



Interoffice Memorandum

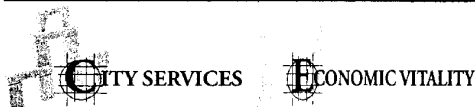
DATE: July 1, 2009

TO: Honorable Mayor and Members of City Council

FROM: Jerry Forte, P.E., Chief Executive Officer *Bruce McQuinn for JAF*

RE: **A RESOLUTION REGARDING CERTAIN CHANGES TO COLORADO SPRINGS UTILITIES TARIFF ELECTRIC RATE SCHEDULES**

CITY STRATEGIC GOAL(S) THIS ITEM SUPPORTS:



UTILITIES STRATEGIC GOAL(S) THIS ITEM SUPPORTS: C-1 Easy to do business with, S-2 Deliver Reliable Utility Services, S-3 Maintain Financial Stability

SUMMARY: Colorado Springs Utilities (CSU) seeks approval from the City Council to modify the Electric Rate Schedule - Contract Service to add a new service and a rate component to provide to the United States Air Force Academy (USAFA) direct solar electric service from solar electric generating facilities within the geographic confines of the USAFA.

PREVIOUS COUNCIL ACTION: The current rate schedule was approved by City Council on January 27, 2009 by Resolution No. 36-09.

BACKGROUND: The proposed modifications to the electric rate schedule are in response to the USAFA's request for services to provide a secure on-base source of dependable renewable solar photovoltaic electrical energy. The USAFA currently receives all electrical energy used from off-base electric generation sites. The federal Energy Policy Act of 2005 (EPA Act 2005), federal Executive Order 13423 (EO 13423), and the federal Energy Independence and Security Act 2007 (EISA 07) require military installations to use increasing amounts of renewable electrical energy and also require that the sources of that renewable energy be located on the military installation. In order to meet these legislative directives and policies, the USAFA desires to partner with CSU in developing a best business case for the generation and purchase of on-base renewable electrical energy. Through the federal American Recovery and Reinvestment Act (ARRA) of 2009, the USAFA has available \$18.3 million in funding to contract for solar electric service through a solar electric generating facility constructed by CSU (or its designee) on USAFA land.

FINANCIAL IMPLICATIONS: The proposed tariff rate is designed to recover the costs to provide this service. This process will have no detrimental impact for other CSU ratepayers.

BOARD/COMMISSION RECOMMENDATION: N/A

STAKEHOLDER PROCESS: Since early May, the USAFA and CSU have met bi-weekly to discuss the scope of this service and are developing a Statement of Objectives to help achieve the intention of the funding. The USAFA supports the service and the proposed tariff.

ALTERNATIVES: N/A

RECOMMENDATION: CSU recommends approval of the proposed resolution and tariff sheets.

PROPOSED MOTION: Move approval of the proposed resolution.

RESOLUTION NO. _____

**A RESOLUTION REGARDING CERTAIN
CHANGES TO COLORADO SPRINGS
UTILITIES TARIFF ELECTRIC RATE SCHEDULES**

WHEREAS, the federal Energy Policy Act of 2005, federal Executive Order 13423, and the federal Energy Independence and Security Act of 2007 require military installations to use increasing amounts of renewable electric energy and also require that the sources of such renewable energy being used are located on the military installations; and

WHEREAS, through the federal American Recovery and Reimbursement Act of 2009, the United States Air Force Academy (Academy) has funds available to contract for an On-site, Direct-service solar electric energy service that will require the construction of a solar electric generating facility within the geographic confines of the Academy; and

WHEREAS, the Academy has requested that Colorado Springs Utilities (CSU) offer to it an On-site, Direct-service solar electric energy service that will require CSU to construct and operate a solar electric generating facility within the geographic confines of the Academy and to provide to the Academy direct solar electric service; and

WHEREAS, CSU has the ability to provide the requested electric service and is willing to construct and operate the facilities necessary to provide the requested service; and

