

2017 Rate Case Filing

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Rates Manager

October 25, 2016

2017 Rate Case Overview

- 2017 Rate Case filing includes proposed changes to:
 - Electric Rate Schedules
 - Water Rate Schedules
 - Wastewater Rate Schedules
 - Utilities Rules and Regulations
- Highlights of the most common Rate Classes will be presented today
 - The 2017 Rate Case filing contains the comprehensive proposed changes
- Cost of Service (COS) prepared following industry standards and practices
- Rates are designed in compliance with Rate Design Guidelines ²

Related Discussion and Action in 2016

- Utilities Board
 - Industrial TOD kWh/Day Min (ETL) results of revenue shortfall root cause analysis and phased-in rate increase implementation
 - High level review of the Preliminary 2017 Rate Case
 - Electric, Water and Wastewater rates
 - Utilities Rules and Regulations (URR)
- Finance Committee (in addition to the items above)
 - Continued refinement of a comprehensive long-term strategy for Nonpotable service
 - Water and Wastewater Development Charges
 - Detailed review of Electric, Water and Wastewater Preliminary 2017 Rate Case summary schedules

Procedural Compliance

- August 12, 2016
 - Preliminary Cost of Service studies delivered to Office of City Auditor
- September 13, 2016
 - Request to establish a Public Hearing date and formal filing of the 2017 Rate Case with City Clerk
 - Hard copy formal filing provided to City Council
 - Rate Case documents posted on CSU.org website
- September 16, 2016
 - Published Legal Notice
- September 21, 2016
 - Mailed Legal Notice

Electric Service



Electric Summary

- Revenue Requirement reflects the implementation of Phase 2 of a 3 Phase plan to address Electric Revenue shortfall
 - Directed by Utilities Board in April 2016
- Total Base (non-fuel) Electric Revenue is \$320.7 million
 - \$13.9 million lower from the 2016 Electric Revenue Requirement
 - Primarily due to the anticipated revenue shortfall from the Industrial Service - Time of Day 1,000 kWh/Day Minimum (ETL) class.
- Phased in approach to bring Rate Classes within plus or minus 10% of respective COS
 - Increases are not to exceed 12.5 percent
 - Applied to all standard Rate Classes below COS
 - No rate increases have been applied to Rate Classes at or above COS

Proposed Increases for Rate Classes below COS

Rate Class	Proposed Revenue Increase	Percent Revenue Increase
Industrial TOD 1,000 kWh/Day Min (ETL)	\$ 6,241,779	12.5%
Commercial General (E2C)	\$ 3,115,056	7.5%
Industrial TOD 4,000 kW Min (E8S)	\$ 291,020	10.0%
Contract Service - DOD (ECD)	\$ 236,792	2.0%

Rate Classes with No Rate Increases

- Residential/Small Commercial (E1R/E1C)
- Industrial TOD 500 kW Min (E8T)
- Industrial Service - Large Power and Light (ELG)
 - Designed to attract and retain large industrial load and high system load factor
 - Application of Rate Design Guidelines; Asset Maximization and Economic Development
 - Rate designed at 80.1% of COS (originally implemented at 75.0% of COS)

Residential & Commercial Rate Options

- Optional Time-of-Day rates provide price signal to help reduce system peak demand and provide Customer:
 - Opportunity to adjust usage patterns to align with off-peak periods
 - Potentially realize savings over the standard rates
- Residential Time-of-Day (ETR)
 - Proposed rate decrease 15.2% or \$(3,917)
- Commercial Time-of-Day (ETC)
 - Proposed rate increase of 18% or \$175,045
 - Rate Design not currently reflecting the appropriate price signal

Additional Electric Tariff Changes

- Kilowatcher Rate Options removed from tariff sheets
 - Existing contracts expired March 2016 and the option is no longer offered
- Contract Service – Wheeling (ECW)
 - Removes some ancillary services currently offered in the tariff since no Customers have either made use of or require the services
- Clarify tariff language for Totalization Service
 - Clean-up change removing obsolete language that is no longer applicable
- Update the Renewable Energy Net Metering Tariff Sheet
 - This change updates the tariff header to align the numbering with past revisions

Additional Electric Tariff Changes

- Update the Reserved Capacity Charge (RCC) for Enhanced Power Service
 - This change modifies the charge for reserve capacity. 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.
 - 2017 represents the final year of the five year period.
 - The rate will be increased to \$0.0499 per kW per day
 - From \$0.0396 per kW per day or an increase of \$0.0103 per kW per day

Additional Electric Tariff Changes

- **Community Solar Garden (CSG) Pilot Program Bill Credit**
 - This change updates the blended Bill Credit to reflect the proposed Electric service rate increases
- **CSG Non-Pilot Bill Credit**
 - This change updates the rates on the Bill Credit table based on the proposed Electric service rate increases
- **Removal of the Wind Power Tariff**
 - This change removes the tariff as the current rate expires on December 31, 2016 and will not be renewed

