| 4 inch..... | \$8.2810 |
| 6 inch..... | \$16.5620 |
| 8 inch..... | \$26.4992 |
| 10 inch..... | \$38.0926 |

Commodity Charge

| | |
|--------------------------------------|----------|
| November through April, per cf | \$0.0451 |
| May through October, per cf..... | \$0.0676 |

RULES AND REGULATIONS

Service under this rate schedule will be in accordance with City ordinances, resolutions and policies, the provisions of Utilities’ Rules and Regulations and *Line Extension & Service Standards* for Water.

Approval Date: November 28, 2017
Effective Date: January 1, 2018
Resolution No. _____



WATER RATE SCHEDULES

RESIDENTIAL SERVICE - OUTSIDE CITY LIMITS W-R

AVAILABILITY

Available outside the corporate limits of the City in areas where water service is available from Utilities for general residential purposes and only with prior approval by the City Council. Whether or not the end use of the water is residential in nature, this rate is not available for master metered accounts.

RATE

The billing statements are the sum of:

Service Charge, Per Day\$1.0619

Commodity Charge

First 999 cf.....\$0.0572
1,000 to 2,499 cf.....\$0.0981
2,500 cf or greater\$0.1482

but not less than

Meter Size

5/8" - 1 inch\$1.0619
1 1/2"\$2.1237
2"\$3.3980
3"\$6.3711

RULES AND REGULATIONS

Service under this rate schedule will be in accordance with City ordinances, resolutions and policies, the provisions of Utilities' Rules and Regulations and *Line Extension & Service Standards* for Water.

Approval Date: November 28, 2017
Effective Date: January 1, 2018
Resolution No. _____



WATER RATE SCHEDULES

NONRESIDENTIAL SERVICE - OUTSIDE CITY LIMITS W-G, W-M

AVAILABILITY

Available outside the corporate limits of the City in areas where water service is available from Utilities for master meter and general non-residential purposes and only with prior approval by the City Council.

RATE

The billing statements are the sum of:

Service Charge, Per Meter Size in Inches, Per Day

| | |
|------------------------|-----------|
| Less than 2 inch | \$2.4843 |
| 2 inch..... | \$3.9749 |
| 3 inch..... | \$7.4529 |
| 4 inch..... | \$12.4215 |
| 6 inch..... | \$24.8430 |
| 8 inch..... | \$39.7488 |
| 10 inch..... | \$57.1389 |

Commodity Charge

| | |
|--------------------------------------|----------|
| November through April, per cf | \$0.0677 |
| May through October, per cf..... | \$0.1014 |

RULES AND REGULATIONS

Service under this rate schedule will be in accordance with City ordinances, resolutions and policies, the provisions of Utilities' Rules and Regulations and *Line Extension & Service Standards* for Water.

Approval Date: November 28, 2017
Effective Date: January 1, 2018
Resolution No. _____



WATER RATE SCHEDULES

CONTRACT SERVICE WSC-MIL

AVAILABILITY

Available by contract in Utilities’ water service territory to the United States of America at the Fort Carson Military Installation, the Peterson Air Force Base, the United States Air Force Academy, and Cheyenne Mountain Air Force Station.

RATES

The billing statements are the sum of:

Commodity Charge

| | |
|--------------------------------------|----------|
| November through April, per cf | \$0.0375 |
| May through October, per cf..... | \$0.0536 |

RULES AND REGULATIONS

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

Approval Date: November 28, 2017
Effective Date: January 1, 2018
Resolution No. _____



WATER RATE SCHEDULES

TEMPORARY SERVICE - HYDRANT USE WHYDM

AVAILABILITY

Available by Utilities' permit for development and construction-related activities, health and safety purposes, or other approved uses, as determined by Utilities.

PERMIT FEE

Per Permit\$100.0000

RATE

The billing statements are the sum of:

Customer Charge (All Permit Classes)

Per Day\$5.4216

Meter Charge (Utilities Owned Meter)

Per Day\$4.0000

Equipment Charge (Utilities Owned Back Flow Preventer)

Per Day\$4.0000

Commodity Charge

Class A Permit, Per 1,000 gallons\$9.8176

Class B Permit, Per 1,000 gallons.....\$9.8176

Class C Permit (Use of Fire Hydrant without Meter - Specified Capacity),
Per 1,000 gallons.....\$9.8176

PAYMENT

Billing statements are due and payable by the date indicated on the statement.

DEPOSIT

A cash deposit of three hundred dollars (\$300.00) may be required to guarantee performance of any permit. Utilities may require an additional deposit in the event the three hundred dollars (\$300.00) deposit is determined by Utilities to be insufficient.

RULES AND REGULATIONS

Service under this rate schedule will be in accordance with City ordinances, resolutions and policies, the provisions of Utilities' Rules and Regulations and *Line Extension & Service Standards* for Water.

Approval Date: November 28, 2017
Effective Date: January 1, 2018
Resolution No. _____



WATER RATE SCHEDULES

MISCELLANEOUS SERVICE - NONPOTABLE W-N

AVAILABILITY

Available to all Customers using Utilities’ nonpotable water from a Utilities’ owned, operated, and maintained supply system. Nonpotable water may consist of raw water, reclaimed water, groundwater, or any combination of these. Service is based on pressures, quantities, and availability determined by Utilities.

RATE

The billing statements are the sum of:

Commodity Charge

per cf\$0.0213

RULES AND REGULATIONS

Service under this rate schedule will be in accordance with City ordinances, resolutions and policies, the provisions of Utilities’ Rules and Regulations, Nonpotable policy, and *Line Extension & Service Standards* for Water.

Approval Date: November 28, 2017
Effective Date: January 1, 2018
Resolution No. _____



WATER RATE SCHEDULES

CONTRACT SERVICE – NONPOTABLE W1P

AVAILABILITY

Available to existing special contract Customer for nonpotable water service to the Kissing Camels Golf Course.

RATE

The billing statements are the sum of:

Commodity Charge

per cf\$0.0123

RULES AND REGULATIONS

Service under this rate schedule will be in accordance with City ordinances, resolutions and policies, the provisions of Utilities’ Rules and Regulations, Nonpotable policy manual, *Line Extension & Service Standards* for Water and the conditions of any associated contract.

Approval Date: November 28, 2017
Effective Date: January 1, 2018
Resolution No. _____

Water

Cost of Service Study

**Colorado Springs Utilities
2018 Water Cost of Service Study**

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Note: Immaterial differences may occur due to rounding.

**Colorado Springs Utilities
2018 Water Cost of Service Study**

**SCHEDULE 1
TYPICAL MONTHLY BILL COMPARISON**

| Line No. | Rate Class | Current Bill | Proposed Bill | Proposed Increase / (Decrease) | % Change |
|-----------------|---|---------------------|----------------------|---------------------------------------|----------------------------------|
| <u>(a)</u> | <u>(b)</u> | <u>(c)</u> | <u>(d)</u> | <u>(e)</u> <u>[(d) - (c)]</u> | <u>(f)</u> <u>[(e) / (c)]</u> |
| 1 | Residential Service - Inside City Limits | \$ 62.72 | \$ 65.91 | \$ 3.19 | 5.1% |
| 2 | Small Nonresidential Service - Inside City Limits | \$ 208.84 | \$ 218.74 | \$ 9.90 | 4.7% |
| 3 | Large Nonresidential Service - Inside City Limits | \$ 2,702.19 | \$ 2,867.19 | \$ 165.00 | 6.1% |

Note: The typical bill is calculated for inside city limits using existing rates and proposed rates from Schedule 3 and assuming: 1,100 cf for Residential, 3,000 cf for Small Nonresidential, and 50,000 cf for Large Nonresidential; and 30 days in a typical billing cycle.

Colorado Springs Utilities
2018 Water Cost of Service Study

SCHEDULE 2
SUMMARY OF NET REVENUE REQUIREMENT AND PROPOSED REVENUE

| Line No. | Rate Class | Net Revenue Requirement | Miscellaneous Service - Nonpotable Adjustment | Net Revenue Requirement After Adjustments | Revenue Under Current Rates | Proposed Increase / (Decrease) | Percent Revenue Change | Proposed Revenue from Rates | Percent of Net Revenue Requirement |
|------------|--|-------------------------|---|---|-----------------------------|--------------------------------|----------------------------------|----------------------------------|------------------------------------|
| <u>(a)</u> | <u>(b)</u> | <u>(c)</u> | <u>(d)</u> | <u>(e)</u> <u>[(c) + (d)]</u> | <u>(f)</u> | <u>(g)</u> | <u>(h)</u> <u>[(g) / (f)]</u> | <u>(i)</u> <u>[(f) + (g)]</u> | <u>(j)</u> <u>[(i) / (e)]</u> |
| 1 | Residential Service ⁽¹⁾ | \$ 94,744,394 | \$ - | \$ 94,744,394 | \$ 92,521,609 | \$ 2,804,641 | 3.0% | \$ 95,326,250 | 100.6% |
| 2 | Nonresidential Service ⁽¹⁾ | 79,100,265 | 510,337 | 79,610,601 | 76,055,558 | 4,054,965 | 5.3% | 80,110,522 | 100.6% |
| 3 | Contract Service | 9,653,680 | - | 9,653,680 | 8,266,095 | 580,080 | 7.0% | 8,846,174 | 91.6% |
| 4 | Large Nonseasonal Service ⁽²⁾ | 4,928,697 | - | 4,928,697 | 4,641,706 | - | 0.0% | 4,641,706 | 94.2% |
| 5 | Miscellaneous Service - Nonpotable | 3,292,426 | (510,337) | 2,782,089 | 2,481,675 | 300,413 | 12.1% | 2,782,089 | 100.0% |
| 6 | Total | \$ 191,719,462 | \$ - | \$ 191,719,462 | \$ 183,966,642 | \$ 7,740,099 | 4.2% | \$ 191,706,741 | 100.0% |

Notes:
⁽¹⁾ Values are inclusive of inside and outside city limit service.
⁽²⁾ Revenue under current rates include the second of a two-phase rate increase approved by City Council on November 8, 2016. The second phase increases the Large Nonseasonal commodity rate by 3.5% effective January 1, 2018.

Colorado Springs Utilities
2018 Water Cost of Service Study

SCHEDULE 3
PROOF OF REVENUE

| Line No. | Rate Class | # Days or % Block/ Season | Test Year Forecasted 2018 Billing Units | Current Rates | Revenue Under Current Rates | Proposed Rates | Proposed Revenue from Rates | Proposed Increase / (Decrease) | Percent Revenue Change |
|----------|--|---------------------------|---|---------------|-----------------------------|----------------|-----------------------------|--------------------------------|------------------------|
| (a) | (b) | (c) | (d) | (e) | (f) [(c) * (d) * (e)] | (g) | (h) [(c) * (d) * (g)] | (i) [(h) - (f)] | (j) [(i) / (f)] |
| 1 | Residential Service - Inside City Limits | | | | | | | | |
| 2 | Customer Charge | 365 | 128,658 | \$ 0.7079 | \$ 33,243,104 | \$0.7079 | \$ 33,243,104 | \$ - | 0.0% |
| 3 | Commodity Charge per cubic foot | | | | | | | | |
| 4 | Block I: First 999 cubic feet | 69.46% | 867,582,402 | \$ 0.0349 | 30,278,626 | \$0.0381 | 33,054,890 | 2,776,264 | 9.2% |
| 5 | Block II: Next 1,500 cubic feet | 23.53% | 293,897,067 | \$ 0.0654 | 19,220,868 | \$0.0654 | 19,220,868 | - | 0.0% |
| 6 | Block III: All over 2,499 cubic feet | 7.01% | 87,502,472 | \$ 0.0988 | 8,645,244 | \$0.0988 | 8,645,244 | - | 0.0% |
| 7 | Total cubic feet | | 1,248,981,941 | | | | | | |
| 8 | Total Residential Service - Inside City Limits | | | | \$ 91,387,843 | | \$ 94,164,106 | \$ 2,776,264 | 3.0% |
| 9 | Residential Service - Outside City Limits | | | | | | | | |
| 10 | Customer Charge | 365 | 1,409 | \$ 1.0619 | \$ 546,119 | \$1.0619 | \$ 546,119 | \$ - | 0.0% |
| 11 | Commodity Charge per cubic foot | | | | | | | | |
| 12 | Block I: First 999 cubic feet | 69.98% | 5,912,002 | \$ 0.0524 | 309,789 | \$0.0572 | 338,167 | 28,378 | 9.2% |
| 13 | Block II: Next 1,500 cubic feet | 23.15% | 1,955,297 | \$ 0.0981 | 191,815 | \$0.0981 | 191,815 | - | 0.0% |
| 14 | Block III: All over 2,499 cubic feet | 6.87% | 580,591 | \$ 0.1482 | 86,044 | \$0.1482 | 86,044 | - | 0.0% |
| 15 | Total cubic feet | | 8,447,889 | | | | | | |
| 16 | Total Residential Service - Outside City Limits | | | | \$ 1,133,766 | | \$ 1,162,144 | \$ 28,378 | 2.5% |
| 17 | Nonresidential Service - Inside City Limits | | | | | | | | |
| 18 | Customer Charge (per meter size per day) | 365 | | | | | | | |
| 19 | Less than 2 inch meter | | 11,151 | \$ 1.6562 | \$ 6,740,924 | \$1.6562 | \$ 6,740,924 | \$ - | 0.0% |
| 20 | 2 inch meter | | 2,155 | \$ 2.6499 | 2,084,345 | \$2.6499 | 2,084,345 | - | 0.0% |
| 21 | 3 inch meter | | 406 | \$ 4.9686 | 736,297 | \$4.9686 | 736,297 | - | 0.0% |
| 22 | 4 inch meter | | 147 | \$ 8.2810 | 444,317 | \$8.2810 | 444,317 | - | 0.0% |
| 23 | 6 inch meter | | 46 | \$ 16.5620 | 278,076 | \$16.5620 | 278,076 | - | 0.0% |
| 24 | 8 inch meter | | 2 | \$ 26.4992 | 19,344 | \$26.4992 | 19,344 | - | 0.0% |
| 25 | 10 inch meter | | 2 | \$ 38.0926 | 27,808 | \$38.0926 | 27,808 | - | 0.0% |
| 26 | Commodity Charge per cubic foot | | | | | | | | |
| 27 | November - April | 31.68% | 363,397,263 | \$ 0.0424 | 15,408,044 | \$0.0451 | 16,389,217 | 981,173 | 6.4% |
| 28 | May - October | 68.32% | 783,787,680 | \$ 0.0637 | 49,927,275 | \$0.0676 | 52,984,047 | 3,056,772 | 6.1% |
| 29 | Total cubic feet | | 1,147,184,943 | | | | | | |
| 30 | Total Nonresidential Service - Inside City Limits | | | | \$ 75,666,431 | | \$ 79,704,375 | \$ 4,037,945 | 5.3% |

Colorado Springs Utilities
2018 Water Cost of Service Study

SCHEDULE 3
PROOF OF REVENUE

| Line No. | Rate Class | # Days or % Block/ Season | Test Year Forecasted 2018 Billing Units | Current Rates | Revenue Under Current Rates | Proposed Rates | Proposed Revenue from Rates | Proposed Increase / (Decrease) | Percent Revenue Change | |
|------------|---|---------------------------|---|---------------|---------------------------------|---------------------|---------------------------------|--------------------------------|---------------------------|-------------|
| <u>(a)</u> | <u>(b)</u> | <u>(c)</u> | <u>(d)</u> | <u>(e)</u> | <u>(f)</u> [(c) * (d) * (e)] | <u>(g)</u> | <u>(h)</u> [(c) * (d) * (g)] | <u>(i)</u> [(h) - (f)] | <u>(j)</u> [(i) / (f)] | |
| 31 | Nonresidential Service - Outside City Limits | | | | | | | | | |
| 32 | Customer Charge (per meter size per day) | 365 | | | | | | | | |
| 33 | Less than 2 inch meter | | 105 | \$ 2.4843 | \$ 95,211 | \$2.4843 | \$ 95,211 | \$ - | 0.0% | |
| 34 | 2 inch meter | | 8 | \$ 3.9749 | 11,607 | \$3.9749 | 11,607 | - | 0.0% | |
| 35 | 3 inch meter | | 2 | \$ 7.4529 | 5,441 | \$7.4529 | 5,441 | - | 0.0% | |
| 36 | 4 inch meter | | - | \$ 12.4215 | - | \$12.4215 | - | - | 0.0% | |
| 37 | 6 inch meter | | - | \$ 24.8430 | - | \$24.8430 | - | - | 0.0% | |
| 38 | 8 inch meter | | - | \$ 39.7488 | - | \$39.7488 | - | - | 0.0% | |
| 39 | 10 inch meter | | - | \$ 57.1389 | - | \$57.1389 | - | - | 0.0% | |
| 40 | Commodity Charge per cubic foot | | | | | | | | | |
| 41 | November - April | 28.77% | 922,140 | \$ 0.0636 | 58,648 | \$0.0677 | 62,429 | 3,781 | 6.4% | |
| 42 | May - October | 71.23% | 2,282,645 | \$ 0.0956 | 218,221 | \$0.1014 | 231,460 | 13,239 | 6.1% | |
| 43 | Total cubic feet | | 3,204,785 | | | | | | | |
| 44 | Total Nonresidential Service - Outside City Limits | | | | | \$ 389,127 | | \$ 406,147 | \$ 17,020 | 4.4% |
| 45 | Contract Service | | | | | | | | | |
| 46 | Commodity Charge per cubic foot | | | | | | | | | |
| 47 | November - April | 32.26% | 58,958,966 | \$ 0.0348 | \$ 2,051,772 | \$0.0375 | \$ 2,210,961 | \$ 159,189 | 7.8% | |
| 48 | May - October | 67.74% | 123,791,288 | \$ 0.0502 | 6,214,323 | \$0.0536 | 6,635,213 | 420,890 | 6.8% | |
| 49 | Total cubic feet | | 182,750,254 | | | | | | | |
| 50 | Total Contract Service | | | | | \$ 8,266,095 | | \$ 8,846,174 | \$ 580,080 | 7.0% |

Colorado Springs Utilities
2018 Water Cost of Service Study

SCHEDULE 3
PROOF OF REVENUE

| Line No. | Rate Class | # Days or % Block/ Season | Test Year Forecasted 2018 Billing Units | Current Rates | Revenue Under Current Rates | Proposed Rates | Proposed Revenue from Rates | Proposed Increase / (Decrease) | Percent Revenue Change |
|----------|---|---------------------------|---|---------------|-----------------------------|----------------|-----------------------------|--------------------------------|------------------------|
| (a) | (b) | (c) | (d) | (e) | (f) [(c) * (d) * (e)] | (g) | (h) [(c) * (d) * (g)] | (i) [(h) - (f)] | (j) [(i) / (f)] |
| 51 | Large Nonseasonal Service | | | | | | | | |
| 52 | Customer Charge (per meter size per day) | 365 | | | | | | | |
| 53 | Less than 2 inch meter | | 11 | \$ 1.6562 | \$ 6,650 | \$1.6562 | \$ 6,650 | \$ - | 0.0% |
| 54 | 2 inch meter | | 3 | \$ 2.6499 | 2,902 | \$2.6499 | 2,902 | - | 0.0% |
| 55 | 3 inch meter | | 3 | \$ 4.9686 | 5,441 | \$4.9686 | 5,441 | - | 0.0% |
| 56 | 4 inch meter | | 4 | \$ 8.2810 | 12,090 | \$8.2810 | 12,090 | - | 0.0% |
| 57 | 6 inch meter | | 4 | \$ 16.5620 | 24,181 | \$16.5620 | 24,181 | - | 0.0% |
| 58 | 8 inch meter | | - | \$ 26.4992 | - | \$26.4992 | - | - | 0.0% |
| 59 | 10 inch meter | | - | \$ 38.0926 | - | \$38.0926 | - | - | 0.0% |
| 60 | Commodity Charge per cubic foot | | | | | | | | |
| 61 | Total cubic feet | | 103,856,175 | \$ 0.0442 | 4,590,443 | \$0.0442 | 4,590,443 | - | 0.0% |
| 62 | Total Large Nonseasonal Service | | | | \$ 4,641,706 | | \$ 4,641,706 | \$ - | 0.0% |
| 63 | Miscellaneous Service - Nonpotable | | | | | | | | |
| 64 | Commodity Charge per cubic foot | | | | | | | | |
| 65 | Total cubic feet | | 130,614,496 | \$ 0.0190 | \$ 2,481,675 | \$0.0213 | \$ 2,782,089 | \$ 300,413 | 12.1% |
| 66 | Total Miscellaneous Service - Nonpotable | | | | \$ 2,481,675 | | \$ 2,782,089 | \$ 300,413 | 12.1% |
| 67 | Total Revenue | | | | \$ 183,966,642 | | \$ 191,706,741 | \$ 7,740,099 | 4.2% |
| | | | 2,825,040,483 | | | | | | |

Colorado Springs Utilities
2018 Water Cost of Service Study

SCHEDULE 4
FUNCTIONAL ALLOCATION OF REVENUE
REQUIREMENT - CASH BASIS

| Line No. | Category | Test Year Budget 2018 | Source of Supply and Pumping | Treatment | Transmission and Distribution | | Nonpotable | Customer |
|----------|--|-----------------------|------------------------------|----------------------|-------------------------------|---|---------------------|---------------------|
| | | | | | Mains, Reservoirs and Other | Services, Meters, Installations, and Hydrants | | |
| (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) |
| 1 | Total Operating and Maintenance Expense | \$ 114,119,411 | \$ 57,911,115 | \$ 15,918,360 | \$ 23,834,551 | \$ 5,517,136 | \$ 1,226,366 | \$ 9,711,884 |
| 2 | Nonoperating Expense: | | | | | | | |
| 3 | Debt Service ⁽¹⁾ | 73,658,469 | 38,753,330 | 8,555,550 | 20,911,607 | 3,539,766 | 1,898,216 | - |
| 4 | Cash Funded Capital ⁽¹⁾ | 17,687,391 | 9,305,723 | 2,054,419 | 5,021,443 | 849,994 | 455,813 | - |
| 5 | Additions to Cash ⁽²⁾ | (4,410,692) | (2,238,253) | (615,241) | (921,201) | (213,236) | (47,399) | (375,362) |
| 6 | Total Revenue Requirement | \$ 201,054,579 | \$ 103,731,914 | \$ 25,913,088 | \$ 48,846,399 | \$ 9,693,659 | \$ 3,532,996 | \$ 9,336,522 |
| 7 | Less Revenue Credits: | | | | | | | |
| 8 | Miscellaneous and Interest Revenues ⁽¹⁾ | 9,335,117 | 4,911,409 | 1,084,289 | 2,650,236 | 448,613 | 240,571 | - |
| 9 | Net Revenue Requirement | \$ 191,719,462 | \$ 98,820,505 | \$ 24,828,799 | \$ 46,196,164 | \$ 9,245,047 | \$ 3,292,426 | \$ 9,336,522 |
| 10 | Operating and Maintenance Allocator⁽²⁾ | 100.00% | 50.75% | 13.95% | 20.89% | 4.83% | 1.07% | 8.51% |

Notes:

⁽¹⁾ Allocated based on functional allocation of capital investment, Schedule 4.4.

