BEFORE THE CITY COUNCIL OF
THE CITY OF COLORADO SPRINGS

IN THE MATTER OF THE REVISION	)	
OF THE ELECTRIC TARIFF OF	)	DECISION & ORDER 14-02 (E)
COLORADO SPRINGS UTILITIES	)	

1. Colorado Springs Utilities, an enterprise of the City of Colorado Springs ("City"), a Colorado home-rule city and municipal corporation, ("Utilities"), provides electric utility service within the City and within its Colorado Public Utilities Commission-certificated service territory outside of the City.

2. Utilities is proposing changes to both its Electric Rate Schedules and its Utilities Rules and Regulations ("URR") in the 2015 Rate Case Filing. Utilities develops rates to support the annual budget. The test year for the filing is the 2015 proposed budget. Utilizing the 2015 proposed budget, Utilities performed a current rate analysis for electric, natural gas, water, and wastewater services. This analysis concluded that a rate adjustment is required for the non-fuel electric rates.

3. The proposed effective date for the rate increase and all proposed changes is January 1, 2015.

4. The Electric rate structure is comprised of both fuel and non-fuel rates. Fuel-related expenditures are recovered through the Electric Cost Adjustment ("ECA") and Supply Charges. Utilities' filing does not contain any changes to the ECA or Supply Charge rates. The filing contains non-fuel Electric rate and Electric Capacity Charge ("ECC") changes. Utilities conducted a Cost-of-Service ("COS") study utilizing Utilities' proposed 2015 budget. The COS analysis indicates that, in order for Utilities to recover the proposed Revenue Requirement, it is necessary to increase the non-fuel electric rates. The rate increase will result in total non-fuel Electric revenue of $310.5 million which is $15.6 million or 5.3% higher than the projected revenues under current rates. The effect of this increase on the typical monthly residential electric bill is an additional $3.97 or 5.5% over the current typical electric bill. The effect of this increase on the typical monthly commercial electric bill is an additional $12.64 or 2.5% over the current typical electric bill. The effect of this increase on the typical monthly industrial electric bill is an additional $1,470.22 or 4.6% over the current typical electric bill.

5. In an effort to better align costs, Utilities applied a change to the COS non-fuel generation and transmission cost-allocation methodology when establishing the proposed Electric rate revisions. Over the last decade, Utilities has observed a change in utilization of the Electric system by its customers. Specifically, peak demands during the summer season have increased while winter demands have

remained relatively stable, thereby transitioning Utilities' system from a dual-season peak to a single-season peak. To ensure that cost allocations that are used within the COS study are appropriate given the current characteristics of Utilities' Electric system, Utilities initiated an allocation study. This study reviewed various industry accepted allocation methodologies based upon five selection criteria as follows:

a) Industry-accepted allocation technique, approved and tested through case law over time;
b) Easy to understand and transparent;
c) Reflects cost causation;
d) Reflects usage by rate class; and
e) Produces stable results between rate classes.

6. After this comprehensive evaluation, the Average and Excess 3 Coincident Peak Demand cost-allocation methodology was selected to allocate generation, transmission, and capacity-related costs. This methodology allocates based upon both: 1) the contribution of each rate class to average load, and 2) the average of the three peak hours of the three highest months. No change was made to the distribution allocation methodology.

7. In September 2014, the 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 class recovers those 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.

8. Utilities has proposed rates in compliance with the approved Rate Design Guidelines, with COS as the starting point for establishing each rate class' contribution to the Revenue Requirement. The overall system Revenue Requirement increase is 5.3%.

9. Exercising the objective that all customer classes share in some portion of the required increase, Utilities examined the relationship of the customer classes to their respective COS. With the 5.3% system increase as a baseline, Utilities sought to bring classes to within plus or minus 10% of their total COS in accordance with the Rate Design Guidelines. Using these guidelines collaboratively, Utilities proposes Electric rate increases ranging from 1.8% to 7.3% across the Electric rate classes. This holistic rate design approach continues to move rate classes closer to COS and achieves full recovery of the system Revenue Requirement.