Water Service



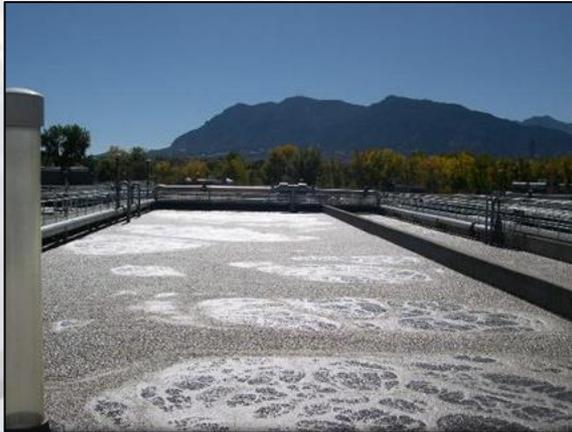
Water Summary

- Total Water Revenue is \$199.5 million
 - \$11.3 million higher than revenue under current rates
- Overall system increase 6.0% higher than current rates
 - 5.1% increase for Residential
 - 6.2% increase for Nonresidential
 - 10.0% increase for Contract Services – DOD
 - 9.7% increase for Large Nonseasonal
 - 12.0% increase for Nonpotable

Rate Design Components

- Continue to move Rate Classes closer to COS
 - Contract Services at 85% of proposed revenue as a percentage of COS
 - 6.5% increase in 2016
 - Nonpotable at 62.6% of proposed revenue as a percentage of COS (prior to adjustment)
 - 6.0% increase in 2016
- Increase Fixed Daily Charge
 - Enhance Financial Stability
 - Comparable along the Front Range
 - Maintains conservation signal
- Residential –100% of increase to Fixed Daily Charge
 - Increased by \$0.1030 per day or \$3.09 per month
 - Commodity rates unchanged in this filing

Wastewater Service



Wastewater Summary

- Current rates are sufficient to cover the 2017 Revenue Requirement of \$68.0 million
 - Cost of Service performed to update cost for Rate Classes
 - Last Cost of Service study performed in 2009 with rates effective 1/1/2010
- Updated allocations and methodology changes consistent with the other services
- New Contract Rate has been created for Military

Wastewater Rate Increases

- Overall system revenue change is neutral at \$68.0 million
 - 1.5% decrease for Residential
 - Revenue Requirement \$49.0 million or \$0.8 million less than current rates
 - 4.0% increase for Nonresidential
 - Revenue Requirement \$17.0 million or \$0.7 million more than current rates
 - 11.6% increase for Contract Services – Outside City Limits
 - Revenue Requirement \$1.2 million or \$0.1 million more than current rates
- New Contract Rate Class – Military
 - New Contract Rate Class is consistent with Electric, Natural Gas and Water Contract Services
 - Military has been separated from the Nonresidential Rate Class and a new Rate Class has been created
 - New Contract Rate is less than Nonresidential Rate

Typical Four Service Bill



Electricity

Natural Gas

Water

Wastewater

Total Typical Residential Bill

Rate Schedule	Current Rates	Proposed Rates	Increase/ (Decrease)	% Change
(a)	(b)	(c)	(d)	(e)
			[(c) - (b)]	[(d) / (b)]
Electric - Non-fuel	\$ 60.81	\$ 60.81	\$ -	0.0%
Fuel Capacity & ECA	14.04	14.04	-	0.0%
Electric Service Total	\$ 74.85	\$ 74.85	\$ -	0.0%
Natural Gas - Non-fuel	\$ 21.66	\$ 21.66	\$ -	0.0%
Fuel Capacity & GCA	14.65	14.65	-	0.0%
Natural Gas Service Total	\$ 36.31	\$ 36.31	\$ -	0.0%
Water	\$ 59.62	\$ 62.71	\$ 3.09	5.2%
Wastewater	32.50	32.01	(0.49)	-1.5%
Total	\$ 203.28	\$ 205.88	\$ 2.60	1.3%

Note: The typical bill is calculated using current and proposed rates assuming: 30 days, 600 kWh (Electric), 60 Ccf (Natural Gas), 1,100 cf (Water Inside City Limits), and 700 cf (Wastewater Inside City Limits).

Total Typical Commercial Bill

Rate Schedule	Current Rates	Proposed Rates	Increase/ (Decrease)	% Change
<u>(a)</u>	<u>(b)</u>	<u>(c)</u>	<u>(d)</u>	<u>(e)</u>
			<u>[(c) - (b)]</u>	<u>[(d) / (b)]</u>
Electric - Non-fuel	\$ 365.70	\$ 393.05	\$ 27.35	7.5%
Fuel Capacity & ECA	139.20	139.20	-	0.0%
Electric Service Total	\$ 504.90	\$ 532.25	\$ 27.35	5.4%
Natural Gas - Non-fuel	\$ 207.10	\$ 207.10	\$ -	0.0%
Fuel Capacity & GCA	280.49	280.49	-	0.0%
Natural Gas Service Total	\$ 487.59	\$ 487.59	\$ -	0.0%
Water	\$ 205.11	\$ 218.42	\$ 13.31	6.5%
Wastewater	108.46	112.14	3.68	3.4%
Total	\$ 1,306.06	\$ 1,350.40	\$ 44.34	3.4%

Note: The typical bill is calculated using current and proposed rates assuming: 30 days, 6,000 kWh (Electric), 1,240 Ccf (Natural Gas), 3,000 cf (Water Inside City Limits), and 3,000 cf (Wastewater Inside City Limits).