⁽²⁾ Operating and Maintenance Allocator derived from Line 1 used for allocating Additions to Cash.

Colorado Springs Utilities
2018 Water Cost of Service Study

**SCHEDULE 4.1
FUNCTIONAL ALLOCATION OF OPERATING
AND MAINTENANCE EXPENSE**

| Line No. | Account | Function | Test Year Budget 2018 | Source of Supply and Pumping | Treatment | Transmission and Distribution | | | |
|----------|---------|---|-----------------------|------------------------------|----------------------|-------------------------------|---|---------------------|---------------------|
| | | | | | | Mains, Reservoirs and Other | Services, Meters, Installations, and Hydrants | Nonpotable | Customer |
| (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) | (i) |
| 1 | 600-633 | Source of Supply and Pumping | \$ 47,100,740 | \$ 47,100,740 | \$ - | \$ - | \$ - | \$ - | \$ - |
| 2 | 640-652 | Treatment | 9,556,947 | - | 9,556,947 | - | - | - | - |
| 3 | 660-677 | Transmission and Distribution: | | | | | | | |
| 4 | | Mains, Reservoirs and Other | 14,691,752 | - | - | 14,691,752 | - | - | - |
| 5 | | Services, Meters and Installs, and Hydrants | 2,865,642 | - | - | - | 2,865,642 | - | - |
| 6 | 680-784 | Nonpotable | 864,542 | - | - | - | - | 864,542 | - |
| 7 | | Customer Service: | | | | | | | |
| 8 | 901-904 | Customer Accounts | 3,996,257 | - | - | - | - | - | 3,996,257 |
| 9 | 908-909 | Customer Service and Information | 1,808,989 | - | - | - | - | - | 1,808,989 |
| 10 | | Subtotal | \$ 80,884,869 | \$ 47,100,740 | \$ 9,556,947 | \$ 14,691,752 | \$ 2,865,642 | \$ 864,542 | \$ 5,805,246 |
| 11 | 920-932 | Administrative and General | 33,234,542 | 10,810,375 | 6,361,413 | 9,142,799 | 2,651,494 | 361,824 | 3,906,638 |
| 12 | | Total Operating and Maintenance Expenses | \$ 114,119,411 | \$ 57,911,115 | \$ 15,918,360 | \$ 23,834,551 | \$ 5,517,136 | \$ 1,226,366 | \$ 9,711,884 |
| 13 | | Percent of Subtotal for Allocation | 100.00% | 32.53% | 19.14% | 27.51% | 7.98% | 1.09% | 11.75% |

Note: Administrative and General functional allocation based on Salaries and Wages - Schedule 4.2.

Colorado Springs Utilities
2018 Water Cost of Service Study

SCHEDULE 4.2
FUNCTIONALIZATION OF SALARIES AND WAGES

| Line No. | Account | Account Description | Test Year Budget 2018 | Source of Supply and Pumping | Treatment | Transmission and Distribution | | | |
|----------|---------|--------------------------------|-----------------------|------------------------------|-----------|-------------------------------|---|------------|----------|
| | | | | | | Mains, Reservoirs and Other | Services, Meters, Installations, and Hydrants | Nonpotable | Customer |
| (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) | (i) |
| 1 | | Source of Supply | | | | | | | |
| 2 | | Operation | | | | | | | |
| 3 | 600000 | Supervision and Engineering | \$ 6,669,382 | \$ 6,669,382 | \$ - | \$ - | \$ - | \$ - | \$ - |
| 4 | 601000 | Labor and Expenses | 466,127 | 466,127 | - | - | - | - | - |
| 5 | 602000 | Purchased Water | - | - | - | - | - | - | - |
| 6 | 603000 | Miscellaneous Expenses | 552,466 | 552,466 | - | - | - | - | - |
| 7 | | Maintenance | | | | | | | |
| 8 | 610000 | Supervision and Engineering | 242,262 | 242,262 | - | - | - | - | - |
| 9 | 611000 | Structures | 20,787 | 20,787 | - | - | - | - | - |
| 10 | 612000 | Reservoirs | 104,128 | 104,128 | - | - | - | - | - |
| 11 | 613000 | Intakes, Ditches, Weirs | 99,866 | 99,866 | - | - | - | - | - |
| 12 | 614000 | Wells and Springs | - | - | - | - | - | - | - |
| 13 | 615000 | Tunnels | - | - | - | - | - | - | - |
| 14 | 616000 | Supply Mains | 169,719 | 169,719 | - | - | - | - | - |
| 15 | 617000 | Vehicles and Equipment | 38,839 | 38,839 | - | - | - | - | - |
| 16 | | Pumping | | | | | | | |
| 17 | | Operation | | | | | | | |
| 18 | 620000 | Supervision and Engineering | 119,869 | 119,869 | - | - | - | - | - |
| 19 | 623000 | Power for Pumping | - | - | - | - | - | - | - |
| 20 | 624000 | Pumping Labor | 41,114 | 41,114 | - | - | - | - | - |
| 21 | 626000 | Miscellaneous Pumping Expenses | 19,452 | 19,452 | - | - | - | - | - |
| 22 | | Maintenance | | | | | | | |
| 23 | 630000 | Supervision and Engineering | - | - | - | - | - | - | - |
| 24 | 631000 | Structures | - | - | - | - | - | - | - |
| 25 | 633000 | Pumping Equipment | 420,011 | 420,011 | - | - | - | - | - |
| 26 | | Treatment | | | | | | | |
| 27 | | Operation | | | | | | | |
| 28 | 640000 | Supervision and Engineering | 2,170,837 | - | 2,170,837 | - | - | - | - |
| 29 | 641000 | Chemicals | - | - | - | - | - | - | - |
| 30 | 642000 | Labor and Expenses | 1,920,331 | - | 1,920,331 | - | - | - | - |
| 31 | 643000 | Miscellaneous Expenses | 276,379 | - | 276,379 | - | - | - | - |

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SCHEDULE 4.2
FUNCTIONALIZATION OF SALARIES AND WAGES

| Line No. | Account | Account Description | Test Year Budget 2018 | Source of Supply and Pumping | Treatment | Transmission and Distribution | | | |
|----------|---------|--------------------------------------|-----------------------|------------------------------|-----------|-------------------------------|---|------------|----------|
| | | | | | | Mains, Reservoirs and Other | Services, Meters, Installations, and Hydrants | Nonpotable | Customer |
| (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) | (i) |
| 32 | | Maintenance | | | | | | | |
| 33 | 650000 | Supervision and Maintenance | 21,256 | - | 21,256 | - | - | - | - |
| 34 | 651000 | Structures | 60,797 | - | 60,797 | - | - | - | - |
| 35 | 652000 | Equipment | 825,319 | - | 825,319 | - | - | - | - |
| 36 | | Transmission and Distribution | | | | | | | |
| 37 | | Operation | | | | | | | |
| 38 | 660000 | Supervision and Engineering | 684,291 | - | - | 684,291 | - | - | - |
| 39 | 661000 | Storage Facilities Expenses | - | - | - | - | - | - | - |
| 40 | 662000 | Transmission and Distribution Mains | 1,238,549 | - | - | 1,238,549 | - | - | - |
| 41 | 663000 | Meter Expenses | 1,046,768 | - | - | - | 1,046,768 | - | - |
| 42 | 664000 | Customer Installation Expenses | - | - | - | - | - | - | - |
| 43 | 665000 | Miscellaneous Expenses | 2,731,663 | - | - | 2,731,663 | - | - | - |
| 44 | | Maintenance | | | | | | | |
| 45 | 670000 | Supervision and Engineering | 264,654 | - | - | 264,654 | - | - | - |
| 46 | 671000 | Structures | 36,938 | - | - | 36,938 | - | - | - |
| 47 | 672000 | Reservoirs | 158,789 | - | - | 158,789 | - | - | - |
| 48 | 673000 | Transmission and Distribution Mains | 2,466,375 | - | - | 2,466,375 | - | - | - |
| 49 | 675000 | Service | 605,977 | - | - | - | 605,977 | - | - |
| 50 | 676000 | Meters | 150,914 | - | - | - | 150,914 | - | - |
| 51 | 677000 | Hydrants | 394,974 | - | - | - | 394,974 | - | - |
| 52 | | Tertiary Treatment Plan | | | | | | | |
| 53 | | Operation | | | | | | | |
| 54 | 680000 | Supervision and Engineering | - | - | - | - | - | - | - |
| 55 | 681000 | Treatment Expenses | 183,257 | - | - | - | - | 183,257 | - |
| 56 | 682000 | General Plant Expenses | 206 | - | - | - | - | 206 | - |
| 57 | 683000 | Power for Treatment | - | - | - | - | - | - | - |
| 58 | 684000 | Chemicals | - | - | - | - | - | - | - |
| 59 | | Maintenance | | | | | | | |
| 60 | 687000 | Irrigation Treatment Plant | - | - | - | - | - | - | - |
| 61 | 688000 | General Plant Expenses | 32,274 | - | - | - | - | 32,274 | - |

Colorado Springs Utilities
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SCHEDULE 4.2
FUNCTIONALIZATION OF SALARIES AND WAGES

| Line No. | Account | Account Description | Test Year Budget 2018 | Source of Supply and Pumping | Treatment | Transmission and Distribution | | | |
|----------|---------|---|-----------------------|------------------------------|---------------------|-------------------------------|---|-------------------|---------------------|
| | | | | | | Mains, Reservoirs and Other | Services, Meters, Installations, and Hydrants | Nonpotable | Customer |
| (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) | (i) |
| 62 | | Non-Potable System | | | | | | | |
| 63 | | Operation | | | | | | | |
| 64 | 690000 | Supervision and Engineering | 61,415 | - | - | - | - | 61,415 | - |
| 65 | 692000 | Operating Expenses | - | - | - | - | - | - | - |
| 66 | 693000 | Power for Pumping - Kissing Camels | - | - | - | - | - | - | - |
| 67 | 694000 | Utilities | - | - | - | - | - | - | - |
| 68 | 695000 | Chemicals | - | - | - | - | - | - | - |
| 69 | | Maintenance | | | | | | | |
| 70 | 697000 | Structures | - | - | - | - | - | - | - |
| 71 | 698000 | Distribution System | 22,874 | - | - | - | - | 22,874 | - |
| 72 | 699000 | Equipment | - | - | - | - | - | - | - |
| 73 | | Customer Account Expenses | | | | | | | |
| 74 | | Operation | | | | | | | |
| 75 | 901000 | Supervision | 48,778 | - | - | - | - | - | 48,778 |
| 76 | 902000 | Meter Reading Expenses | 235,354 | - | - | - | - | - | 235,354 |
| 77 | 903000 | Customer Records and Collection Expenses | 2,110,783 | - | - | - | - | - | 2,110,783 |
| 78 | 904000 | Uncollectible Accounts | - | - | - | - | - | - | - |
| 79 | | Customer Service and Informational Expenses | | | | | | | |
| 80 | | Operation | | | | | | | |
| 81 | 908000 | Customer Assistance Expenses | 844,491 | - | - | - | - | - | 844,491 |
| 82 | 909000 | Info and Inst Advertising Expenses | - | - | - | - | - | - | - |
| 83 | | Total | \$ 27,558,265 | \$ 8,964,022 | \$ 5,274,919 | \$ 7,581,259 | \$ 2,198,633 | \$ 300,026 | \$ 3,239,406 |
| 84 | | Percent of Allocation for Administrative and General | 100.00% | 32.53% | 19.14% | 27.51% | 7.98% | 1.09% | 11.75% |

Colorado Springs Utilities
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SCHEDULE 4.3
OPERATING AND MAINTENANCE EXPENSE

| Line No. | Account | Account Description | Test Year - Budget 2018 |
|---------------------|----------------|---|------------------------------------|
| <u>(a)</u> | <u>(b)</u> | <u>(c)</u> | <u>(d)</u> |
| 1 | | Operating and Maintenance | |
| 2 | | Source of Supply | |
| 3 | | Operation | |
| 4 | 600000 | Supervision and Engineering | \$ 7,380,458 |
| 5 | 601000 | Labor and Expenses | 469,067 |
| 6 | 602000 | Purchased Water | 10,886,162 |
| 7 | 603000 | Miscellaneous Expenses | 14,825,860 |
| 8 | 603020 | Aurora-Colorado Springs Joint Water Authority | 39,500 |
| 9 | 603030 | Twin Lakes Assessment | 361,506 |
| 10 | 603040 | Lake Henry, Meredith Assessment | 348,839 |
| 11 | 603050 | Arkansas River Exchange | 1,250,045 |
| 12 | 603060 | FMIC, Chilcott Assessment | 32,008 |
| 13 | | Total | \$ 35,593,445 |
| 14 | | Maintenance | |
| 15 | 610000 | Supervision and Engineering | \$ 242,262 |
| 16 | 611000 | Structures | 242,469 |
| 17 | 612000 | Reservoirs | 402,957 |
| 18 | 612030 | Twin Lakes Assessment | 479,205 |
| 19 | 612040 | Lake Henry, Meredith Assessment | 348,839 |
| 20 | 613000 | Intakes, Ditch, Weirs | 147,958 |
| 21 | 614000 | Wells and Springs | 96,250 |
| 22 | 615000 | Tunnels | 341,250 |
| 23 | 616000 | Supply Mains | 1,059,305 |
| 24 | 617000 | Vehicles and Equipment | 356,148 |
| 25 | | Total | \$ 3,716,643 |
| 26 | | Pumping | |
| 27 | | Operation | |
| 28 | 620000 | Supervision and Engineering | \$ 119,869 |
| 29 | 623000 | Power For Pumping | 6,187,739 |
| 30 | 623010 | Power For Pumping - FW | 251,291 |
| 31 | 624000 | Pumping Labor | 41,114 |
| 32 | 626000 | Miscellaneous Pumping Expenses | 234,452 |
| 33 | | Total | \$ 6,834,465 |

Colorado Springs Utilities
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SCHEDULE 4.3
OPERATING AND MAINTENANCE EXPENSE

| Line No. | Account | Account Description | Test Year - Budget 2018 |
|----------|---------|---|-----------------------------|
| (a) | (b) | (c) | (d) |
| 34 | | Maintenance | |
| 35 | 630000 | Supervision and Engineering | \$ - |
| 36 | 631000 | Structures | 156,499 |
| 37 | 633000 | Pumping Equipment | 799,688 |
| 38 | | Total | <u>\$ 956,187</u> |
| 39 | | Total Sources of Supply and Pumping | <u>\$ 47,100,740</u> |
| 40 | | Treatment | |
| 41 | | Operation | |
| 42 | 640000 | Supervision and Engineering | \$ 2,856,074 |
| 43 | 641000 | Chemicals | 1,424,313 |
| 44 | 642000 | Labor and Expenses | 2,055,526 |
| 45 | 643000 | Miscellaneous Expenses | 1,209,471 |
| 46 | | Total | <u>\$ 7,545,384</u> |
| 47 | | Maintenance | |
| 48 | 650000 | Supervision and Engineering | \$ 21,256 |
| 49 | 651000 | Structures | 906,436 |
| 50 | 652000 | Equipment | 1,083,871 |
| 51 | | Total | <u>\$ 2,011,563</u> |
| 52 | | Total Treatment | <u>\$ 9,556,947</u> |
| 53 | | Transmission and Distribution - Mains, Reservoirs, Other | |
| 54 | | Operation | |
| 55 | 660000 | Supervision and Engineering | \$ 1,893,168 |
| 56 | 661000 | Storage Facilities Expenses | 4,515 |
| 57 | 662000 | Transmission and Distribution Mains | 1,660,164 |
| 58 | 665000 | Miscellaneous Expenses | 4,112,122 |
| 59 | | Total | <u>\$ 7,669,969</u> |
| 60 | | Maintenance | |
| 61 | 670000 | Supervision and Engineering | \$ 264,654 |
| 62 | 671000 | Structures | 625,550 |
| 63 | 672000 | Reservoirs | 444,317 |
| 64 | 673000 | Transmission and Distribution Mains | 5,687,262 |
| 65 | | Total | <u>\$ 7,021,783</u> |
| 66 | | Total Transmission and Distribution - Mains, Reservoirs, Other | <u>\$ 14,691,752</u> |

Colorado Springs Utilities
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**SCHEDULE 4.3
OPERATING AND MAINTENANCE EXPENSE**

| Line No. | Account | Account Description | Test Year - Budget 2018 |
|------------|------------|---|----------------------------|
| <u>(a)</u> | <u>(b)</u> | <u>(c)</u> | <u>(d)</u> |
| 67 | | Transmission and Distribution - Service, Meters, Installations, Hydrants | |
| 68 | | Operation | |
| 69 | 663000 | Meter Expenses | \$ 1,046,768 |
| 70 | 664000 | Customer Installation Expenses | - |
| 71 | 664010 | Customer Installation Expenses and Taps | - |
| 72 | | Total | <u>\$ 1,046,768</u> |
| 73 | | Maintenance | |
| 74 | 675000 | Services | \$ 1,104,757 |
| 75 | 676000 | Meters | 229,143 |
| 76 | 677000 | Hydrants | 484,974 |
| 77 | | Total | <u>\$ 1,818,874</u> |
| 78 | | Total Transmission and Distribution - Service, Meters, Installations, Hydrants | <u><u>\$ 2,865,642</u></u> |
| 79 | | Tertiary Treatment | |
| 80 | | Operation | |
| 81 | 680000 | Supervision and Engineering | \$ - |
| 82 | 681000 | Treatment Expenses | 183,257 |
| 83 | 682000 | General Plan Expenses | 33,126 |
| 84 | 683000 | Power for Treatment | 30,000 |
| 85 | 684000 | Chemicals | - |
| 86 | | Total | <u>\$ 246,383</u> |
| 87 | | Maintenance | |
| 88 | 687000 | Irrigation Treatment Plant | \$ - |
| 89 | 688000 | General Plant Expenses | 89,719 |
| 90 | | Total | <u>\$ 89,719</u> |
| 91 | | Non-Potable System | |
| 92 | | Operation | |
| 93 | 690000 | Supervision and Engineering | \$ 61,415 |
| 94 | 692000 | Operating Expenses | 326,671 |
| 95 | 693000 | Power for Pumping - Kissing Camels | 1,480 |
| 96 | 694000 | Utilities Expenses | - |
| 97 | 695000 | Chemicals | 14,000 |
| 98 | | Total | <u>\$ 403,566</u> |

Colorado Springs Utilities
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SCHEDULE 4.3
OPERATING AND MAINTENANCE EXPENSE

| Line No. | Account | Account Description | Test Year - Budget 2018 |
|------------|------------|--|-----------------------------|
| <u>(a)</u> | <u>(b)</u> | <u>(c)</u> | <u>(d)</u> |
| 99 | | Maintenance | |
| 100 | 697000 | Structures | \$ - |
| 101 | 698000 | Distribution System | 124,874 |
| 102 | 699000 | Equipment | - |
| 103 | | Total | <u>\$ 124,874</u> |
| 104 | | Total Tertiary Treatment and Nonpotable | <u>\$ 864,542</u> |
| 105 | | Total Operation and Maintenance Expense | <u>\$ 75,079,623</u> |
| 106 | | Allocated Customer and Administrative and General | |
| 107 | | Customer Account Expenses | |
| 108 | | Operation | |
| 109 | 901000 | Supervision | \$ 70,018 |
| 110 | 902000 | Meter Reading Expenses | 947,057 |
| 111 | 903000 | Customer Records and Collection Expenses | 2,746,815 |
| 112 | 904000 | Uncollectible Accounts | 232,367 |
| 113 | 904003 | Uncollectible Accounts | - |
| 114 | 905000 | Miscellaneous Customer Accounts | - |
| 115 | | Total | <u>\$ 3,996,257</u> |
| 116 | | Customer Service and Information Expenses | |
| 117 | | Operation | |
| 118 | 908000 | Customer Assistance Expenses | \$ 880,158 |
| 119 | 908013 | Customer Solutions - Water | 643,086 |
| 120 | 908015 | Customer Solutions - Common | 191,019 |
| 121 | 909000 | Info and Inst Advertising Expenses | - |
| 122 | 909013 | Info and Inst Advertising Expenses - Water | 50,000 |
| 123 | 909015 | Info and Inst Advertising Expenses - Common | 44,726 |
| 124 | 909020 | Info and Inst Advertising Expenses | - |
| 125 | | Total | <u>\$ 1,808,989</u> |
| 126 | | Total Customer Account, Service, and Information | <u>\$ 5,805,246</u> |

Colorado Springs Utilities
2018 Water Cost of Service Study

**SCHEDULE 4.3
OPERATING AND MAINTENANCE EXPENSE**

| Line No. | Account | Account Description | Test Year - Budget 2018 |
|-------------|------------|--|------------------------------|
| <u>(a)</u> | <u>(b)</u> | <u>(c)</u> | <u>(d)</u> |
| 127 | | Administrative and General Expenses | |
| 128 | | Operation | |
| 129 | 163000 | Stores Expense | \$ - |
| 130 | 920000 | Administrative and General Salaries | 10,158,036 |
| 131 | 921000 | Office Supplies and Expenses | 7,829,096 |
| 132 | 921003 | Office Supplies and Expenses | 2,978 |
| 133 | 922000 | Administrative Expenses Transferred - Credit | (2,015,310) |
| 134 | 923000 | Outside Services Employed | 2,037,548 |
| 135 | 923003 | Outside Services Employed | 218,531 |
| 136 | 924000 | Property Insurance | 597,491 |
| 137 | 924003 | Property Insurance | 187,524 |
| 138 | 924013 | SDS Water Treatment Plant Property Insurance | 64,731 |
| 139 | 924023 | SDS Pump Station Property Insurance | 49,543 |
| 140 | 925000 | Injuries and Damages | 6,694 |
| 141 | 925003 | Injuries and Damages | 106,887 |
| 142 | 926000 | Employee Pensions and Benefits | 12,220,119 |
| 143 | 928000 | Regulatory Commission Expenses | 8,826 |
| 144 | 928003 | Regulatory Commission Expenses - Water | - |
| 145 | 930100 | General Advertising Expenses | - |
| 146 | 930200 | Miscellaneous General Expenses | 18,459 |
| 147 | 930203 | Miscellaneous General Expenses | 156,123 |
| 148 | | Total | <u>\$ 31,647,276</u> |
| 149 | | Maintenance | |
| 150 | 932000 | Maintenance of General Plant | \$ 1,587,266 |
| 151 | | Total | <u>\$ 1,587,266</u> |
| 152 | | Total Administrative and General | <u>\$ 33,234,542</u> |
| 153 | | Total Customer and Administrative and General | <u>\$ 39,039,788</u> |
| 154 | | Total | <u>\$ 114,119,411</u> |

Colorado Springs Utilities
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SCHEDULE 4.4
FUNCTIONAL ALLOCATION OF CAPITAL INVESTMENT

| Line No. | Account | Function | Net Plant December 31, 2016 | Source of Supply and Pumping | Treatment | Transmission and Distribution | | |
|------------|--------------|---|-----------------------------------|------------------------------------|-----------------------|-----------------------------------|---|----------------------|
| | | | | | | Mains, Reservoirs and Other | Services, Meters, Installations, and Hydrants | Nonpotable |
| <u>(a)</u> | <u>(b)</u> | <u>(c)</u> | <u>(d)</u> | <u>(e)</u> | <u>(f)</u> | <u>(g)</u> | <u>(h)</u> | <u>(i)</u> |
| 1 | 310-328 | Source of Supply and Pumping | \$ 882,434,600 | \$ 882,434,600 | \$ - | \$ - | \$ - | \$ - |
| 2 | 330-332 | Treatment | 194,814,568 | - | 194,814,568 | - | - | - |
| 3 | | Transmission and Distribution: | | | | | | |
| 4 | 343 | Mains | 422,307,255 | - | - | 422,307,255 | - | - |
| 5 | 340-342, 349 | Reservoirs and Other | 53,861,514 | - | - | 53,861,514 | - | - |
| 6 | 345-348 | Services, Meters, Installations, and Hydrants | 80,602,422 | - | - | - | 80,602,422 | - |
| 7 | 360-373 | Nonpotable | 43,223,430 | - | - | - | - | 43,223,430 |
| 8 | | Total | \$ 1,677,243,789 | \$ 882,434,600 | \$ 194,814,568 | \$ 476,168,770 | \$ 80,602,422 | \$ 43,223,430 |
| 9 | | Percent of Total | 100.00% | 52.61% | 11.62% | 28.39% | 4.81% | 2.58% |

Note: Net plant is inclusive of Construction Work in Progress.