10. The Large Power and Light ("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 the deferment of capacity capital cost. Although Utilities believes that both the Asset Maximization and Economic Development Supporting Guidelines may be applicable to the ELG rate, neither of these additional guidelines was applied in the filing.

11. In 2012, Utilities restructured the Commercial Service – Small (E1C) rate class requirement to not exceed an average daily usage of 33 kWh in any one of the last twelve billing periods. At that time, the current E1C customers using more than a daily average of 33 kWh were moved to the Commercial Service – General (E2C) class while the remaining E1C rate class was combined with the Residential (E1R) customers for ratemaking purposes in the COS. This implementation was originally supported as a result of indicators pointing to E1C customers having similar consumption patterns as E1R customers and relatively uniform customer service costs and utilization of the Electric system.

12. In 2013, the Office of the City Auditor ("OCA") observed that future COS should track and report the E1R and the E1C rate classes separately to allow for separate rate design development as needed. In order to track the classes, a more robust meter sample set was fielded for use in the 2013 load study to track demand of the E1C class.

13. Upon review of the 2015 forecast data, which incorporates results of the 2013 Load Study, Utilities observed that E1R and E1C are closely related in both their demand per kWh costs and energy per kWh costs.

14. With the previously known similarities between E1R and E1C in customer service costs and customer weighting, the demand data also indicated that the cost to serve E1C is closely associated with E1R. Due to these results, Utilities continues to combine the E1C and E1R classes for COS purposes in this filing. Utilities will continue to monitor demand for both three coincident peaks and noncoincident peak of the E1C class as additional years of valid data samples become available.

15. Utilities states that the major drivers for the proposed Electric rate changes for 2015 are (a) the capital program, (b) financial metrics, and (c) non-fuel operating expenses.

    a) The Electric service continues to require large capital investments to maintain reliability and to meet legal and regulatory requirements. The largest driver of electric capital in 2015 is the installation of emissions controls on the Drake and Nixon power plants. This is a multiyear project to meet regulatory mandates and will require a $71.0 million investment in

2015. In addition to this regulatory driven project, capital demands for infrastructure improvement continue.

In 2015, the Electric Revenue Requirement includes $104.9 million of cash-funded capital compared to $83.2 million in 2014. The use of cash on hand is $9.4 million in 2015 compared to $12.9 million in 2014. The net change of cash-funded capital and cash on hand results in an additional $25.2 million of required revenue for the Electric service in 2015 as compared to 2014.

The driver to cash fund more capital in the Electric service is a planned approach to decrease the debt ratio in the Electric service. The ratio is currently over 68% and Utilities' is targeting below 60% within the next five (5) years to align with overall enterprise financial metrics.

b) Utilities has a "AA" (Aa2 Moody's) bond rating, one of the highest credit ratings among all public power utilities in the nation. Maintaining this rating requires achieving financial metrics which are vital to provide assurances to the rating agencies of a sound financial position. The three metrics most closely monitored by the rating agencies are debt service coverage, debt ratio, and day's cash on hand. While there are guidelines from each agency on what level these three metrics should be maintained, it is the combination of these metrics and many other factors that result in a final rating.

   In August of 2014, all three rating agencies (Moody's, Fitch Ratings, and Standard & Poor's) affirmed a "AA" (Aa2 Moody's) rating for Utilities and assigned a stable outlook. Moody's stated that its rationale gave consideration to the Utilities' good financial performance, with a board policy of achieving adjusted debt service coverage of at least 2.0X that includes surplus payments to the City in the calculation. The stable outlook reflects the Utilities' long record of relatively stable debt service coverage margins and the rating agencies' expectation that debt service coverage and liquidity will remain sound as the Utilities completes a large capital program. The 2015 Revenue Requirement provides for adjusted debt service coverage of 2.11, again accounting for surplus payments to the City in the calculation.

   Rating agencies expect a "AA" rated utility to carry a minimum of 150 days cash on hand. The 2015 total days of cash on hand is projected to be 125.4 days, which is less than the goal. Utilities maintains additional credit lines which allow it to meet or exceed the goal.