Total Typical Industrial Bill

Rate Schedule	Current Rates	Proposed Rates	Increase/ (Decrease)	% Change
<u>(a)</u>	<u>(b)</u>	<u>(c)</u>	<u>(d)</u>	<u>(e)</u>
			<u>[(c) - (b)]</u>	<u>[(d) / (b)]</u>
Electric - Non-fuel	\$ 22,401.74	\$ 22,401.74	\$ -	0.0%
Fuel Capacity & ECA	9,257.60	9,257.60	-	0.0%
Electric Service Total	\$ 31,659.34	\$ 31,659.34	\$ -	0.0%
Natural Gas - Non-fuel	\$ 1,858.78	\$ 1,858.78	\$ -	0.0%
Fuel Capacity & GCA	2,804.88	2,804.88	-	0.0%
Natural Gas Service Total	\$ 4,663.66	\$ 4,663.66	\$ -	0.0%
Water	\$ 2,700.81	\$ 2,861.94	\$ 161.13	6.0%
Wastewater	1,339.86	1,404.64	64.78	4.8%
Total	\$ 40,363.67	\$ 40,589.58	\$ 225.91	0.6%

Note: The typical bill is calculated using current and proposed rates assuming: 30 days, 400,000 kWh and 1,000 kW (Electric), 12,400 Ccf (Natural Gas), 50,000 cf (Water Inside City Limits), and 50,000 cf (Wastewater Inside City Limits).

Utilities Rules and Regulations (URR)

URR Tariff Changes

1) Restoration of Service

This change proposes to increase the maximum time from 12 hours to 24 hours in which Utilities must restore service to Customers disconnected for non-payment and other Customer-controlled situations identified in Section 13 of Utilities Rules and Regulations.

Additionally, Utilities proposes a minor clean-up changing “normal working hours of 7:00 a.m. to 7:00 p.m., Monday through Friday” to “normal working business day.” (*Utilities Rules and Regulations Section 14(A) and 14(C), Sheet 29*)

URR Tariff Changes

2) Electric Line Extensions and Services and Extension of Natural Gas Mains and Services

This change will update the current contribution in aid of construction fee amounts collected through Electric Line Extensions and Services and Natural Gas Mains and Services, moving the recovery at or close to the current costs.

- The current Electric Line Extensions and Services fees are proposed to increase Electric fee increases range from 5.8% to 10% to achieve full cost fees for 9 out of 11 total line extensions and services. (*Utilities Rules and Regulations Section 19, Sheet 46, 46.1, 47*)
- The current Natural Gas Mains and Services rate of eighteen percent (18%) will increase to full cost at twenty percent (20%). (*Utilities Rules and Regulations Section 32, Sheet 58*)

URR Tariff Changes

- 3) Water and Wastewater Development Charges - Proposed change to the multiplier for all meters greater than $\frac{3}{4}$ inch to a meter capacity ratio

This change will lower the current Water Development Charge for meter sizes greater than 4 inch by utilizing the meter capacity ratio multiplier for those meter sizes. (*Utilities Rules and Regulations Section 41, Sheet 81 and 82*)

This change will also lower the current Wastewater Development Charge for meter sizes greater than the $\frac{3}{4}$ inch meter by utilizing the meter capacity ratio multiplier for those meter sizes. (*Utilities Rules and Regulations Section 34, Sheet 66 and 67*)

Additional detail and background included in the 2017 Rate Case.

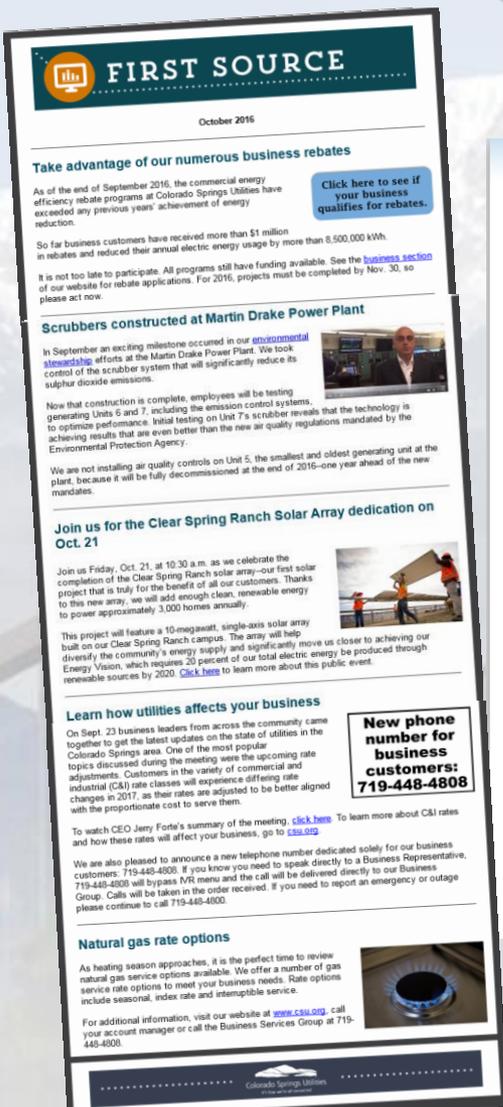
URR Tariff Changes

4) Correction of City Code reference in Applicability of City Code - Wastewater

This change is to correct an incorrect reference to a section of the City Code. There is no policy or financial impact of this change. (*Utilities Rules and Regulations Section 39, Sheet 80*)

2017 Rate Case Filing

Customer Outreach



FIRST SOURCE

October 2016

Take advantage of our numerous business rebates

As of the end of September 2016, the commercial energy efficiency rebate programs at Colorado Springs Utilities have exceeded any previous years' achievement of energy reduction.

