

# AGENDA ITEM SUMMARY

## FORT COLLINS CITY COUNCIL

ITEM NUMBER: 20

DATE: July 7, 2009

STAFF: Terri Bryant  
Bob Micek

### SUBJECT

First Reading of Ordinance No. 077, 2009 Amending Chapter 26, Article VI, Division 4 of the City Code Relating to Excess Circuit Charge.

### RECOMMENDATION

Staff recommends adoption of the Ordinance on First Reading

### EXECUTIVE SUMMARY

This Ordinance allows the Utilities to respond promptly to a customer's request for excess capacity service based on the proposed Code provision. The charges for the service will be stated in the Code and revised when electric cost of service studies are updated.

### BACKGROUND

Large commercial and industrial electric customers may request electrical distribution services related to excess circuit capacity. Currently, the Electric Utility reviews individual customer requests for these services, determines the impact to service disruption and the distribution system, and forms a special services agreement setting the charges for this additional service. A special services agreement with each customer allows the Utility to properly bill for the excess circuit capacity requested. Ordinance No. 057, 2009, adopted June 2, 2009, requires the Utilities to bring all special services agreements that modify rates, fees or charges before the Council for approval. The excess circuit capacity charge is a modification of the standby charges.

The electric distribution system is designed with certain levels of redundancy whereby, if service to a facility is disrupted, service can be rerouted through alternative routes to reconnect to a customer. When a customer wants immediate backup service for an automatic throw over (ATO) or by manually performing the same operation, the Utility will provide a service path that is always available in case of a disruption, so that switching is immediate and no outage is experienced. The charges for this service are based on the costs relevant to the facilities needed to provide immediate switching capabilities. Current commercial tariffs have a Distribution Standby Charge designed to recover the capital and operations and maintenance(O&M) expenses associated with the reserved capacity, should a customer want to purchase it for intermittent or stand-by loads. A customer load supplied for immediate backup does not need additional substation capacity. Without substation costs, the facilities charge is 62.4% of the standard facilities charge. Immediate switching of customer load from one source to another source increases infrastructure costs by 33%. Based on

this, the facilities charge for excess circuit capacity service calculates to 20.8% of the current facilities charge (62.4% x 33%).

In order to accommodate and expedite the process for customers who may request excess circuit capacity, utilities staff is recommending codification of the excess circuit capacity charge. This would allow the Utilities to respond promptly to a customer request for this service.

The suggested Code change will be presented to the Electric Board at its regular July 1, 2009 meeting. Excerpts from the minutes of that meeting will not be available by the packet distribution deadline for the July 7 Council meeting. Excerpts related to the Code change will be provided prior to Second Reading on July 21, 2009.

ORDINANCE NO. 077, 2009  
OF THE COUNCIL OF THE CITY OF FORT COLLINS  
AMENDING CHAPTER 26, ARTICLE VI, DIVISION 4  
OF THE CODE OF THE CITY OF FORT COLLINS  
RELATING TO EXCESS CIRCUIT CHARGE

WHEREAS, the City's electric utility has large commercial and industrial customers that are interested in obtaining immediate backup service in the event electric service to a customer facility is disrupted; and

WHEREAS, the City's electric utility is able to provide uninterruptible and immediate backup service to its large commercial and industrial customers at a rate that accounts for the increased electric utility operations, maintenance, and infrastructure costs associated with providing such service; and

WHEREAS, staff has proposed revisions to the City Code in order to clarify the terms, conditions and rates for this service.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF FORT COLLINS as follows:

Section 1. That Section 26-467 of the Code of the City of Fort Collins is hereby amended to read as follows:

**Sec. 26-467. General service 50, schedule GS50.**

(a) *Availability.* The general service 50, schedule GS50 shall be available within the corporate limits of the City and the suburban fringe.

(b) *Applicability.* This schedule applies to customers served at the established secondary voltage of the City's distribution system. This schedule applies only to individual services with an average metered demand not less than fifty (50) kilowatts and not greater than seven hundred fifty (750) kilowatts.