   Rating agencies expect a "AA" rated utility that owns its generation to maintain a debt leverage ratio of 60% or less. Due to the large capital program over the past several years, Utilities debt leverage ratio has exceeded 60%. Utilities' planned approach to cash-fund more capital has allowed for a projected 2015 debt ratio of 58.3% which meets the sub 60.0% standard.

c) Non-fuel operating expense is budgeted to decrease $6.2 million in 2015 as compared to the 2014 budget. The decrease is primarily due to deferred plant maintenance.

16. In addition to the proposed rate increases, Utilities proposes changes to the Electric Tariff described in the following seven paragraphs.

17. Community Solar Garden ("CSG") Pilot Program Bill Credit: This proposed change updates the CSG Pilot Program blended bill credit to reflect recent rate increases and takes the credit rate out to four decimal places. Additionally, the proposed change sunsets the CSG Pilot Program capacity on June 30, 2015 and allows a single developer to own up to 1.5 MW of capacity.

18. Community Solar Garden (non-pilot): This proposed change updates the rates on the CSG Non-Pilot bill credit table and adds the following rates to the bill credit table: Residential Time of Use (ETR), Commercial Time of Use (ETC), and Industrial Service-Time of Day – Transmission Voltage (ETX). The proposed change also adds tariff language to exclude the following rate schedules from the program: Contract Service – Traffic Signals (E2T), Contract Service – Street Lighting (E7SL), Contract Service – Wheeling (ECW), Electric Cost Adjustment (ECA), Electric Capacity Charge (ECC), Totalization Service, Renewable Energy Net Metering, Small Power Producers & Cogeneration Service, Enhanced Power Service, Renewable Energy Certificates (REC), CSG Bill Credit – Pilot Program, and Wind Power (WPWR).

19. Wind Power: The Wind Power Program expires on December 31, 2014. The proposed change removes the expired tariff. The Wind Power Purchase Agreement supporting the current tariff ends on December 31, 2014.

20. Woody Biomass Pilot Program Extension: This change requests the extension of the term of the pilot from the current expiration date of December 31, 2014, to December 31, 2015. The Woody Biomass Program, which was approved by City Council on December 13, 2013, was temporarily suspended due to the Martin Drake Power Plant fire.

21. 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 redundant feed. The specific costs recovered by this charge include operation, maintenance, and future replacement costs associated with the transmission and substation functions for redundant service. The calculated RCC is $0.0407 per

kW per day. In order to balance recovery of costs and stabilization of rates, Utilities proposed, and City Council approved, in the 2013 Electric Rate Filing to phase-in the rate increase over a five-year period. For 2015, the rate will be increased to $0.0352 per kW per day.

22. Clarify Terms and Conditions for Totalization Service: The proposed change clarifies the terms and conditions of aggregating multiple meters of the same service voltage for billing purposes to better reflect the cost of serving large industrial customers whose multiple electric services are concentrated within a contiguous campus setting.

23. Street Lighting Service: The rate proposals included in this filing address only changes to Electric (non-municipal government) Street Lighting. Utilities will submit the 2015 Revenue Requirement for Municipal Government Street Lighting in a separate filing for review and approval on November 25, 2014. Within the COS, Electric Street Lights are categorized into three (3) levels of service. SL-1 is inclusive of costs associated with installation capital, maintenance, and energy. SL-2 is inclusive of maintenance and energy. SL-3 is inclusive of energy only. All Electric Street Light rates have been increased by 7.3%.

24. In addition to the proposed Electric Tariff revisions, Utilities proposes changes to the URR.

25. Utilities filed its cost-of-service study supporting the Electric service base rate and Tariff changes and the URR changes with the City Auditor, Mr. Denny Nester, and with the City Attorney/Chief Legal Officer, Ms. Wynetta Massey, on September 12, 2014. Utilities then filed the enterprise's formal proposals on October 14, 2014 with the City Clerk, Ms. Sarah Johnson, and a complete copy of the proposals was placed in the City Clerk's Office for public inspection. Notice of the filing was published on-line at www.csu.org on October 16, 2014, in *The Gazette* on October 16, 2014, and mailed as required on October 16, 2014. These various notices and filings comply with the requirements of §12.1.107 of the City Code and the applicable provision of the Colorado Revised Statutes. Copies of the published and mailed notices are contained within the record. Additional public notice was provided through Utilities' website, www.csu.org and a complete copy of the proposals was placed on that website for public inspection.