Colorado Springs Utilities
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SCHEDULE 5
CLASSIFICATION OF FUNCTIONAL EXPENDITURES

| Line No. | Function | Test Year - Budget 2018 | Average Day (AD) | Maximum Day (MD) | Maximum Hour (MH) | Direct Nonpotable | Customer Related |
|-----------------|---|--------------------------------|-------------------------|-------------------------|--------------------------|--------------------------|-------------------------|
| <u>(a)</u> | <u>(b)</u> | <u>(c)</u> | <u>(d)</u> | <u>(e)</u> | <u>(f)</u> | <u>(g)</u> | <u>(h)</u> |
| 1 | Source of Supply and Pumping | \$ 98,820,505 | \$ 98,820,505 | \$ - | \$ - | \$ - | \$ - |
| 2 | Treatment | 24,828,799 | 12,930,838 | 11,897,960 | - | - | - |
| 3 | Transmission and Distribution: | | | | | | |
| 4 | Mains, Reservoirs and Other | 46,196,164 | 16,025,449 | 14,745,816 | 15,424,899 | - | - |
| 5 | Services, Meters, Installations, and Hydrants | 9,245,047 | - | - | - | - | 9,245,047 |
| 6 | Nonpotable | 3,292,426 | - | - | - | 3,292,426 | - |
| 7 | Customer | 9,336,522 | - | - | - | - | 9,336,522 |
| 8 | Total | \$ 191,719,462 | \$ 127,776,793 | \$ 26,643,776 | \$ 15,424,899 | \$ 3,292,426 | \$ 18,581,568 |

**Colorado Springs Utilities
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**SCHEDULE 5.1
CLASSIFICATION PERCENTAGES OF FUNCTIONAL EXPENDITURES**

| Line No. | Function | Average Day (AD) | Maximum Day (MD) | Maximum Hour (MH) | Customer | Direct |
|---------------------|---|---------------------------------|---------------------------------|----------------------------------|-----------------|---------------|
| <u>(a)</u> | <u>(b)</u> | <u>(c)</u> | <u>(d)</u> | <u>(e)</u> | <u>(f)</u> | <u>(g)</u> |
| 1 | Source of Supply and Pumping | 100.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| 2 | Treatment | 52.08% | 47.92% | 0.00% | 0.00% | 0.00% |
| 3 | Transmission and Distribution: | | | | | |
| 4 | Mains, Reservoirs and Other | 34.69% | 31.92% | 33.39% | 0.00% | 0.00% |
| 5 | Services, Meters, Installations, and Hydrants | 0.00% | 0.00% | 0.00% | 100.00% | 0.00% |
| 6 | Nonpotable | 0.00% | 0.00% | 0.00% | 0.00% | 100.00% |
| 7 | Customer | 0.00% | 0.00% | 0.00% | 100.00% | 0.00% |

Colorado Springs Utilities
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SCHEDULE 5.2

CLASSIFICATION PERCENTAGES OF FUNCTIONAL EXPENDITURES - TREATMENT

| Line No. | Function | Forecasted Average Day Treatment | Forecasted Max Day Treatment | Average Day (AD) Classification Factor | Max Day (MD) Classification Factor |
|------------|------------|----------------------------------|------------------------------|--|--|
| <u>(a)</u> | <u>(b)</u> | <u>(c)</u> | <u>(d)</u> | <u>(e)</u> <u>[(c) / (d)]</u> | <u>(f)</u> <u>[(d) - (c)] / (d)</u> |
| 1 | Treatment | 8,332,888 | 16,001,337 | 52.08% | 47.92% |

Note: Volumes in cubic feet.

Colorado Springs Utilities
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SCHEDULE 5.3
CLASSIFICATION PERCENTAGES OF FUNCTIONAL EXPENDITURES -
TRANSMISSION AND DISTRIBUTION: MAINS, RESERVOIRS AND OTHER

| Line No. | Function | Forecasted Average Day (AD) Treatment | Forecasted Max Day (MD) Treatment | Forecasted Max Hour (MH) Treatment | AD Classification Factor | MD Classification Factor | MH Classification Factor |
|-----------------|-----------------------------|--|--|---|---------------------------------|---------------------------------|---------------------------------|
| <u>(a)</u> | <u>(b)</u> | <u>(c)</u> | <u>(d)</u> | <u>(e)</u> | $\frac{(f)}{[(c)/(e)]}$ | $\frac{(g)}{[(d)-(c)]/(e)}$ | $\frac{(h)}{[(e)-(d)]/(e)}$ |
| 1 | Mains, Reservoirs and Other | 8,332,888 | 16,001,337 | 24,024,064 | 34.69% | 31.92% | 33.39% |

Note: Volumes in cubic feet.

Colorado Springs Utilities
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SCHEDULE 6A
COST ALLOCATION DETAIL - SOURCE OF SUPPLY AND PUMPING
Test Year Budget 2018

| Line No. | Rate Class | AF01 Average Day (Excluding Nonpot) | Commodity Related Cost | - | | Total Allocated Cost |
|------------|------------------------------------|-------------------------------------|------------------------|--------------|-------------|----------------------|
| <u>(a)</u> | <u>(b)</u> | <u>(c)</u> | <u>(d)</u> | <u>(e)</u> | <u>(f)</u> | <u>(g)</u> |
| 1 | Residential Service | 46.67% | \$ 46,119,530 | | \$ - | \$ 46,119,530 |
| 2 | Nonresidential Service | 42.70% | 42,196,356 | | - | 42,196,356 |
| 3 | Contract Service | 6.78% | 6,700,030 | | - | 6,700,030 |
| 4 | Large Nonseasonal Service | 3.85% | 3,804,589 | | - | 3,804,589 |
| 5 | Miscellaneous Service - Nonpotable | 0.00% | - | | - | - |
| 6 | Total | 100.00% | \$ 98,820,505 | 0.00% | \$ - | \$ 98,820,505 |

Colorado Springs Utilities
2018 Water Cost of Service Study

SCHEDULE 6B
COST ALLOCATION DETAIL - TREATMENT
Test Year Budget 2018

| Line No. | Rate Class | AF01 Average Day (Excluding Nonpot) | Commodity Related Cost | AF02 Excess Maximum Day | Demand Related Cost | Total Allocated Cost |
|------------|------------------------------------|---|------------------------------|----------------------------------|---------------------------|----------------------------------|
| <u>(a)</u> | <u>(b)</u> | <u>(c)</u> | <u>(d)</u> | <u>(e)</u> | <u>(f)</u> | <u>(g)</u> <u>[(d) + (f)]</u> |
| 1 | Residential Service | 46.67% | \$ 6,034,822 | 52.62% | \$ 6,260,224 | \$ 12,295,046 |
| 2 | Nonresidential Service | 42.70% | 5,521,468 | 45.03% | 5,358,160 | 10,879,628 |
| 3 | Contract Service | 6.78% | 876,711 | 2.35% | 279,576 | 1,156,287 |
| 4 | Large Nonseasonal Service | 3.85% | 497,837 | 0.00% | - | 497,837 |
| 5 | Miscellaneous Service - Nonpotable | 0.00% | - | 0.00% | - | - |
| 6 | Total | 100.00% | \$ 12,930,838 | 100.00% | \$ 11,897,960 | \$ 24,828,799 |

Colorado Springs Utilities
2018 Water Cost of Service Study

SCHEDULE 6C

**COST ALLOCATION DETAIL - TRANSMISSION AND DISTRIBUTION:
MAINS, RESERVOIRS AND OTHER
Test Year Budget 2018**

| Line No. | Rate Class | AF01 | Commodity Related Cost | AF02 | Demand Related Cost | Total Allocated Cost |
|----------|------------------------------------|--------------------------------|------------------------|--------------------|----------------------|----------------------|
| | | Average Day (Excluding Nonpot) | | Excess Maximum Day | | |
| (a) | (b) | (c) | (d) | (e) | (f) | (k) |
| 1 | Residential Service | 46.67% | \$ 7,479,077 | 52.62% | \$ 7,758,650 | \$ 23,354,309 |
| 2 | Nonresidential Service | 42.70% | 6,842,867 | 45.03% | 6,640,671 | 20,429,370 |
| 3 | Contract Service | 6.78% | 1,086,525 | 2.35% | 346,494 | 1,795,505 |
| 4 | Large Nonseasonal Service | 3.85% | 616,980 | 0.00% | - | 616,980 |
| 5 | Miscellaneous Service - Nonpotable | 0.00% | - | 0.00% | - | - |
| 6 | Total | 100.00% | \$ 16,025,449 | 100.00% | \$ 14,745,816 | \$ 46,196,164 |
| | | | | | | |
| | | AF03 | Demand Related Cost | - | | |
| | | Excess Maximum Hour | | | | |
| | | (g) | (h) | (i) | (j) | (k) |
| 7 | Residential Service | 52.62% | \$ 8,116,582 | | \$ - | \$ 23,354,309 |
| 8 | Nonresidential Service | 45.03% | 6,945,832 | | - | 20,429,370 |
| 9 | Contract Service | 2.35% | 362,485 | | - | 1,795,505 |
| 10 | Large Nonseasonal Service | 0.00% | - | | - | 616,980 |
| 11 | Miscellaneous Service - Nonpotable | 0.00% | - | | - | - |
| 12 | Total | 100.00% | \$ 15,424,899 | 0.00% | \$ - | \$ 46,196,164 |

Colorado Springs Utilities
2018 Water Cost of Service Study

SCHEDULE 6D
COST ALLOCATION DETAIL - TRANSMISSION AND DISTRIBUTION:
SERVICE, METERS, INSTALLATION, AND HYDRANTS
Test Year Budget 2018

| Line No. | Rate Class | AF04 Weighted Average Customers | Customer Related Cost | - | | Total Allocated Cost |
|------------|------------------------------------|---------------------------------|-----------------------|--------------|-------------|----------------------|
| <u>(a)</u> | <u>(b)</u> | <u>(c)</u> | <u>(d)</u> | <u>(e)</u> | <u>(f)</u> | <u>(g)</u> |
| 1 | Residential Service | 69.83% | \$ 6,455,816 | | \$ - | \$ 6,455,816 |
| 2 | Nonresidential Service | 30.11% | 2,783,684 | | - | 2,783,684 |
| 3 | Contract Service | 0.01% | 925 | | - | 925 |
| 4 | Large Nonseasonal Service | 0.05% | 4,623 | | - | 4,623 |
| 5 | Miscellaneous Service - Nonpotable | 0.00% | - | | - | - |
| 6 | Total | 100.00% | \$ 9,245,047 | 0.00% | \$ - | \$ 9,245,047 |

Colorado Springs Utilities
2018 Water Cost of Service Study

SCHEDULE 6E
COST ALLOCATION DETAIL - CUSTOMER ACCOUNTS
Test Year Budget 2018

| Line No. | Rate Class | AF04 Weighted Average Customers | Customer Related Cost | - | | Total Allocated Cost |
|------------|------------------------------------|---------------------------------|-----------------------|--------------|-------------|----------------------|
| <u>(a)</u> | <u>(b)</u> | <u>(c)</u> | <u>(d)</u> | <u>(e)</u> | <u>(f)</u> | <u>(g)</u> |
| 1 | Residential Service | 69.83% | \$ 6,519,693 | | \$ - | \$ 6,519,693 |
| 2 | Nonresidential Service | 30.11% | 2,811,227 | | - | 2,811,227 |
| 3 | Contract Service | 0.01% | 934 | | - | 934 |
| 4 | Large Nonseasonal Service | 0.05% | 4,668 | | - | 4,668 |
| 5 | Miscellaneous Service - Nonpotable | 0.00% | - | | - | - |
| 6 | Total | 100.00% | \$ 9,336,522 | 0.00% | \$ - | \$ 9,336,522 |

**Colorado Springs Utilities
2018 Water Cost of Service Study**

**SCHEDULE 6.1
SUMMARY OF ALLOCATION FACTOR PERCENTAGES**

| Line No. | Rate Class | Average Day (Excluding Nonpot) | Excess Maximum Day | Excess Maximum Hour | Weighted Average Customers |
|---------------------|------------------------------------|---|-----------------------------------|------------------------------------|---|
| | | AF01 | AF02 | AF03 | AF04 |
| (a) | (b) | (c) | (d) | (e) | (f) |
| 1 | Residential Service | 46.67% | 52.62% | 52.62% | 69.83% |
| 2 | Nonresidential Service | 42.70% | 45.03% | 45.03% | 30.11% |
| 3 | Contract Service | 6.78% | 2.35% | 2.35% | 0.01% |
| 4 | Large Nonseasonal Service | 3.85% | 0.00% | 0.00% | 0.05% |
| 5 | Miscellaneous Service - Nonpotable | 0.00% | 0.00% | 0.00% | 0.00% |
| | | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> |

Note : Maximum Hour assumed at 1/24 of excess maximum day volumes.

Colorado Springs Utilities
2018 Water Cost of Service Study

SCHEDULE 6.2

ALLOCATION FACTOR CALCULATIONS⁽¹⁾

| Line No. | Rate Class | AF01 | | Maximum Day | AF02 | | AF03 | | AF04 | |
|----------|------------------------------------|--------------------------------|----------------|-------------------|--------------------|----------------|------------------------------------|----------------|----------------------------|----------------|
| | | Average Day (Excluding Nonpot) | % of Total | | Excess Maximum Day | % of Total | Excess Maximum Hour ⁽²⁾ | % of Total | Weighted Average Customers | % of Total |
| (a) | (b) | (c) | (d) | (e) | (f) [(e) - (c)] | (g) | (h) [(f) / 24] | (i) | (j) | (k) |
| 1 | Residential Service | 3,445,013 | 46.67% | 7,394,474 | 3,949,461 | 52.62% | 164,561 | 52.62% | 130,067 | 69.83% |
| 2 | Nonresidential Service | 3,151,753 | 42.70% | 6,532,118 | 3,380,365 | 45.03% | 140,849 | 45.03% | 56,092 | 30.11% |
| 3 | Contract Service | 500,686 | 6.78% | 677,065 | 176,379 | 2.35% | 7,349 | 2.35% | 10 | 0.01% |
| 4 | Large Nonseasonal Service | 284,537 | 3.85% | 284,537 | - | 0.00% | - | 0.00% | 100 | 0.05% |
| 5 | Miscellaneous Service - Nonpotable | - | 0.00% | - | - | 0.00% | - | 0.00% | - | 0.00% |
| 6 | Total | 7,381,989 | 100.00% | 14,888,194 | 7,506,205 | 100.00% | 312,759 | 100.00% | 186,269 | 100.00% |

Notes:

⁽¹⁾ Volumes in cubic feet.

⁽²⁾ Maximum Hour assumed at 1/24 of excess maximum day volumes.

⁽³⁾ Customer related costs are not allocated to rate class.

Colorado Springs Utilities
2018 Water Cost of Service Study

SCHEDULE 6.3
VOLUME ALLOCATION FACTOR CALCULATION DETAIL

| Line No. | Rate Class | Forecasted Annual Sales | Average Day (Excluding Nonpotable) | Maximum Day (Excluding Nonpotable) |
|------------|------------------------------------|-------------------------|------------------------------------|------------------------------------|
| <u>(a)</u> | <u>(b)</u> | <u>(c)</u> | <u>(d)</u> [(c) / 365] | <u>(e)</u> |
| 1 | Residential Service | 1,257,429,830 | 3,445,013 | 7,394,474 |
| 2 | Nonresidential Service | 1,150,389,728 | 3,151,753 | 6,532,118 |
| 3 | Contract Service | 182,750,254 | 500,686 | 677,065 |
| 4 | Large Nonseasonal Service | 103,856,175 | 284,537 | 284,537 |
| 5 | Miscellaneous Service - Nonpotable | 130,614,496 | - | - |
| 6 | Total | 2,825,040,483 | 7,381,989 | 14,888,194 |

Note: Volumes in cubic feet.

**Colorado Springs Utilities
2018 Water Cost of Service Study**

**SCHEDULE 6.4
FORECASTED BILLING UNITS**

| Line No. | Rate Class | Average Customers | Forecasted Annual Sales⁽¹⁾ |
|-----------------|---------------------------------------|--------------------------|--|
| <u>(a)</u> | <u>(b)</u> | <u>(c)</u> | <u>(d)</u> |
| 1 | Residential Service - Inside City | 128,658 | 1,248,981,941 |
| 2 | Residential Service - Outside City | 1,409 | 8,447,889 |
| 3 | Nonresidential Service - Inside City | 13,908 | 1,147,184,943 |
| 4 | Nonresidential Service - Outside City | 115 | 3,204,785 |
| 5 | Contract Service | - ⁽²⁾ | 182,750,254 |
| 6 | Large Nonseasonal Service | 25 | 103,856,175 |
| 7 | Miscellaneous Service - Nonpotable | - ⁽²⁾ | 130,614,496 |
| 8 | Total Forecasted Billing Units | <u>144,115</u> | <u>2,825,040,483</u> |

Notes:

⁽¹⁾ Volumes in cubic feet.

⁽²⁾ Rate class does not have customer charge, all revenues recovered through commodity charges.