(c) *Monthly rate.* The monthly rates for this schedule are as follows:

- (1) Fixed charge, per account: Twenty-five dollars and zero cents (\$25.). An additional charge of forty dollars and zero cents (\$40.) may be assessed if telephone communication service is not provided by the customer.
- (2) Coincident demand charge, per kilowatt: Thirteen dollars and twelve cents (\$13.12) but not less than one cent (\$.01) per kilowatt-hour.
- (3) Distribution facilities demand charge, per kilowatt: Four dollars and thirty-one cents (\$4.31).

(4) Energy charge, per kilowatt-hour: One and eighty-six one-hundredths cents (\$0.0186).

(5) In lieu of taxes and franchise: a charge at the rate of six and zero-tenths (6.0) percent of all monthly service charges billed pursuant to this Section.

(d) *Renewable resource.* Energy generated by the power of wind may be available at a premium price in accordance with the provisions of a special services agreement between the utility and the customer, as such agreements are authorized in this Section.

(e) *Excess capacity charge.* A monthly capacity charge of two dollars (\$2.) per kilowatt may be added to the above charges for service to intermittent loads in accordance with the provisions of the electric service rules and regulations.

(f) *Standby service charges.* Standby service, if available, will be provided on an annual contract basis at a level at least sufficient to meet probable service demand (in kilowatts) as determined by the customer and approved by the utility according to the following:

(1) Standby distribution charge.

a. The monthly standby distribution charge shall be three dollars and sixty-two cents (\$3.62) per kilowatt of contracted standby service. This charge shall be in lieu of the distribution facilities charge. For all metered kilowatts in excess of the contracted amount, the standby distribution charge shall be ten dollars and eighty-six cents (\$10.86) per kilowatt.

b. In the event the contractual kilowatt amount is exceeded, the beginning date of the contract period will be reset. The first month of the new contract period will become the current billing month and such month's metered demand shall become the minimum allowable contract demand for the standby service. Requests for standby service may be subject to a waiting period. An operation and maintenance charge may be added for special facilities required to provide standby service.

(2) Standby generation and transmission charge. All charges incurred by the utility under Platte River Power Authority's applicable tariffs, as may be amended from time to time, will be billed to the customer as a standby generation and transmission charge.

(g) *Excess circuit charge.* In the event a utility customer in this rate class desires excess circuit capacity for the purpose of controlling the available electric capacity of a backup circuit connection, this service, if available, will be provided on an annual contract basis at a level at least sufficient to meet probable backup demand

(in kilowatts) as determined by the customer and approved by the utility according to the following:

- (1) The excess circuit charge shall be seventy-five cents (\$0.75) per contracted kilowatt of backup capacity per month. For any metered kilowatts in excess of the contracted amount, the excess circuit charge shall be two dollars and twenty-five cents (\$2.25) per kilowatt.
- (2) In the event the contractual kilowatt limit is exceeded, a new annual contract period will automatically begin as of the month the limit is exceeded. The metered demand in the month of exceedance shall become the minimum contracted demand level for the excess circuit charge.

Section 2. That all subsequent subsections of Section 26-467 shall be renumbered accordingly.

Section 3. That Section 26-468 of the Code of the City of Fort Collins is hereby amended to read as follows:

**Sec. 26-468. General service 750, schedule GS750.**

(a) *Availability.* The general service 750, schedule GS750 shall be available within the corporate limits of the City and the suburban fringe.

(b) *Applicability.* This schedule applies to customers served at the primary voltage of the City's electric system, thirteen thousand two hundred/seven thousand six hundred twenty (13,200/7,620) volts nominal for three-phase power. This schedule applies only to individual services with an average metered demand of seven hundred fifty (750) kilowatts or greater. The General Manager, at his or her option, may enter into individual, written agreements with customers having an aggregated connected load of one thousand (1,000) kilowatts or more, which agreements shall establish the services to be provided and the amount to be charged to such customers.

