

**DATE:** November 3, 2009  
**STAFF:** Steve Catanach  
Ellen Switzer

**AGENDA ITEM SUMMARY**  
FORT COLLINS CITY COUNCIL

**30**

**SUBJECT**

Second Reading of Ordinance 115, 2009 Amending Chapter 26 of the City Code to Revise Electric Rates, Fees and Charges.

**EXECUTIVE SUMMARY**

This Ordinance adopts monthly electric rates effective for all billings on or after January 1, 2010. Based on the direction received from City Council on First Reading of the Ordinance on October 20, 2009, and the very recent award announcement of funding from the Department of Energy Smart Grid grant, a second option is presented for Council's consideration on Second Reading.

Option A is the Ordinance as approved on First Reading. It increases electric rates for all customer classes by 9.5%. The 9.5% increase is based on increased costs for purchase power, renewable energy, and enhanced energy services to meet Energy Policy and Climate goals. Also included in the 9.5% is 2.08% to fund Light and Power's portion of the Advanced Metering Infrastructure (AMI) capital project. With this option, a typical single family residence's electric bill would increase \$4.82 from \$50.66 to \$55.48.

Option B raises electric rates by 7.42% for all customer classes. The increase related to AMI funding has been eliminated. The 7.42% increase continues to fund purchase power, renewable energy and enhanced energy services. A typical single family residential electric bill would increase \$3.77 from \$50.66 to \$54.43 with Option B.

**BACKGROUND / DISCUSSION**

**OPTION A**

A 9.5% electric rate increase was included in the City Manager's recommended budget. The increase applied to all customer classes. The 9.5% rate increase is made up of the following components:

<b>Retail Electric Rate Increase</b>	<b>2010</b>
Purchase Power	4.79%
Purchase Power – Renewables	0.82%
Energy Services	1.81%
Advanced Metering Infrastructure (AMI)	2.08%
<b>Total Electric Rate Increase</b>	<b>9.50%</b>

Platte River's increases are due to several factors:

- Capital investments = \$335 million over ten years: transmission approximately \$149 million, production approximately \$179 million, general at approximately \$7 million (cost of materials is increasing, underground transmission).
- Craig coal costs have increased.
- Reserve requirements increasing.
- Xcel Energy is beginning to charge for ancillary services.

- Surplus sales are decreasing (the margin from surplus sales subsidizes the rate to the municipalities) as municipal energy consumption increases.
- Interest income has decreased due to lower interest rates.

Platte River's wholesale premium charge for renewable energy will increase from \$0.012 per kWh to \$0.019 per kWh. The increase is due primarily to increasing the amount of generation plant compared to renewable energy credits as directed by Platte River's Board approved Renewable Policy.

The Energy Services increase will fund additional conservation programs and customer initiatives to support Energy Policy goals.

If the appropriation is approved, the Advance Metering Infrastructure (AMI) project is estimated to cost \$21.5 million with Light and Power's share at \$17.5 million. A 2.08% increase was requested for AMI. While long term savings were projected, cash flow projections required a rate increase to fund the AMI project on a pay-as-you-go basis while keeping reserves at minimum levels. A second 2.08% increase for AMI was projected for 2011.

Option A is no longer recommended by staff. On October 27, 2009 the City was notified that it had been awarded a Smart Grid Energy grant as part of the American Recovery and Reinvestment Act (ARRA). The City's portion of the grant is approximately \$15.4 million. An ordinance related to this grant appropriation will be presented to Council at a later date when the grant award is finalized. Staff will present options to fund the required match at that time but it will not require the 2.08% rate increase for AMI.

#### OPTION B

The Ordinance - Option B eliminates that portion of the proposed electric rate increase attributable to the AMI project. The October 27, 2009 award of stimulus funding eliminates the need for the 2.08% increase for AMI. The Utilities was awarded Federal stimulus funding in the amount of \$15.4 million in support of projects totaling \$30.8 million. Projects include AMI, several smart grid enhancements and implementation of several long-range IT projects related to AMI. The grant requires a 50% match by the Utilities. Financing options, including debt financing, for the match will be presented to Council once the award negotiations are complete and an appropriation is requested.

Option B eliminates the 2.08% increase in 2010 reducing the total electric rate increase from 9.5% to 7.42%. If the Ordinance - Option B is approved, staff will return to Council at a later date with additional specifics related to the grant award and funding options, including debt financing, for the project. Appropriations for the AMI project could be approved at that time.

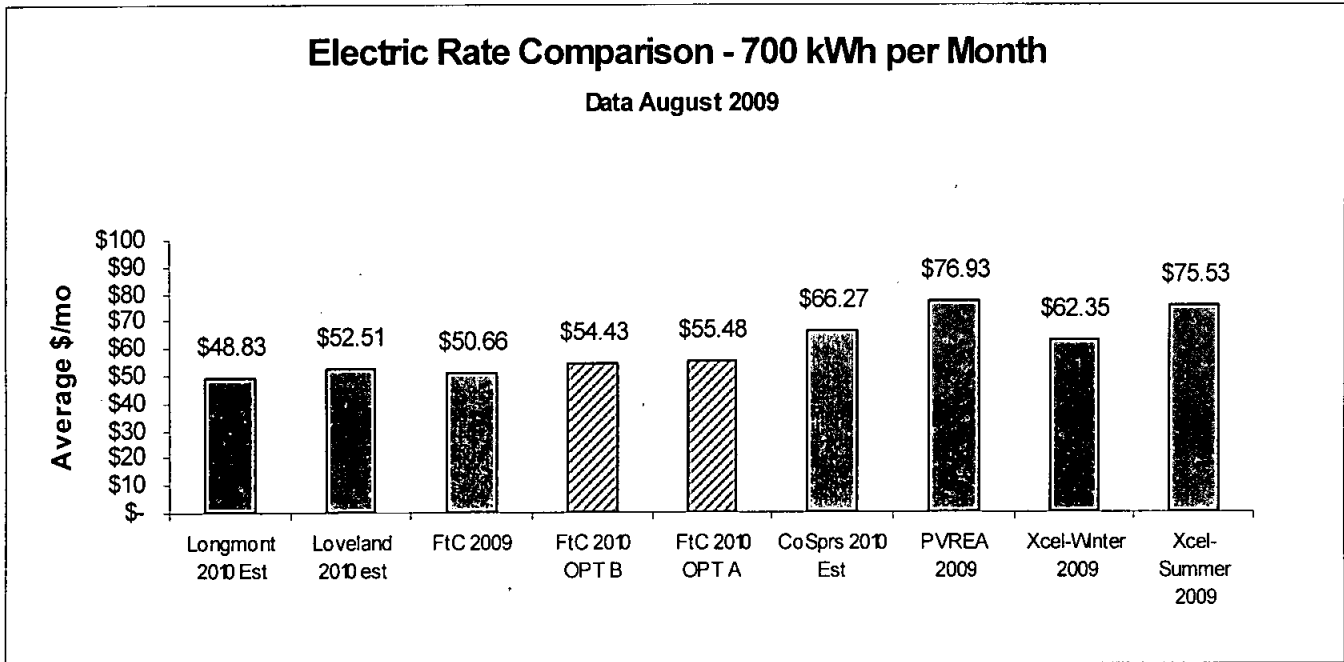
The chart below provides Council with the projected rate increases given the following considerations:

Option A – 9.5%, Ordinance as approved on first reading 10/20/2009.

Option B – 7.42%, Ordinance revised to exclude rate increase for AMI.

<b>Electric Rate Options for 2010</b>			
	<b>Cost for 700 kWh - Residential Rate</b>	<b>\$ Increase from 2009</b>	<b>% Increase from 2009</b>
<b>2009 Rate</b>	\$50.66		
<b>2010 Option A -- 9.5%</b>	\$55.48	\$4.82	9.5%
<b>2010 Option B -- 7.42%</b>	\$54.43	\$3.77	7.4%

With either option, Fort Collins electric rates remain competitive with those of surrounding utilities.



**FINANCIAL IMPACTS**

The rate Ordinance is projected to increase the annual operating revenues of the Light and Power Fund by approximately 9.5% (Option A) or 7.42% (Option B).

The annual electric bill for typical residential electric customer (700 kilowatt-hours per month) would increase \$57.84 with Option A and \$45.24 with Option B.

**SUSTAINABILITY: ECONOMIC, ENVIRONMENTAL AND SOCIAL IMPACTS**

**Environmental** – Each option includes funding to enable the utilities to move toward meeting the goals and objectives of the Energy Policy including the targeted reduction in consumption of 1.5% and the City’s carbon reduction goal to reduce carbon emissions to 80% of 2005 levels by 2020.