Colorado Springs Utilities
2018 Water Cost of Service Study

SCHEDULE 7
NET REVENUE REQUIREMENT BY
RATE CLASS

| Line No. | Rate Class | Source of Supply and Pumping | Treatment | Transmission and Distribution | | |
|------------|------------------------------------|------------------------------|----------------------|-------------------------------|---|---------------------|
| | | | | Mains, Reservoirs and Other | Services, Meters, Installations, and Hydrants | Nonpotable |
| <u>(a)</u> | <u>(b)</u> | <u>(c)</u> | <u>(d)</u> | <u>(e)</u> | <u>(f)</u> | <u>(g)</u> |
| 1 | Residential Service | \$ 46,119,530 | \$ 12,295,046 | \$ 23,354,309 | \$ 6,455,816 | \$ - |
| 2 | Nonresidential Service | 42,196,356 | 10,879,628 | 20,429,370 | 2,783,684 | - |
| 3 | Contract Service | 6,700,030 | 1,156,287 | 1,795,505 | 925 | - |
| 4 | Large Nonseasonal Service | 3,804,589 | 497,837 | 616,980 | 4,623 | - |
| 5 | Miscellaneous Service - Nonpotable | - | - | - | - | 3,292,426 |
| 6 | Total | \$ 98,820,505 | \$ 24,828,799 | \$ 46,196,164 | \$ 9,245,047 | \$ 3,292,426 |

Colorado Springs Utilities
2018 Water Cost of Service Study

SCHEDULE 7
NET REVENUE REQUIREMENT BY
RATE CLASS

| Line No. | Rate Class | Customer | Net Revenue Requirement | Miscellaneous Service - Nonpotable Adjustment | Net Revenue Requirement After Adjustments |
|------------|------------------------------------|---------------------|-------------------------|---|---|
| <u>(a)</u> | <u>(b)</u> | <u>(h)</u> | <u>(i)</u> | <u>(i)</u> | <u>(k)</u> |
| 1 | Residential Service | \$ 6,519,693 | \$ 94,744,394 | \$ - | \$ 94,744,394 |
| 2 | Nonresidential Service | 2,811,227 | 79,100,265 | 510,337 | 79,610,601 |
| 3 | Contract Service | 934 | 9,653,680 | - | 9,653,680 |
| 4 | Large Nonseasonal Service | 4,668 | 4,928,697 | - | 4,928,697 |
| 5 | Miscellaneous Service - Nonpotable | - | 3,292,426 | (510,337) | 2,782,089 |
| 6 | Total | \$ 9,336,522 | \$ 191,719,462 | \$ - | \$ 191,719,462 |

Colorado Springs Utilities
2018 Water Cost of Service Study

SCHEDULE 8
RATE DESIGN

| Line No. | Rate Class | # Days or % Block/Season | Test Year Forecasted 2018 Billing Units | Current Rates | Revenue Under Current Rates | Net Revenue Requirement After Adjustments | Proposed Rates | Proposed Revenue from Rates | Proposed Increase / (Decrease) | Percent Revenue Change |
|------------|--|--------------------------|---|---------------|--|---|----------------|--|----------------------------------|----------------------------------|
| <u>(a)</u> | <u>(b)</u> | <u>(c)</u> | <u>(d)</u> | <u>(e)</u> | <u>(f)</u> <u>[(c) * (d) * (e)]</u> | <u>(g)</u> | <u>(h)</u> | <u>(i)</u> <u>[(c) * (d) * (h)]</u> | <u>(i)</u> <u>[(i) - (f)]</u> | <u>(k)</u> <u>[(i) / (f)]</u> |
| 1 | Residential Service - Inside City Limits | | | | | | | | | |
| 2 | Customer Charge | 365 | 128,658 | \$ 0.7079 | \$ 33,243,104 | | \$ 0.7079 | \$ 33,243,104 | \$ - | 0.0% |
| 3 | Commodity Charge per cubic foot | | | | | | | | | |
| 4 | Block I: First 999 cubic feet | 69.46% | 867,582,402 | \$ 0.0349 | 30,278,626 | | \$ 0.0381 | 33,054,890 | 2,776,264 | 9.2% |
| 5 | Block II: Next 1,500 cubic feet | 23.53% | 293,897,067 | \$ 0.0654 | 19,220,868 | | \$ 0.0654 | 19,220,868 | - | 0.0% |
| 6 | Block III: All over 2,499 cubic feet | 7.01% | 87,502,472 | \$ 0.0988 | 8,645,244 | | \$ 0.0988 | 8,645,244 | - | 0.0% |
| 7 | Total cubic feet | | 1,248,981,941 | | | | | | | |
| 8 | Total Residential Service - Inside City Limits | | | | \$ 91,387,843 | \$ 94,744,394 | | \$ 94,164,106 | \$ 2,776,264 | 3.0% |
| 9 | Residential Service - Outside City Limits | | | | | | | | | |
| 10 | Customer Charge | 365 | 1,409 | \$ 1.0619 | \$ 546,119 | | \$ 1.0619 | \$ 546,119 | \$ - | 0.0% |
| 11 | Commodity Charge per cubic feet | | | | | | | | | |
| 12 | Block I: First 999 cubic feet | 69.98% | 5,912,002 | \$ 0.0524 | 309,789 | | \$ 0.0572 | 338,167 | 28,378 | 9.2% |
| 13 | Block II: Next 1,500 cubic feet | 23.15% | 1,955,297 | \$ 0.0981 | 191,815 | | \$ 0.0981 | 191,815 | - | 0.0% |
| 14 | Block III: All over 2,499 cubic feet | 6.87% | 580,591 | \$ 0.1482 | 86,044 | | \$ 0.1482 | 86,044 | - | 0.0% |
| 15 | Total cubic feet | | 8,447,889 | | | | | | | |
| 16 | Total Residential Service - Outside City Limits | | | | \$ 1,133,766 | | | \$ 1,162,144 | \$ 28,378 | 2.5% |
| 17 | Nonresidential Service - Inside City Limits | | | | | | | | | |
| 18 | Customer Charge (per meter size per day) | 365 | | | | | | | | |
| 19 | Less than 2 inch meter | | 11,151 | \$ 1.6562 | \$ 6,740,924 | | \$ 1.6562 | \$ 6,740,924 | \$ - | 0.0% |
| 20 | 2 inch meter | | 2,155 | \$ 2.6499 | 2,084,345 | | \$ 2.6499 | 2,084,345 | - | 0.0% |
| 21 | 3 inch meter | | 406 | \$ 4.9686 | 736,297 | | \$ 4.9686 | 736,297 | - | 0.0% |
| 22 | 4 inch meter | | 147 | \$ 8.2810 | 444,317 | | \$ 8.2810 | 444,317 | - | 0.0% |
| 23 | 6 inch meter | | 46 | \$ 16.5620 | 278,076 | | \$ 16.5620 | 278,076 | - | 0.0% |
| 24 | 8 inch meter | | 2 | \$ 26.4992 | 19,344 | | \$ 26.4992 | 19,344 | - | 0.0% |
| 25 | 10 inch meter | | 2 | \$ 38.0926 | 27,808 | | \$ 38.0926 | 27,808 | - | 0.0% |
| 26 | Commodity Charge per cubic foot | | | | | | | | | |
| 27 | November - April | 31.68% | 363,397,263 | \$ 0.0424 | 15,408,044 | | \$ 0.0451 | 16,389,217 | 981,173 | 6.4% |
| 28 | May - October | 68.32% | 783,787,680 | \$ 0.0637 | 49,927,275 | | \$ 0.0676 | 52,984,047 | 3,056,772 | 6.1% |
| 29 | Total cubic feet | | 1,147,184,943 | | | | | | | |
| 30 | Total Nonresidential Service - Inside City Limits | | | | \$ 75,666,431 | \$ 79,610,601 | | \$ 79,704,375 | \$ 4,037,945 | 5.3% |

Colorado Springs Utilities
2018 Water Cost of Service Study

SCHEDULE 8
RATE DESIGN

| Line No. | Rate Class | # Days or % Block/Season | Test Year Forecasted 2018 Billing Units | Current Rates | Revenue Under Current Rates | Net Revenue Requirement After Adjustments | Proposed Rates | Proposed Revenue from Rates | Proposed Increase / (Decrease) | Percent Revenue Change |
|------------|---|--------------------------|---|---------------|---------------------------------|---|---------------------|---------------------------------|--------------------------------|---------------------------|
| <u>(a)</u> | <u>(b)</u> | <u>(c)</u> | <u>(d)</u> | <u>(e)</u> | <u>(f)</u> [(c) * (d) * (e)] | <u>(g)</u> | <u>(h)</u> | <u>(i)</u> [(c) * (d) * (h)] | <u>(i)</u> [(i) - (f)] | <u>(k)</u> [(i) / (f)] |
| 31 | Nonresidential Service - Outside City Limits | | | | | | | | | |
| 32 | Customer Charge (per meter size per day) | 365 | | | | | | | | |
| 33 | Less than 2 inch meter | | 105 | \$ 2.4843 | \$ 95,211 | | \$ 2.4843 | \$ 95,211 | \$ - | 0.0% |
| 34 | 2 inch meter | | 8 | \$ 3.9749 | 11,607 | | \$ 3.9749 | 11,607 | - | 0.0% |
| 35 | 3 inch meter | | 2 | \$ 7.4529 | 5,441 | | \$ 7.4529 | 5,441 | - | 0.0% |
| 36 | 4 inch meter | | - | \$ 12.4215 | - | | \$ 12.4215 | - | - | 0.0% |
| 37 | 6 inch meter | | - | \$ 24.8430 | - | | \$ 24.8430 | - | - | 0.0% |
| 38 | 8 inch meter | | - | \$ 39.7488 | - | | \$ 39.7488 | - | - | 0.0% |
| 39 | 10 inch meter | | - | \$ 57.1389 | - | | \$ 57.1389 | - | - | 0.0% |
| 40 | Commodity Charge per cubic foot | | | | | | | | | |
| 41 | November - April | 28.77% | 922,140 | \$ 0.0636 | 58,648 | | \$ 0.0677 | 62,429 | 3,781 | 6.4% |
| 42 | May - October | 71.23% | 2,282,645 | \$ 0.0956 | 218,221 | | \$ 0.1014 | 231,460 | 13,239 | 6.1% |
| 43 | Total cubic feet | | 3,204,785 | | | | | | | |
| 44 | Total Nonresidential Service - Outside City Limits | | | | | \$ 389,127 | | \$ 406,147 | \$ 17,020 | 4.4% |
| 45 | Contract Service | | | | | | | | | |
| 46 | Commodity Charge per cubic foot | | | | | | | | | |
| 47 | November - April | 32.26% | 58,958,966 | \$ 0.0348 | \$ 2,051,772 | | \$ 0.0375 | \$ 2,210,961 | \$ 159,189 | 7.8% |
| 48 | May - October | 67.74% | 123,791,288 | \$ 0.0502 | 6,214,323 | | \$ 0.0536 | 6,635,213 | 420,890 | 6.8% |
| 49 | Total cubic feet | | 182,750,254 | | | | | | | |
| 50 | Total Contract Service | | | | | \$ 8,266,095 | \$ 9,653,680 | \$ 8,846,174 | \$ 580,080 | 7.0% |

Colorado Springs Utilities
2018 Water Cost of Service Study

SCHEDULE 8
RATE DESIGN

| Line No. | Rate Class | # Days or % Block/Season | Test Year Forecasted 2018 Billing Units | Current Rates | Revenue Under Current Rates | Net Revenue Requirement After Adjustments | Proposed Rates | Proposed Revenue from Rates | Proposed Increase / (Decrease) | Percent Revenue Change |
|------------|---|--------------------------|---|---------------|---------------------------------|---|----------------|---------------------------------|--------------------------------|---------------------------|
| <u>(a)</u> | <u>(b)</u> | <u>(c)</u> | <u>(d)</u> | <u>(e)</u> | <u>(f)</u> [(c) * (d) * (e)] | <u>(g)</u> | <u>(h)</u> | <u>(i)</u> [(c) * (d) * (h)] | <u>(i)</u> [(i) - (f)] | <u>(k)</u> [(i) / (f)] |
| 51 | Large Nonseasonal Service | | | | | | | | | |
| 52 | Customer Charge (per meter size per day) | 365 | | | | | | | | |
| 53 | Less than 2 inch meter | | 11 | \$ 1.6562 | \$ 6,650 | | \$ 1.6562 | \$ 6,650 | \$ - | 0.0% |
| 54 | 2 inch meter | | 3 | \$ 2.6499 | 2,902 | | \$ 2.6499 | 2,902 | - | 0.0% |
| 55 | 3 inch meter | | 3 | \$ 4.9686 | 5,441 | | \$ 4.9686 | 5,441 | - | 0.0% |
| 56 | 4 inch meter | | 4 | \$ 8.2810 | 12,090 | | \$ 8.2810 | 12,090 | - | 0.0% |
| 57 | 6 inch meter | | 4 | \$ 16.5620 | 24,181 | | \$ 16.5620 | 24,181 | - | 0.0% |
| 58 | 8 inch meter | | - | \$ 26.4992 | - | | \$ 26.4992 | - | - | 0.0% |
| 59 | 10 inch meter | | - | \$ 38.0926 | - | | \$ 38.0926 | - | - | 0.0% |
| 60 | Commodity Charge per cubic foot | | | | | | | | | |
| 61 | Total cubic feet | | 103,856,175 | \$ 0.0442 | 4,590,443 | | \$ 0.0442 | 4,590,443 | - | 0.0% |
| 62 | Total Large Nonseasonal Service | | | | \$ 4,641,706 | \$ 4,928,697 | | \$ 4,641,706 | \$ - | 0.0% |
| 63 | Miscellaneous Service - Nonpotable | | | | | | | | | |
| 64 | Commodity Charge per cubic foot | | | | | | | | | |
| 65 | Total cubic feet | | 130,614,496 | \$ 0.0190 | \$ 2,481,675 | | \$ 0.0213 | \$ 2,782,089 | \$ 300,413 | 12.1% |
| 66 | Total Miscellaneous Service - Nonpotable | | | | \$ 2,481,675 | \$ 2,782,089 | | \$ 2,782,089 | \$ 300,413 | 12.1% |
| 67 | Total Revenue | | | | \$ 183,966,642 | \$ 191,719,462 | | \$ 191,706,741 | \$ 7,740,099 | 4.2% |

Note: Net Revenue Requirement inclusive of inside and outside city limits for Residential and Nonresidential Rate Classes.

Utilities Rules and Regulations (URR)

**Utilities Rules and Regulations
(URR) Report**

Utilities Rules and Regulations (URR)

Colorado Springs Utilities' (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 this filing:

1. Contributions in Aid of Construction-Electric Line Extension (*Utilities Rules and Regulations Section I, Sheets 12 and 13*)

This change will update the current contribution in aid of construction fee amounts collected through Electric Line Extensions and Services. The filing incorporates the rates associated with the final year of a three-year phase-in approved with the 2016 Rate Case. Two Electric Line Extension fee amounts will increase by \$1.04 and \$2.23 per linear foot to achieve full cost recovery for all Line Extension fees.

2. Infill and Redevelopment-Economic Development and Special Contracts (*Utilities Rules and Regulations Section III, Sheet 32.1*)

This change will expand Economic Development Special Contracts to include infill/redevelopment projects. The purpose is to promote infill and redevelopment activities by removing utility barriers; therefore, increasing the efficient use of inactive or underutilized infrastructure. Additional revenue will be generated from this change and provides an opportunity to upgrade aged system infrastructure through private development investment.

3. Water Extension Policy – Recovery Agreement (*Utilities Rules and Regulations Section 42, Sheet 118*)

The change allows a developer who installs an oversize main to recover on a standard size main after being reimbursed for the oversize portion. Currently, the tariff allows for either reimbursement or recovery, but not both. Utilities will reimburse the developer for the differential cost of an oversize main and then the developer can initiate a recovery agreement on the remaining standard size main. This change will create consistency in Utilities' Cost Recovery program.

4. Water Development Charge-Less than 1,500 square foot lot size (*Utilities Rules and Regulations Section 41, Sheet 108*)

This change adds a Water Development Charge for lot sizes less than 1,500 square feet for both Inside City and Outside City Limits utilizing consistent calculation methodology. Currently, the tariff identifies the smallest Water Development Charge lot sizes less than 3,000 square feet. The proposed Water Development Charge for less than 1,500 square feet for Inside City is \$5,887.00 or \$108 less than the current 3,000 square foot lot. The proposed Water Development Charge for less than 1,500 square feet for Outside City is \$8,830.00, or \$161 less than the current 3,000 square foot lot.

**Utilities Rules and Regulations
(URR) Resolution**

RESOLUTION NO. _____

**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, updating the contribution in aid of construction fee amounts collected through electric line extensions; and

WHEREAS, Utilities proposes, and City Council approves, expanding the Economic Development Special Contract use to infill/redevelopment projects; and

WHEREAS, Utilities proposes, and City Council approves, changing the water extension policy for Recovery Agreements; and

WHEREAS, Utilities proposes, and City Council approves, adding a water development charge for lot sizes less than 1,500 square feet; 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, 2018; 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, 2018:

| City Council Vol. No. 5 | | |
|--------------------------------|--------------------|---------------------------|
| Sheet No. | Sheet Title | Cancels Sheet No. |
| First Restated Sheet No. 12 | General | Restated Sheet No. 12 |
| First Restated Sheet No. 13 | General | Restated Sheet No. 13 |
| First Restated Sheet No. 32.1 | General | Restated Sheet No. 32.1 |
| First Revised Sheet No. 108 | Water | Original Sheet No. 108 |
| First Revised Sheet No. 118 | Water | Original Sheet No. 118 |

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 28th day of November, 2017.

City Council President

ATTEST:

Sarah B. Johnson, City
Clerk

**Utilities Rules and Regulations
(URR) Tariff Sheets**

**Utilities Rules and Regulations
(URR) Redlined Tariff Sheets**

UTILITIES RULES AND REGULATIONS

GENERAL

1. Colorado Springs Utilities may charge and collect fees as described in the below table. For fees associated with the Development process, see Section C, Development.

| DESCRIPTION | AMOUNT | REFERENCE |
|--|---|--|
| GENERAL | | |
| Returned payment fee (whether returned/refused payment was attempted by check, EFT, debit/ credit card or other means). | \$30.00 | General, Sheet No. 41 |
| Opt-Out Program fee (for non-standard meters) <ul style="list-style-type: none"> • One-time fee to enter program: \$109.00 • Quarterly manual read charge: \$20.00 | | General, Sheet No. 43 |
| Return Trip Fee (including Re-inspection of failed new gas or water meter loops or to Restore service to additional meters) | \$30.00 | General, Sheet No. 19 |
| Field Collection and Credit Fee | \$20.00 | General, Sheet No. 39 |
| Pedestal Damage Fee | Cost of Repairs | |
| Restoration of Service Fee (Other than temporary discontinuance of service by Utilities for operations and maintenance activities) <ul style="list-style-type: none"> • All Restorations \$30.00 • Additional charge: after-hours for after-hours restorations \$10.00 | | General, Sheet No. 38-39 |
| Electric Temporary Service Connection Fee | \$130.00 | Electric, Sheet No. 68 |
| LINE EXTENSIONS | | |
| Residential Electric Fees (Single Service only) <ul style="list-style-type: none"> • Inspection and Connection fee \$401.94 • Return Trip fee (including late appointment cancellations) \$299.98 • Distribution Charge (Contribution in Aid of Construction) <ul style="list-style-type: none"> ○ Single-phase primary distribution line ○ 3-phase main line, 22-75 circuit feet ○ 3-phase main line, 75-175 circuit feet ○ 3-phase underground main line, >175 circuit feet | (sum the following: \$17.36 <u>\$18.40</u> /linear foot \$11.37/circuit foot \$22.74/circuit foot \$54.74/circuit foot | Electric, Sheet No. 65 Electric, Sheet No. 65 Electric, Sheet No. 66 Electric, Sheet No. 66 Electric, Sheet No. 66 Electric, Sheet No. 66 |

Approval Date: August 22, 2017November 14, 2017
 Effective Date: September 1, 2017January 1, 2018
 Resolution No. 93-17

UTILITIES RULES AND REGULATIONS

GENERAL

Fees – cont'd

| DESCRIPTION | AMOUNT | REFERENCE |
|---|--|---------------------------|
| GENERAL | | |
| Residential Natural Gas Fees (Single Service only) | | |
| <ul style="list-style-type: none"> • Inspection and Connection fee | \$389.17 | Natural Gas, Sheet No. 85 |
| <ul style="list-style-type: none"> • Return Trip fee | \$319.97 | Natural Gas, Sheet No. 86 |
| <ul style="list-style-type: none"> • Inspection and Connection fee for other polyethylene services less than 2" in diameter (Per Stub) | \$332.97 | Natural Gas, Sheet No. 86 |
| Residential Electric & Gas Fees (Joint Service) | | |
| <ul style="list-style-type: none"> • Inspection and Connection fee | \$603.14 | Electric, Sheet No. 65 |
| <ul style="list-style-type: none"> • Return Trip fee (including late appointment cancellations) | \$491.89 | Natural Gas, Sheet No. 86 |
| <ul style="list-style-type: none"> • Inspection and Connection fee for other polyethylene services less than 2" in diameter (Per Stub) | \$522.26 | Natural Gas, Sheet No. 86 |
| <ul style="list-style-type: none"> • Distribution Charge (Contribution in Aid of Construction) | (sum the following:) | |
| <ul style="list-style-type: none"> ○ Single-phase primary distribution line | \$13.31 \$15.54/linear | Electric, Sheet No. 67 |
| <ul style="list-style-type: none"> ○ 3-phase main line, 22-75 circuit feet | foot | Electric, Sheet No. 67 |
| <ul style="list-style-type: none"> ○ 3-phase main line, 75-175 circuit feet | \$11.37/circuit foot | Electric, Sheet No. 67 |
| <ul style="list-style-type: none"> ○ 3-phase underground main line, >175 circuit feet | \$22.74/circuit foot \$54.74/circuit foot | Electric, Sheet No. 67 |
| Commercial & Industrial Electric, Contribution in Aid of Construction | (sum the following:) | |
| <ul style="list-style-type: none"> ○ Primary distribution line | Customer paid* | |
| <ul style="list-style-type: none"> ○ 3-phase main line, 6-20 circuit feet | \$11.37/circuit foot | Natural Gas, Sheet No85 |
| <ul style="list-style-type: none"> ○ 3-phase main line, 20-50 circuit feet | \$22.74/circuit foot | Natural Gas, Sheet No. 85 |
| <ul style="list-style-type: none"> ○ 3-phase underground main line, >50 circuit feet | \$54.74/circuit foot | Natural Gas, Sheet No. 85 |
| *Customer installed, with all trenching, compaction, etc.; all circuit-feet lengths are as estimated by Utilities | | |
| Cancellation Fees (Reduced in circumstances per Utilities' policy) | % Return Trip Fee | |
| <ul style="list-style-type: none"> ○ Step One | ○ 10% | Natural Gas, Sheet No. 86 |
| <ul style="list-style-type: none"> ○ Step Two | ○ 25% | Natural Gas, Sheet No. 86 |
| <ul style="list-style-type: none"> ○ Step Three | ○ 50% | Natural Gas, Sheet No. 86 |

Approval Date: August 22, 2017 November 14, 2017

Effective Date: September 1, 2017 January 1, 2018

Resolution No. 93-17

UTILITIES RULES AND REGULATIONS

GENERAL

I. Economic Development Special Contracts

1. Utilities may execute special contracts with selected Non-residential, Commercial, Industrial or Contract Service Customers or may offer to execute special contracts with potential such Customers to support economic development and/or infill/redevelopment. If executed, the special contract shall contain specific provisions relating to the various rates, terms and conditions under which Utilities will provide service(s) to those Customers, including, but not limited to: 1) fee deferrals for Utilities charges and fees, 2) cost participation for relocations, extensions, and capacity improvements, 3) special rates for utility products and services, 4) revenue guarantees and 5) financial assurances. These specific provisions may differ from the applicable Tariff provisions. The special contract may concern one or more services. Except for the specific rates, terms and conditions contained within the special contract, services(s) shall be provided under the rates, terms and conditions set forth in the Tariffs.
2. A special contract may only be executed by Utilities if all the following conditions are met:
 - a. The Customer (or potential Customer) has been identified as a Customer that offers significant risk or opportunity to Utilities in terms of potential loss or gain to the system(s), because: 1) the Customer may decline or may discontinue (or partially may discontinue) taking service(s) from Utilities, or 2) the Customer may provide its own services(s), or 3) the Customer may seek other alternatives to the service(s) provided by Utilities, or 4) the Customer may increase use of the system to the benefit of Utilities and the remaining Utilities' Customers.
 - b. The approval and subsequent execution of the special contract will not adversely affect the remaining Utilities' Customers.
 - c. Funding is available.
3. Prior to the execution of the special contract, Utilities shall develop substantive written documentation demonstrating the special contract's compliance with these Tariff provisions and Utilities shall provide that documentation to the City Auditor's Office for its review. If the City Auditor's Office concurs that the special contract complies with these Tariff provisions, Utilities may execute the special contract without further review. If the City Auditor's Office does not concur that the special contract complies with these Tariff provisions then the matter may be taken to the City Council in Closed Executive Session for its review and approval.