26. The information provided to the City Council and held open for public inspection at the City Clerk's Office was supplemented by Utilities on November 21, 2014. The supplemental material contained copies of the publications of required legal notice and public outreach information.

27. Prior to the public hearing, Utilities provided a copy of the complete rate filing to the City Auditor and to the City Attorney/Chief Legal Officer for review. The City

Auditor issued his findings on the proposed rate and tariff changes on November 18, 2014. A copy of that report is contained within the record.

28. On November 25, 2014, the City Council held a public hearing concerning the proposed changes to the Electric Tariffs and to the URR. This legislative hearing was conducted in accordance with §12.1.107 of the City Code, the procedural rules adopted by City Council, and the applicable provisions of state law.

29. The hearing commenced with Mr. Kenneth Burgess, Chief Counsel—Rates and Regulatory, City Attorney's Office, briefing the City Council on its power to establish rates, charges, and regulations for Utilities' services. In setting rates, charges, and regulations for Utilities' services, the City Council is sitting as a legislative body because the setting of rates, charges, and regulations is necessary to carry out existing legislative policy of operating the various utility systems. However, unlike other legislative processes, the establishment of rates, charges, and regulations requires a decision based upon evidence in the record and the process is not subject to referendum or initiative. Mr. Burgess provided information on the statutory and regulatory requirements on rate changes. Rates for Electric service must be just, reasonable, sufficient, and not unduly discriminatory, City Code §12.1.107(E).

30. At the conclusion of his presentation, Mr. Burgess polled the City Council Members concerning any *ex parte* communication that they may have had during the pendency of this proceeding. City Council indicated that no members received any *ex parte* communications.

31. Mr. Burgess then gave a brief summary of the agenda for the rate hearing.

32. Utilities then began the presentation of the enterprise's proposals.

33. The first speaker was Ms. Sonya Thieme, Utilities' Rates Manager. Ms. Thieme provided background on the filing dates for the rate case, explained the agenda of the rate hearing, and provided an overall summary of Utilities' presentation. Ms. Thieme then provided a list of the 18 electric rates changed in Utilities' proposed rate revisions.

34. Ms. Thieme then addressed the proposed Electric rate changes. Ms. Thieme explained that the rate-case filing was based on Utilities' 2015 proposed budget information following rate-design methodology and principles used in the utility industry and consistent with past practices.

35. Ms. Thieme then addressed the proposed changes to the Electric service, noting the following:

    a) The total revenue requirement, excluding fuel, for the Electric system for 2015 is $310.5 million.

b) The 2015 revenue requirement is $15.6 million more than the 2014 revenue requirement.

c) The overall system increase is 5.3% higher than current rates.

d) All rate classes receive an increase, ranging from 1.8% to 7.4%.

e) The typical monthly electric bill impact is:

   i. Residential – $3.97 or 5.5%

   ii. Commercial – $12.64 or 2.5%

   iii. Industrial – $1,470.22 or 4.6%

36. Ms. Thieme then addressed the COS study; explaining that the proposed rate changes were made following industry standards and practice and that Utilities had made a change in generation and distribution allocation methodology by moving to the Average and Excess 3 Coincident Peak methodology. She also noted that Utilities continues to combine the Residential (E1R) and Small Commercial (E1C) rate classes for calculation purposes.

37. Ms. Thieme then explained that the rate design was performed in compliance with the Utilities Board-approved Rate Design Guidelines.

38. Ms. Thieme explained that the key rate drivers for the proposed rates are large capital projects and maintaining financial metrics.