**Economic** – The proposed increase in electric rates will increase the cost of living for our customers, however, the rates for all customer classes remain among the lowest in the State. To lessen the financial impact, customers have the ability to reduce their energy use to lower their utility bill. AMI will provide additional information to customers to help them manage their usage.

**Social** - The rate increase will allow the Utilities to continue to provide safe reliable power for the benefit of the citizens and businesses of Fort Collins.

**STAFF RECOMMENDATION**

The award of the American Recovery and Reinvestment Act funding for the smart grid/ AMI projects has eliminated the need for a 2.08% rate increase for the AMI project. Staff recommends that City Council adopt Option B on Second Reading. An appropriation of the grant award and matching funds will need to be considered by Council following the finalization of the award negotiations. Options that staff will present for funding the matching grant requirement will include debt financing.

**BOARD / COMMISSION RECOMMENDATIONS**

Electric Board voted 4-2 approve the proposed 9.5% increase monthly electric rates at their September 14, 2009 board meeting (See Attachment 2). The Board has not discussed Option B.

**PUBLIC OUTREACH**

Notice of the proposed rate charges and related public hearings was mailed to out of city electric customers on October 2, 2009 and published in the Coloradoan on October 4, 2009. The proposed electric rate changes were posted on fcgov.com under public notices on October 2, 2009. An article on the proposed rate increase was also published in the October issue of City News. Public outreach has been based on Option A.

**ATTACHMENTS**

1. Copy of First Reading Agenda Item Summary - October 20, 2009
2. Electric Board Minutes – excerpt from September 14, 2009 meeting relating to budget, rates, and electric fees.

## AGENDA ITEM SUMMARY FORT COLLINS CITY COUNCIL

ITEM NUMBER: 28 A-G

DATE: October 20, 2009

STAFF: Brian Janonis  
Terri Bryant

### SUBJECT

Items Relating to Utility Rates and Charges for 2010.

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### RECOMMENDATION

Staff recommends adoption of the Ordinances on First Reading.

The Water Board reviewed the 2009-2010 Water Utilities' budgets, water, sewer and stormwater plant investment fee changes, and monthly water and wastewater rate increases at its August 27, 2009 Board meeting. The Board voted 7-2 to approve the proposed budget and rate and fee changes.

The Electric Board reviewed the 2009-2010 Light and Power budget and the proposed increases to the electric rates and development fees and charges at its meeting on September 14, 2009. The Board voted 5-1 to support the proposed budget and voted 4-2 to support the proposed rate and development fee changes.

### FINANCIAL IMPACT

The rate Ordinances are projected to increase the annual operating revenues of the Wastewater Fund by 10%, the Water Fund by 3%, and the Light and Power Fund by 9.5%. There are no rate increases to stormwater monthly rates. The combined utility fees for a typical single family residence during the high usage summer months will increase \$9.95 per month.

Proposed water, wastewater and stormwater plant investment fees (PIFs) are updated to reflect a new customer's impact on the system and maintain existing customers' equity in the system. Proposed electric development fees and charges cover costs of new commercial and residential development. The financial impacts vary by the size and nature of the development. If the proposed fees are adopted, water, wastewater and stormwater plant investment fees, and electric development fees and charges will increase. The combined utility development fees for a typical single family residence (exclusive of raw water requirements which are not changing) will increase from \$10,696 to \$11,509 or 7.6%.

The proposed fees will be effective January 1, 2010.

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**EXECUTIVE SUMMARY**

- A. First Reading of Ordinance No. 113, 2009, Amending Chapter 26, Article III, Division 4 of the City Code Relating to User Rates and Charges for Water.
- B. First Reading of Ordinance No. 114, 2009 Amending Chapter 26 of the City Code Relating to Wastewater Rates and Charges.
- C. First Reading of Ordinance No. 115, 2009 Amending Chapter 26 of the City Code to Revise Electric Rates, Fees and Charges.
- D. First Reading of Ordinance No. 116, 2009, Amending Chapter 26 of the City Code to Revise Water Plant Investment Fees.
- E. First Reading of Ordinance No. 117, 2009, Amending Chapter 26 of the City Code to Revise Sewer Plant Investment Fees.
- F. First Reading of Ordinance No. 118, 2009, Amending Chapter 26 of the City Code to Revise Electric Development Fees and Charges.
- G. First Reading of Ordinance No. 119, 2009, Amending Chapter 26 of the City Code to Revise Stormwater Plant Investment Fees.

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Three Ordinances (A, B & C) establish monthly water, wastewater and electric rates.

Four Ordinances (D, E, F, & G) adopt revised water, sewer and stormwater plant investment fees and electric development fees. The fees are one-time charges paid by developers or builders for the cost of the utility infrastructure needed to serve new development. Per Council direction, plant investment fees are reviewed on an annual basis and revised during the biennial budget cycle. Plant investment fees (PIFs) for water, wastewater and stormwater were last updated with the 2008-2009 budget. Electric development fees and charges are updated annually.

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**BACKGROUND**

**PLANT INVESTMENT FEES (PIFs)**

**• WATER PLANT INVESTMENT FEES**

The water plant investment fees are developed to recover the current value of past investment and the current value of future growth-related investment through 2040. This method includes calculating net water system equity, capacity units, and determining the net system equity per unit as follows:

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- 1. The water system assets are valued at replacement cost adjusted by the construction cost index as published by *Engineering News Record*.

2. The net system equity is determined by subtracting outstanding debt principal from total replacement costs and adding projected growth related to capital improvement projects.
3. The result is divided by the future total plant capacity to determine unit cost.

The investment in plant increased only slightly compared to the prior study. Residential and multi-family usage characteristics remain unchanged, resulting in no recommended increase in PIFs for 2010. Commercial use characteristics increased, resulting in higher PIF charges for 2010.

The following schedule details PIFs for the various customer classes.

**WATER PLANT INVESTMENT FEES BY CUSTOMER CLASS**

Customer Class/Meter Size	2009 PIFs		2010 Proposed		Change
	Peak Day Usage (gpd)	Current Charge	Peak Day Usage (gpd)	Proposed Charge	
<b>Residential:</b>					
<b>Single Family</b>					
Inside Use	191	\$ 730	191	\$ 730	0%
Outside Use - \$/Sq. Ft.	864	\$ 0.36	864	\$ 0.36	0%
<b>Multi-Family (per unit)</b>					
Inside Use	133	\$ 490	133	\$ 490	0%
Outside Use - \$/Sq. Ft.	263	\$ 0.27	263	\$ 0.27	0%
<b>Non-Residential (meter size)</b>					
¾ inch	1,730	\$ 6,970	1,850	\$ 7,530	8.0%
1 inch	5,110	\$ 20,590	5,340	\$ 21,730	5.5%
1 ½ inch	10,300	\$ 41,510	11,130	\$ 45,300	9.1%
2 inch	16,210	\$ 65,330	16,970	\$ 69,070	5.7%
3 inch	35,370	\$142,540	38,800	\$157,920	10.8%
> than 3 inches	Based on specific customer requirements				

\*differences due to rounding

The impact to a typical single family residence remains at the 2009 rate of \$3,826 (8,600 sq. ft. lot).

**WASTEWATER PLANT INVESTMENT FEES**

The wastewater plant investment fees are developed using a similar method to the water PIFs, by assessing new customers based on an allocation of the costs of the existing facilities and the projected growth-related improvements. While the gallons per day treated decreased slightly for most customer classes, the increased investment in plant resulted in increased PIFs for each customer class for 2010.

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The proposed fees are shown in the following tables:

WASTEWATER PLANT INVESTMENT FEES					
Customer Class/Meter Size	Existing 2009		Proposed 2010		Change
	Volume Gpd	Current Charge	Volume Gpd	Proposed Charge	
Single Family	321	\$ 3,194	300	\$ 3,550	11.1%
Multi-Family/Per Unit	208	\$ 2,069	210	\$ 2,490	20.3%
<b>Non-Residential (meter size)</b>					
3/4 inch	624	\$ 6,206	600	\$ 7,100	14.4%
1 inch	1,644	\$ 16,361	1,510	\$ 17,880	9.3%
1 1/2 inch	2,854	\$ 28,396	2,660	\$ 31,490	10.9%
2 inch	5,122	\$ 50,963	4,670	\$ 55,290	8.5%
3 inch	12,209	\$121,484	12,680	\$150,130	23.6%
4 inch and above assessed on individual basis					

Wastewater plant investment fees for a typical single-family residence in 2010 would increase from \$3,194 to \$3,550, or 11.1%.

