

Council Meeting Date: January 24, 2017
To: President and Members of City Council
From: Jerry A. Forte, P.E., CEO, Colorado Springs Utilities
Subject Title: A resolution setting the Electric Cost Adjustment effective February 1, 2017

Presenter:
Sonya Thieme, Rates Manager

Summary:
Colorado Springs Utilities (Utilities) is proposing no change to the current effective Electric Cost Adjustment (ECA) rate of \$0.0273 per kWh based on rate calculations consistent with routine rate adjustment procedure defined in the Cost Adjustment Guidelines.

Previous Council Action:
On October 25, 2016, City Council approved the current ECA rate of \$0.0273 per kWh effective November 1, 2016 by Resolution 109-16.

Background:
Utilities sought approval for the current effective ECA rate of \$0.0273 per kWh at the October 25, 2016 City Council meeting. The ECA rate has remained at the approved level since November 1, 2016. Utilities' staff continues to provide regular updates to the Utilities Board and will recommend timely adjustments to the ECA rate per the Cost Adjustment Guidelines. ECA rate calculations are in conformance with the ECA tariff.

Financial Implications:
There are no identified financial implications. In the event the actual over/(under) collection balance exceeds the \$5.0 million Band of Reasonableness measurement defined in the Cost Adjustment Guidelines, an evaluation of a non-routine rate action would be triggered.

Board/Commission Recommendation:
N/A

Stakeholder Process:
N/A

Alternatives:
The ECA Alternative is not in compliance with the Cost Adjustment Guidelines and proposes a rate of \$0.0244 per kWh that is \$0.0029 per kWh less than the current effective rate of \$0.0273 per kWh effective February 1, 2017.

Implementing the ECA Alternative rate will impact the respective customer's electric bill as follows:

Monthly Electric bill:
Typical Residential electric bill increase of \$(1.74) or (2.2)%

Typical Commercial electric bill increase of \$(17.40) or (3.1)%
Typical industrial electric bill increase of \$(1,160.00) or (3.4)%

Proposed Motion:

No proposed motion; maintain current ECA rate.

Summary of Ordinance Language

N/A

c: Utilities' Officer Team

Attachments:

ECA Proposed:

- Maintain the current effective rate results in no filing documentation attachments

ECA Alternative:

- Resolution
- Tariff sheets
- Schedule 1

ECA PROPOSED

Maintain the current effective rate, results in no filing documentation attachments

ECA ALTERNATIVE

RESOLUTION NO. _____

**A RESOLUTION SETTING THE ELECTRIC COST
ADJUSTMENT EFFECTIVE FEBRUARY 1, 2017**

WHEREAS, through Resolution No. 260-04, dated November 23, 2004, City Council directed that the Electric Cost Adjustment could be determined as frequently as monthly to levelize revenue recovery and minimize the fluctuations associated with less frequent adjustments during periods of price volatility; and

WHEREAS, through Resolution No. 109-16, City Council set the current Electric Cost Adjustment at \$0.0273 per kWh on October 25, 2016 to be effective November 1, 2016; and

WHEREAS, Colorado Springs Utilities has prepared projections of costs and revenues in conformance with the language in the ECA tariff; and

WHEREAS, Colorado Springs Utilities has shown that an Electric Cost Adjustment rate of \$0.0273 per kWh should be adjusted to \$0.0244 per kWh in order to represent the current state of electric system revenue needs and that the Electric Cost Adjustment shall be revised accordingly; and

WHEREAS, the proposed Electric Cost Adjustment rate shall be effective February 1, 2017.

**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 February 1, 2017

City Council Vol. No. 5 Sheet No.	Title	Cancels Sheet No.
Nineteenth Revised Sheet No. 31	Electric Cost Adjustment	Eighteenth Revised Sheet No. 31

Section 2. The Electric Cost Adjustment rate and the effective date shall be published in the legal section of a newspaper of general circulation in Colorado Springs Utilities' service area within ten (10) days following the date of the passage of this Resolution.

Section 3. The attached tariff sheet is hereby approved and adopted effective February 1, 2017 and shall remain in effect unless changed by subsequent Resolution of the City Council.

Dated at Colorado Springs, Colorado this 24th day of January, 2017.

Council President

ATTEST:

Sarah Johnson, City Clerk



ELECTRIC RATE SCHEDULES

ELECTRIC COST ADJUSTMENT - ECA

APPLICABILITY

Applicable to all rate schedules that are subject to an Electric Cost Adjustment (ECA).