39. Ms. Thieme also provided a walk-through of typical customer bills. She addressed the impact that the proposed changes will have on residential, commercial, and industrial service customers' bills, in relation to non-fuel costs, total electric service costs, and total bill impact across all services.

40. Ms. Thieme noted changes to the following Electric Tariff schedules: CSG Pilot Program, CSG (non-pilot), Wind Power, Woody Biomass Pilot Program, and Totalization Service. Ms. Thieme noted that the Utilities Board had authorized a two-year wind power purchase agreement at its November 17, 2014 meeting. She indicated that while the present Wind Power Tariff would end as of December 31, 2014 as provided in Utilities' rate-case filing, Utilities would prepare a separate rate-case filing to re-instate the Wind Power Tariff with a revised rate. Ms. Thieme stated that Utilities Staff would present the proposed tariff at a Special Utilities Board Meeting on December 8, 2014 and would request City Council to set a hearing date for that rate proposal at City Council's December 9, 2014 meeting.

41. Ms. Thieme addressed the proposed change to the URR. The proposed URR change removes language that permits the tenants of a master-metered premises to make current payments on the master-meter account when that account has been noticed for disconnection. The change is intended to eliminate confusion.

42. Ms. Thieme then addressed the public outreach that Utilities has engaged in to inform Utilities' customers of the proposed changes. Utilities communicated through various channels with customers, provided multiple means for customers to provide feedback to Utilities, and met with a number of commercial and industrial customers.

43. Ms. Thieme subsequently provided a summary of ways Utilities is assisting its customers. Assistance is provided through: (1) bill assistance through Project COPE and the Low income Energy Assistance Program ("LEAP"); (2) Utilities' employees serving as community advisors; (3) the provision of high bill counseling; and (4) the use of payment plans.

44. City Auditor, Mr. Denny Nester then presented his report. Mr. Nester stated that he reviewed the rate-case filing. He believes that the rate-case filing is accurate, consistent with prior filings, and addressed previous auditor comments. City Council did not have any questions for Mr. Nester.

45. Ms. Thieme then presented the steps that will follow the rate hearing. She explained that City Council will be presented with draft Decisions and Orders at the City Council Work Session on December 8, 2014, and will be asked to approve final Decisions and Orders at the City Council Meeting on December 9, 2014.

46. After Utilities' presentation, President of the Council, Mr. Keith King, opened the floor for public comment. President King explained that the questions would be collected; both from the public and the City Council, and then Utilities would have a short break to formulate responses.

47. One citizen addressed the City Council with comments about the proposed rate changes. Mr. Ed Bircham, a local business owner, expressed his view that the proposed rate increases are improper and that the citizens of Colorado Springs cannot afford them. He also expressed his disapproval of the salaries and benefits provided to Utilities' employees. Lastly, he stated his belief that the City of Colorado Springs should sell the electric and natural gas utilities.

48. Following public comment, President King opened the floor to questions from the City Council.

49. President King asked the only question, requesting that Utilities provide additional information on the costs of the pollution control systems being installed at the Drake and Nixon power plants, the portion of the proposed rate increases attributable to the pollution control systems, and whether the pollution control systems can be staged in multiple years to spread out costs.

50. Council Member Helen Collins noted that she is opposed to subsidies and, as a member of Utilities' Board of Directors, voted against the provision of wind subsidies.

51. After the conclusion of City Council comment, President King recessed the rate proceeding to allow Utilities to formulate answers to the City Council questions.

52. Utilities then presented its response to the comments and questions.

53. Mr. David Padgett, Utilities' Chief Environmental, Health and Safety Officer, addressed President King's questions.

54. Mr. Padgett explained that the total capital costs for the pollution control technology to be installed at the Drake and Nixon power plants is approximately $71 million and that the costs are roughly equal between the two plants. He also explained that the capital costs related to the proposed rate increases are part of the staging of capital costs based on a legally required compliance schedule that started in 2013 and must be completed no later than December 31, 2017, and that has been submitted to the state of Colorado. Mr. Padgett also emphasized that Utilities must complete the pollution control installation prior to the compliance deadline to allow for proper testing and calibration and that the installation is tied to scheduled plant outages to avoid increased purchase power costs.