So far business customers have received more than \$1 million in rebates and reduced their annual electric energy usage by more than 8,500,000 kWh.

All programs still have funding available. See the [business section](#) of our website for rebate applications. For 2016, projects must be completed by Nov. 30, so please act now.

[Click here to see if your business qualifies for rebates.](#)

Scrubbers constructed at Martin Drake Power Plant

In September an exciting milestone occurred in our [environmental stewardship](#) efforts at the Martin Drake Power Plant. We took control of the scrubber system that will significantly reduce its sulphur dioxide emissions.

Now that construction is complete, employees will be testing generating Units 5 and 7, including the emission control systems, to optimize performance. Initial testing on Unit 7's scrubber reveals that the technology is achieving results that are even better than the new air quality regulations mandated by the Environmental Protection Agency.

We are not installing air quality controls on Unit 5, the smallest and oldest generating unit at the plant, because it will be fully decommissioned at the end of 2016—one year ahead of the new mandates.

Join us for the Clear Spring Ranch Solar Array dedication on Oct. 21

Join us Friday, Oct. 21, at 10:30 a.m. as we celebrate the completion of the Clear Spring Ranch solar array—our first solar project that is truly for the benefit of all our customers. Thanks to this new array, we will add enough clean, renewable energy to power approximately 3,000 homes annually.

This project will feature a 10-megawatt, single-axis solar array built on our Clear Spring Ranch campus. The array will help diversify the community's energy supply and significantly move us closer to achieving our Energy Vision, which requires 20 percent of our total electric energy be produced through renewable sources by 2020. [Click here](#) to learn more about this public event.

Learn how utilities affects your business

On Sept. 23 business leaders from across the community came together to get the latest updates on the state of utilities in the Colorado Springs area. One of the most popular topics discussed during the meeting were the upcoming rate adjustments. Customers in the variety of commercial and industrial (C&I) rate classes will experience differing rate changes in 2017, as their rates are adjusted to be better aligned with the proportionate cost to serve them.

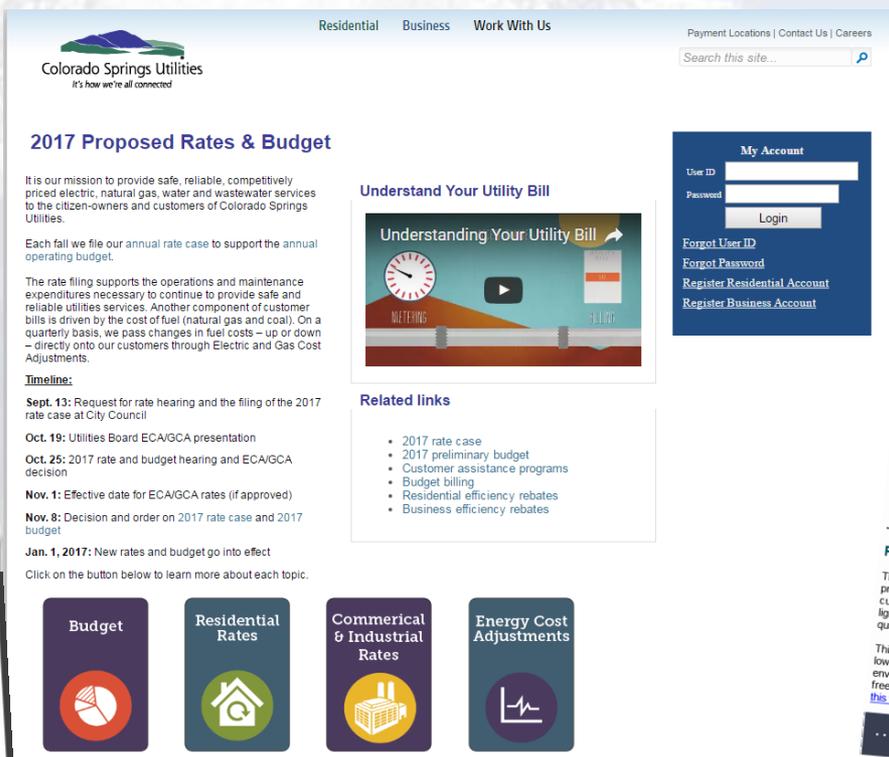
To watch CEO Jerry Fode's summary of the meeting, [click here](#). To learn more about C&I rates and how these rates will affect your business, go to [csu.org](#).

We are also pleased to announce a new telephone number dedicated solely for our business customers: 719-448-4808. If you know you need to speak directly to a Business Representative, 719-448-4808 will bypass N/R menu and the call will be delivered directly to our Business Group. Calls will be taken in the order received; if you need to report an emergency or outage please continue to call 719-448-4800.

Natural gas rate options

As heating season approaches, it is the perfect time to review natural gas service options available. We offer a number of gas service rate options to meet your business needs. Rate options include seasonal, index rate and interruptible service.

For additional information, visit our website at [www.csu.org](#), call your account manager or call the Business Services Group at 719-448-4808.



2017 Proposed Rates & Budget

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Each fall we file our annual rate case to support the annual operating budget.

The rate filing supports the operations and maintenance expenditures necessary to continue to provide safe and reliable utilities services. Another component of customer bills is driven by the cost of fuel (natural gas and coal). On a quarterly basis, we pass changes in fuel costs—up or down—directly onto our customers through Electric and Gas Cost Adjustments.