**• STORMWATER PLANT INVESTMENT FEES**

Plant investment fees for stormwater are adopted on a citywide basis. All new development must provide on-site detention as specified in the master plan. Regional elements are sized to handle existing flows and to work in coordination with on-site detention in new developments. Stormwater PIFs pay for a developer's proportionate share of the system infrastructure as it exists at the time they develop.

The unit of measure used to allocate the value of the existing system between new customers and existing customers is acres of developed land, adjusted with a runoff coefficient (a measure of how water runs off various surfaces). Proposed development fees are calculated by dividing the value of the current system, less outstanding debt, by the total acres of land (existing developed and developable) in the service area. This number is then adjusted by the average runoff for the system. The result is the unit value of the existing system per-acre-of-developed land.

Stormwater Plant Investment Fee		
2009 Current Fees	2010 Proposed Fees	% Change
\$4,420	\$6,313	42.8%

The significant increase in fees is due to the large investments in stormwater infrastructure over the last few years. A typical single family residential stormwater PIF would increase from \$749 to \$1,069, or \$320.

**• ELECTRIC PLANT INVESTMENT FEES**

Electric development charges include the allocated and actual costs to the utility for each commercial or residential development. The two components of these charges are the Electric Capacity Fee for the off-site electric system, and the Building Site Charge for the on-site electric costs. The electric development charges are typically increased annually to adjust for inflation and



cost increases. Increases average from 1% for residential and 1.9% for commercial development in 2010.

The following tables compare current fees with proposed fees for residential and commercial development for customer electric loads served by the utility where the Utility owns the transformer:

ELECTRIC DEVELOPMENT FEES AND CHARGES - RESIDENTIAL					
Category	Charge	2009	2010	% Inc	
Electric Capacity Fee*	Per square foot	\$0.04919	\$0.04968	1.0%	
	Per lineal front foot	\$9.77	\$9.90	1.3%	
	Charge per Dwelling Unit	150 amp Single Family (Non Elec Heat)	\$1,262	\$1,278	1.3%
		20 amp Single Family (& Elec Heat 150 amp)	\$2,143	\$2,165	1.0%
		150 amp Multi-Family (Non Elec Heat)	\$842	\$852	1.2%
		200 amp Multi-Family (& Elec Heat 150 amp)	\$1,505	\$1,520	1.0%
Building Site Charges	Secondary Service	1/0	\$658	\$666	1.2%
		4/0	\$817	\$823	0.7%

ELECTRIC DEVELOPMENT FEES & CHARGES COMMERCIAL					
Category	Charge	2009 Existing	2010 Proposed	% Change	
Electric Capacity Fee*	Per square foot	\$0.04919	\$0.04968	1%	
	Per lineal front foot	\$37.64	\$38.20	1%	
	Service Entrance (per 100 amps) Utility Owned Transformers	208V 1-ph	\$1,202	\$1,238	3%
		240V 1-ph	\$1,386	\$1,429	3%
		208V 3-ph	\$2,081	\$2,145	3%
		240V 3-ph	\$2,401	\$2,475	3%
480V 3-ph	\$4,803	\$4,950	3%		
Building Site Charges	Primary Circuit 1 phase	\$8.90	\$8.90	0%	
	Primary Circuit 3 phase	\$19.12	\$19.00	-1%	
	Transformer Install 1 phase	\$1,257	\$1,317	5%	
	Transformer Install 3 phase	\$2,335	\$2,409	3%	

\*Utility Owned Transformer

The impact to a typical single family residence (8,600 sq. ft. lot, 150 amp service) is an increase of \$37 from \$3,027 to \$3,064, or 1%.

In addition, when the customer owns the transformer, the proposed kVA service charge is reduced by \$10.10 per kilovolt-amp (kVA) of service load rating for electric capacity fees for customer electric loads served by the utility. Proposed revisions to code language also identify the applicable kVA service charge for the utility to receive customer generation in excess of the customer's electric service provided by the utility. Since the Utilities do not provide substation capacity for this customer owned generation, the kVA service charges are reduced by \$11.24 per kVA.

**SUMMARY OF PIF CHANGES AND COMPARISONS**

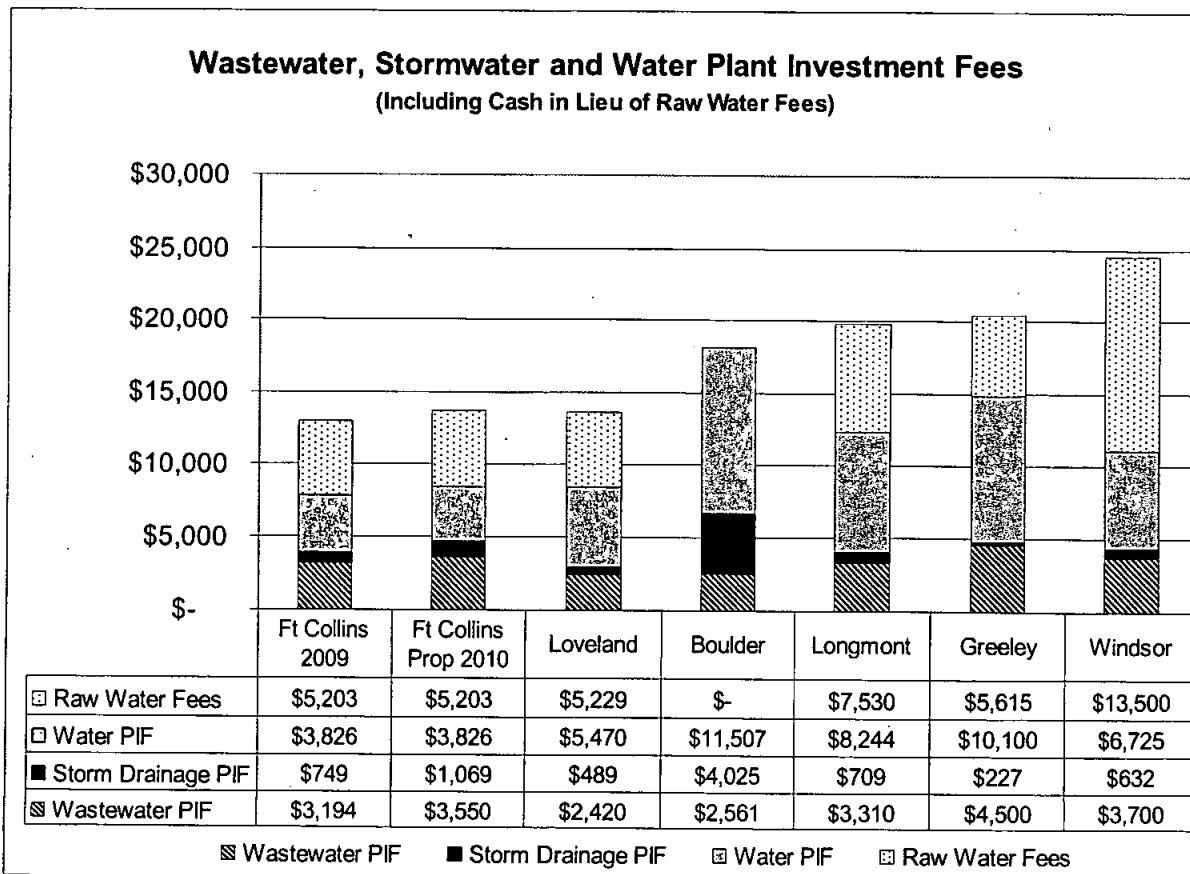
The following table shows the overall impact of the proposed Plant Investment Fees and Electric Development Charges on a typical single family residence.

Impact on Single Family Residential				
	Current 2009	Proposed 2010	Change	
Water*	\$ 3,826	\$ 3,826	0.0%	\$ 0
Raw Water**	\$ 5,203	\$ 5,203	0.0%	\$ 0
Wastewater	\$ 3,194	\$ 3,550	11.1%	\$ 356
Stormwater***	\$ 749	\$ 1,069	43.0%	\$ 320
Electric*	\$ 3,027	\$ 3,064	1.0%	\$ 37
<b>Total</b>	<b>\$15,999</b>	<b>\$ 16,712</b>	<b>4.6%</b>	<b>\$ 713</b>

\*Typical, based on lot size of 8,600 sq. ft., 70 foot frontage, 150 amp service  
 \*\*No increase for Raw Water  
 \*\*\*8,600 sq. ft. lot plus estimated 6, 156 sp. ft common area and right-of-way, light runoff coefficient

Comparison to other utilities is difficult due to differences in customer use patterns, the unique capital needs of each utility, and different policy direction from governing bodies. The question of how Fort Collins Utilities compare to other area utilities often arises. The graph below compares water, wastewater, and stormwater PIFs and raw water requirements for a single family residence for some neighboring communities.

