

Council Meeting Date: July 10, 2018

To: President and Members of City Council

From: Eric Tharp, Acting Chief Executive Officer, Colorado Springs Utilities

Subject Title: A resolution setting the Electric Contract Service – Military Wheeling Demand Charge effective August 1, 2018

Presenter:
Sonya Thieme, Rates Manager

Summary:
Colorado Springs Utilities (Utilities) is proposing a change to the Electric Contract Service – Military Wheeling (ECW) Demand Charge effective August 1, 2018. The proposed change would reduce the current rate of \$0.0711 per kW per day to a rate of \$0.0669 per kW per day. This change has no adverse impact on customers, so the resolution can be filed without notice and public hearing in accordance with Colorado Springs City Code § 12.1.108(D)(2)(f).

Previous Council Action:
On November 28, 2017, City Council approved the current ECW rate of \$0.0711 per kW per day effective January 1, 2018 by Resolution 135-17.

Background:
Service under the ECW Electric Rate Schedule is available to the Department of Defense (DoD) for the purpose of wheeling hydro power from the Western Area Power Administration and the Southeastern Colorado Water Conservancy District to DoD Customers. The proposed reduction is a result of a collaborative review between Utilities and the DoD, which identified a duplication of approximately \$11,000 annually in a cost allocation. The Office of City Auditors has also reviewed the calculations with no exceptions. Colorado Springs Utilities proposes lowering the ECW Wheeling Demand Charge, per kW, per day rate from \$0.0711 to \$0.0669 with an effective date of August 1, 2018.

Financial Implications:
The proposed rate reduction eliminates a duplication of charges of approximately \$11,000.

Board/Commission Recommendation:
N/A

Stakeholder Process:
N/A

Alternatives:
N/A

Proposed Motion:

Move adoption of the proposed resolution.

Summary of Ordinance Language

N/A

Attachments:

- Resolution
- Tariff sheets
- Schedule 1

RESOLUTION NO. _____

**A RESOLUTION SETTING THE ELECTRIC CONTRACT SERVICE – MILITARY
WHEELING DEMAND CHARGE EFFECTIVE AUGUST 1, 2018**

WHEREAS, Colorado Springs Utilities (Utilities) has analyzed the cost of providing service under the Contract Service – Military Wheeling Electric Rate Schedule; and

WHEREAS, Service under the Contract Service – Military Wheeling Electric Rate Schedule is available to the Department of Defense for the purpose of wheeling hydro power from the Western Area Power Administration and the Southeastern Colorado Water Conservancy District; and

WHEREAS, Utilities has shown that Contract Service – Military Wheeling Demand Charge of \$0.0711 per kW per Day should be adjusted to \$0.0669 per kW per Day to represent the cost for the service; and

WHEREAS, the Department of Defense supports this modification to the Contract Service – Military Wheeling Demand Charge; and

WHEREAS, Utilities has proposed, and the City Council finds it prudent, to modify the Contract Service – Military Wheeling Demand Charge to reflect the appropriate cost for the service; and

WHEREAS, City Code section 12.1.108(D)(2)(f) provides that the City Council may change any tariff provision which City Council, in its discretion, deems to be appropriate, provided, that the change has no adverse impact on customers; and

WHEREAS, the City Council finds that the proposed modifications to the Contract Service – Military Wheeling Electric Rate Schedule will not adversely impact other customers; and

WHEREAS, the City Council finds that the proposed modification 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 changes to the Contract Service – Military Wheeling Electric Rate Schedule effective August 1, 2018.

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. 6, Electric Rate Schedules shall be revised as follows:

Effective August 1, 2018

City Council Vol. No. 6		
Sheet No.	Title	Cancels Sheet No.
First Revised Sheet No. 2.5	Rate Table	Original Sheet No. 2.5

Section 2: The Contract Service – Military Wheeling Demand Charge and effective date shall be published in the legal section of a newspaper of general circulation in Colorado Springs Utilities’ service area within 10 days following the date of passage of this Resolution.