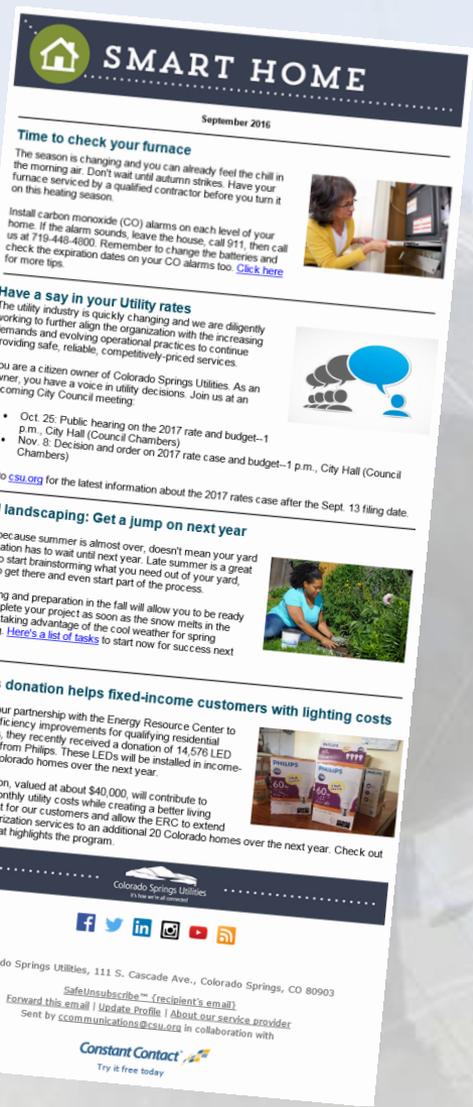
Timeline:

- Sept. 13: Request for rate hearing and the filing of the 2017 rate case at City Council
- Oct. 19: Utilities Board ECA/GCA presentation
- Oct. 25: 2017 rate and budget hearing and ECA/GCA decision
- Nov. 1: Effective date for ECA/GCA rates (if approved)
- Nov. 8: Decision and order on 2017 rate case and 2017 budget
- Jan. 1, 2017: New rates and budget go into effect

Click on the button below to learn more about each topic.

- [Budget](#)
- [Residential Rates](#)
- [Commercial & Industrial Rates](#)
- [Energy Cost Adjustments](#)

For more information on different ways you can decrease your monthly utility costs, please check out our [Ways to Save](#) page. If you have any questions, please call 719-448-4800.



SMART HOME

September 2016

Time to check your furnace

The season is changing and you can already feel the chill in the morning air. Don't wait until autumn strikes. Have your furnace serviced by a qualified contractor before you turn it on this heating season.

Install carbon monoxide (CO) alarms on each level of your home. If the alarm sounds, leave the house, call 911, then call check the expiration dates on your CO alarms too. [Click here](#) for more tips.

Have a say in your Utility rates

The utility industry is quickly changing and we are diligently working to further align the organization with the increasing demands and evolving operational practices to continue providing safe, reliable, competitively-priced services.

You are a citizen owner of Colorado Springs Utilities. As an owner, you have a voice in utility decisions. Join us at an upcoming City Council meeting:

- Oct. 25: Public hearing on the 2017 rate and budget—1 p.m., City Hall (Council Chambers)
- Nov. 8: Decision and order on 2017 rate case and budget—1 p.m., City Hall (Council Chambers)

Go to [csu.org](#) for the latest information about the 2017 rates case after the Sept. 13 filing date.

Fall landscaping: Get a jump on next year

Just because summer is almost over, doesn't mean your yard renovation has to wait until next year. Late summer is a great time to start brainstorming what you need out of your yard, how to get there and even start part of the process.

Planning and preparation in the fall will allow you to be ready to complete your project as soon as the snow melts in the spring, taking advantage of the cool weather for spring planting. [Here's a list of tasks](#) to start now for success next season.

Philips donation helps fixed-income customers with lighting costs

Through our partnership with the Energy Resource Center to provide efficiency improvements for qualifying residential light bulbs from Philips. These LEDs will be installed in income-qualified Colorado homes over the next year.

This donation, valued at about \$40,000, will contribute to lowering monthly utility costs while creating a better living environment for our customers and allow the ERC to extend free weatherization services to an additional 20 Colorado homes over the next year. Check out [this video](#) that highlights the program.

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Colorado Springs Utilities, 111 S. Cascade Ave., Colorado Springs, CO 80903

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Customer Outreach

- September 9, 2016
 - Smart Home e-newsletter is sent out to Residential Customers with hearing dates, encouraging them to have a say in their utility rates
- September 13, 2016
 - Posted Rate Case Filing to csu.org and promoted it on the homepage
- September 15, 2016
 - Published Legal Notice in Gazette
- September 16, 2016
 - Posted Proposed 2017 Annual Operating Plan to csu.org
- September 21, 2016
 - Mailed Legal Notice to Outside-City Customers
- September 23, 2016
 - State of Utilities meeting with Commercial and Industrial Customers
- October 4, 2016
 - First Source e-newsletter is sent out to our Commercial and Industrial Customers with information about rate adjustments

Proposed bill changes described in:

- CSU.org website
- Online bill calculator
- Electronic customer newsletters
- One-on-one meetings with large business customers
- Community and customer group presentations
- Utilities Board and City Council meetings
- Social media channels
- One-pager for Springs Utilities' retirees
- Newspaper, radio and TV news coverage



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Proposed Residential Rate Changes for 2017

Service	Amount Increase (Decrease)	% Increase (Decrease)	New Typical Monthly Bill
 Electric	\$0	0%	\$74.85
 Gas	\$0	0%	\$36.31
 Water	\$3.09	5.2%	\$62.71
 Wastewater	(\$0.49)	(1.5%)	\$32.01
Total:	\$2.60	1.3%	\$205.88

Programs Helping Customers

- Bill assistance
 - Project COPE (Citizens Option to Provide Energy) Program
 - Low income Energy Assistance Program (LEAP)
- High Bill Counseling
 - Conservation Education
 - Home Energy Assistance Program (HEAP)
- Payment Plans
 - Budget billing



Supplemental Customer Feedback Report

- Utilities included a Supplemental Customer Feedback Report in the Supplemental Filing
- Customers facing multiple proposed base-rate increases and the likelihood of ECA and GCA increases expressed concern
- One of the most impacted customer groups is the Industrial Service – Time-of-Day Service 1,000 kWh/Day Minimum (ETL)
 - There are approximately 1,300 ETL customers impacted by proposed 12.5% increase
 - 17 of these customers impacted by Nonpotable proposed 12.0% increase
 - 3 of these customers impacted by Large Nonseasonal proposed 9.7% increase
 - All impacted by Nonresidential Wastewater proposed 4% increase

Supplemental Customer Feedback Report

- In addition to factors outlined in this Rate Hearing presentation, the magnitude of bill impact is greatly influenced by the fluctuation in fuel and purchase power costs
- Proposed increases will be presented to City Council today and if approved, effective November 1, 2016:
 - ECA rate of approximately \$0.0273 per kWh
 - Typical Residential electric bill increase of \$3.18 or 4.2%
 - Typical Commercial electric bill increase of \$31.80 or 6.3%
 - Typical Industrial electric bill increase of \$2,120.00 or 6.8%
 - GCA rate of approximately \$0.1815 per Ccf
 - Typical Residential gas bill increase of \$2.68 or 7.4%
 - Typical Commercial gas bill increase of \$55.43 or 10.7%
 - Typical industrial gas bill increase of 554.28 or 11.9%
- Proposed ECA and GCA rate increases intensifies the bill impact when comparing to 2016 utility bills

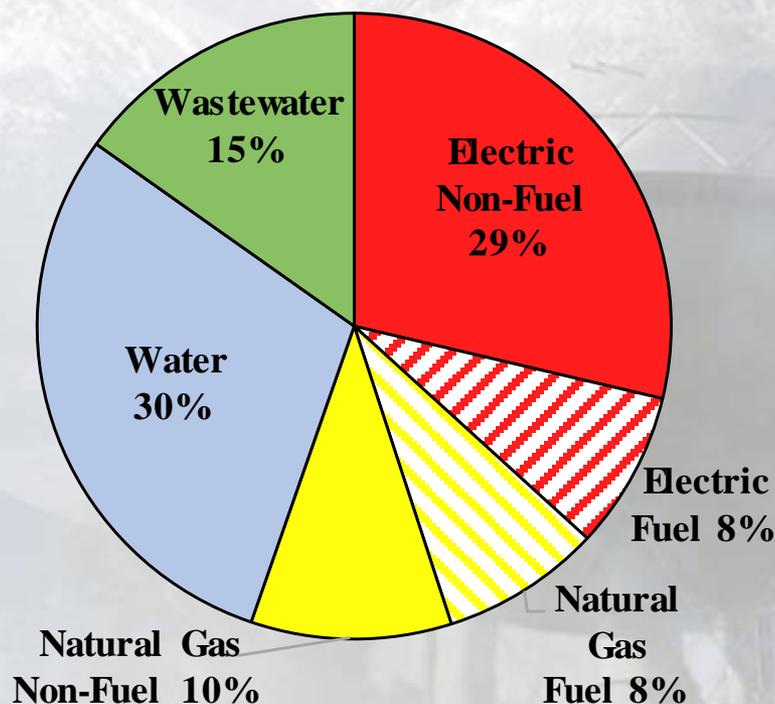
Supplemental Customer Feedback Report

- Many customers have experienced much lower bills since 2015 because of soft fuel markets
 - In 2016, Utilities' has reduced the combined ECA and GCA over collection balances by \$18.1 million
 - The lowest ECA rate was approximately 23% below cost
 - The lowest GCA rate was approximately 46% below cost
- Generally, the ECA and GCA charges represent a significant portion of the business customer's bill
- Utilities has compiled 5 year typical bill history to capture both base rate adjustments and ECA and GCA rate adjustments
 - Many business customer have a unique mix of rates and usage but may not be representative of the typical bill

Five Year Typical Residential Bill History

As of 01/01/2017

Typical Residential Total Monthly Bill		
Effective Date	Total Bill	% Change
5-year avg.		1.10%
01/01/17	\$ 211.73	2.80%
01/01/16	\$ 205.96	-4.40%
01/01/15	\$ 215.43	4.10%
01/01/14	\$ 206.94	4.26%
01/01/13	\$ 198.49	-0.97%
01/01/12	\$ 200.44	