Approval Date: ~~August 22, 2017~~ November 14, 2017

Effective Date: ~~September 1, 2017~~ January 1, 2018

Resolution No. ~~93-17~~



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 <u>Less than 1,500 square foot lot</u> | <u>\$5,779.00</u> |
| Less than <u>Between 1,500 and 3,000</u> 2,999 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 <u>Less than 1,500 square foot lot</u> | <u>\$8,669.00</u> |
| Less than <u>Between 1,500 and 3,000</u> 2,999 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 |

Approval Date: ~~August 22, 2017~~ November 14, 2017
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 Resolution No. 93-17

UTILITIES RULES AND REGULATIONS

WATER

42. WATER EXTENSION POLICY - cont'd

Utilities may require that a property Owner or developer construct a Water Distribution Main larger than that required for the property Owner's or developer's needs for the service of lands beyond the Premises or development. In the event Utilities determines that construction of such Water Distribution Main over twelve (12) inches in diameter is necessary for the efficient expansion of the system, the property Owner or developer served is responsible for the costs of engineering, materials and installation of such main. In such case Utilities is responsible for the difference in cost of materials above a twelve (12) inch main, or above that capacity which is required to serve the proposed development if a Water Distribution Main larger than twelve (12) inch in diameter is required for such development. Utilities, at its sole discretion, will determine whether the property Owner or developer will receive reimbursement for the cost of materials ~~or~~ and/or be allowed to initiate a Recovery Agreement as specified in the Recovery Agreement charge section. Utilities will approve the design and inspect the actual construction prior to connection of such facilities to the distribution system.

When a property Owner or developer finds it necessary to construct supply and distribution facilities through or adjacent to unserved or undeveloped lands, the property Owner or developer will pay the entire cost of such facilities. Utilities may establish a Recovery Agreement with such property Owner or developer, to assist in the collection of a pro rata share of the eligible cost of such facilities and interest from the Owner(s) of such unserved or undeveloped lands prior to connection to the facilities.

Owners of property in designated enclave areas which are platted and which contain occupied dwellings are responsible for the cost of engineering, construction and materials of all Water Distribution Mains and appurtenances necessary to serve the proposed property. The extension will extend from the nearest public water distribution source to the furthest property line of the Owner. The Owner is eligible to recover a pro rata share of such facilities. Utilities may participate in the cost of such extension to the extent Utilities determines, in its sole discretion, that installation of water distribution facilities will sufficiently reduce operational expenses to justify the extension and that the extension is required for efficient and safe operation of the system.

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**Utilities Rules and Regulations
(URR) Final Tariff Sheets**

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UTILITIES RULES AND REGULATIONS

GENERAL

Fees – cont'd

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| <ul style="list-style-type: none"> ○ Primary distribution line ○ 3-phase main line, 6-20 circuit feet ○ 3-phase main line, 20-50 circuit feet ○ 3-phase underground main line, >50 circuit feet | Customer paid* | |
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| | \$54.74/circuit foot | Natural Gas, Sheet No. 85 |
| *Customer installed, with all trenching, compaction, etc.; all circuit-feet lengths are as estimated by Utilities | | |
| Cancellation Fees (Reduced in circumstances per Utilities' policy) | % Return Trip Fee | |
| <ul style="list-style-type: none"> ○ Step One ○ Step Two ○ Step Three | <ul style="list-style-type: none"> ○ 10% ○ 25% ○ 50% | <ul style="list-style-type: none"> Natural Gas, Sheet No. 86 Natural Gas, Sheet No. 86 Natural Gas, Sheet No. 86 |

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UTILITIES RULES AND REGULATIONS

WATER

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Inside City Limits

| | |
|--|-------------|
| Less than 1,500 square foot lot | \$5,779.00 |
| Between 1,500 and 2,999 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

| | |
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| Less than 1,500 square foot lot | \$8,669.00 |
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| Between 9,000 and 10,999 square foot lot..... | \$15,296.00 |
| Between 11,000 and 14,999 square foot lot..... | \$17,332.00 |
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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 |
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UTILITIES RULES AND REGULATIONS

WATER

42. WATER EXTENSION POLICY - cont'd

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When a property Owner or developer finds it necessary to construct supply and distribution facilities through or adjacent to unserved or undeveloped lands, the property Owner or developer will pay the entire cost of such facilities. Utilities may establish a Recovery Agreement with such property Owner or developer, to assist in the collection of a pro rata share of the eligible cost of such facilities and interest from the Owner(s) of such unserved or undeveloped lands prior to connection to the facilities.

Owners of property in designated enclave areas which are platted and which contain occupied dwellings are responsible for the cost of engineering, construction and materials of all Water Distribution Mains and appurtenances necessary to serve the proposed property. The extension will extend from the nearest public water distribution source to the furthest property line of the Owner. The Owner is eligible to recover a pro rata share of such facilities. Utilities may participate in the cost of such extension to the extent Utilities determines, in its sole discretion, that installation of water distribution facilities will sufficiently reduce operational expenses to justify the extension and that the extension is required for efficient and safe operation of the system.

Approval Date: November 14, 2017
Effective Date: January 1, 2018
Resolution No. _____

Appendices

Rate Manual



Colorado Springs Utilities

It's how we're all connected

Rate Manual

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Introduction

The Colorado Springs Utilities Board (Utilities Board) Executive Limitation 12 - Pricing of Products and Services, states in part: “The Chief Executive Officer shall not cause or allow any pricing practices that result in revenues that are not sufficient...[or]...that result in the use of resources in a manner inconsistent with sound business practices.” On September 19, 2014 Utilities Board approved the Rate Design Guidelines included in this document that establish guidance, structure and transparency in the development of Revenue Requirement by rate class.

Furthermore, City Council is directed to apply certain legal standards to the approval of rates for regulated utility products and services. (City Code §12.1.107(E) and (F), contains the standards for energy (E) and water/wastewater (F), and CRS 40-3.5-101 *et seq* of the Colorado Statutes sets forth the standards for energy service beyond municipal limits.) This manual outlines the basic elements involved in determination of the sufficient revenue levels and allocation of the revenue responsibility to the various classes of customers, which is an important first step in the setting of sound rates for services that meet the standards referenced above.

The concepts and procedures described in this manual are based on principles that are generally accepted and widely applied throughout the utility industry. However, due to the unique nature of each utility and the individual utility services offered by different utilities, variations on these concepts and procedures are common-place within the industry. Courts have recognized that the ratemaking function is as much art as science, and tend to be deferential to rate-setting authorities. The 1944 U.S. Supreme Court *Hope* decision, established that Cost of Service ratemaking is a starting point for determining “just and reasonable” rate(s) and “it is the result reached not the method employed which is

controlling”. Consequently, there is no one judicially sanctioned ratemaking methodology, rather there are numerous paths which may lead to rates that meet the relevant legal standards. The Colorado Supreme Court (1997) stated, “Ratemaking is not an exact science, but, rather, a matter of reasoned judgment.”

Generally accepted ratemaking practice to develop utility rates involves the following analytic procedures:

- Determine the total annual Revenue Requirement for the time period when the rates are to be in effect.
- Perform Cost of Service Study that is used to:
 - Functionalize, at the account level, the relevant expenditure items to the basic functional categories, (e.g., for electric, these are generation, transmission and distribution).
 - Classify each functionalized cost into broad categories utilizing cost causation principles (e.g., for natural gas, these are demand, commodity and customer).
 - Allocate to customer classes based on the service characteristic of each individual class.
- Utilize the results from the Revenue Requirement and the Cost of Service analysis to establish cost-based rates that meet the overall rate design goals and objectives of the utility:
 - Produce revenues equivalent to the Revenue Requirement;
 - Maximize utilization of service infrastructure by encouraging efficient usage;
 - Assure maximum stability of revenues;
 - Distribute the total Revenue Requirement reasonably among the different classes of customers; and
 - Promote economic development by attracting and retaining customers within the service territory.

Basic Sources of Data

Colorado Springs Utilities (Utilities) maintains financial and accounting records that utilize a chart of accounts based primarily upon the uniform system of accounts prescribed by the Federal Energy Regulatory Commission and/or the National Association of Regulatory Commissioners.

Utilities develops rates to support the annual Budget. The basic sources of data used to extract a Cost of Service Study include financial forecasting models and historical cost accounting data. The annual Budget is a critical data source that is prepared annually and represents the first year in a five-year Annual Operating and Financial Plan.

Other significant data sources are forecasted customers, sales units and demand by rate class. Customers and sales units are derived from statistically adjusted econometric forecast models and demands are derived from historical load studies. The forecast models assume 30-year normal weather.

Revenue Requirement

The development of the Revenue Requirement is the first analytical step of the ratemaking process. In order to provide adequate utility service to customers, Utilities must receive sufficient revenue from each service to ensure proper operation and maintenance, development and perpetuation of the system and financial stability. Utilities utilizes a version of the Cash-Needs Method to determine the Revenue Requirement. The essence of this method is to provide revenues from the service sufficient to cover all cash obligations as they come due for the period over which the rates are to be in effect. This method is depicted in the following formula:

$$\underline{\mathbf{RR = O\&M + SFTC + DS + CFC + AC}}$$

RR = Revenue Requirement

Revenue Requirement is expressed in terms of a forecasted test year for purposes of determining that rate levels are sufficient and rate changes are appropriate. The Revenue Requirement will vary by year, and by service due to the direct relationship to the annual Budget. Utilities develops annual Budget to achieve the outcomes identified as most important to the Utilities Board and customers. Further, the annual Budget supports the financial metrics necessary to maintain a healthy “AA” credit rating and financial stability.

O&M = Operating and Maintenance Expense

O&M expense represents the day-to-day costs Utilities incurs to produce and deliver electricity, natural gas, water, and wastewater treatment services, and perform administrative and general functions.

SFTC = Surplus Payments to the City of Colorado Springs
(electric and natural gas services only)

Payments made to the City of Colorado Springs (City) in-lieu of taxes. These payments in-lieu of taxes replace the franchise, property and sales tax revenues the City would collect if electric and natural gas services were to be provided by an investor owned (for profit) utility.

DS = Debt Service payments

Debt service payments that include both principal and interest payments associated with outstanding revenue bonds and notes and loans payable.

CFC = Cash Funded Capital

Cash requirements necessary to fund capital projects and balance the need for additional debt service.

AC = Additions to Cash

Cash requirements necessary to maintain financial stability and designated financial metric levels.

Cost of Service Study

Functionalization

Functionalization is the assignment of costs according to distinct operational functions of the specific utility service. The accounting system and the related chart of accounts establish a structure aligned with these operational functions. This system is a means whereby such costs can be assigned or divided among the major utility functions, thereby making a systematic and rational connection to the following steps in the process.

ELECTRIC

The major functions generally used for purposes of cost allocation for electric utilities are:

- Generation
- Transmission
- Distribution
- Customer

The *Generation* function includes all costs involved in the generation of power not included in the Electric Cost Adjustment (see Electric and Gas Cost Adjustment Procedures section). The *Transmission* function includes all costs associated with the high-voltage transfer of power from one geographical location to another within a system. The *Distribution* function includes all costs associated with the transfer of power from the transmission system to the consumers. The *Customer* function includes all other costs involved in providing services to customers that are not included in the other functions.

NATURAL GAS

The major functions generally used for purposes of cost allocation for natural gas utilities are:

- Production
- Distribution
- Customer

The *Production* function includes all costs involved in the production of manufactured gas, not included in the Gas Cost Adjustment (see Electric and Gas Cost Adjustment Procedures section). The *Distribution* function includes all costs associated with the delivery of natural gas from the city gate to the consumers. The *Customer* function includes all other costs involved in providing services to customers that are not included in the other functions.

WATER

The major functions generally used for purposes of cost allocation for water utilities are:

- Source of Supply
- Treatment
- Transmission
- Distribution
- Nonpotable
- Customer

The *Source of Supply* function includes all costs involved in obtaining and delivering raw water to the local treatment plants. The *Treatment* function includes all costs associated with the water treatment process. The *Transmission* function includes all costs related to moving water from the treatment plants to the local storage tanks. The *Distribution* function includes all costs associated with the delivery of water from the storage tanks to the consumers. The *Nonpotable* function includes all costs related to the production of nonpotable water. The *Customer* function includes all other costs involved in providing services to customers that are not included in the other functions.

WASTEWATER

The major functions generally used for purposes of cost allocation for wastewater utilities are:

- Collection
- Treatment
- Sludge handling
- Customer

The *Collection* function includes all costs involved in the delivery of wastewater from the consumers to the treatment plants. The *Treatment* function includes all costs of treating the wastewater, separating it from the sludge and discharge into the creek or into the nonpotable system. The *Sludge Handling* function includes the cost of conveying, treatment and disposal of the sludge. The *Customer* function includes all other costs involved in providing services to customers that are not included in the other functions.

INDIRECT COSTS

An important part of the functionalization procedure is the arrangement of costs that cannot be directly assigned to distinct operational functions. These costs are incurred on behalf of more than one service or provide benefit to the organization as a whole. These include but are not limited to costs associated with general and common plant, customer accounts, service and information expense and administrative and general (A&G) expense. In a multi-service utility such as Utilities, allocations are applied to assign these expenditures according to a formula consistent with generally accepted ratemaking practices demonstrating a systematic, rational and defensible approach to functionalize indirect costs.

Classification

Classification further segregates the functionalized costs based on attributes bearing a relationship to a measurable characteristic of the service or groups of services. Classification is based on the principle of cost causation; costs are identified as being caused by a service or group of services if:

- the costs exist as a direct result of providing the service or group of services, or
- the costs are avoided if the service or group of services is not provided.

Although it would be ideal if each group of costs could be directly assigned to a particular service characteristic, in practice this will almost never occur.

ELECTRIC

The most widely used classification components for electric utility service are Demand, Energy and Customer. *Demand*-related costs include those items that are related to system capacity and peak usage, and may be separated by the generation, transmission and distribution functions. *Energy*-related costs include those items that relate to the total kilowatt hours consumed during a period of time, and often are separated into peak and off-peak costs. *Customer*-related costs include items, such as billing and accounting that are related to the number of customers served.

An important component of the classification process for electric service is the division of generation and transmission between demand and energy. As a measure of average utilization of system resources (energy) in relation to peak demand the system load factor is used to classify demand and energy portions of generation transmission expenses.

Another important component of the classification process is the division of distribution costs between demand and customer. The design of the distribution system is driven by both the demand on the system and the number of customers connected to the system. Utilities has consistently split the distribution costs between demand and customer by 65% and 35%, respectively.

NATURAL GAS

The most widely used classification components for natural gas service are Demand, Commodity and Customer. *Demand*-related costs include those items that are related to system capacity and peak usage, and may be separated by the production and distribution functions. *Commodity*-related costs include those items that relate to the total units of gas consumed during a period of time. *Customer*-related costs include items, such as billing and accounting that are related to the number of customers served.

WATER

The most widely used classification components for water service is Base, Extra Capacity and Customer. *Base*-related costs are those that tend to vary with the total quantity of water used, plus those O&M expenses and capital costs associated with the average level of service provided throughout the year, referred to as average annual day. *Extra Capacity*-related costs are associated with meeting requirement in excess of the average use; these costs are further subdivided into costs necessary to meet maximum-day and maximum-hour demands. *Customer*-related costs include items, such as billing and accounting that are not related to the amount of service provided.

WASTEWATER

The most widely used classification components for wastewater service are: Volume, Customer, Pretreatment and two strength categories; Biochemical Oxygen Demand (BOD) and Total Suspended Solids (TSS). *Volume*-related costs include those items that are related to the volume of wastewater that is treated. *Customer*-related costs include items, such as billing and accounting that are related to the number of customers served. *Pretreatment*-related costs reflect those cost items related to the various pretreatment programs. The two strength categories represent costs related to reducing the strength loadings to acceptable levels.

Allocation

Allocation assigns the functionalized and classified costs to the various customer classes. A customer class is a relatively uniform group of customers that possess similar characteristics such as load characteristics, delivery volume, customer service costs and other conditions of service. Utilities utilizes forecasted data in the development of allocation factors that include, but are not limited to, the following advantages: 1) alignment of developing Utilities rates consistent with the annual Budget and Budget Appropriation, 2) the underlying data used to develop allocation factors between rate classes will match the billing determinants used in the development of the rates for any particular rate class, 3) forecasted data captures changes in class consumption due to various reasons such as weather patterns and customer shifts from one customer class to another. In some circumstances, certain costs are incurred for the direct benefit of customer classes and as such are directly assigned.

ELECTRIC

The three cost categories utilized for electric service allocations are Demand, Energy and Customer. In 2014, Utilities conducted an Allocation Methodology Project to review and evaluate industry allocation methodologies appropriate for Utilities based upon predefined selection criteria. As a result of this project, Utilities selected and implemented the Average and Excess 3 coincident peak (CP) method for generation and transmission *Demand* costs. This methodology allocates based upon both the contribution of each rate class to average load and the average of the three peak hours of the three highest months. The distribution *Demand* is allocated based on each class' annual non-coincident peak (NCP), with recognition to the voltage level the Customer receives service. The *Energy* costs are allocated on the basis of sales or energy output to lines to each class. The *Customer* costs are allocated based on weighted customer numbers.

NATURAL GAS

The three cost categories utilized for natural gas service allocations are Demand, Commodity and Customer. The gas supply *Demand* costs are allocated to firm gas sales customers based on their CP and to interruptible sales customers based upon an assumed 100% load factor. The *Commodity* costs are allocated to customers based upon their commodity sales. The *Customer* costs are allocated based upon weighted customer numbers.

WATER

The four cost categories utilized for water service allocations are Annual, Maximum Day, Maximum Hour and Customer. The *Annual* (sometimes referred to as the base) costs are allocated based upon sales to each class. The *Maximum Day* costs are allocated based on the daily NCP of each class. The *Maximum Hour* costs are allocated based on the hourly NCP of each class. The *Customer* costs are allocated based on weighted customer numbers.

WASTEWATER

The five cost categories utilized for wastewater service allocations are Volume, Biochemical Oxygen Demand (BOD), Total Suspended Solids (TSS), Pretreatment and Customer. The *Volume* costs are allocated based on the volume discharged by each group. The *BOD* costs are allocated by the BOD loadings of each group. The *TSS* costs are allocated by the TSS loadings of each group. The *Pretreatment* costs are allocated based on volume discharged by each group. The *Customer* costs are allocated based on weighted customer numbers.

Rate Design Guidelines

(Approved by Utilities Board on September 19, 2014)

Section 1 of Utilities Board Policy Executive Limitation 12, “Pricing of Products and Services,” provides that all Utilities pricing practices are to establish revenues that are just, reasonable, sufficient and not unduly discriminatory. Accordingly, the Staff of Utilities designs rates to achieve this objective and it is incumbent upon Utilities Board to provide direction to the Staff in its establishment and application of rate design guidelines. This direction provides transparency to the public regarding the setting of rates for services provided by Utilities.

The following Rate Design Guidelines establish direction for the Staff when using its professional judgment while implementing the four pillars of rate design: 1) Reasonableness, 2) Rate Stability, 3) Asset Maximization and 4) Economic Development. Proposed changes or revisions to these Rate Design Guidelines may be reviewed by Staff from time-to-time, and a revised set of guidelines will be issued after vetting by the Finance Committee and if determined appropriate by the Utilities Board.

Fundamental Guidelines

Rates should be designed such that each customer class recovers those costs that are appropriately assigned to that class. Normally, those customer class costs will be established by a Cost of Service Study. Because cost allocations are primarily based on assumptions, Staff shall use its professional judgment and discretion to propose rates justified by a ratemaking methodology that is not inherently unsound and, if necessary, is supported by the Supporting Guidelines or some other supporting guideline(s) which are rational and are related to Utilities’ purpose to recover required revenues.

Supporting Guidelines, which include reasonableness, rate stability, asset maximization and economic development, should all be considered holistically when rates are designed. To that end, and recognizing that the ratemaking methodology and the resulting rate design,

including the number of rate classes and the rate class eligibility criteria, may change each time new rate proposals are presented, the Staff may use supporting guidelines in any reasonable way to develop a rate proposal that establishes a rational basis to meet the Fundamental Guideline.

Supporting Guidelines

REASONABLENESS

A Cost of Service Study is the starting point for establishing each rate class' contribution to the Revenue Requirement of Utilities. If a rate is within plus or minus 10% of the customer class costs established by a Cost of Service Study, then the rates are deemed appropriate and would meet this Reasonableness guideline. Rates that deviate from this guideline meet the Fundamental Guideline so long as 1) the deviation is described in the rate filing and 2) the deviation is supported by a Supporting Guideline or other supporting guideline(s) rationally related to Utilities' purpose to recover required revenues.

RATE STABILITY

The Cost of Service for each rate class may vary substantially from Study to Study. Large or volatile increases or decreases in rates are discouraged. The Staff should seek to propose rates for each rate class that mitigate and levelize these instances so as to reduce or cushion the rate shock that might otherwise occur. However, in each such instance, the Staff should develop an approach to eventually bring that class to its appropriate Cost of Service zone of reasonableness as indicated in the preceding Supporting Guideline. This process may require a phased-in approach that may be adjusted during subsequent rate proceedings. Rates proposed to dampen the effects of rate shock should be described in the rate filing.

ASSET MAXIMIZATION

The Systems (electric, natural gas, water and wastewater) operated by Utilities each have unique operational characteristics. Efficient usage of these Systems is desirable. To that end, when developing rates to encourage Asset Maximization, the Staff should consider the ability of the rate to influence System efficiency; high load factor usage; and the

deferment of capital costs for added capacity. Rates proposed to maximize the use of assets should be described in the rate filing.