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**\*Assumptions and data sources:**

- a. Building Type: Single Family Residential
- b. Building Square Footage: 2,200 sq. ft.
- c. Dwelling units: 1
- d. Lot Size: 8,600 sq. ft, (Stormwater at 14,756 sq. ft. gross)
- e. Water Tap Size: ¾" residential
- f. Does not include the cost of tap and meter fees or development review fees
- g. Data obtained from city web sites and/or staff of each city.

Note: Greeley drainage fees vary by basin. High is \$704, Low is \$69, Median is \$280, Mean is \$227. Raw water is dedicated prior to development.

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**MONTHLY RATES**

The City contracted with Red Oak Consulting to conduct a cost of service study for the water and wastewater rates. Cost of service is a process to determine a customer class's proportionate share of a utility system's annual costs. Best practices within the water utility industry recommend performing cost of service analysis on a regular basis to ensure proper cost recovery from the various rate classes.

**Water Rates**

Ordinance No. 113, 2009, proposes to increase the water utility fund's revenue by 3%. The increase includes a cost of service adjustment and varies by customer class. With the proposed rate, a typical single family residential customer's monthly bill will increase from \$60.90 to \$63.22 or \$2.32 per month in 2010. This is based on a typical single family residential summer usage of 21,000 gallons. During lower use in the winter (5,000 gallons per month), the average bill will increase approximately \$0.86. The rate increase is needed to generate revenues to fund capital replacement projects. The chart below shows the impact of the cost of service adjustments to the proposed rate increase by customer class:

WATER UTILITY			
Customer Class	2010 Proposed Revenue Adjustment	Cost of Service Adjustment	Proposed(1) Rate Increase by Customer Class
Residential	3.0%	0.8%	3.8%
Duplex/Multi-family	3.0%	(2.9)%	0.0%
Commercial	3.0%	(1.3)%	1.7%

(1) Adjustments are cumulative

**Wastewater Rates**

Ordinance No. 114, 2009, proposes to increase wastewater revenue by 10%. The increase includes a cost of service adjustment and varies by customer class. With the proposed rate, a typical single family residential customer's monthly bill will increase from \$24.48 to \$27.28 or \$2.80 per month in 2010. This is based on a system average of 5,200 gallons per month winter quarter average

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(WQA) water use. Council approved monthly wastewater rate increases in 2008 and 2009 at 12% and 11%, respectively, to fund wastewater operations and meet the increase in long-term debt service obligations for a major capital project to replace the trickling filter, make odor control improvements and prepare for future regulation-based improvements at the Mulberry facility. A 9% increase is proposed for 2011 and 8% in 2012 to maintain reserve requirements, meet debt service, and continue operations and maintenance functions. The following table shows the impact of the wastewater cost of service adjustment by customer class:

<b>WASTEWATER UTILITY</b>			
<b>Customer Class</b>	<b>2010 Proposed Revenue Adjustment</b>	<b>Cost of Service Adjustment</b>	<b>Proposed (1) Rate Increase by Customer Class</b>
Residential	10.0%	1.30%	11.5%
Duplex/Multi-family	10.0%	(.20)%	9.80%
Commercial	10.0%	(2.5)%	7.30%

(1) Adjustments are cumulative

**Electric Rates**

The Utilities are proposing an electric rate increase of 9.5% in 2010 for all customer classes and 8.6% in 2011. The rate increase is made up of the following components:

<b>Recommended Retail Electric Rate Increase</b>	<b>2010</b>	<b>2011</b>
Purchase Power	4.79%	4.71%
Purchase Power – Renewables	0.82%	0.00%
Energy Services	1.81%	1.81%
Advanced Metering Infrastructure (AMI)	2.08%	2.08%
<b>Total Electric Rate Increase</b>	<b>9.50%</b>	<b>8.60%</b>

Platte River's increases are due to several factors:

- Capital investments = \$335 million over ten years: transmission approximately \$149 million, production approximately \$179 million, general at approximately \$7 million (cost of materials is increasing, underground transmission).
- Craig coal costs have increased.
- Reserve requirements increasing.
- Xcel Energy is beginning to charge for ancillary services.
- Surplus sales are decreasing (the margin from surplus sales subsidizes the rate to the municipalities) as municipal energy consumption increases.
- Interest income has decreased due to lower interest rates.

Platte River's wholesale premium charge for renewable energy will increase from \$0.012 per kWh to \$0.019 per kWh. The increase is due primarily to increasing the amount of generation plant

compared to renewable energy credits as directed by Platte River’s Board approved Renewable Policy. This increases Fort Collins annual cost to purchase renewable energy by \$708,000 per year.

The Energy Services increase will fund additional conservation programs and customer initiatives to support Energy Policy goals.

The Advance Metering Infrastructure (AMI) project is estimated to cost \$21.5 million, with Light and Power’s share at \$17.5 million. In order to fund the AMI project and keep reserves at minimum policy levels, a 2.08% rate increase in retail electric rates is required for both 2010 and 2011. Each 2.08% rate increase is projected to generate approximately \$1.66 million of revenue per year – not the full cost of the project. AMI will also be funded through depletion of the reserves. While long term savings from the AMI project are projected, the initial cash flows require a rate increase to maintain reserves at minimal levels over the next five years. Federal stimulus funding is also being pursued and, if obtained, the rate impact would be reduced.

**Electric Rate Options**

The chart below provides Council with the projected rate increases given the following considerations:

- Option 1 – 9.5%, Recommended Budget
- Option 2 – 7.42%, Budget without AMI

**Electric Rate Options for 2010**

	<b>Cost for 700 kWh - Residential Rate</b>	<b>\$ Increase from 2009</b>	<b>% Increase from 2009</b>
<b>2009 Rate</b>	\$50.66		
<b>Option 1 - 9.5%</b>	\$55.48	\$4.82	9.5%
<b>Option 2 - 7.42%</b>	\$54.43	\$3.77	7.4%

The Electric Rate Ordinance included in the recommendation is based on Option 1.

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**Monthly Rate Summary**

The following table summarizes the impact of the proposed rate increases on a typical single family residential customer's monthly utility bill. In total, a "typical" customer's summer bill will increase \$9.94 per month.

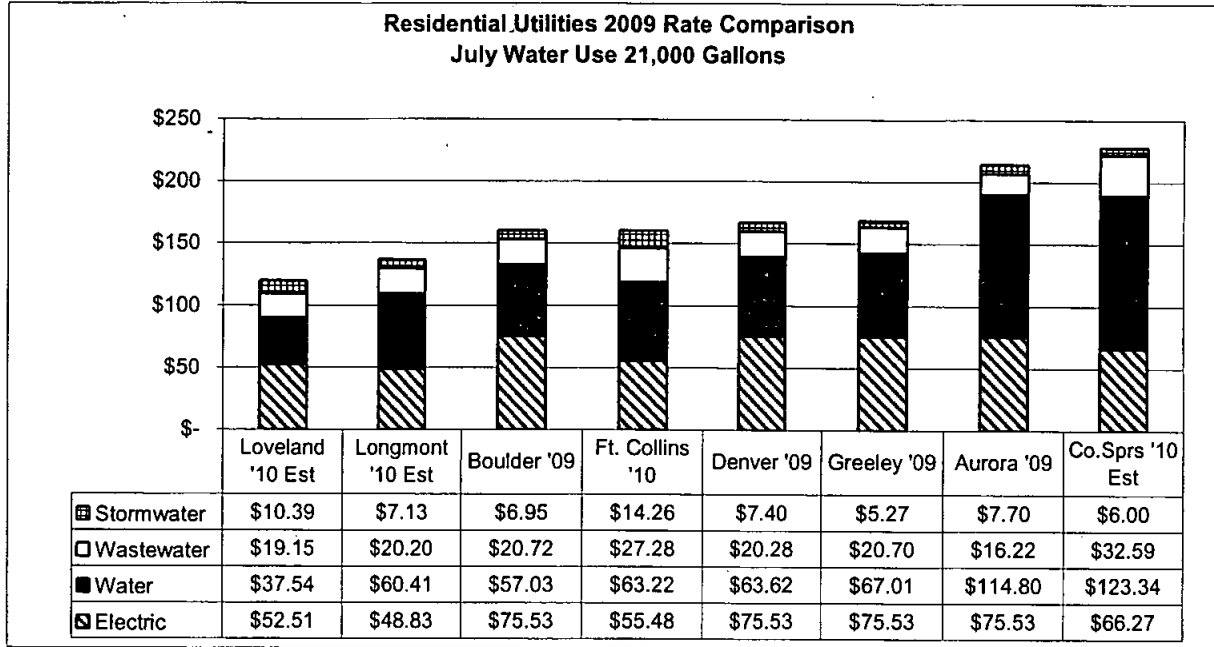
<b>Typical Residential Customer – Monthly Utility Bill</b>				
	<b>Current 2009</b>	<b>Proposed 2010</b>	<b>\$ Increase</b>	<b>% Increase</b>
<b>Electric</b> 700 kWh per month	\$ 50.66	\$ 55.48	\$4.82	9.5%
<b>Wastewater</b> 5,200 gallons/month winter quarter use	\$ 24.48	\$ 27.28	\$2.80	11.5%
<b>Stormwater</b> 8,600 sq.ft. lot, light runoff	\$ 14.26	\$ 14.26	\$0.00	0%
<b>Water</b>				
January 5,000 gallons	\$ 22.56	\$ 23.43	\$0.86	3.8%
July 21,000 gallons	\$ 60.90	\$ 63.22	\$2.32	3.8%
<b>Total January Monthly Utility Bill</b>	<b>\$111.96</b>	<b>\$120.45</b>	<b>\$8.49</b>	<b>7.6%</b>
<b>Total July Monthly Utility Bill</b>	<b>\$150.30</b>	<b>\$160.24</b>	<b>\$9.94</b>	<b>6.6%</b>