ELECTRIC COST ADJUSTMENT

The ECA will be computed, as follows:

The sum of:

- a) the forecasted generation fuel, purchased power, and related costs for the future recovery period determined by Utilities plus
- b) an amount determined by Utilities as a projected over or under collected balance at the end of the recovery period used in a) above less the over or under collected balance of fuel and purchased power costs at the beginning of the recovery period.

Divided by:

- c) forecasted sales subject to the ECA for the same period used in a) above.

Standard ECA

Rate Schedule	Per kWh
E1R, E1C, E2C, ETLO, ETLW, ELG, E2T, E7S	\$0.0244

Time-of-Day (TOD) ECA

Rate Schedule	Per On-Peak kWh	Per Off-Peak kWh
ETR	\$0.0653	\$0.0183
ETC, ETX, ETL, E8T, E8S, ECD	\$0.0441	\$0.0189

These rates may change as often as monthly by Resolution after review by the Office of the City Auditor and approval by City Council.

Approval Date: January 24, 2017
 Effective Date: February 1, 2017
 Resolution No. _____



ELECTRIC RATE SCHEDULES

ELECTRIC COST ADJUSTMENT - ECA

APPLICABILITY

Applicable to all rate schedules that are subject to an Electric Cost Adjustment (ECA).

ELECTRIC COST ADJUSTMENT

The ECA will be computed, as follows:

The sum of:

- a) the forecasted generation fuel, purchased power, and related costs for the future recovery period determined by Utilities plus
- b) an amount determined by Utilities as a projected over or under collected balance at the end of the recovery period used in a) above less the over or under collected balance of fuel and purchased power costs at the beginning of the recovery period.

Divided by:

- c) forecasted sales subject to the ECA for the same period used in a) above.

Standard ECA

Rate Schedule	Per kWh
E1R, E1C, E2C, ETLO, ETLW, ELG, E2T, E7S	\$0.0273 <u>\$0.0244</u>

Time-of-Day (TOD) ECA

Rate Schedule	Per On-Peak kWh	Per Off-Peak kWh
ETR	\$0.0682 <u>\$0.0653</u>	\$0.0212 <u>\$0.0183</u>
ETC, ETX, ETL, E8T, E8S, ECD	\$0.0470 <u>\$0.0441</u>	\$0.0218 <u>\$0.0189</u>

These rates may change as often as monthly by Resolution after review by the Office of the City Auditor and approval by City Council.

Approval Date: ~~October 25, 2016~~January 24, 2017
 Effective Date: ~~November 1, 2016~~February 1, 2017
 Resolution No. ~~109-16~~_____

**Colorado Springs Utilities
Electric Cost Adjustment (ECA)**

**SCHEDULE 1
ECA EFFECTIVE 2/1/2017 (Alternative)**

Line No.	Description	Forecast Calculation Period Feb 17-Apr 17
<u>(a)</u>	<u>(b)</u>	<u>(c)</u>
1	Forecasted Generation Fuel and Purchased Power Cost	\$ 31,146,969 ^{(1)(2a)}
2	<u>Plus:</u>	
3	Forecasted Over/(Under) Recovery as of 4/30/2017	35,450
4	Less Forecasted Over/(Under) Recovery as of 1/31/2017	4,444,807
5	Cumulative Over/(Under) Recovery (Line 3 - Line 4)	<u>\$ (4,409,358) ^(2b)</u>
6	Total Cost (Line 1+Line 5)	<u>\$ 26,737,611</u>
7	<u>Divided by:</u>	
8	Forecasted Sales Subject to the ECA (kWh)	1,095,803,738 ^(2c)
9	<u>Equals:</u>	
10	ECA Rate per kWh (Line 6 / Line 8)	<u>\$ 0.0244 ⁽³⁾</u>

Notes:

⁽¹⁾ Includes credits for forecasted Wind Power Charges and Industrial Service - Large Power and Light Supply Credits

⁽²⁾ Tariff reference (Electric Rate Schedules, City Council Volume No. 5, Nineteenth Revised Sheet No. 31)

^{a)} Forecasted cost of generation fuel, purchased power, and related costs

^{b)} Forecasted collected balance at the end of recovery period less collected balance at beginning of recovery period

^{c)} Forecasted sales subject to the ECA

⁽³⁾ Time-of-day (TOD) ECA rates established in conformance with TOD objectives and rate design guidelines