

RESOLUTION NO. 10-16

A RESOLUTION SETTING THE ELECTRIC COST ADJUSTMENT EFFECTIVE FEBRUARY 1, 2016

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. 142-15, City Council set the current Electric Cost Adjustment at \$0.0229/kWh effective January 1, 2016; and

WHEREAS, Current cost projections have decreased forecasted fuel and purchased power expenses; and

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

WHEREAS, Colorado Springs Utilities has shown that an Electric Cost Adjustment rate of \$0.0229/kWh should be adjusted to \$0.0169/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, 2016.

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:

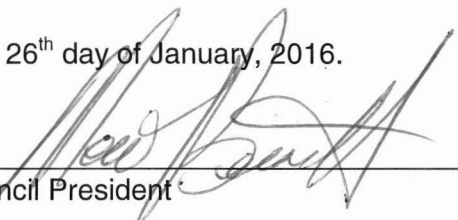
Effective February 1, 2016

| City Council Vol. No. 5 Sheet No. | Title | Cancels Sheet No. |
|-----------------------------------|--------------------------|--------------------------------|
| Sixteenth Revised Sheet No. 31 | Electric Cost Adjustment | Fifteenth 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, 2016 and shall remain in effect unless changed by subsequent Resolution of the City Council.

Dated at Colorado Springs, Colorado this 26th day of January, 2016.




Council President

ATTEST:



Sarah B. Johnson, City Clerk





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| 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 | \$0.0169 |

Time-of Day (TOD) ECA

| Rate Schedule | Per On-Peak kWh | Per Off-Peak kWh | Per Super-Peak kWh |
|------------------------------|-----------------|------------------|--------------------|
| ETR | \$0.0578 | \$0.0108 | |
| ETC, ETX, ETL, E8T, E8S, ECD | \$0.0366 | \$0.0114 | |
| ETLK, E8TK, E8SK, ECDK | \$0.0334 | \$0.0114 | \$0.1336 |

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 26, 2016
 Effective Date: February 1, 2016
 Resolution No. _____



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|---------------------------------------|
| 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 |
|--|------------------------------|
| EIR, EIC, E2C, ETLO, ETLW, ELG, E2T, E7S | \$0.0229 \$0.0169 |

Time-of Day (TOD) ECA

| Rate Schedule | Per On-Peak kWh | Per Off-Peak kWh | Per Super-Peak kWh |
|------------------------------|------------------------------|------------------------------|------------------------------|
| ETR | \$0.0638 \$0.0578 | \$0.0168 \$0.0108 | |
| ETC, ETX, ETL, E8T, E8S, ECD | \$0.0426 \$0.0366 | \$0.0174 \$0.0114 | |
| ETLK, E8TK, E8SK, ECDK | \$0.0383 \$0.0334 | \$0.0174 \$0.0114 | \$0.1532 \$0.1336 |

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: ~~December 8, 2015~~ January 26, 2016
 Effective Date: ~~January 1, 2016~~ February 1, 2016
 Resolution No. ~~142-15~~

Colorado Springs Utilities
Electric Cost Adjustment (ECA)

SCHEDULE 1
ECA EFFECTIVE 2/1/2016

| Line No. | Description | Forecast Calculation Period Feb-Jul 2016 |
|------------|--|---|
| <u>(a)</u> | <u>(b)</u> | <u>(c)</u> |
| 1 | Forecasted Generation Fuel and Purchased Power Cost | \$ 52,235,374 ^(1a) |
| 2 | <u>Plus:</u> | |
| 3 | Forecasted Over/(Under) Recovery as of 07/31/2016 | 70,535 |
| 4 | Less Forecasted Over/(Under) Recovery as of 01/31/2016 | 14,673,039 |
| 5 | Cumulative Over/(Under) Recovery (Line 3 - Line 4) | <u>\$ (14,602,504) ^(1b)</u> |
| 6 | Total Cost (Line 1+Line 5) | <u>\$ 37,632,869</u> |
| 7 | <u>Divided by:</u> | |
| 8 | Forecasted Sales Subject to the ECA (kWh) | 2,230,831,536 ^(1c) |
| 9 | <u>Equals:</u> | |
| 10 | ECA Rate per kWh (Line 6 / Line 8) | <u>\$ 0.0169</u> ⁽²⁾ |

Notes:

- ⁽¹⁾ Tariff reference (Electric Rate Schedules, City Council Volume No. 5, Sixteenth 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
- ⁽²⁾ Time-of-day (TOD) ECA rates established in conformance with TOD objectives and rate design guidelines



OFFICE OF THE CITY AUDITOR COLORADO SPRINGS, COLORADO

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

16-02 Colorado Springs Utilities Electric & Gas Cost Adjustment January 2016

Purpose

The purpose of this audit was to evaluate whether Colorado Springs Utilities prepared the Electric Cost Adjustment (ECA) and Gas Cost Adjustment (GCA) in accordance with the approved tariff. The methodology was compared to prior filings for consistency and calculations were tested for accuracy.

Summary

Based on our review of the calculations and related background information, we conclude that the ECA and GCA were calculated accurately and consistently in accordance with the approved tariff.

Colorado Springs Utilities is recommending a decrease to the ECA and GCA amount, which will decrease customer bills.

ECA

- The last ECA adjustment was effective January 1, 2016, resulting in a ECA rate of \$.0229 per unit.
- Colorado Springs Utilities proposes to decrease the ECA rate from \$.0229 to \$.0169 per unit effective February 1, 2016.

GCA

- The last ECA adjustment was effective January 1, 2016, resulting in a GCA rate of \$.1726 per unit.
- Colorado Springs Utilities proposes to decrease the GCA rate from \$.1726 to \$.0819 per unit effective February 1, 2016.

Colorado Springs Utilities provides regular updates to the Utilities Board on the collected balance. To respond to fluctuations in market price and consumption, Utilities management recommends periodic changes to the ECA and GCA, which are subject to approval by City Council. Under proposed guidance, Colorado Springs Utilities will submit adjustments at least quarterly to manage balances within a tolerance of \$5 million over or under collected.

Recommendations

No formal recommendations were made.

Management Response

No response was requested from Colorado Springs Utilities.

This audit was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing, a part of the Professional Practices Framework promulgated by the Institute of Internal Auditors.

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