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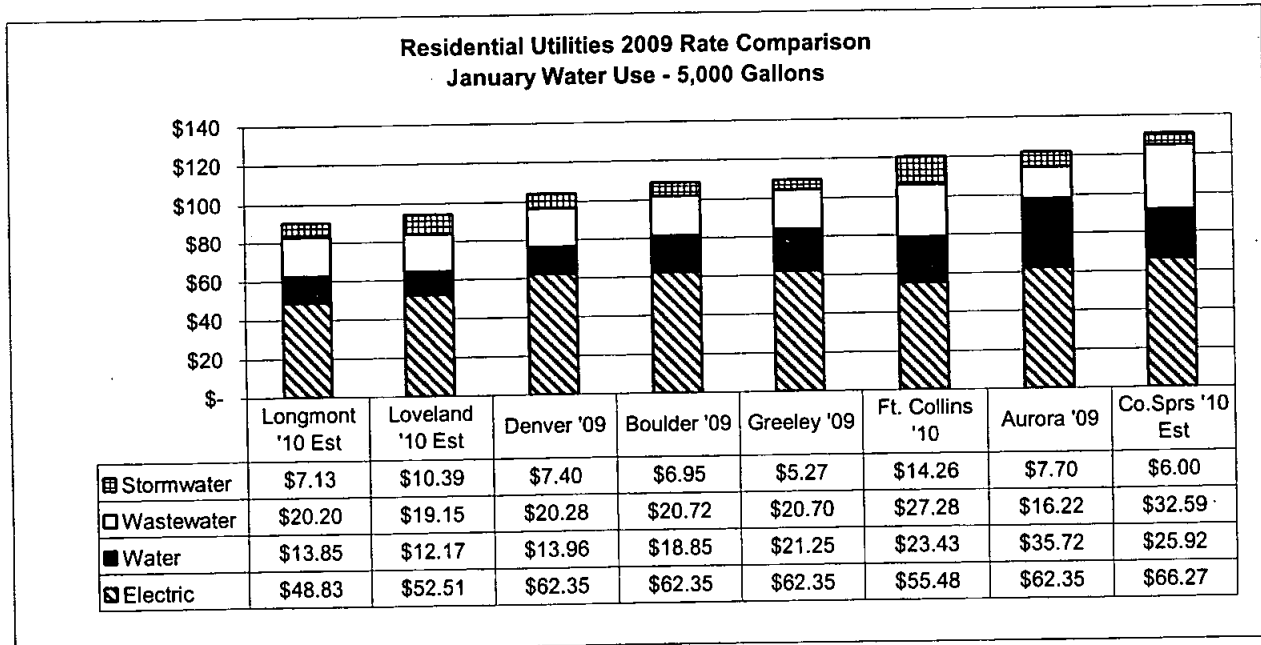
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The following charts compare water, wastewater, stormwater and electric utility costs for eight Front Range cities. They include the recommended 2010 increases for Fort Collins, Loveland, Longmont and Colorado Springs, and 2009 known rates for Denver, Boulder, Greeley, and Aurora.



C O P Y



C O P Y

**Note:** Boulder, Denver, Greeley and Aurora electric provided by Xcel 2009 summer and winter rates shown.

Customers can reduce their monthly bills through conservation. A 10% reduction in usages for a typical residential customer would impact their monthly utility bill as follows:

Typical Residential Customer – Monthly Utility Bill							
(With and Without 10% Reduction in Use)							
	Current 2009	Proposed 2010	\$ Increase from 2009	% Increase from 2009	Proposed 2010	\$ Increase (Decrease) from 2009	% Increase (Decrease) from 2009
	No change in use			10% reduction in use*			
<b>Electric</b> 700 kWh per month	\$50.66	\$55.48	\$4.82	9.5%	\$50.36	(\$0.30)	-0.6%
<b>Wastewater</b> 5,200 gallons/month winter quarter use (WQA)	\$24.48	\$27.28	\$2.80	11.5%	\$25.91	\$1.43	5.9%
<b>Stormwater</b> 8,600 sq.ft. lot, light runoff	\$14.26	\$14.26	\$0.00	0.0%	\$14.26	\$0.00	0.0%
<b>Water</b> January - 5,000 gallons	\$22.56	\$23.43	\$0.86	3.8%	\$22.40	(\$0.16)	-0.7%
July - 21,000 gallons	\$60.90	\$63.22	\$2.32	3.8%	\$57.55	(\$3.36)	-5.8%
<b>Total January Mo. Utility Bill</b>	\$111.96	\$120.45	\$8.49	7.6%	\$112.94	\$0.98	0.9%
<b>Total July Monthly Utility Bill</b>	\$150.30	\$160.24	\$9.95	6.6%	\$148.08	(\$2.22)	-1.5%
<p>* 10% reduction in use:</p> <p>Electric 630 kWh per month</p> <p>Wastewater 4,680 Winter Quarter Gal/Mo</p> <p>Water: January 4,500 gallons, July 18,900 gallons</p> <p>No change to Stormwater</p>							

**ATTACHMENTS**

1. Water Board Minutes excerpt from August 27, 2009 meeting relating to budget, rates and PIFs.
2. Electric Board Minutes excerpt from September 14, 2009 meeting relating to budget, rates, and electric fees.
3. PowerPoint presentation



**Excerpt from Approved Electric Board September 14, 2009, Minutes**

Recorded by Meagan Peil, Customer Service Representative, Utilities

**2010-2011 Budget Presentation**

(Presentation available upon request)

Utilities Finance and Budget Manager Terri Bryant introduced Utilities Financial Operations Manager Ellen Switzer to present the proposed 2010-2011 Light and Power Budget.

....

**Summary**

In summary, the 2010 budget is \$115, 985, 597, and the 2011 budget is \$115,343, 797. There is a proposed monthly rate increase of 9.5 percent in 2010 and 8.6 percent in 2011 which can be offset by conservation. The electric development fees will increase 1.2 percent for residential and 1.8 percent for commercial. Also, staff are exploring codification for the billing error policy.

**Motion:**

**Board Member Barnish moved that the Board recommend that City Council approve the codification of the billing error policy.**

Board Member Harris seconded the motion.

The vote on the motion was unanimous. Motion passed.

**OPTION A - Code Changes including AMI,  
Adopted on First Reading**

**ORDINANCE NO. 115, 2009  
OF THE COUNCIL OF THE CITY OF FORT COLLINS  
AMENDING CHAPTER 26  
OF THE CODE OF THE CITY OF FORT COLLINS  
TO REVISE ELECTRIC RATES, FEES AND CHARGES**

WHEREAS, the City Council is empowered and directed by Article XII, Section 6, of the City Charter to fix, establish, maintain and provide for the collection of such rates, fees or charges for utility services furnished by the City as will produce revenues sufficient to pay the costs, expenses and other obligations of the electric utility, as set forth therein; and

WHEREAS, Platte River Power Authority (“Platte River”) has increased the City’s wholesale cost of power approximately 6.3% in 2010; and

WHEREAS, Platte River has increased the premium cost of renewable power from one cent to 1.9 cents per kilowatt hour in 2010; and

WHEREAS, the costs associated with funding the energy efficiency and other programs described in the Council-approved Energy Policy and the Advanced Metering Infrastructure project will require additional revenues; and

WHEREAS, the City Manager and City staff have recommended to the City Council the following adjustments to the electric rates for all billings issued with meter readings on or after January 1, 2010; and

WHEREAS, based on the foregoing, it is the desire of the City Council to amend Chapter 26 of the City Code to revise electric rates, fees and charges.

