



## Legislation Text

---

File #: 15-00145, Version: 1

---

### **A Resolution Setting the Electric Cost Adjustment effective April 1, 2015**

**From:**

Jerry Forte, P.E., Chief Executive Officer, Colorado Springs Utilities

**Summary:**

Colorado Springs Utilities is requesting a change to its Electric Cost Adjustment (ECA) rate. The current ECA rate of \$0.0007 per kWh was implemented September 12, 2014. Current cost projections have decreased forecasted fuel and purchased power expenses primarily resulting from lower prices in the forward gas market. Additionally, the Martin Drake Power Plant, Unit 5 has been restored to full reliably capacity making cheaper coal-fired power generation available. To maintain financial stability and minimize the fluctuations associated with less frequent adjustments during periods of price volatility, Colorado Springs Utilities recommends an ECA rate change from the current rate of \$0.0007 per kWh to a proposed rate of \$(0.0005) per kWh effective April 1, 2015.

**Previous Council Action:**

On September 9, 2014, by Resolution No. 85-14, City Council resolved to set the ECA at the current rate of \$0.0007 per kWh effective September 12, 2014.

**Background:**

Colorado Springs Utilities sought approval for the current ECA rate at the September 9, 2014 City Council meeting. The ECA rate has remained at the approved level since September 12, 2014. Colorado Springs Utilities staff continues to provide regular updates to the Utilities Board on the collected balance, and will recommend timely changes to the ECA rate as is deemed appropriate.

Colorado Springs Utilities has performed the ECA calculation in conformance with the language in the ECA tariff.

**Financial Implications:**

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

Monthly Electric bill:

Typical residential bill at 600 kWh = (\$0.72) or (0.9%)  
Typical commercial bill at 6,000 kWh = (\$7.20) or (1.4%)  
Typical industrial bill at 400,000 kWh = (\$480.00) or (1.5%)

Although the Wind Power Tariff rate of \$4.90 per block does not change with this ECA adjustment, the incremental rate will be impacted (if the ECA rate increases, the incremental cost of wind power will decrease; if the ECA rate decreases, the incremental cost of wind power will increase.)

**Board/Commission Recommendation:**

N/A

**Stakeholder Process:**

N/A

**Alternatives:**

Keep the current ECA rate and over collect electric fuel and purchased power costs.

**Proposed Motion:**

Move adoption of the proposed Resolution

N/A