55. President King then asked what percentage of the proposed rate increases are a result of the pollution control technology costs. Mr. Padgett stated that nearly 100% of the rate increase is directly tied to the pollution control technology costs.

56. Council Member Andy Pico concurred with Mr. Padgett's statement, explaining that the entire increase to non-fuel rates is based on the State and Federal pollution control requirements, and that absent those requirements, no electric rate increases would be required. Mr. Pico emphasized that Utilities has taken significant steps to reduce costs and that Utilities is increasing rates less than many other utilities across the country.

57. Mr. Jerry Forte, Utilities' Chief Executive Officer, confirmed that the proposed rate increases are driven by the capital costs of pollution control and the financial stability requirements tied to them. Mr. Forte explained that Utilities is in the midst of a multi-year cost-cutting campaign, which includes the reduction of 100 staff positions between 2014 and 2015, and cutting $23 million from the 2014 budget.

58. Mr. Padgett noted that Xcel Energy has also justified recent electric rate increases by pointing to the costs of required pollution controls.

59. Council Member Pico explained that Xcel Energy's recent rate increase proposal is significantly higher than Utilities' proposed rate increase. He also stated that utilities across the country are subject to the regulatory requirements and that Utilities' has raised rates at a significantly lower level than many utilities in Colorado and across the country.

60. Council Member Pico then said that although Utilities receives high scores for reliability, the cuts being made by Utilities create risk to reliability. He also stated that the Colorado Springs media has not reported a complete story on this issue and that the people of Colorado Springs need to have all of the information.

61. President King then asked if proposing an amendment to Utilities' proposed rate increases would require cuts to be made elsewhere within Utilities due to the fact that the pollution control installations are legally required.

62. Mr. Forte answered that President King's assessment was correct and explained that the proposed rates are the most cost-effective way to comply with the regulatory requirements. He noted that a likely more expensive alternative would be to increase electricity purchases from the market.

63. President King then concluded the discussion and explained that an executive session is not needed.

64. At the conclusion of questions by the public and City Council, Utilities' responses, and discussion by City Council, Mr. Burgess polled Council Members regarding the issues central to the Electric service and the URR.

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

    a) Is an increase to the non-fuel revenues of $15.6 million appropriate for the 2015 rate case test-year period?

       The City Council held that an increase to the non-fuel revenues of $15.6 million appropriate for the 2015 rate case test-year period is appropriate, with Council Member Collins opposed.

    b) Should rates and tariffs for the following Electric Service Rate Schedules be revised as proposed:

       i. Residential Service

       ii. Commercial Service – Small

       iii. Commercial Service – General

iv. Commercial Service – General – ETC

v. Industrial Service – Time-of-Day Transmission Voltage

vi. Industrial Service – Time-of-Day 1,000 KWH/Day Minimum

vii. Industrial Service – Time-of-Day 500 KWh/Day Minimum

viii. Industrial Service – Time-of-Day 4,000 KWh Minimum

ix. Industrial Service – Large Power and Light

x. Contract Service – Traffic Signals

xi. Contract Service – Street Lighting

xii. Contract Service – ECD

xiii. Electric Capacity Charge

xiv. Totalization Service

xv. Enhanced Power Service

xvi. Community Solar Garden Bill Credit (Pilot Program)

xvii. Community Solar Garden Program

The City Council held that the rates and tariffs for the following Electric Service Rate Schedules shall be revised as proposed, with Council Member Collins opposed: (1) Residential Service; (2) Commercial Service – Small; (3) Commercial Service – General; (4) Commercial Service General – ETC; (5) Industrial Service – Time-of-Day Transmission Voltage; (6) Industrial Service – Time-of-Day 1,000 KWH/Day Minimum; (7) Industrial Service – Time-of-Day 500 KWh/Day Minimum; (8) Industrial Service – Time-of-Day 4,000 KWh Minimum; (9) Industrial Service – Large Power and Light; (10) Contract Service – Traffic Signals; (11) Contract Service – Street Lighting; (12) Contract Service - ECD; (13) Electric Capacity Charge; (14) Totalization Service; (15) Enhanced Power Service; (16) Community Solar Garden Bill Credit (Pilot Program); and (17) Community Solar Garden Program.

c) Should Utilities make changes and additions to the non-municipal Government street lighting rates to reflect the 2015 budgeted level costs?