ECONOMIC DEVELOPMENT

Attracting and/or retaining business in the Colorado Springs area is an appropriate consideration in the design of rates for certain rate classes. To that end, when developing rates to encourage economic development, the Staff should consider the potential employment impact and other factors that improve the overall economic condition of the community. Because Economic Development-based rates may be beneficial to the service area when viewed as a whole, those rates may deviate from the results of the Cost of Service Study. This deviation, its justification and its proposed future treatment should be described in the rate filing supporting the establishment or continuation of an Economic Development-based rate.

Appendix

Electric Cost Adjustment (ECA) and Gas Cost Adjustment (GCA)

The cost adjustment is a direct flow-through rate structure, standard in the industry and designed to recover fuel related costs. Fuel costs are variable and driven by fluctuation in fuel prices, most notably natural gas market prices. Utilities produces and purchases electricity and recovers these fuel related costs through the Electric Cost Adjustment (ECA). Utilities purchases natural gas and recovers these fuel related costs through the Gas Cost Adjustment (GCA).

Currently all retail electric customers and most retail natural gas customers take service under rate schedules that have a cost adjustment clause. The ECA and GCA rates are designed to be modified utilizing City Code § 12.1.107(D), Procedure To Change Certain Rates Or Charges And Authorize Refunds By Resolution. Utilities is allowed to make adjustments as often as monthly by Resolution after review by the Office of the City Auditor and approval by City Council. Utilities closely monitors actual sales and forecast data in order to file a proposed ECA and/or GCA rate adjustment with City Council consistent with Cost Adjustment Guidelines identified below.

Initiating a timely response to fluctuation in market prices and consumption supports:

- Providing a price signal to customers based on the true cost of electricity and natural gas;
- Accurately reflecting customers' energy consumption volume and associated costs;
- Effectively managing over and under collection balances; and
- Utilities' financial stability.

Utilities maintains process documentation that codifies and standardizes the ECA and GCA expense accounts.

Cost Adjustment Guidelines

(Approved by Utilities Board on January 20, 2016)

The cost adjustment rate structure establishes rates sufficient to recover fuel related costs through just and reasonable pricing that is not unduly discriminatory. The Staff of Utilities initiates ECA and/or GCA rate adjustments in a timely manner to respond to fluctuations in market price and consumption and it is incumbent upon Utilities Board to provide direction to the Staff in its establishment of Cost Adjustment Guidelines when using its professional judgment to initiate ECA and/or GCA rate adjustments. This direction provides transparency to the public regarding the setting of rates for services provided by Utilities.

BAND OF REASONABLENESS MEASUREMENT

Actual sales and costs differ from forecasted volumes and market price resulting in over or under collected balances. Utilities will manage collected balances within a Band of Reasonableness of plus or minus five million dollars.

ROUTINE RATE ADJUSTMENTS

Routine ECA and GCA rate adjustments will be filed with City Council on a quarterly basis (January, April, July and October). The routine rate adjustments will be calculated utilizing actual and forecasted sales and volume data targeting a zero dollar (\$0) collected balance at the end of a twelve-month forecast recovery period.

NON-ROUTINE RATE ADJUSTMENTS

Non-routine ECA and/or GCA rate adjustments are triggered when volatility of actual and forecast sales and cost data result in collected balances outside the defined Band of Reasonableness. Regulatory procedures support non-routine rate adjustments filed with City Council as frequent as monthly.

The non-routine volatility response path will continue to target a zero dollar (\$0) collected balance, however Staff will exercise professional judgement to determine frequency of adjustments and appropriate forecast recovery period from one to twelve months based on magnitude and relevant circumstances.

Electric Capacity Charge

The Electric Capacity Charge rate is designed to recover costs associated with the transportation and storage of natural gas and fixed capacity payments to the Western Area Power Administration (WAPA). These expenditures are made in order to reserve transmission capacity related purchased power and natural gas used for electric generation. Capacity costs are allocated to each electric customer class using the Average and Excess 3 coincident peak (CP) method, and recovered through a per kilowatt hour charge.

The ECC rate is designed to be modified utilizing City Code § 12.1.107(D), Procedure To Change Certain Rates Or Charges And Authorize Refunds By Resolution. These ECC costs are natural gas and purchase power related and not within the control of Utilities. Utilities is allowed to make adjustments as often as monthly by Resolution after review by the Office of the City Auditor and approval by City Council.

Natural Gas Capacity Charge

The Natural Gas Capacity Charge rate is designed to recover costs associated with transportation and storage of natural gas. These costs are largely comprised of fixed capacity charges in order to ensure firm delivery of natural gas to Utilities. These costs are allocated to each customer class using the Average and Excess coincident peak (CP) method, and recovered through a per hundred cubic feet charge.

The GCC rate is designed to be modified utilizing City Code § 12.1.107(D), Procedure To Change Certain Rates Or Charges And Authorize Refunds By Resolution. These GCC costs are natural gas fuel related and not within the control of Utilities. Utilities is allowed to make adjustments as often as monthly by Resolution after review by the Office of the City Auditor and approval by City Council.

Water and Wastewater Development Charges

Each time a new connection is made to the wastewater and/or water system, Utilities requires the payment of a development charge(s) for connecting to the system(s). Such charges are commonly levied in the case of municipal water and wastewater systems. Development Charges serve the purpose of collecting a portion of the costs incurred by past and existing customers in developing the system currently in place in addition to collection a portion of the costs incurred for the growth of the system caused by new customers. Utilities Board Policy Executive Limitation 13 - Infrastructure, states in part: “The Chief Executive Officer shall not cause nor allow conditions, procedures or decisions that prevent...[or]...use inappropriate financial methods that do not share, between existing and new customers, the capital costs of the necessary utility systems to provide services.”

The methodology used by Utilities to calculate Development Charges follows generally accepted industry standard. The accepted development charge methodology utilized comes from the Colorado Supreme Court in its ruling in *Krupp v. Breckenridge Sanitation District*, issued in early 2001. The basic tenets of that ruling are followed by Utilities in methodology so that the charges are 1) based upon clearly defined needs and costs and 2) are derived in a manner which fairly apportions costs in accordance with the benefits provided.

The imposition of Development Charges mitigates the possibility that existing customers will bear an undue share of the costs of system growth. Funding capital improvements through development fees greatly decreases the need to collect dollars needed to pay for growth through rate structures that existing customers pay.

Utilities uses the Equity Buy-In approach, with some modifications made to reflect unique circumstances that exist within the community, to ensure that the development charge

system balances the sharing of capital costs between existing and new customers. The Equity Buy-In method is generally accepted throughout the country as an appropriate method and is consistent with the standards outlined in the aforementioned *Krupp v. Breckenridge*, and shares the cost of infrastructure between existing and new customers.

Hearing Procedures

CITY OF COLORADO SPRINGS
RULES AND PROCEDURES OF CITY COUNCIL¹

Adopted by Resolution No. 42-13

Effective April 16, 2013

¹ Rules of Council are adopted by § 3-50 of the Charter of the City of Colorado Springs.

PART 4 - UTILITIES PRICING AND TARIFF HEARING PROCEDURE

The following rules shall govern Council hearings concerning the adoption of resolutions which change the pricing or tariff for any regulated utility service of Colorado Springs Utilities (Utilities):

4-1. HEARING PROCESS

A. Pre-Hearing Procedures

- (1) The process to change pricing or tariffs for any regulated utility service shall commence with the filing by Utilities of a resolution identifying the proposed changes, accompanied by the proposed tariffs, at a regular or special meeting of Council. Council shall establish a date for a public hearing at that meeting, which hearing shall be no less than thirty (30) calendar days nor more than sixty (60) calendar days from the date of the notice to customers of the proposed resolution.
- (2) Utilities shall be responsible for notifying customers of proposed changes in pricing or tariffs for any regulated utility service as required by the City Code and Colorado law. Utilities shall place one copy of the Utilities filing and any written documents provided to Council to explain the proposed resolution on file in the office of the City Clerk. These documents shall be available for public inspection.
- (3) Before or during any public hearing, Council may be assisted by legal, technical or other professional personnel as it deems necessary. If Council retains a professional consultant or advisor, the consultant or advisor shall provide a written report to Council, Utilities and any customer who has filed a notice of intent under subsection A.8 below at least ten (10) working days prior

to the public hearing. A copy shall also be filed with the City Clerk and shall be available for public inspection.

- (4) If the change in pricing is supported by a cost of service study, Utilities shall provide a draft copy of the proposal and cost of service study to the City Auditor at least thirty (30) calendar days prior to the filing. If the proposed changes do not require a supporting cost of service study, Utilities shall provide a draft of the proposal to the City Auditor seven (7) calendar days prior to the filing of the proposed resolution. If the City Auditor chooses to file a report on the proposal, such report shall be filed with the City Clerk and Utilities at least five (5) calendar days prior to the public hearing.
- (5) Drafts of the proposed resolution and tariff sheets will be provided to the City Attorney seven (7) calendar days prior to filing with Council.
- (6) Subsequent to the Utilities filing and before the public hearing, Utilities may make the following changes to its filed proposal provided that copies of any changes are filed with the City Clerk and sent to customers who have notified the City Clerk of their intention to present witnesses: a) minor corrections or administrative clarifications to the Utilities' filing; b) supplements containing additional information necessary or appropriate to substantiate the filing; c) modifications which reduce the amount of the change requested.
- (7) Prior to the public hearing, no increase in the prices as noticed may be proposed without notification to all customers who notified the City Clerk of their intention to present witnesses at the hearing and without publication of such changes at least once in a newspaper of general circulation within the City. Material supporting any proposal to increase the prices as previously noticed must be filed with the City Clerk and held open for public inspection.

- (8) The representative or attorney of a customer who wishes to present testimony by witnesses other than the customer must file a notice of intent with the City Clerk disclosing the names of witnesses, a short summary of testimony and a copy of all exhibits and other documentation to be presented to Council no less than seven (7) working days prior to the public hearing. A copy of all such material must be filed at the same time with the Utilities' Pricing Department Manager.
- (9) There is no formal right to discovery, but parties are urged to share information in order to expedite the proceeding. Parties are also encouraged to meet in advance of the hearing to narrow or resolve the disputed issues between them. Nothing shall prohibit the Utilities from meeting with customers outside of the hearing process to discuss proposed changes in pricing or tariffs and to solicit their input. (2011)

B. Hearing Procedures

- (1) Council shall hear the matter in its legislative capacity. The Colorado Court Rules of Civil Procedure and the Rules of the Public Utilities Commission of the State of Colorado shall not apply to the proceedings. Council is not bound by the rules of evidence. Council may take notice of general, technical or scientific facts, or of laws, regulations or court decisions without the necessity of presentation of evidence.
- (2) At the public hearing Utilities shall make a presentation to explain the filing and the need for changes in pricing or tariffs. Any customer shall be allowed to present testimony and/or exhibits relevant to the proposed changes during that portion of the public hearing when public comment is allowed.

- (3) At the public hearing, Council may question witnesses and may allow such questioning, rebuttal or argument by Utilities, and by customers, their attorneys or representatives, as Council deems appropriate. Council may limit the time for presentation by Utilities, customers and their attorneys or representatives, as it deems appropriate. Testimony must be relevant to the issues being heard and shall not be repetitious. If the testimony or exhibits are repetitious, Council may require all similarly interested customers to designate a spokesperson or may appoint one for them.
- (4) No party shall have a right to present written briefs during or at the conclusion of the public hearing, unless requested by Council.
- (5) Pursuant to the legal requirement that pricing and tariff decisions must be based on information contained "on the record", once the proposed resolution has been filed if Councilmembers have communications about matters subject to decision outside of the public hearing such communications are considered to be "*ex parte* communications". When an *ex parte* communication occurs, the pertinent details of the communication should be noted during the public hearing. In recognition of the fact that Councilmembers also serve on the Utilities Board, and that Councilmembers/Board members and members of Utilities staff frequently communicate on a number of issues, if an *ex parte* communication occurs between a Councilmember and a staff member of Utilities, the staff member will reduce the pertinent elements of the communication to writing. The writing will be distributed to all Councilmembers and customers who have filed notices of intent, and shall be placed on file with the City Clerk as part of the record of the proceeding.

C. Post-Hearing Procedures

- (1) At the conclusion of the public hearing, Council shall identify issues for deliberation and decision. Council may adjourn to another time to complete its

deliberation and make a decision on the issues. Council may revise any proposed pricing or tariff as a result of the information presented at the public hearing. All decisions made by Council shall be based on the record.

- (2) After its deliberations, Council shall instruct the City Attorney to draft a proposed Decision and Order. The Decision and Order shall incorporate a description of the history of the proceeding, the issues identified by Council for deliberation, and Council's findings on the issues.
- (3) The written Decision and Order of Council shall be incorporated in a Resolution of Council revising pricing or tariffs. The Decision and Order shall be adopted in open public session and shall be placed on file with the City Clerk. It shall identify the date on which changes in pricing or tariffs were approved and the date on which they shall become effective.
- (4) All prices, as established by Council in these proceedings, shall meet the requirements of the City Code. All prices shall be designated in tariff sheets and shall remain on file in the City Clerk's Office and the Utilities Pricing Department.
- (5) No party shall have the right to request rehearing, reargument or reconsideration of the decision of Council.
- (6) The Utilities filing and supporting documentation, all subsequent documents submitted to Council or the City Clerk by Utilities, customers or their representatives, the report of the City Auditor, the presentations to Council by any party, all Council deliberations, its Decision and Order, and the Resolution adopted, shall constitute the record of these proceedings.

4-2. EXPEDITED HEARING PROCESS FOR INSTANCES OF GOOD CAUSE

A. Instances for Which Good Cause Exists (2011)

- (1) Certain pricing and tariff changes may be made, or refunds authorized, without meeting the notice and public hearing requirements imposed by Section I of this Part 4, provided that good cause exists. In the following instances, good cause exists:
 - a. Changes to the gas cost adjustment to reflect increased or decreased gas costs.
 - b. Changes to the electric cost adjustment to reflect increased or decreased costs of the fuel used for electric generation or purchased power costs.
 - c. Refunds to customers.
 - d. Changes to other fees, rates or charges that are not within the control or discretion of the City or the Utilities.
 - e. Changes to the pricing of water necessary to avoid a water shortage.
 - f. Tariff changes which have no adverse impact on customers.
- (2) Council may find that good cause exists in other instances, and must state the nature and circumstances of the good cause in the resolution resulting from its action.

B. Process for Expedited Hearing

- (1) Proceedings for consideration of matters for which good cause exists shall be conducted in a legislative manner as a Council item.

- (2) When Utilities proposes changes to the gas cost adjustment or the electric cost adjustment, drafts of the proposal including the proposed resolution and tariffs will be provided to the City Auditor and the City Attorney seven (7) calendar days prior to filing the proposal with Council. If the City Auditor finds that the proposed adjustment is adequately supported and conforms to the requirements of the cost adjustment tariffs, the City Auditor will provide such findings in a letter to the Council that will be included in the filing by Utilities. If the proposed changes to the gas cost adjustment or the electric cost adjustment are supported by a letter from the City Auditor, the resolution effecting the change will be placed on the Council's Consent Calendar. (2011)
- (3) The resolution adopting changes shall be considered an Order of Council, shall specify the changes to be made and shall state: a) the circumstances which establish good cause and necessitate the change being made under these procedures, b) the effective date of the changes, and c) the manner in which the changes shall be published. (2000, 2004; 2011)

deliberation and make a decision on the issues. Council may revise any proposed pricing or tariff as a result of the information presented at the public hearing. All decisions made by Council shall be based on the record.

- (2) After its deliberations, Council shall instruct the City Attorney to draft a proposed Decision and Order. The Decision and Order shall incorporate a description of the history of the proceeding, the issues identified by Council for deliberation, and Council's findings on the issues.
- (3) The written Decision and Order of Council shall be incorporated in a Resolution of Council revising pricing or tariffs. The Decision and Order shall be adopted in open public session and shall be placed on file with the City Clerk. It shall identify the date on which changes in pricing or tariffs were approved and the date on which they shall become effective.
- (4) All prices, as established by Council in these proceedings, shall meet the requirements of the City Code. All prices shall be designated in tariff sheets and shall remain on file in the City Clerk's Office and the Utilities Pricing Department.
- (5) No party shall have the right to request rehearing, reargument or reconsideration of the decision of Council.
- (6) The Utilities filing and supporting documentation, all subsequent documents submitted to Council or the City Clerk by Utilities, customers or their representatives, the report of the City Auditor, the presentations to Council by any party, all Council deliberations, its Decision and Order, and the Resolution adopted, shall constitute the record of these proceedings.

4-2. EXPEDITED HEARING PROCESS FOR INSTANCES OF GOOD CAUSE

A. Instances for Which Good Cause Exists (2011)

- (1) Certain pricing and tariff changes may be made, or refunds authorized, without meeting the notice and public hearing requirements imposed by Section I of this Part 4, provided that good cause exists. In the following instances, good cause exists:
 - a. Changes to the gas cost adjustment to reflect increased or decreased gas costs.
 - b. Changes to the electric cost adjustment to reflect increased or decreased costs of the fuel used for electric generation or purchased power costs.
 - c. Refunds to customers.
 - d. Changes to other fees, rates or charges that are not within the control or discretion of the City or the Utilities.
 - e. Changes to the pricing of water necessary to avoid a water shortage.
 - f. Tariff changes which have no adverse impact on customers.
- (2) Council may find that good cause exists in other instances, and must state the nature and circumstances of the good cause in the resolution resulting from its action.

B. Process for Expedited Hearing

- (1) Proceedings for consideration of matters for which good cause exists shall be conducted in a legislative manner as a Council item.

- (2) When Utilities proposes changes to the gas cost adjustment or the electric cost adjustment, drafts of the proposal including the proposed resolution and tariffs will be provided to the City Auditor and the City Attorney seven (7) calendar days prior to filing the proposal with Council. If the City Auditor finds that the proposed adjustment is adequately supported and conforms to the requirements of the cost adjustment tariffs, the City Auditor will provide such findings in a letter to the Council that will be included in the filing by Utilities. If the proposed changes to the gas cost adjustment or the electric cost adjustment are supported by a letter from the City Auditor, the resolution effecting the change will be placed on the Council's Consent Calendar. (2011)
- (3) The resolution adopting changes shall be considered an Order of Council, shall specify the changes to be made and shall state: a) the circumstances which establish good cause and necessitate the change being made under these procedures, b) the effective date of the changes, and c) the manner in which the changes shall be published. (2000, 2004; 2011)

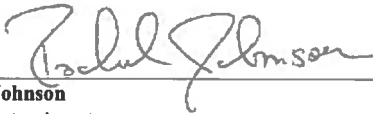
Legal Notice

AFFIDAVIT OF PUBLICATION

STATE OF COLORADO
COUNTY OF El Paso

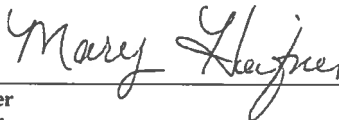
I, Rachel Johnson, being first duly sworn, deposes and says that she is the Legal Sales Representative of The Colorado Springs Gazette, LLC., a corporation, the publishers of a daily/weekly public newspapers, which is printed and published daily/weekly in whole at the city of Colorado Springs in the County of El Paso, and the State of Colorado, and which is called Colorado Springs Gazette; that a notice of which the annexed is an exact copy, cut from said newspaper, was published in the regular and entire editions of said newspaper 1 time(s) to wit 10/12/2017

That said newspaper has been published continuously and uninterruptedly in said County of El Paso for a period of at least six consecutive months next prior to the first issue thereof containing this notice; that said newspaper has a general circulation and that it has been admitted to the United States mails as second-class matter under the provisions of the Act of March 3, 1879 and any amendment thereof, and is a newspaper duly qualified for the printing of legal notices and advertisement within the meaning of the laws of the State of Colorado.



Rachel Johnson
Sales Center Agent

Subscribed and sworn to me this 10/12/2017, at said City of Colorado Springs, El Paso County, Colorado.
My commission expires November 1, 2020.



Mary Heifner
Notary Public
The Gazette

MARY HEIFNER
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 20164041634
MY COMMISSION EXPIRES NOV. 1, 2020

LEGAL NOTICE
COLORADO SPRINGS UTILITIES
 111 SOUTH TEJON STREET
 COLORADO SPRINGS, COLORADO 80903

Notice of Proposed Rate Changes, Tariff Changes and Modifications to Utilities Rules and Regulations

You are receiving this notice because you are a Colorado Springs Utilities Customer. The Utility is regulated by City Code Section 12.1.187(C)(2)(d) and Colorado Revised Statutes 40-1-104 to notify you when rate or tariff changes are proposed.

Colorado Springs Utilities (Springs Utilities), an enterprise of the City of Colorado Springs, a Colorado town-wide city and municipal corporation, has prepared several revenue requirements and tariff changes for electric, water, Utilities Rules and Regulations, and the Open Access Transmission Tariff. The changes will increase or decrease rates, fees and/or charges for these services. These changes will increase Springs Utilities' total revenues from the electric and water services.

With the proposed changes to electric and water services, the typical single-family residential customer will see an increase of \$4.45 to the monthly four service bill. On November 3, 2016 City Council approved wastewater charges that decreased the typical single-family residential bill by \$9.24 effective January 1, 2018. Combined, the previously approved wastewater changes and the proposed electric and water changes increase the typical single-family residential bill by \$4.21 or 1.9 percent. The proposed changes by service are detailed below.

Electric Service
 Implementing phase three of a three phase plan to fully recover the costs of operating the non-fuel portion of the electric system, Springs Utilities proposes to recover in non-fuel base rates an estimated annual revenue increase of approximately \$7.8 million from the electric Customers.

Overall, the typical single-family residential Customer will see an increase of approximately \$1.25 per month, or 1.4 percent to the monthly electric bill.

Springs Utilities also proposes changes to (1) the Reserved Capacity Charge incurred by Enhanced Power Customers; (2) the Contract Service - Wheeling (CSW) tariff; and (3) the Customer Bill Credit for the Community Solar Garden Bill Credit Program (Pilot Program), as well as changes to the Customer Bill Credit for the Community Solar Garden Program.