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

Section 1. That Sections 26-464(c) and 26-464(d) of the Code of the City of Fort Collins are hereby amended to read as follows:

**Sec. 26-464. Residential energy service, schedule R.**

...

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

- (1) Fixed charge, per account: ~~Three~~ **Four** dollars and ~~sixty-nine~~ **four** cents (~~\$3.69~~ **\$4.04**).
- (2) Demand charge, per kilowatt-hour: Two and ~~eighty-eight~~ **eighty-nine** one-hundredths cents (~~\$0.0288~~ **\$0.0289**).

- (3) Distribution facilities charge, per kilowatt-hour: One and ~~fifty-six~~ **eighty-nine** one-hundredths cents (~~\$0.0156~~ **\$0.0189**).
  - (4) Energy charge, per kilowatt-hour: ~~One~~ **Two** and ~~eighty-six~~ **twelve** one-hundredths cents (~~\$0.0186~~ **\$0.0212**).
  - (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.* Renewable energy resources, including but not limited to energy generated by the power of wind, may be offered on a voluntary basis to customers at a premium of one **and nine-tenths** cents (\$.019) per kilowatt hour. The utility may establish and offer voluntary programs designed to increase and enhance the use of energy generated by renewable energy resources in support of Council adopted policy applicable to the utility.

...

Section 2. That Sections 26-465(c) and 26-465(d) of the Code of the City of Fort Collins are hereby amended to read as follows:

**Sec. 26-465. Residential demand service, schedule RD.**

...

- (c) *Monthly rate.* The monthly rates are as follows:
  - (1) Fixed charge, per account: Six dollars and ~~eight~~ **sixty-seven** cents (~~\$6.08~~ **\$6.67**).
  - (2) Demand charge, per kilowatt: Four dollars and ~~nineteen~~ **twenty-one** cents (~~\$4.19~~ **\$4.21**).
  - (3) Distribution facilities charge, per kilowatt-hour: One and ~~twelve~~ **forty-one** one-hundredths cents (~~\$0.0112~~ **\$0.0141**).
  - (4) Energy charge, per kilowatt-hour: ~~One~~ **Two** and ~~eighty-six~~ **twelve** one-hundredths cents (~~\$0.0186~~ **\$0.0212**).
  - (5) In lieu of taxes and franchise: a charge at the rate of six and zero-tenths (6.0) percent of monthly service charges billed pursuant to this Section.
- (d) *Renewable resource.* Renewable energy resources, including but not limited to energy generated by the power of wind, may be offered on a voluntary basis to customers at a premium of one **and nine-tenths** cents (\$.019) per kilowatt hour. The utility may establish and offer voluntary programs designed to increase

and enhance the use of energy generated by renewable energy resources in support of Council adopted policy applicable to the utility.

...

Section 3. That Sections 26-466(c), (d), and (f) of the Code of the City of Fort Collins are hereby amended to read as follows:

**Sec. 26-466. General service, schedule GS.**

...

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

(1) Fixed charge, per account:

- a. Single-phase, two-hundred-ampere service: ~~Two~~ **Five** dollars and ~~eighty-four~~ **one** cents (~~\$2.84~~ **\$5.01**).
- b. Single-phase, above two-hundred-ampere service: ~~Seven~~ **Nine** dollars and ~~forty-six~~ **sixty-three** cents (~~\$7.46~~ **\$9.63**).
- c. Three-phase, two-hundred-ampere service: ~~Four~~ **Six** dollars and ~~sixty-one~~ **seventy-eight** cents (~~\$4.61~~ **\$6.78**).
- d. Three-phase, above two-hundred-ampere service: ~~Eight~~ **Ten** dollars and ~~seventy-three~~ **ninety** cents (~~\$8.73~~ **\$10.90**).

(2) Demand charge, per kilowatt-hour:

- a. First two thousand (2,000) kilowatt-hours: Four and ~~fourteen~~ **sixteen** one-hundredths cents (~~\$0.0414~~ **\$0.0416**).
- b. Next five thousand (5,000) kilowatt-hours: One and ~~ninety-five~~ **ninety-six** one-hundredths cents (~~\$0.0195~~ **\$0.0196**).
- c. All additional kilowatt-hours: Zero (\$0.00).

(3) Demand charge, per kilowatt:

- a. All kilowatts billed in excess of twenty-five (25) kilowatts: Seven dollars and ~~twenty-four~~ **twenty-seven** cents (~~\$7.24~~ **\$7.27**).

(4) Distribution facilities charge, per kilowatt-hour: One and ~~forty-two~~ **sixty-six** one-hundredths cents (~~\$0.0142~~ **\$0.0166**).

(5) Energy charge, per kilowatt-hour: ~~One~~ **Two** and ~~eighty-six~~ **twelve** one-hundredths cents (~~\$0.0186~~ **\$0.0212**).

(6) 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.* Renewable energy resources, including but not limited to energy generated by the power of wind, may be offered on a voluntary basis to customers at a premium of one **and nine-tenths** cents (\$.019) per kilowatt hour. The utility may establish and offer voluntary programs designed to increase and enhance the use of energy generated by renewable energy resources in support of Council adopted policy applicable to the utility.

...

(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) The monthly standby distribution charge shall be ~~two~~ **three** dollars and ~~fifty-five~~ **zero** cents (~~\$2.55~~ **\$3.00**) 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 ~~seven~~ **nine** dollars and ~~sixty-five~~ **zero** cents (~~\$7.65~~ **\$9.00**) per kilowatt.

(2) 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.

...

Section 4. That Sections 26-467(c), (d), (f), and (g) of the Code of the City of Fort Collins are hereby amended to read as follows:

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

...

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

- (1) Fixed charge, per account: ~~Twenty-five~~ **Twenty-seven** dollars and ~~zero~~ **seventeen** cents (~~\$25.~~**\$27.17**). 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~~ **eighteen** cents (~~\$13.12~~ **\$13.18**) but not less than one cent (\$.01) per kilowatt-hour.
  - (3) Distribution facilities demand charge, per kilowatt: ~~Four~~ **Five** dollars and ~~thirty-one~~ **twenty** cents (~~\$4.31~~ **\$5.20**).
  - (4) Energy charge, per kilowatt-hour: ~~One~~ **Two** and ~~eighty-six~~ **twelve** one-hundredths cents (~~\$0.0186~~ **\$0.0212**).
  - (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.* Renewable energy resources, including but not limited to energy generated by the power of wind, may be offered on a voluntary basis to customers at a premium of one **and nine-tenths** cents (\$.019) per kilowatt hour. The utility may establish and offer voluntary programs designed to increase and enhance the use of energy generated by renewable energy resources in support of Council adopted policy applicable to the utility.

...

(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~~ **four** dollars and ~~sixty-two~~ **thirteen** cents (~~\$3.62~~ **\$4.13**) 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~~ **twelve** dollars and ~~eighty-six~~ **thirty-nine** cents (~~\$10.86~~ **\$12.39**) 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~~**eighty-six** cents (~~\$0.75~~**\$0.86**) 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~~**fifty-eight** cents (~~\$2.25~~**\$2.58**) 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 5. That Sections 26-468(c), (d), (f), and (g) of the Code of the City of Fort Collins are hereby amended to read as follows:

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

...

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

(1) Fixed charge, per account: Thirty-~~two~~**seventy-seven** cents (~~\$30.60~~**\$32.77**).