The City Council held that Utilities shall make changes and additions to the non-municipal Government street lighting rates to reflect the 2015 budgeted level costs, with Council Member Collins opposed.

d) Should Utilities extend the Woody Biomass Option Pilot Program Tariff through December 31, 2015?

Council Member Don Knight questioned whether the termination date of the Woody Biomass Option Pilot Program Tariff should be extended beyond December 31, 2015 to ensure that the pilot program could be fully utilized by the Fort Carson Military Installation, the tariff's only customer. Mr. Burgess stated that the City Council setting as the regulator of Utilities could determine the appropriate end date for the pilot program. Following discussion among council members on the appropriate end date for the Woody Biomass Option Pilot Program Tariff, the City Council held that Utilities shall extend the Woody Biomass Option Pilot Program Tariff not through December 31, 2015, as proposed by Utilities, but through June 30, 2016.

e) Should Utilities make the proposed changes to the Electric Capacity Charge?

The City Council held that Utilities shall make the proposed changes to the Electric Capacity Charge, with Council Member Collins opposed.

f) Should Utilities make the proposed changes to the Totalization Service Tariff?

The City Council held that Utilities shall make the proposed changes to the Totalization Service Tariff, with Council Member Pico opposed.

g) Should Utilities change the Reserved Capacity Charge incurred by Enhanced Power customers, which will bring this rate to full cost through a five-year phase in program as proposed?

The City Council held that Utilities shall change the Reserved Capacity Charge incurred by Enhanced Power customers which will bring this rate to full cost through a five-year phase in program as proposed, with Council Member Collins opposed.

h) Should Utilities modify the Community Solar Garden Bill Credit Program (Pilot Program) as proposed?

   The City Council held that Utilities shall modify the Community Solar Garden Bill Credit Program (Pilot Program) as proposed, with Council Members Pico and Collins opposed.

i) Should Utilities modify the Community Solar Garden Program as proposed?

   The City Council held that Utilities shall modify the Community Solar Garden Program as proposed, with Council Member Collins opposed.

j) Should Utilities remove the Wind Power Tariff due to its expiration on December 31, 2014?

   The City Council discussed this issue with Mr. Burgess. Council Member Don Knight asked several questions about the potential to extend the present Wind Power Tariff as a stop-gap measure until Utilities Staff could present and file a rate case concerning the new two-year wind power purchase agreement. In Mr. Knight's view, an extension of the present tariff and rate would at least allow customers access to a wind product and would reduce any uncollected costs of the new two-year wind power purchase agreement. Mr. Burgess advised the City Council that an extension of the present Wind Power Tariff was not feasible under the requirements of the City Code and the evidence contained within the record before the City Council. Mr. Burgess noted that a rate case to re-instate the Wind Power Tariff with a revised rate would be filed as soon as possible. After this discussion, the City Council held that Utilities shall remove the Wind Power Tariff due to its expiration on December 31, 2014.

66. Following Mr. Burgess's completion of the polling of City Council, Council Member Knight stated that he appreciated the effort by Utilities to provide information and documentation prior to the rate hearing. He stated that while the process was improved in relation to prior years, additional improvement is possible by the placement of additional materials in City Council's packets, thus allowing further public distribution.

67. President King then concluded the 2015 Rate Case Hearing.

ORDER

THEREFORE, IT IS HEREBY ORDERED that:

The Electric Tariff sheets as attached to the Resolution are adopted and will be effective on and after January 1, 2015. Such tariff sheets shall be published and held open for public review and shall remain effective until changed by subsequent Resolution duly adopted by the City Council.

Dated this 9th day of December, 2014.

CITY OF COLORADO SPRINGS

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Keith King, Council President

ATTEST:

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City Clerk