



Legislation Text

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A Resolution Setting the Electric Cost Adjustment as of July 11, 2014

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 \$0.0102 per kWh was implemented June 1, 2014. Current revenue and cost projections indicate that without a rate adjustment Colorado Springs Utilities could accumulate an over-collected balance of \$9.5 million at the end of fiscal year 2014. 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 \$0.0102 per kWh to a proposed rate of \$0.0074 per kWh effective July 11, 2014.

Previous Council Action:

On May 27, 2014, by Resolution No. 46-14, City Council resolved to set the ECA at the current rate of \$0.0102 per kWh effective June 1, 2014.

Background:

Colorado Springs Utilities sought approval for the current ECA rate at the May 27, 2014 City Council meeting. The ECA rate has remained at the approved level since June 1, 2014. As a result of restoration efforts at the Martin Drake Power Plant, Unit 6 is projected to be available reducing utilization of higher cost gas-fired and/or purchased power. Projections indicate that without an ECA adjustment the collected balance will be over-collected \$9.5 million by the end of fiscal year 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 = (\$1.68) or (2.2%)
Typical commercial bill at 6,000 kWh = (\$16.80) or (3.0%)
Typical industrial bill at 400,000 kWh = (\$1,120.00) or (3.2%)

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:

Colorado Springs Utilities recommends the adoption of the attached Resolution.

Move adoption of the proposed Resolution.