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~~ **ninety-eight** cents (~~\$12.92~~ **\$12.98**) 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~~ **Five** dollars and ~~twenty-five~~ **twelve** cents (~~\$4.25~~ **\$5.12**).
    - b. All additional kilowatts: ~~Two~~ **Three** dollars and ~~ninety-one~~ **seventy-one** cents (~~\$2.91~~ **\$3.71**).
  - (4) Energy charge, per kilowatt-hour: ~~One and eighty-three~~ **Two and nine-**one-hundredths cents (~~\$0.0183~~ **\$0.0209**).
  - (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.* Renewable energy resources, including but not limited to energy generated by the power of wind, may be offered on a voluntary basis to customers at a premium of one **and nine-tenths** cents (\$.019) per kilowatt hour. The utility may establish and offer voluntary programs designed to increase and enhance the use of energy generated by renewable energy resources in support of Council adopted policy applicable to the utility.
- ...
- (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~~ **three** dollars and ~~eighty-four~~ **thirty-nine** cents (~~\$2.84~~ **\$3.39**) 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~~ **ten** dollars and ~~fifty-two~~ **seventeen** cents (~~\$8.52~~ **\$10.17**) 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~~ **seventy-one** cents (~~\$0.59~~ **\$0.71**) 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~~ **two** dollars and ~~seventy-seven~~ **thirteen** cents (~~\$1.77~~ **\$2.13**) 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 6. That Section 26-469(b) of the Code of the City of Fort Collins is hereby amended to read as follows:

**Sec. 26-469. Special area floodlighting, schedule FL.**

...

(b) Monthly rate. The monthly rates (including a six-and-zero-tenths-percent charge in lieu of taxes and franchise) are as follows:

(1) Charge per lamp, mercury vapor:

- a. One-hundred-seventy-five-watt: ~~Fifteen~~ **Seventeen** dollars and ~~seventy-six~~ **twenty-six** cents (~~\$15.76~~ **\$17.26**).
- b. Two-hundred-fifty-watt: ~~Eighteen~~ **Twenty** dollars and ~~fifty-six~~ **thirty-two** cents (~~\$18.56~~ **\$20.32**).
- c. Four-hundred-watt: ~~Twenty-four~~ **Twenty-six** dollars and ~~thirty-three~~ **sixty-four** cents (~~\$24.33~~ **\$26.64**).

(2) Charge per lamp, high-pressure sodium:

- a. Seventy-watt: ~~Six~~ **Seven** dollars and ~~sixty-six~~ **twenty-nine** cents (~~\$6.66~~ **\$7.29**).
- b. One-hundred-watt: ~~Nine~~ **Ten** dollars and ~~forty-two~~ **thirty-one** cents (~~\$9.42~~ **\$10.31**).
- c. One-hundred-fifty-watt: ~~Fourteen~~ **Sixteen** dollars and ~~ninety~~ **thirty-two** cents (~~\$14.90~~ **\$16.32**).
- d. Two-hundred-fifty-watt: ~~Nineteen~~ **Twenty** dollars and ~~eighty-one~~ **cents** (~~\$19.~~**\$20.81**).
- e. Four-hundred-watt: ~~Twenty-five~~ **Twenty-seven** dollars and ~~ten~~ **forty-eight** cents (~~\$25.10~~ **\$27.48**).

...

Section 7. That Section 26-470(c) of the Code of the City of Fort Collins is hereby amended to read as follows:

**Sec. 26-470. Traffic signal service, schedule T.**

...

(c) *Monthly rate.* The monthly rates (including a six-and-zero-tenths-percent charge in lieu of taxes and franchise) are as follows:

- (1) Fixed charge, per account: ~~Forty-nine~~ **Fifty-one** dollars and ~~fifty-one~~ **eighty-two** cents (~~\$49.51~~ **\$51.82**).
- (2) Charge, per kilowatt-hour: ~~Four~~ **Five** and ~~eighty-six~~ **thirty-two** one-hundredths cents (~~\$0.0486~~ **\$0.0532**).
- (3) Equipment rental charges, when applicable, will be determined by cost analysis by the utility. Service extensions and signal installations made by

the utility shall be paid for by the City General Fund, subject to material and installation costs at the time of installation.

...

Section 8. That the amendments to Chapter 26 of the City Code contained herein shall go into effect for all bills issued with meter readings on or after January 1, 2010.

Introduced, considered favorably on first reading, and ordered published this 20th day of October, A.D. 2009, and to be presented for final passage on the 3rd day of November, A.D. 2009.

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
City Clerk

Passed and adopted on final reading on the 3rd day of November, A.D. 2009.

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
City Clerk

**OPTION B -7.42 % INCREASE (No increase for AMI)**

ORDINANCE NO. 115, 2009  
OF THE COUNCIL OF THE CITY OF FORT COLLINS  
AMENDING CHAPTER 26  
OF THE CODE OF THE CITY OF FORT COLLINS  
TO REVISE ELECTRIC RATES, FEES AND CHARGES

WHEREAS, the City Council is empowered and directed by Article XII, Section 6, of the City Charter to fix, establish, maintain and provide for the collection of such rates, fees or charges for utility services furnished by the City as will produce revenues sufficient to pay the costs, expenses and other obligations of the electric utility, as set forth therein; and

WHEREAS, Platte River Power Authority (“Platte River”) has increased the City’s wholesale cost of power approximately 6.3% in 2010; and

WHEREAS, Platte River has increased the premium cost of renewable power from one cent to 1.9 cents per kilowatt hour in 2010; and

WHEREAS, the costs associated with funding the energy efficiency and other programs described in the Council-approved Energy Policy; and

WHEREAS, the City Manager and City staff have recommended to the City Council the following adjustments to the electric rates for all billings issued with meter readings on or after January 1, 2010; and

WHEREAS, based on the foregoing, it is the desire of the City Council to amend Chapter 26 of the City Code to revise electric rates, fees and charges.

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

Section 1. That Section 26-464(c) and (d) of the Code of the City of Fort Collins is hereby amended to read as follows:

**Sec. 26-464. Residential energy service, schedule R.**

...

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

- (1) Fixed charge, per account: Three dollars and ~~sixty-nine~~ **ninety-six** cents (~~\$3.69~~ **\$3.96**).
- (2) Demand charge, per kilowatt-hour: Two and ~~eighty-eight~~ **eighty-nine** one-hundredths cents (~~\$0.0288~~ **\$0.0289**).

- (3) Distribution facilities charge, per kilowatt-hour: One and ~~forty-six~~ **seventy-six** one-hundredths cents (~~\$0.0156~~ **\$0.0176**).
- (4) Energy charge, per kilowatt-hour: ~~One~~ **Two** and ~~eighty-six~~ **twelve** one-hundredths cents (~~\$0.0186~~ **\$0.0212**).
- (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.* Renewable energy resources, including but not limited to energy generated by the power of wind, may be offered on a voluntary basis to customers at a premium of one **and nine-tenths** cents (\$.019) per kilowatt hour. The utility may establish and offer voluntary programs designed to increase and enhance the use of energy generated by renewable energy resources in support of Council adopted policy applicable to the utility.

...

Section 2. That Sections 26-465(c) and(d) of the Code of the City of Fort Collins are hereby amended to read as follows:

**Sec. 26-465. Residential demand service, schedule RD.**

...

- (c) *Monthly rate.* The monthly rates are as follows:
  - (1) Fixed charge, per account: Six dollars and ~~eight~~ **fifty-three** cents (~~\$6.08~~ **\$6.53**).
  - (2) Demand charge, per kilowatt: Four dollars and ~~nineteen~~ **twenty-one** cents (~~\$4.19~~ **\$4.21**).
  - (3) Distribution facilities charge, per kilowatt-hour: One and ~~twelve~~ **twenty-eight** one-hundredths cents (~~\$0.0112~~ **\$0.0128**).
  - (4) Energy charge, per kilowatt-hour: ~~One~~ **Two** and ~~eighty-six~~ **twelve** one-hundredths cents (~~\$0.0186~~ **\$0.0212**).
  - (5) In lieu of taxes and franchise: a charge at the rate of six and zero-tenths (6.0) percent of monthly service charges billed pursuant to this Section.
  - (d) *Renewable resource.* Renewable energy resources, including but not limited to energy generated by the power of wind, may be offered on a voluntary basis to customers at a premium of one **and nine-tenths** cents (\$.019) per kilowatt hour. The utility may establish and offer voluntary programs designed to increase

and enhance the use of energy generated by renewable energy resources in support of Council adopted policy applicable to the utility.

...

Section 3. That Sections 26-466(c), (d), and (f) of the Code of the City of Fort Collins are hereby amended to read as follows:

**Sec. 26-466. General service, schedule GS.**

...

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

(1) Fixed charge, per account:

- a. Single-phase, two-hundred-ampere service: ~~Two~~ **Three** dollars and ~~eighty-four~~ **five** cents (~~\$2.84~~ **\$3.05**).
- b. Single-phase, above two-hundred-ampere service: ~~Seven~~ **Eight** dollars and ~~forty-six~~ **one** cents (~~\$7.46~~ **\$8.01**).
- c. Three-phase, two-hundred-ampere service: Four dollars and ~~sixty-one~~ **ninety-five** cents (~~\$4.61~~ **\$4.95**).
- d. Three-phase, above two-hundred-ampere service: ~~Eight~~ **Nine** dollars and ~~seventy-three~~ **thirty-eight** cents (~~\$8.73~~ **\$9.38**).