(c) *Monthly rate.* The monthly rates for this schedule are as follows:

- (1) Fixed charge, per account: Thirty dollars and sixty cents (\$30.60).
  - a. Additional charge for each additional metering point: Twenty-five dollars and ninety-two cents (\$25.92).
  - b. An additional charge of forty dollars and zero cents (\$40.) for each metering point may be assessed if telephone communication service is not provided by the customer.

- (2) Coincident demand charge, per kilowatt: Twelve dollars and ninety-two cents (\$12.92) but not less than one cent (\$0.01) per kilowatt-hour.
- (3) Distribution facilities demand charge, per kilowatt:
  - a. First seven hundred fifty (750) kilowatts: Four dollars and twenty-five cents (\$4.25).
  - b. All additional kilowatts: Two dollars and ninety-one cents (\$2.91).
- (4) Energy charge, per kilowatt-hour: One and eighty-three one-hundredths cents (\$0.0183).
- (5) In lieu of taxes and franchise: a charge at the rate of six and zero-tenths (6.0) percent of all monthly service charges billed pursuant to this Section.

(d) *Renewable resource.* Energy generated by the power of wind may be available at a premium price in accordance with the provisions of a special services agreement between the utility and the customer, as such agreements are authorized in this Section.

(e) *Excess capacity charge.* A monthly capacity charge of two dollars (\$2.) per kilowatt may be added to the above charges for service to intermittent loads in accordance with the provisions of the electric service rules and regulations.

(f) *Standby service charges.* Standby service, if available, will be provided on an annual contract basis at a level at least sufficient to meet probable service demand (in kilowatts) as determined by the customer and approved by the utility according to the following:

- (1) *Standby distribution charge.*
  - a. The monthly standby distribution charge shall be two dollars and eighty-four cents (\$2.84) per kilowatt of contracted standby service. This charge shall be in lieu of the distribution facilities charge. For all metered kilowatts in excess of the contracted amount, the standby distribution charge shall be eight dollars and fifty-two cents (\$8.52) per kilowatt.
  - b. In the event the contractual kilowatt amount is exceeded, the beginning date of the contract period will be reset. The first month of the new contract period will become the current billing month and such month's metered demand shall become the minimum allowable contract demand for the standby service. Requests for standby service may be subject to a waiting period. An operation and maintenance charge may be added for special facilities required to provide standby service.

(2) *Standby generation and transmission charge.* All charges incurred by the utility under the Platte River Power Authority's applicable tariffs, as may be amended from time to time, will be billed to the customer as a standby generation and transmission charge.

(g) *Excess circuit charge.* In the event a utility customer in this rate class desires excess circuit capacity for the purpose of controlling the available electric capacity of a backup circuit connection, this service, if available, will be provided on an annual contract basis at a level at least sufficient to meet probable backup demand (in kilowatts) as determined by the customer and approved by the utility according to the following:

(1) The excess circuit charge shall be fifty-nine cents (\$0.59) per contracted kilowatt of backup capacity per month. For any metered kilowatts in excess of the contracted amount, the excess circuit charge shall be one dollar and seventy-seven cents (\$1.77) per kilowatt.

(2) In the event the contractual kilowatt limit is exceeded, a new annual contract period will automatically begin as of the month the limit is exceeded. The metered demand in the month of exceedance shall become the minimum contracted demand level for the excess circuit charge.

Section 4. That all subsequent subsections of Section 26-468 shall be renumbered accordingly.

Introduced, considered favorably on first reading, and ordered published this 7th day of July, A.D. 2009, and to be presented for final passage on the 21st day of July, A.D. 2009.

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Mayor

ATTEST:

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Deputy City Clerk

Passed and adopted on final reading on the 21st day of July, A.D. 2009.

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Mayor

ATTEST:

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City Clerk