Based on typical residential usage:

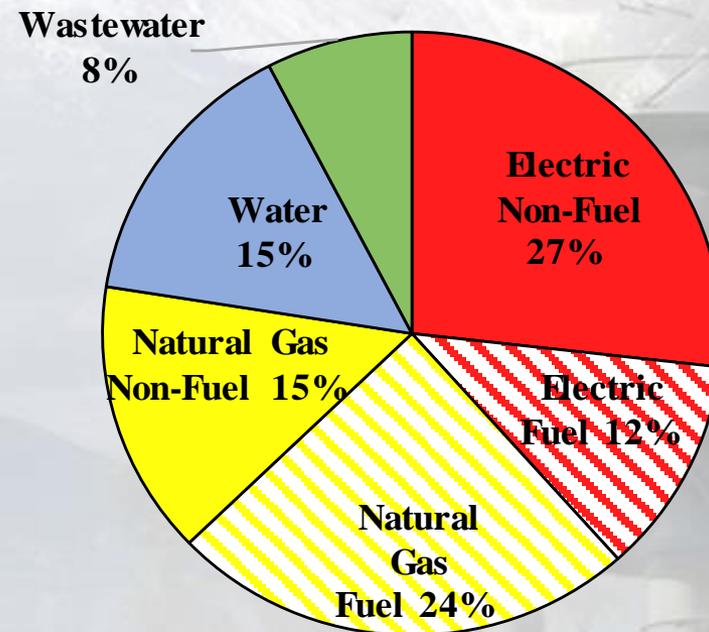
Electric - E1R 600 kWh; Natural Gas - G1R 60 Ccf;

Water - W-R 1,100 cf; Wastewater - S-R 700 cf

Five Year Typical Commercial Bill History

As of 01/01/2017

Typical Commercial Total Monthly Bill		
Effective Date	Total Bill	% Change
5-year avg.		-2.34%
01/01/17	\$ 1,468.49	6.56%
01/01/16	\$ 1,378.04	-14.99%
01/01/15	\$ 1,620.98	6.25%
01/01/14	\$ 1,525.62	-0.99%
01/01/13	\$ 1,540.92	-6.80%
01/01/12	\$ 1,653.36	



Based on typical commercial usage:

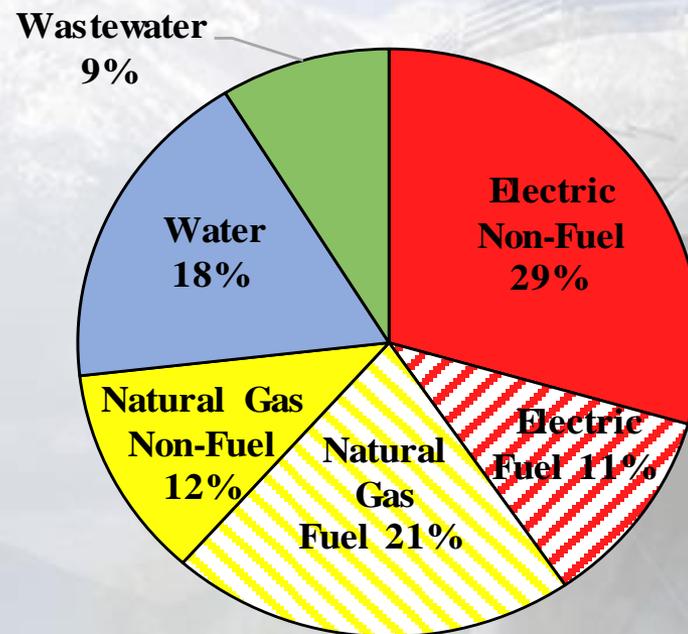
Electric - E2C 6,000 kWh; Natural Gas - G1CL 1,240 Ccf;

Water - W-G 3,000 cf; Wastewater - S-C 3,000 cf

Five Year Average ETL Industrial Bill History

Average ETL Industrial Total Monthly Bill		
Effective Date	Total Bill	% Change
5-year avg.		-1.88%
01/01/17	\$ 15,922.32	8.73%
01/01/16	\$ 14,643.65	-14.97%
01/01/15	\$ 17,220.98	5.48%
01/01/14	\$ 16,326.76	0.54%
01/01/13	\$ 16,239.86	-7.23%
01/01/12	\$ 17,506.26	

As of 01/01/2017



Based on average ETL with typical industrial natural gas, water and wastewater usage:

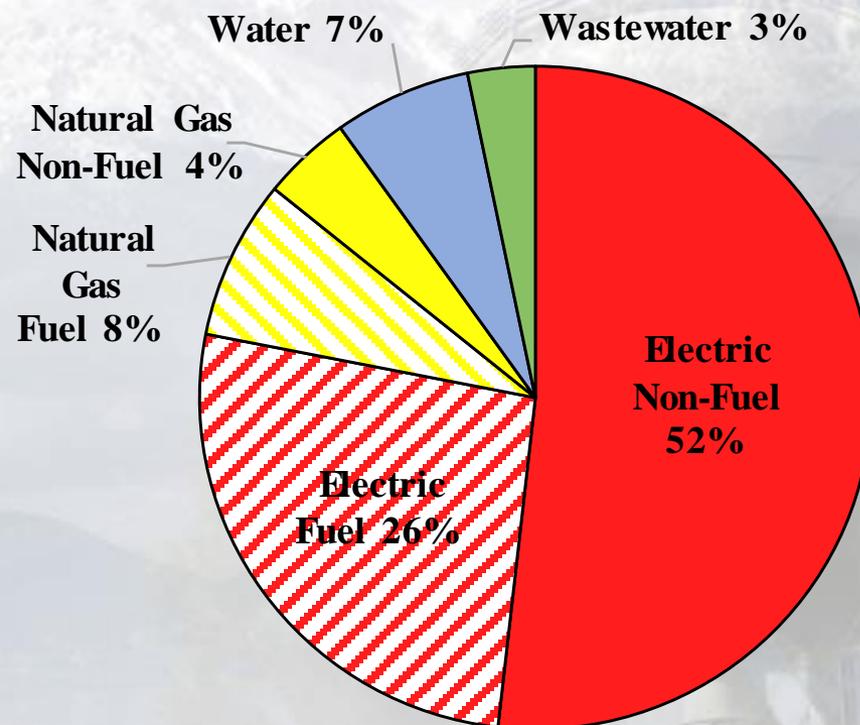
Electric - ETL 60,000 kWh and 200 kW; Natural Gas - G1CL 12,400 Ccf

Water - W-G 50,000 cf; Wastewater - S-C 50,000 cf

Five Year Typical Industrial Bill History

Typical Industrial Total Monthly Bill		
Effective Date	Total Bill	% Change
5-year avg.		0.57%
01/01/17	\$ 43,263.86	5.09%
01/01/16	\$ 41,167.59	-7.64%
01/01/15	\$ 44,574.17	6.85%
01/01/14	\$ 41,717.90	4.59%
01/01/13	\$ 39,886.90	-5.17%
01/01/12	\$ 42,061.78	

As of 01/01/2017



Based on typical industrial usage:

Electric - E8T 400,000 kWh and 1,000 kW; Natural Gas - G1CL 12,400 Ccf

Water - W-G 50,000 cf; Wastewater - S-C 50,000 cf

City Council Regulatory Authority

- Colorado Springs City Code § 12.1.107(C)(4). states in regard to Utilities rate proposals: “Amendments and Revisions: The City Council may amend the proposed resolution and revise any proposed base rate or regulation as a result of information presented at the public hearing.”
- Utilities continues to support the 2017 Rate Case filing
- Should City Council choose to consider modification to the 2017 Rate Case filing, Utilities will identify alternatives that preserve financial and operational stability

Regulatory Option for Water

- City Council could choose to phase in Rate Classes over two years.
 - 12.0% increase Miscellaneous Service-Nonpotable or \$249,959 revenue increase
 - 6.0% increase effective January 1, 2017 results in a potential revenue reduction of \$122,529
 - Remaining 6.0% increase effective January 1, 2018 to achieve original 12.0%
 - 10.0% increase Contract Service-DOD or \$906,424 revenue increase
 - 6.0% increase effective January 1, 2017 results in a potential revenue reduction of \$369,301
 - Remaining 4.0% increase effective January 1, 2018 to achieve original 10.0%
 - 9.7% increase Large Nonseasonal Service or \$399,047 revenue increase
 - 6.0% increase effective January 1, 2017 results in a potential revenue reduction of \$149,552
 - Remaining 3.7% increase effective January 1, 2018 to achieve original 9.7%

Regulatory Option for Wastewater

- Colorado Springs Utilities' current Wastewater rates are sufficient to cover the 2017 proposed net Revenue Requirement of \$68.0 million
 - Wastewater rates have not been adjusted to COS since 2010 thus the impetus of this filing to realign Revenue Requirement between Rate Classes.
- City Council could choose to phase in the realignment over two years
 - 50% of original proposed rate increases/(decreases) effective January 1, 2017:
 - Residential – (0.75%)
 - Nonresidential – 2.0%
 - Contract Services – 5.8%
 - Extra Strength Surcharges – (5.25%)
 - Remaining 50% to achieve original proposed rate increases/(decreases) effective January 1, 2018:
 - Residential – (0.75%) to achieve original (1.5%)
 - Nonresidential – 2.0% to achieve original 4.0%
 - Contract Services – 5.8% to achieve original 11.6%

- Information requested by some of the decision makers for the benefit of all members of City Council
 - Item 1: A slide showing the current different electric rate classes and the percent and dollar value of their fair share of cost of service they are paying under current rates and how they will stand if the 2017 rate case is approved
 - Item 2: Slides showing the total bill impact for industrial, commercial, and residential for the different proposed ECA/GCA adjustments on 1 Nov, the rate changes on 1 Jan and any proposed ECA/GCA increases in Feb.
 - Item 3 Slides showing what the military's current dollar amount and fair share is for COS for water and waste water and what it would be under the new proposed military rates
 - Item 4: Slide(s) showing revenue impact of 33%; 50% and 66% of residential water rate increase going to daily access charge vice 100%
 - Item 5: Would it be possible to have a history of rate changes (especially any decreases) over a period of time?
- Responses can be reviewed as requested

Decisions and Orders

- Draft Decisions and Orders
 - November 7th Council Work Session
- Final Decision on 2017 Rate Case Filing
 - November 8th City Council Meeting

Office of City Auditor



Denny Nester
City Auditor

Public Questions and Comments

City Council Questions and Comments

Break

Utilities' Response

Executive Session