(2) Demand charge, per kilowatt-hour:

- a. First two thousand (2,000) kilowatt-hours: Four and ~~fourteen~~ **sixteen** one-hundredths cents (~~\$0.0414~~ **\$0.0416**).
- b. Next five thousand (5,000) kilowatt-hours: One and ~~ninety-five~~ **ninety-six** one-hundredths cents (~~\$0.0195~~ **\$0.0196**).
- c. All additional kilowatt-hours: Zero (\$0.00).

(3) Demand charge, per kilowatt:

- a. All kilowatts billed in excess of twenty-five (25) kilowatts: Seven dollars and ~~twenty-four~~ **twenty-seven** cents (~~\$7.24~~ **\$7.27**).

(4) Distribution facilities charge, per kilowatt-hour: One and ~~forty-two~~ **sixty** one-hundredths cents (~~\$0.0142~~ **\$0.0160**).

(5) Energy charge, per kilowatt-hour: ~~One~~ **Two** and ~~eighty-six~~ **twelve** one-hundredths cents (~~\$0.0186~~ **\$0.0212**).

(6) 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.* Renewable energy resources, including but not limited to energy generated by the power of wind, may be offered on a voluntary basis to customers at a premium of one **and nine-tenths** cents (\$.019) per kilowatt hour. The utility may establish and offer voluntary programs designed to increase and enhance the use of energy generated by renewable energy resources in support of Council adopted policy applicable to the utility.

...

(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) The monthly standby distribution charge shall be ~~two~~ **three** dollars and ~~fifty-five~~ **zero** cents (~~\$2.55~~ **\$3.00**) 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 ~~seven~~ **nine** dollars and ~~sixty-five~~ **zero** cents (~~\$7.65~~ **\$9.00**) per kilowatt.

(2) 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.

...

Section 4. That Sections 26-467(c), (d), (f), and (g) of the Code of the City of Fort Collins are hereby amended to read as follows:

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

...

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

- (1) Fixed charge, per account: ~~Twenty-five~~ **Twenty-six** dollars and ~~zero eighty-six~~ cents (~~\$25.~~**\$26.86**). 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~~ **eighteen** cents (~~\$13.12~~ **\$13.18**) but not less than one cent (\$.01) per kilowatt-hour.
  - (3) Distribution facilities demand charge, per kilowatt: Four dollars and ~~thirty-one~~ **seventy-seven** cents (~~\$4.31~~ **\$4.77**).
  - (4) Energy charge, per kilowatt-hour: ~~One~~ **Two** and ~~eighty-six~~ **twelve** one-hundredths cents (~~\$0.0186~~ **\$0.0212**).
  - (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.* Renewable energy resources, including but not limited to energy generated by the power of wind, may be offered on a voluntary basis to customers at a premium of one **and nine-tenths** cents (\$.019) per kilowatt hour. The utility may establish and offer voluntary programs designed to increase and enhance the use of energy generated by renewable energy resources in support of Council adopted policy applicable to the utility.

...

(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~~ **four** dollars and ~~sixty-two~~ **one** cents (~~\$3.62~~ **\$4.01**) 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~~ **twelve** dollars and ~~eighty-six~~ **three** cents (~~\$10.86~~ **\$12.03**) 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~~ **eighty-three** cents (~~\$0.75~~**\$0.83**) 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~~ **forty-nine** cents (~~\$2.25~~**\$2.49**) 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 5. That Sections 26-468(c), (d), (f), and (g) of the Code of the City of Fort Collins are hereby amended to read as follows:

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

...

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

(1) Fixed charge, per account: Thirty-~~two~~ **eighty-seven** cents (~~\$30.60~~**\$32.87**).

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~~ **ninety-eight** cents (~~\$12.92~~ **\$12.98**) 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~~ **seventy** cents (~~\$4.25~~ **\$4.70**).
    - b. All additional kilowatts: ~~Two~~ **Three** dollars and ~~ninety-one~~ **seventeen** cents (~~\$2.91~~ **\$3.17**).
  - (4) Energy charge, per kilowatt-hour: ~~One and eighty-three~~ **Two and nine-**one-hundredths cents (~~\$0.0183~~ **\$0.0209**).
  - (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.* Renewable energy resources, including but not limited to energy generated by the power of wind, may be offered on a voluntary basis to customers at a premium of one **and nine-tenths** cents (\$.019) per kilowatt hour. The utility may establish and offer voluntary programs designed to increase and enhance the use of energy generated by renewable energy resources in support of Council adopted policy applicable to the utility.
- ...
- (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~~ **three** dollars and ~~eighty-four~~ **thirteen** cents (~~\$2.84~~ **\$3.13**) 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~~ **nine** dollars and ~~fifty-two~~ **thirty-nine** cents (~~\$8.52~~ **\$9.39**) 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~~ **sixty-five** cents (~~\$0.59~~ **\$0.65**) 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 dollars and ~~seventy-seven~~ **ninety-five** cents (~~\$1.77~~ **\$1.95**) 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 6. That Section 26-469(b) of the Code of the City of Fort Collins is hereby amended to read as follows:

**Sec. 26-469. Special area floodlighting, schedule FL.**

...

(b) *Monthly rate.* The monthly rates (including a six-and-zero-tenths-percent charge in lieu of taxes and franchise) are as follows:

(1) Charge per lamp, mercury vapor:

- a. One-hundred-seventy-five-watt: ~~Fifteen~~—~~Sixteen~~ dollars and ~~seventy-six~~ ~~ninety-three~~ cents (~~\$15.76~~ ~~\$16.93~~).
  - b. Two-hundred-fifty-watt: ~~Eighteen~~ ~~Nineteen~~ dollars and ~~fifty-six~~ ~~ninety-four~~ cents (~~\$18.56~~ ~~\$19.94~~).
  - c. Four-hundred-watt: ~~Twenty-four~~ ~~Twenty-six~~ dollars and ~~thirty-three~~ ~~fourteen~~ cents (~~\$24.33~~ ~~\$26.14~~).
- (2) Charge per lamp, high-pressure sodium:
- a. Seventy-watt: ~~Six~~ ~~Seven~~ dollars and ~~sixty-six~~ ~~fifteen~~ cents (~~\$6.66~~ ~~\$7.15~~).
  - b. One-hundred-watt: ~~Nine~~ ~~Ten~~ dollars and ~~forty-two~~ ~~twelve~~ cents (~~\$9.42~~ ~~\$10.12~~).
  - c. One-hundred-fifty-watt: ~~Fourteen~~ ~~Sixteen~~ dollars and ~~ninety~~ ~~one~~ cents (~~\$14.90~~ ~~\$16.01~~).
  - d. Two-hundred-fifty-watt: ~~Nineteen~~ ~~Twenty~~ dollars and ~~forty-one~~ ~~cents~~ (~~\$19.~~~~\$20.41~~).
  - e. Four-hundred-watt: ~~Twenty-five~~ ~~Twenty-six~~ dollars and ~~ten~~ ~~ninety-six~~ cents (~~\$25.10~~ ~~\$26.96~~).

...

Section 7. That Section 26-470(c) of the Code of the City of Fort Collins is hereby amended to read as follows:

**Sec. 26-470. Traffic signal service, schedule T.**

...

(c) *Monthly rate.* The monthly rates (including a six-and-zero-tenths-percent charge in lieu of taxes and franchise) are as follows:

- (1) Fixed charge, per account: ~~Forty-nine~~ ~~Fifty-one~~ dollars and ~~fifty-one~~ ~~eighty-two~~ cents (~~\$49.51~~~~\$51.82~~).
- (2) Charge, per kilowatt-hour: ~~Four~~ ~~Five~~ and ~~eighty-six~~ ~~twenty-two~~ one-hundredths cents (~~\$0.0486~~ ~~\$0.0522~~).
- (3) Equipment rental charges, when applicable, will be determined by cost analysis by the utility. Service extensions and signal installations made by

the utility shall be paid for by the City General Fund, subject to material and installation costs at the time of installation.

...

Section 8. The amendments to Chapter 26 of the City Code contained herein are proposed to go into effect for all bills issued with meter readings on or after January 1, 2010.

Introduced, considered favorably on first reading, and ordered published this 20th day of October, A.D. 2009, and to be presented for final passage on the 3rd day of November, A.D. 2009.

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
City Clerk

Passed and adopted on final reading on the 3rd day of November, A.D. 2009.

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
City Clerk