Section 3: The attached Tariff Sheets are hereby approved and adopted effective August 1, 2018 and shall remain in effect unless changed by subsequent Resolution of the City Council.

Dated at Colorado Springs, Colorado, this 10th day of July, 2018.

City Council President

ATTEST:

Sarah B. Johnson, City Clerk



ELECTRIC RATE SCHEDULES
RATE TABLE

Description	Rates	Reference
Contract Service – Military (ECD, EHYDPWR, EINFPRS)		Sheet No. 12
Standard Option (ECD)		
Access and Facilities Charge, per day	\$40.1585	
Access and Facilities Charge, per meter, per day	\$0.4654	
Demand Charge Primary:		
On-Peak, per kW, per day	\$0.5970	
Off-Peak, per kW, per day	\$0.3230	
Demand Charge Secondary:		
On-Peak, per kW, per day	\$0.6088	
Off-Peak, per kW, per day	\$0.3348	
Electric Cost Adjustment (ECA):		
On-Peak, per kWh	Sheet No. 2.9	
Off-Peak, per kWh	Sheet No. 2.9	
Electric Capacity Charge (ECC), per kWh	Sheet No. 2.9	
Optional Service (EHYDPWR, EINFPRS)		
See rate and charge detail in tariff		
Contract Service – Military Wheeling (ECW)		Sheet No. 13
Required Services		
Wheeling Demand Charge, per kW, per day	\$0.0669	
Open Access Transmission Service (see Open Access Transmission Tariff for applicable charges)		
Optional Services		
Prescheduling and Load Forecasting Service Fee, per day in the Billing Period	\$13.7900	

Approval Date: July 10, 2018
 Effective Date: August 1, 2018
 Resolution No. _____



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Contract Service – Military Wheeling (ECW)		Sheet No. 13
Required Services		
Wheeling Demand Charge, per kW, per day	\$0.0711 <u>\$0.0669</u>	
Open Access Transmission Service (see Open Access Transmission Tariff for applicable charges)		
Optional Services		
Prescheduling and Load Forecasting Service Fee, per day in the Billing Period	\$13.7900	

Approval Date: ~~June 12, 2018~~ July 10, 2018
 Effective Date: ~~July 1, 2018~~ August 1, 2018
 Resolution No. ~~60-18~~

Colorado Springs Utilities
Contract Service - Military Wheeling (ECW) Rate Reduction

SCHEDULE 1
ECW EFFECTIVE 8/1/2018

Line No.	Description	Amount
<u>(a)</u>	<u>(b)</u>	<u>(c)</u>
1	Open Access Transmission Tariff (OATT) Surplus Payments to City (SPC) ⁽¹⁾	\$ 1,197,344
2	OATT Demand Divisor - 12 Coincident Peak (kW) ⁽²⁾	730,458
3	OATT SPC Monthly Rate [(Line 1 / Line 2) / 12]	\$ 0.14
4	Department of Defense (DoD) Monthly Wheeling Demand (kw) ⁽³⁾	6,930
5	DoD OATT SPC [(Line 3 * Line 4) * 12]	\$ 11,359
6	2018 Forecasted ECW Revenue Requirement ⁽⁴⁾	\$ 180,502
7	<u>Less:</u>	
8	DoD OATT SPC (Line 5)	11,359
9	Revised ECW Revenue Requirement (Line 6-Line 8)	\$ 169,143
10	<u>Divided by:</u>	
11	DoD Monthly Wheeling Demand (Line 4) ⁽³⁾	6,930
12	Days	365
13	<u>Equals:</u>	
14	ECW Rate per kW per Day [(Line 9 / Line 11) / Line 12]	\$ 0.0669

Notes:

⁽¹⁾ 2018 OATT Cost of Service Workpaper 8

⁽²⁾ 2018 OATT Cost of Service Workpater 10

⁽³⁾ Forecasted ECW Billing Demand from 2018 Electric Cost of Service - Schedule S6.4

⁽⁴⁾ Forecasted 2018 Electric Cost of Service ECW revenue requirement - Schedule S7, Cell L13