Water Service
 To fully recover the costs of operating the water system, Springs Utilities proposes to increase the overall revenues by approximately \$7.7 million. The water service requires repair of critical infrastructure and an increase in operational costs.

Overall, the typical single-family residential Customer will see an increase of approximately \$3.19 per month, or 5.1 percent to the monthly water bill.

Utilities Rules and Regulations
 The following changes are proposed to the Utilities Rules and Regulations:

(1) Update current contribution in aid of construction fee amounts for electric line extensions and services; (2) expand Economic Development Special Contract use to infill/development projects; (3) change the water extension policy for Recovery Agreements; and (4) add water development charges for lot sizes less than 1,500 square feet.

Open Access Transmission Tariff (OATT)
 The following changes are proposed to the OATT:

(1) incorporate comprehensive clean-up and update to match current national standards and internal processes and methodologies; (2) revise Terms and Conditions, including dispute resolution procedures, tax exempt status protections, operations and planning methodologies, procedures and technical requirements for study and interconnection request, and technical capability requirement for interconnecting generators; and (3) establish annual transmission revenue requirement and rates.

The proposed changes are described in more detail in the material Springs Utilities filed with the City Clerk. Numerous proposals are contained within this filing. Customers are urged to review the complete filing in order to identify all aspects of the proposal that may affect them. Copies of the proposed resolutions, the accompanying tariff sheets, financial data, cost information and a set of all materials were provided to City Council. The proposed changes are on file and open for public inspection in the office of the City Clerk, 39 South Nevada Avenue, Colorado Springs, Colorado 80903 and are posted on the Springs Utilities' website www.csu.org. City Council may also consider tariff changes proposed by Customers which differ from the changes mentioned above.

The City Council set a hearing to be held November 14, 2017, to consider the proposed changes in rates, fees, charges, and the Utilities Rules and Regulations. The hearing will be held in City Council Chambers, 167 North Nevada Ave., Suite 325, Colorado Springs, Colorado beginning at 1 p.m. The changes in rates, fees, and regulations, if approved by City Council, will go into effect January 1, 2018, or as otherwise provided in the City Council resolution approving the changes. The proposed resolutions and tariffs, including the rates and terms and conditions of service as filed with the City Clerk, may be changed by City Council prior to becoming effective as a result of information presented at the hearing by members of the public, witnesses for Customers, the City Auditor, or by Springs Utilities.

In addition to public comments taken during the hearing, written comments will be accepted at the office of the City Clerk. Each Springs Utilities Customer has the right to appear, personally or through counsel, for the purpose of providing testimony regarding the proposed changes. Any Customer who desires to present witnesses, other than the Customer, should file a Notice of Intent to Present Witnesses and short summary of testimony of each witness, as provided in Section 12.1.187 (C) (3) of the City Code, with the City Clerk's Office, 39 South Nevada Avenue, Colorado Springs, Colorado 80903 and with the Colorado Springs Utilities Rates Manager, 111 South Tejon Street, Colorado Springs, Colorado 80903 on or before 5 p.m. on November 3, 2017. Customers desiring further information on the proposed rate changes described in this Notice, including the estimated impact on monthly bills, should telephone Colorado Springs Utilities at (719) 448-4800.

NOTICE TO:
 ELECTRIC and WATER
 CUSTOMERS OF COLORADO SPRINGS UTILITIES
 HEARING DATE: NOVEMBER 14, 2017

Published in Colorado Springs Gazette October 12, 2017

LEGAL NOTICE

**COLORADO SPRINGS UTILITIES
121 SOUTH TEJON STREET
COLORADO SPRINGS, COLORADO 80903**

Notice of Proposed Rate Changes, Tariff Changes and Modifications to Utilities Rules and Regulations

You are receiving this notice because you are a Colorado Springs Utilities Customer located outside the city of Colorado Springs. The Utility is required by City Code Section 12.1.107(C)(2)(d) and Colorado Revised Statutes 40-3.5-104 to notify you when rate or tariff changes are proposed.

Colorado Springs Utilities (Springs Utilities), an enterprise of the City of Colorado Springs, a Colorado home-rule city and municipal corporation, has proposed several revenue requirements and tariff changes for electric, water, Utilities Rules and Regulations, and the Open Access Transmission Tariff. The changes will increase or decrease rates, fees and/or charges for these services. These changes will increase Springs Utilities' total revenues from the electric and water services.

With the proposed changes to electric and water services, the typical single-family residential customer will see an increase of \$4.45 to the monthly four service bill. On November 8, 2016, City Council approved wastewater changes that decreased the typical single-family residential bill by \$0.24 effective January 1, 2018. Combined, the previously approved wastewater changes and the proposed electric and water changes increase the typical single-family residential bill by \$4.21 or 1.9 percent. The proposed changes by service are detailed below.

Electric Service

Implementing phase three of a three phase plan to fully recover the costs of operating the non-fuel portion of the electric system, Springs Utilities proposes to recover in non-fuel base rates an estimated annual revenue increase of approximately \$7.8 million from the electric Customers.

Overall, the typical single-family residential Customer will see an increase of approximately \$1.26 per month, or 1.4 percent to the monthly electric bill.

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To fully recover the costs of operating the water system, Springs Utilities proposes to increase the overall revenues by approximately \$7.7 million. The water service requires repair of critical infrastructure and an increase in operational costs.

Overall, the typical single-family residential Customer will see an increase of approximately \$3.19 per month, or 5.1 percent to the monthly water bill.

Utilities Rules and Regulations

The following changes are proposed to the Utilities Rules and Regulations:

(1) Update current contribution in aid of construction fee amounts for electric line extensions and services; (2) expand Economic Development Special Contract use to infill/redevelopment projects; (3) change the water extension policy for Recovery Agreements; and (4) add water development charges for lot sizes less than 1,500 square feet.

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The following changes are proposed to the OATT:

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The proposed changes are described in more detail in the material Springs Utilities filed with the City Clerk. Numerous proposals are contained within this filing. Customers are urged to review the complete filing in order to identify all aspects of the proposal that may affect them. Copies of the proposed resolutions, the accompanying tariff sheets, financial data, cost information and a set of all materials were provided to City Council. The proposed changes are on file and open for public inspection in the Office of the City Clerk, 30 South Nevada Avenue, Colorado Springs, Colorado 80903 and are posted on the Springs Utilities' website www.csu.org. City Council may also consider tariff changes proposed by Customers which differ from the changes mentioned above.

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In addition to public comments taken during the hearing, written comments will be accepted at the office of the City Clerk. Each Springs Utilities Customer has the right to appear, personally or through counsel, for the purpose of providing testimony regarding the proposed changes. Any Customer who desires to present witnesses, other than the Customer, should file a Notice of Intent to Present Witnesses and a short summary of the testimony of each witness, as provided in Section 12.1.107 (C) (3) of the City Code, with the City Clerk's Office, 30 South Nevada Avenue, Colorado Springs, Colorado 80903 and with the Colorado Springs Utilities Rates Manager, 121 South Tejon Street, Colorado Springs, Colorado 80903 on or before 5 p.m. on November 3, 2017. Customers desiring further information on the proposed rate changes described in this Notice, including the estimated impact on monthly bills, should telephone Colorado Springs Utilities at **(719) 448-4800**.

**NOTICE TO:
ELECTRIC and WATER
CUSTOMERS OF COLORADO SPRINGS UTILITIES
HEARING DATE: NOVEMBER 14, 2017**

Colorado Springs Utilities
It's how we're all connected
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Public Outreach



2018 Rate Case Public Outreach Overview

This document describes the strategic and comprehensive public outreach plan for the 2018 rate case. The rate case is communicated to residential and business customers using a variety of channels as indicated in the table on the following page.

The complete 22-page Rates and Budget Communication Plan was distributed to all employees who may need to utilize it (customer service staff, field employees, the pricing/rates department, etc.) on Oct. 18. The Pricing Intranet page is updated periodically with the latest information and tools pertaining to the rates and budget.

The entire rate case has been posted on csu.org since Oct. 10, 2017, with a link going directly to the rates page from our homepage. The Draft 2018 Annual Operating and Financial Plan has been posted on csu.org since Sept. 25.

Local newspapers, television and radio stations reported on the proposed rates beginning in September 2017 and coverage is expected through mid-January 2018. Examples of some of this coverage are included in the following pages. An in-depth rates backgrounder meeting took place with The Gazette's Utilities Board beat reporter Conrad Swanson, the Pricing Manager, and two members of the Communications Team on Oct. 13, 2017, just days after the 2018 Rate Case was filed.

To better equip our call center with information about the 2018 Rate Case and Draft Annual Operating Budget, two employees (one from the Pricing Department and one from the Customer and Workforce Communications Department) spent a day (Oct. 19) presenting to small groups of call center representatives. Each of the eight, 20-minute sessions included a high-level overview of the rates case, 2018 budget and the ECA/GCA decreases. Call center staff were provided a one-sheeter with more detailed information so they can refer to it if they get questions from customers about a specific rate class.

A new tactic that was added to the communications strategy this year was the development of three infographics. These infographics will be shared on all of Colorado Springs Utilities' social media channels throughout the months of November and December, to help explain to the public the need for rate increases. The three infographics are included in this packet. They are:

- Who We Are
- Electric Services
- Water Services

Customers can attend Utilities Board meetings and City Council meetings in person and provide public comment. Video of Utilities Board and City Council meetings are streamed live online, and past Board meetings are available at csu.org. Additionally, all City Council meetings are shown on various days and times on SpringsTV, Channel 18.

Customers who cannot attend Board and Council meetings can provide their feedback on the rate case directly to City Council members via phone or email, through Springs Utilities' social media pages, through AskUs (email response from csu.org users) and comments to call center representatives.

| Communications Channels | Residential | Business | Timing |
|---|--------------------|-----------------|---|
| Website (csu.org): Rate case filing, proposed budget, interactive bill calculator, videos of live and past Utilities Board meetings | X | X | Sept. 2017 – Jan. 2018 |
| Strategic Communications Plan | X | X | Sept. 2017 – Jan. 2018 |
| Understanding Your Utility Bill Video | X | X | April 2016 – Dec. 2018 |
| Three infographics | X | X | Sept. 2017 – Jan. 2018 |
| Employee one-pager | X | X | Oct. 2017 – Jan. 2018 |
| Social media | X | X | Ongoing |
| Utilities Board public meetings | X | X | Monthly |
| City Council public meetings | X | X | Twice monthly |
| Meetings with news reporters | X | X | As-needed basis (first one occurred on Oct. 13, 2017) |
| Bill package: Connection, envelope and/or bill messages | X | | Dec. 2017 |
| Smart Home e-newsletter | X | | Nov. 2017 |
| Weekly communications/memo to Utilities Board members | X | X | Every Friday |
| Intranet: including the URSULA rotator and the Pricing and Rates Group page | X | X | Oct. 2017 – Jan. 2018 |
| Strategic account managers one-on-one meetings, emails and phone calls | | X | Ongoing |
| Rates Call Center tailgate | X | X | Oct. 19, 2017 |
| Fall Business User Group (BUG) meeting | | X | Oct. 20, 2017 |
| City Council website: video of live and past City Council meetings, SpringsTV Ch. 18 | X | X | Oct. 2017 – Jan. 2018 |

Proposed budget & rates

Base rates support the operations and maintenance expenditures necessary to continue to provide safe and reliable utility services. On Oct. 10, 2017 we filed our 2018 rate case. This year's rate case includes changes to electric and water rates.

These are for infrastructure improvements – or pipes, wires and plants to maintain a safe, reliable utilities system. We also use annual rate cases to realign – if necessary – customer rate classes with the cost to serve those particular customers.

Public Hearing Set

You are a citizen-owner of Colorado Springs Utilities. As an owner, you have a voice in utility decisions. On Oct. 10, City Council set the date for the rate case public hearing as Tuesday, Nov. 14. They are expected to make a decision two weeks later – on Tuesday, Nov. 28.

The majority of our customers are in the residential rate class. Proposed changes to their rates include decreases to the Electric Cost Adjustment (ECA) and Gas Cost Adjustment (GCA), increase in water rates and a slight decrease in wastewater rates.

The total proposed base rate bill impact (effective Jan. 1, 2018) for the typical, residential customer is an increase of \$4.21, or 1.9 percent. (Typical use = 700 kWh electricity, 1,100 CF water, 60 CCF natural gas.)

Customers in the variety of rate classes designed for commercial and industrial (C&I) customers will also experience changes as their rates are adjusted to be better aligned with the proportionate cost to serve them. Our online bill calculator is the best source of information on C&I impacts, as rate class, load factor and consumption are all contributing factors.

To learn more about specific rate classes, energy cost adjustments or our 2018 budget, click on an icon below.



Residential Rates



Commercial & Industrial Rates



Energy Cost Adjustments



Budget

Understanding your bill



Related links

- [2018 Draft Annual Operating & Financial Plan](#)
- [2018 proposed rate case](#)
- [2018 Open Access Transmission Tariff \(OATT\)](#)
- [Customer assistance programs](#)
- [Budget billing](#)
- [Residential efficiency rebates](#)
- [Rates and budget fact sheet](#)
- [Business efficiency rebates](#)
- [Tariffs](#)

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2018 Residential Base Rates

It is our mission to provide safe, reliable, competitively-priced electric, natural gas, water and wastewater services to the citizen-owners and customers of Colorado Springs Utilities.

We provide reliable electric, gas, water and wastewater services to Colorado Springs and surrounding areas including Manitou Springs, Fountain and Green Mountain Falls. We provide service to about 700,000 utility meters, representing approximately 440,000 customers.

Our rates are based on the costs associated to serve a customer. We do not make a profit on customer rates.

Unlike investor-owned utilities that design rates to pay shareholder dividends, we reinvest revenues back into operations to keep rates as low as possible.

Proposed changes to customer rates include decreases to the Electric Cost Adjustment (ECA) and Gas Cost Adjustment, increase in water and electric rates and a slight decrease in wastewater rates. (City Council directed a two-year phase-in at the public hearing on Oct. 25, 2016.)

Total proposed base rate bill impact (effective January 2018) for the typical, residential customer, is an increase of \$4.21, or 1.9 percent. (Typical use = 700 kWh electricity, 1100 CF water, 60 CCF natural gas).

Total proposed fuel cost adjustment bill impact (effective November 2017) for the typical, residential customer is a decrease of \$3.03 (\$0.98 for electric, \$2.05 for gas).

Water rates

- The proposed increase for residential customers is \$3.19 (5.1 percent) on the typical monthly water bill.
- A rate increase is necessary to recover the proposed revenue requirement.
- We strive to keep water affordable for our customers – and it is, at a cost of about a penny per gallon.

However, like many water utilities across the United States, our system is old and in need of ongoing repair and refurbishment. We are conducting condition assessments and facility plans to support long-term asset management goals.

Wastewater rates






- A \$0.24 decrease for residential wastewater customers was passed in 2017.

Electric rates

- The impact on the typical monthly residential electric bill is an increase of \$1.26, or 1.9 percent.
- The 2018 filing is the third phase of a three-phase implementation to address a revenue shortfall and align customer rates with cost to serve them.

Electric service providers are experiencing more changes today than at any time in history. Renewable energy is increasingly desired by customers and more affordable for utilities to consider.

The proposed rate changes to the typical residential bill are shown below.

|  Proposed Residential Rate Changes | | | | |
|---|------------------------------|------------------------------|---------------------------|--------------------------|
| Service | Typical Bill Nov. 1, 2017 | Typical Bill Jan. 1, 2018 | \$ Increase (Decrease) | % Increase (Decrease) |
|  Electric | \$87.13 | \$88.39 | \$1.26 | 1.9% |
| Typical residential bill is based on 700 kWh/month on the E1R rate | | | | |
|  Gas | \$40.25 | \$40.25 | \$0 | 0% |
|  Water | \$62.72 | \$65.91 | \$3.19 | 5.1% |
|  Wastewater | \$32.25 | \$32.01 | (\$0.24) | (0.7%) |
| Wastewater decrease was approved in 2016 for 2018 implementation | | | | |
| Total impact to typical monthly bill | \$222.35 | \$226.56 | \$4.21 | 1.9% |



Residential Rates

Related links

- 2018 base rates case
- 2018 Open Access Transmission Tariff (OATT) rate case
- 2018 preliminary budget
- Residential efficiency rebates
- Customer assistance programs
- Budget billing

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2018 Commercial & Industrial base rates

Base rates support the operations and maintenance expenditures necessary to continue to provide safe and reliable utility services. City Council will vote on the 2018 Rates Case at its Nov. 28 meeting. If approved, changes to base rates will go into effect on Jan. 1, 2018.

Customers in the variety of rate classes designed for commercial and industrial (C&I) customers will experience differing changes, as their rates are adjusted to be better aligned with the proportionate cost to serve them.

Typical C&I bill changes are outlined in the charts at the bottom of this page.

- **Wastewater** increases proposed in the original rate filing were 3.4 percent commercial and 4.8 for industrial customers. These changes align the wastewater methodology with other utility services.
 - At the rate hearing on Oct. 25, 2016, City Council directed a two year phase-in of the change recommended in the original rate filing.
 - An additional wastewater increase, effective Jan. 1, 2018, was also approved on Nov. 8, 2016.
- There are no rate changes for **natural gas** service.
- **Water** rate increases for commercial customers are \$9.90 per month or 4.7 percent. Water rate increases for industrial customers are \$165 per month or 6.1 percent.
 - **Nonpotable water** will increase 12.1 percent, changing the rate from \$0.0190 to \$0.0213 per cf.
 - We strive to keep water affordable for our customers - and it is, at a cost of about a penny per gallon. It's important to note, however, that the costs for maintaining the system don't fluctuate with water use.
 - The key drivers for the water budget for 2018 are:
 - Assessment and repairs to critical water infrastructure, and investments in supply, delivery and water treatment, such as replacing the most critical sections of the 30" raw water pipe, built 83 years ago, carrying water from Pikes Peak reservoirs to Colorado Spring for treatment.
 - As pipes age, breaks are more common. It's important to finish this project to ensure the integrity of the line in advance of the Mesa Water Treatment Plant upgrade.
- There are several **electric** rate changes that affect special rate classes, not the typical C&I customers. Here is a snapshot of how the 2018 Base Rate Case affects each of these classes.



Commercial & Industrial Rates

Related Links

- [2018 base rates case](#)
- [Business efficiency rebates](#)
- [Have a say in your utility rates](#)
- [Request a no-cost energy audit](#)
- [Best practices](#)
- [Bill calculator](#)

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ETL Rate Class (minimum of 1,000 kWh/day use)

- No electric rate changes proposed for ETL.
- Utilities has approximately 1,200 customers on this rate class including restaurants, schools, hotels and universities.
- Several adjustments were made to this rate class in 2016 and 2017 to bring it to Cost of Service.
- While a 2018 rate increase was expected, the latest study revealed it was unnecessary.

E8S Rate Class (4,000 kWh Min. use; also referred to as Time of Day)

- 12.5 percent electric increase for the E8S rate class.
- We're seeking to bring rate classes to within plus or minus 10 percent of their total cost of service in accordance with the Reasonableness Guideline.

E2C Rate Class

- 7.1 percent electric increase for E2C.
- The E2C rate class is available in Springs Utilities' electric service territory for any establishment engaged in the operation of a business or an institution, whether or not for profit, whose average daily usage (billing period kWh divided by the number of days in the billing period) is greater than 33 kWh in any of the last 12 billing periods.
- The billing statements are a sum of the access and facility charges, the electric cost adjustment charge (ECA) and the electric capacity charge (ECC).
- The best way these customers can reduce their monthly utility bills is to understand their bills.
- You can log into your account from our homepage and use the "My Usage" which can help you see trends and connect behavior with usage and can lead to ideas.
- Reduce your usage. In some cases, customers can keep usage consistently below the threshold and stay off the 'demand rate' by making changes.
- Reducing base load electric usage (energy used without regard for weather: lighting, copy machines, etc.) lowers the usage for all months.
- Reducing air conditioning usage (more efficient equipment, evaporative coolers, raising indoor temperatures, window tinting, etc.) lowers usage in the summer months.

ETC (Commercial Time-of-Day) Rate Class

- 18 percent electric rate increase to help better align this rate class with their Cost of Service.

ELG (Large Power & Light) Rate Class

- 3 percent electric rate increase.
- This rate class is designed for customers with a large industrial load and high system load factor.

ETX (Industrial Transmission Voltage) Rate Class

- 12.5 percent electric rate increase to the ETX rate class.



Proposed Commercial Rate Changes

| Service | Typical Bill Nov. 1, 2017 | Typical Bill Jan. 1, 2018 | \$ Increase (Decrease) | % Increase (Decrease) |
|--|------------------------------|------------------------------|---------------------------|--------------------------|
| Electric | \$551.45 | \$579.43 | \$27.98 | 5.1% |
| <small>Typical commercial bill is based on 6,000 kWh/month on the E2C rate</small> | | | | |
| Gas | \$571.78 | \$571.78 | \$0 | 0% |
| Water | \$208.84 | \$218.74 | \$9.90 | 4.7% |
| Wastewater | \$110.45 | \$112.14 | \$1.69 | 1.5% |
| <small>Wastewater increase was approved in 2016 for 2018 implementation</small> | | | | |
| Total impact to typical monthly bill | \$1,442.52 | \$1,482.09 | \$39.57 | 2.7% |



Proposed Industrial Rate Changes

| Service | Typical Bill Nov. 1, 2017 | Typical Bill Jan. 1, 2018 | \$ Increase (Decrease) | % Increase (Decrease) |
|--|------------------------------|------------------------------|---------------------------|--------------------------|
| Electric | \$32,579.34 | \$32,579.34 | \$0 | 0% |
| <small>Typical industrial bill is based on 400,000 kWh/month on the EBT rate</small> | | | | |
| Gas | \$5,505.62 | \$5,505.62 | \$0 | 0% |
| Water | \$2,702.19 | \$2,867.19 | \$165.00 | 6.1% |
| Wastewater | \$1,374.75 | \$1,404.64 | \$29.89 | 2.2% |
| <small>Wastewater increase was approved in 2016 for 2018 implementation</small> | | | | |
| Total impact to typical monthly bill | \$42,161.90 | \$42,356.79 | \$194.89 | 0.5% |



2018 Proposed Rates and Budget

If approved by City Council on Nov. 28, the new rates would go into effect on Jan. 1, 2018.

Residential Rates

We file for changes to base rates each fall to take effect on January 1. Base rates support the operations and maintenance expenditures (pipes, wire, plants) to maintain safe and reliable utility services. Our rates are based on the costs associated to serve a customer. We do not make a profit on customer rates.

Electric: A 1.9 percent increase, or \$1.26 for the typical residential customer is proposed. In April 2016, the Utilities Board directed a phase-in approach to aligning electric rates with cost of service, while meeting the revenue requirement. Electric service providers are experiencing more changes today than ever before. Environmental regulations, cyber and physical security concerns are changing the way electric utilities operate.



We are committed to environmental, reliability & security standards.

Natural gas: No base rate change is necessary.

Water: The proposed increase for residential customers is \$3.19 on the typical monthly water bill. A rate increase is necessary to recover the proposed revenue requirement. We strive to maintain an affordable water price of about a penny per gallon.

Wastewater: There are no changes in this rate case filing for wastewater. However, a two-year phase-in of wastewater rate changes was approved in November 2016, to include a decrease of \$0.24 per month for residential customers through 2018.

However, like many water utilities across the United States, our system is aging and in need of ongoing repair and refurbishment. We are assessing and making investments in critical pieces of water supply, delivery and treatment systems.

Proposed Residential Rate Changes

| Service | Typical Bill Nov. 1, 2017 | Typical Bill Jan. 1, 2018 | \$ Increase (Decrease) | % Increase (Decrease) |
|--|------------------------------|------------------------------|---------------------------|--------------------------|
| Electric <p>Typical residential bill is based on 700 kWh/month on the E1R rate</p> | \$87.13 | \$88.39 | \$1.26 | 1.9% |
| Gas <p>Typical residential bill is based on 700 kWh/month on the E1R rate</p> | \$40.25 | \$40.25 | \$0 | 0% |
| Water <p>Typical residential bill is based on 700 kWh/month on the E1R rate</p> | \$62.72 | \$65.91 | \$3.19 | 5.1% |
| Wastewater <p>Wastewater decrease was approved in 2016 for 2018 implementation</p> | \$32.25 | \$32.01 | (\$0.24) | (0.7%) |
| Total impact to typical monthly bill | \$222.35 | \$226.56 | \$4.21 | 1.9% |

Proposed Budget

The 2018 proposed budget appropriation of \$978.3 million is about \$1.6 million higher than in 2017. The increase is primarily the result of higher debt service payments.

The budget was developed to achieve the outcomes most important to the Utilities Board and customers: competitive utility rates; safe, reliable service and outstanding customer experiences.

The proposed budget is a responsible approach to address considerable challenges including the need for additional capital improvement investments.

Through an organization-wide effort, Springs Utilities has systematically prioritized all major projects and programs. Only the most critical expenditures are included in the 2018 Proposed Annual Operating Budget.

Fuel Cost Adjustments

As a non-profit, community-owned utility, we pass changes in fuel costs—up or down—directly on to our customers.



At the Utilities Board meeting on Oct. 18, we proposed changes to electric (ECA) and natural gas (GCA) cost adjustments, as well as electric (ECC) and natural gas (GCC) capacity charges. If approved at the Oct. 24 City Council meeting, the new rates will go into effect on Nov. 1.

The net decreases to the typical monthly bills are:

- Residential: \$3.03 (1.3 percent)
- Commercial: \$48.69 (3.3 percent)
- Industrial: \$1,356.80 (3.1 percent)

TIMELINE

- Oct. 24** First reading 2018 budget at City Council
- Nov. 1** Net decrease (ECA/GCA/ECC/GCC) effective
- Nov. 14** Rate hearing and second reading/decision for 2018 budget at City Council
- Nov. 28** Rate decision at City Council
- Jan. 1** New rates and budget effective

Commercial and Industrial Customers

Similar to our commercial and industrial customers, we have certain revenue requirements to continue to provide quality services. Each fall we file changes to our base rates to support the revenue required to responsibly maintain a safe and reliable utilities system.



Customers in the variety of rate classes designed for commercial and industrial users will experience changes as their rates are adjusted to be better aligned with the proportionate cost to serve them. An online rate calculator at <https://www.csu.org/Pages/bill-calculator.aspx> is the best source of information for commercial and industrial customers.

Although proposed changes vary by rate class, many commercial and industrial customers will experience increases to base rates for electric, water and wastewater services. There are also proposed increases for nonpotable water customers. For comparison purposes, we use the E8T rate class for the typical industrial bill and E2C rate class for the typical commercial bill.

Additional proposed changes affecting commercial and industrial customers include the Open Access Transmission Tariff (OATT), the Reserved Capacity Charge (RCC) and other Utilities Rules and Regulation Tariffs. Visit csu.org to view the 2018 proposed rate case.

Helping Hand

We strive to create proactive, innovative solutions that help customers save resources, support sustainability and our environment, and keep costs and rate impacts at a minimum.

Energy audits

For business customers we offer a free basic or advanced energy audit. These are ideal for business owners who want to learn about energy-saving options and get an idea of how their use compares with similar facilities.

For residential customers we offer an online tool to audit energy use: [csu.org/pages/home-energy-audit.aspx](https://www.csu.org/pages/home-energy-audit.aspx). This is ideal for homeowners who are looking to save a little money.

Rebates

In an effort to help with the efficient use of energy and water, delay infrastructure needs and save customers money, we offer rebates for a variety of energy- and water-efficient products for residential and business customers.

No cost/low cost tips

We actively promote low-cost or no-cost tips to help our customers use utilities services wisely. Visit csu.org for ways to save.

Assistance programs

- HEAP
- LEAP
- Project COPE
- Budget Billing
- Pick My Payment Date

Proposed Commercial Rate Changes

| Service | Typical Bill Nov. 1, 2017 | Typical Bill Jan. 1, 2018 | \$ Increase (Decrease) | % Increase (Decrease) |
|---|------------------------------|------------------------------|---------------------------|--------------------------|
| Electric | \$551.45 | \$579.43 | \$27.98 | 5.1% |
| Typical commercial bill is based on 6,000 kWh/month on the E2C rate | | | | |
| Gas | \$571.78 | \$571.78 | \$0 | 0% |
| Water | \$208.84 | \$218.74 | \$9.90 | 4.7% |
| Wastewater | \$110.45 | \$112.14 | \$1.69 | 1.5% |
| Wastewater increase was approved in 2016 for 2018 implementation | | | | |
| Total impact to typical monthly bill | \$1,442.52 | \$1,482.09 | \$39.57 | 2.7% |

Proposed Industrial Rate Changes

| Service | Typical Bill Nov. 1, 2017 | Typical Bill Jan. 1, 2018 | \$ Increase (Decrease) | % Increase (Decrease) |
|---|------------------------------|------------------------------|---------------------------|--------------------------|
| Electric | \$32,579.34 | \$32,579.34 | \$0 | 0% |
| Typical industrial bill is based on 400,000 kWh/month on the E8T rate | | | | |
| Gas | \$5,505.62 | \$5,505.62 | \$0 | 0% |
| Water | \$2,702.19 | \$2,867.19 | \$165.00 | 6.1% |
| Wastewater | \$1,374.75 | \$1,404.64 | \$29.89 | 2.2% |
| Wastewater increase was approved in 2016 for 2018 implementation | | | | |
| Total impact to typical monthly bill: | \$42,161.90 | \$42,356.79 | \$194.89 | 0.5% |



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Colorado Springs Utilities proposes net rate decrease, but increases soon could follow

By: **Conrad Swanson** • October 18, 2017 • Updated: October 19, 2017 at 12:47 pm



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Colorado Springs Utilities customers could soon see a net decrease in their electric and gas bill, but increases might follow.


The Utilities Board gave a nod to the proposed adjustments Wednesday afternoon, which take into account net decreases in electric and gas costs as well as capacity costs for the utility. The City Council, comprised of the same members as the Utilities Board, will vote on the adjustments Tuesday.

Sonya Thieme, pricing rates manager, said the utility's fuel costs often fluctuate and those changes - increases or decreases - are passed along to rate payers quarterly. Capacity costs, essentially the cost of transporting energy, are adjusted annually, she said.

Related: [Talk of boosting Utilities payments to Colorado Springs postponed indefinitely](#)

With the adjustments, the average residence would pay 1.1 percent less on electric bills and 4.8 percent less on gas, amounting to a total monthly savings of \$3.03. Typical commercial properties will see a 1.6 percent decrease in electric bills and a 6.5

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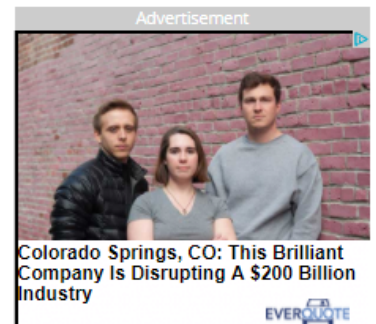
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percent decrease on gas for a total monthly savings of \$48.69. And the typical industrial property will see a 2.9 percent decrease in electric bills and a 6.7 percent decrease for gas for a total monthly savings of about \$1,356.80.

If the City Council approves the proposition, the net decreases will begin Nov. 1, though the savings they produce might be short-lived because Thieme said she recommended base electric and water rate increases earlier this month, which the Council will vote on Nov. 28.

The increases would boost the average residential electric bill by 1.9 percent and water by 5.1 percent for a total monthly increase of about \$4.45. The average commercial property would see a 7.1 percent increase on electric bills and a 4.7 percent increase for water for a total monthly increase of \$37.88. The average industrial property will see varying rate increases for electric bills and a 6.1 percent, or \$165, increase for water.

If the increases are approved they will come into effect on Jan. 1, 2018, Thieme said.

Base rate adjustments are considered once a year and are used to fund ongoing maintenance and proactive projects, utility spokeswoman Natalie Eckhart said. Next year, CSU will finish updating a 30-inch water pipeline running from a reservoir on Pikes Peak through the Manitou Springs Hydro Plant and to the Mesa Water Treatment plant. The pipeline is 83 years old and the project is estimated to cost about \$6 million.

In addition Utilities has allocated about \$16 million for other water maintenance projects, Eckhart said.

Maintenance projects and industry changes are responsible for many of CSU's rate increases over the past decade, Eckhart and Thieme agreed.

And a recent study from the Independence Institute shows that Colorado's electric rates have risen more in the past 15 years than in nearby states.

Since 2001 the state's electric rates have risen by about 62.1 percent across residential, commercial and industrial sectors, the study shows, more than 17 percent above rises in Arizona, Idaho, Montana, New Mexico, Nevada, Utah and Wyoming.



The increase also far surpasses the 35.4 percent cumulative rate of inflation.

Thieme said CSU only keeps electric rates records for 10 years so she could not address changes since 2001, but she said she expects Colorado Springs has fallen in line with the rest of the state. Increases locally might be a bit lower than the averages shown in the study, she said.

One explanation could be that the state's renewable energy requirements are higher than in surrounding states, Eckhart said. And an investment in renewable energy, like solar power, can be expensive.

Additional costs include CSU's \$325 million purchase of the second half of the Front Range Power Plant in 2010, the addition of 300 miles of electric line in an eight-year span and more efficient appliances offsetting usage and decreasing revenues, Eckhart said.

Also during Wednesday's meeting:

John Romero, general manager of energy acquisition engineering and planning, updated the board about CSU's options for closing the Martin Drake Power Plant earlier than 2035, when it is scheduled to be decommissioned.

While Romero said specific financial information would be available next month, he is looking into three main options for replacing the electricity Drake produces: First, CSU could continue to generate electricity on Drake's site without using coal. Second, CSU could generate all of Drake's replacement energy at a different site. And third, CSU could use a hybrid plan, generating some energy at Drake's current site, but using different sites.

The three options have varying costs and each would have different implications for Drake's site as a possible area for downtown development, Romero said.



Colorado Springs council endorses ballot measure investing in D-11

By: [Conrad Swanson](#) • October 25, 2017 • Updated: October 25, 2017 at 5:30 pm

Also Tuesday, the council unanimously approved rate cuts for Colorado Springs Utilities customers. The lower rates begin Nov. 1 and will reduce the typical residences' electric bills by 1.1 percent and gas bills by 4.8 percent. Typical commercial properties will see a 1.6 percent cut in electric bills and a 6.5 percent decrease on gas each month. The typical industrial property will see a 2.9 percent decrease in electric bills and a 6.7 percent decrease for gas.

The savings might be short-lived, however. Next month, the council will vote on a set of rate increases that would take effect Jan. 1.

Auditor's Report



OFFICE OF THE CITY AUDITOR COLORADO SPRINGS, COLORADO

Denny L. Nester, City Auditor
MBA CPA CIA CFE CGFM CGAP

17-27 Colorado Springs Utilities 2018 Rate Case Audit

November 2017

Purpose

The review focused on the accuracy and consistency of the methodology used to develop the proposed rate changes. We also reviewed for compliance with rate development guidance approved by the Utilities Board.

Highlights

Overall, we conclude the cost of service studies supporting the proposed rate changes were prepared accurately. Methodology was consistent with prior rate cases. Proposed rate changes were aligned with ratemaking principles in the Colorado Springs Utilities Rate Manual and within tolerances approved by Utilities Board guidance.

Colorado Springs Utilities rate filing included changes to the Electric Service Base Rates and Water Service Rates effective January 1, 2018. Proposed rate changes were based on the 2018 budgets and forecasted sales data. The water revenue requirement increased \$ 7.7 million or 4.2%. Electric revenue requirements increased \$7.7 Million or 2.4%.

We identified one opportunity for improvement in our review. This opportunity relates to the use of the budget as the basis for rates. Prior to 2005, the basis for rates was a test year. The test year was calculated using 12 months of actual operating results adjusted for known changes such as an increase in the cost of labor. When we noted discrepancies between 2016 historical and budgeted amounts, it caused the auditor to question whether the budget is the best basis for rate making. Our recommendation asks Colorado Springs Utilities to analyze historical trends in an effort to increase the accuracy of budget forecasts in the future. We believe this analysis would be beneficial to Colorado Springs Utilities and their rate payers.

Additional information may be found on page 2 of this report. The Office of the City Auditor appreciates the responsiveness of Utilities Financial Planning and Analysis Department along with Pricing-Rates Department in support of our review.

Management Response

See Colorado Springs Utilities response along with the Auditor Response on page 2 of this report.

Recommendation

1. For future rate cases, We recommend that Colorado Springs Utilities:

- Analyze historical trends for non-operating and other operating revenues.
- Identify ways to increase accuracy of non-operating and other operating revenue forecasts.

City Council's Office of the City Auditor

City Hall, 107 North Nevada Ave. Suite 205, Mail Code 1542, Colorado Springs CO 80901-1575

Tel 719-385-5991 Fax 719-385-5699 Reporting Hotline 719-385-2387

www.ColoradoSprings.gov

17-27 COLORADO SPRINGS UTILITIES 2018 RATE CASE AUDIT

Opportunity for Improvement

- For 2016, Utilities' analysis showed that Electric and Water actual non-operating and other operating revenues for the organization exceeded forecast by \$10.6 million in total.

Utilities Financial Planning and Analysis Department prepared a comparison of 2016 forecasted revenues to actual revenues and expenses in a cost of service format.

Revenues were greater than budget for items such as water sales to other districts. Utilities' forecasts these revenue items in a conservative manner. Accurate revenue forecasts help ensure rates are set at appropriate levels to recover required costs.

Management Response

Colorado Springs Utilities incorporates both historical and forward looking data in preparation of its annual budget and will continue to do so. Total non-operating revenues are \$12.2M and represent 1.2% of the 2018 Budget. Management will look to enhance accuracy of the non-operating revenue forecast as recommended by the City Auditor. Management does not believe that enhanced accuracy of non-operating revenues will have a material impact on rates.

Recommendation

For future rate cases, Colorado Springs Utilities should:

- Analyze historical trends for non-operating and other operating revenues forecast to actual.
- Identify ways to increase accuracy of non-operating and other operating revenue forecasts.

**Department of Defense
Statement of Position**



DEPARTMENT OF THE ARMY
UNITED STATES ARMY LEGAL SERVICES AGENCY
9275 GUNSTON ROAD
FORT BELVOIR, VIRGINIA 22060-5546

REPLY TO
ATTENTION OF
Regulatory Law Office

November 2, 2017

Via E-mail
City Clerk
30 South Nevada Avenue
Suite 101
Colorado Springs, CO 80903

Re: Colorado Springs Utilities Base Rate Case and OATT Rate Case

Dear City Clerk:

Please find attached the United States Department of Defense's Statement of Position in Colorado Springs Utilities Base Rate Case and OATT Rate Case. This Statement of Position is being provided as set forth in Part 4-1(8) of the Rules and Procedures of City Council. If you have any questions, please feel free to contact me.

Very truly yours,

A handwritten signature in blue ink that reads "Emily W. Medlyn".

Emily W. Medlyn

Enclosures

cc: Colorado Springs Utilities

United States Department of Defense Statement of Position

2018 CSU Rate Case

On October 10, 2017, Colorado Springs Utilities (CSU) submitted its official request to increase its electric rates, including the Open Access Transmission Tariff (OATT), and its water rates, to be effective January 1, 2018. In recognition of the benefit to the local community provided by the presence of the United States Department of Defense (DoD) facilities, CSU has maintained a positive working relationship with each of the installations. CSU has been very open in this rate case filing process and has provided DoD with answers to data requests in a timely fashion, including follow-up discussions to talk through various issues.

This statement summarizes two ongoing issues which will require further discussion and collaboration between DoD and CSU over the coming year:

- Surplus Funds to the City
- Augmented water rates

CSU Service to DoD

CSU provides electric, natural gas, water, and wastewater services to the four military installations located in or adjacent to the City of Colorado Springs. Peterson Air Force Base is located within the city limits while Fort Carson, United States Air Force Academy, and Cheyenne Mountain Air Force Station are located outside the city limits.

Each DoD installation is served through a mix of various non-residential rates, with the majority of its utility expenditures under specific tariffed rates designed to serve only the DoD installations. The DoD-specific rates addressed in this rate filing are “Contract Service – ECD” (ECD) for electric and “Contract Service WSC-MIL” (WSC-MIL) for water, along with another DoD-specific electric rate called “Contract Service – Wheeling – ECW” that allows the DoD facilities to transport federal preference power purchased from the Western Area Power Administration (WAPA) over CSU’s distribution system. There is an additional rate filing for changes to the OATT, which is a wholesale transmission service tariff that impacts DoD, as it is the basis for recovering costs associated with the delivery of federal preference power from WAPA’s Loveland Area Projects to each of the four DoD installations over CSU’s transmission system. In addition to the DoD installations, CSU’s OATT is utilized by one other transmission customer.

DoD Costs and Rate Increase Impact

CSU proposes a 5.0 percent increase to the electric ECD rates, a 4.6 percent increase to the electric ECW rates, a 129.6 percent increase to the electric OATT rates (over a two-year period), and a 7.0 percent increase to the WSC-MIL water rate. The combined impact of these rate changes is a \$1.3 million increase to the DoD installations, not including fuel costs or rate

increases to the other accounts served under non-DoD specific rates. This amounts to a total increase in CSU non-fuel costs of 6.5 percent for DoD.

Electric Cost Allocation Issues

CSU adheres to industry standards of cost causation ratemaking principles, which prescribe that the customers causing costs, pay for those costs. As CSU identifies customer classes that pay above or below the estimated cost of service, CSU seeks to adjust its rates, moving customers incrementally toward the results of the most recent cost of service study. At times, the moves toward cost of service are more gradual than what the resulting cost of service study might indicate, so as to avoid rate shock to customers. DoD acknowledges CSU's efforts to transition, over time, to a rate design where each customer class pays for its full cost of service. The current rate increase will bring ECD to 93.8 percent and WSC-MIL to 91.6 percent of the respective cost of service, which is an adjustment from 89.3 percent and 85.6 percent, respectfully. Furthermore, DoD reviewed the allocation methodology utilized in CSU's cost of service study and found that with one exception described below that the allocation factors derived by CSU are appropriate metrics for allocating costs in each functional cost category: generation, transmission, and distribution.

Although DoD is not challenging the cost allocation at this time, DoD would like to work with CSU to address concerns related to the "Surplus Payments to the City" allocated to DoD. It is our understanding that these Surplus Payments act as a "payment in lieu of taxes." DoD has concerns that by including the Surplus Payments to the City costs in both the OATT and ECW, DoD is paying this cost twice.

Almost 70 percent of the DoD's ECW revenue requirement is attributed to Surplus Payments to the City, yet the electricity "sales" captured under this rate are actually sales of WAPA kWh wheeled to DoD. DoD pays two sets of wheeling charges for the delivery of the WAPA hydropower, the first via payment under CSU's OATT and the second under retail rate ECW. Both of these rates include costs associated with the Surplus Payments to the City. In the case of the ECW, the Surplus Payments to the City make up most of the costs. DoD is concerned that by including Surplus Payments to the City in both the OATT rate and the CSU ECW retail rates, there is a double-counting of these Surplus Payments to the City on the WAPA energy wheeled.

Proposed Resolution for Double Counting of Surplus Payments to the City in OATT and ECW Rates

Based on discussions with CSU, DoD intends to work with CSU to determine the best approach to modifying the ECW rate, so DoD customers do not pay Surplus Payments to the City through both the ECW rate and the OATT rate. This correction may include crediting back all or a portion of the \$124,173 currently allocated to rate ECW for Surplus Payments to the City.

Augmented Water Rates

In addition to CSU's WSC-MIL water rate, CSU offers water augmentation service to non-residential customers to allow customers to replace stream depletions with groundwater withdrawn from the customer-drilled and maintained groundwater wells, evaporation from ponds or lakes, and surface water diversions within corporate limits of the City of Colorado Springs. Changes to this rate are not currently included in the pending rate filing. However, to the extent that the revenues of the water augmentation service impact the total revenue requirement for CSU's water supply services utility, the water augmentation service revenues do impact the current case. The revenues collected for this service act as an offset to the retail water rates, and DoD wants to ensure augmentation customers are not subsidizing other customers and are only paying a fair cost allocation. DoD has longstanding concerns with the rate design of CSU's augmentation service and looks forward to working with CSU to address these concerns. Potential increases would be injurious to the DoD installations and their tenants who utilize this service.

Proposed Resolution for Augmented Water Rates

Based on discussion with CSU, DoD will work with CSU on an ongoing basis to discuss any changes to water augmentation rates.