WHEREAS, in order to provide the requested service, CSU has proposed and the City Council finds it prudent to modify the Electric Rate Schedules, Contract Service to add an On-site, Direct-service Solar Contract Service – USAFA; and

WHEREAS, City Code section 12.1.107 D. 2. f. provides that the City Council may change any tariff provision which City Council, in its discretion, deems to be appropriate; provided, the change has no adverse impact on customers; and

WHEREAS, the City Council finds that the proposed modifications to the Electric Rate Schedule, Contract Service will not adversely impact other customers; and

WHEREAS, the proposed modifications to the Electric Rate Schedules are just, reasonable, sufficient and not unduly discriminatory and allow CSU to collect revenues that enable CSU to continue to operate in the best interest of all of its customers; and

WHEREAS, CSU has proposed to make the Electric Rate Schedule changes effective July 15, 2009.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF COLORADO SPRINGS:

Section 1: That the Electric Rate Schedule Tariff sheets should be revised as follows:

Effective July 15, 2009

City Council Vol. No. 4 Sheet No.	Sheet Title	Cancels Sheet No.
Eighth Revised Sheet No. 23	Contract Service	Seventh Revised Sheet No. 23
First Revised Sheet No. 23A	Contract Service	Original Sheet No. 23A
Fifth Revised Sheet No. 24	Contract Service	Fourth Revised Sheet No. 24

Section 2: The attached Tariff Sheets are hereby approved and adopted effective July 15, 2009 and shall remain in effect until changed by subsequent resolution of City Council.

Dated at Colorado Springs, Colorado, this 14th day of July, 2009.

Mayor

ATTEST:

City Clerk

ELECTRIC RATE SCHEDULES

CONTRACT SERVICE

AVAILABILITY

Standard Contract Service is available by contract in Utilities' electric service territory to the United States of America at the Fort Carson Military Installation, the Peterson Air Force Base, the United States Air Force Academy, and the Cheyenne Mountain Air Force Station.

In addition to standard Contract Service for service to the listed military installations, the following two services are available by contract to the United States of America at the United States Air Force Academy for service within the geographic confines of the United States Air Force Academy:

- (a) Electric and Facilities Contract Service – USAFA, consisting of high-voltage electric and facilities service provided within the geographic confines of the United States Air Force Academy.
- (b) On-site, Direct-service Solar Contract Service – USAFA, consisting of solar energy electric service provided from solar electric generating facilities located within the geographic confines of the United States Air Force Academy and with direct electric service from those solar electric generating facilities provided to the United States Air Force Academy.

RATE

The billing statements are the sum of:

Supply Charges – Primary and Secondary

On-Peak - Per kWh	\$0.0460
Off-Peak - Per kWh	\$0.0209
Kilowatcher Option	
Super-Peak - Per kWh.....	\$0.1241
Normal-Peak - Per kWh.....	\$0.0402
Off-Peak - Per kWh	\$0.0209

The Customer will be given notice of the declaration by Utilities of a Super-Peak period. This notice will be provided by email or fax to the Customer at least twenty-four (24) hours prior to the commencement of the Super-Peak period. The Super-Peak periods will not be in effect for any hours that would normally be an Off-Peak hour. The Kilowatcher Option is offered only for a contract year beginning April 1 and ending March 31, and, during that contract year, the cumulative number of Super-Peak hours will not exceed 100.

COLORADO SPRINGS UTILITIES

City Council Volume No. 4
First Revised Sheet 23A
Cancels Original Sheet No. 23A

ELECTRIC RATE SCHEDULES	
CONTRACT SERVICE	
Access and Facilities Charges	
Per Day	\$ 32.00
Demand Charges – Primary – All Customers on this rate shall be primary metered.	
On-Peak Billing Demand, Per kW, Per Day	\$0.4271
Off-Peak Billing Demand, Per kW, Per Day.....	\$0.2227
Demand Charges - Secondary	
On-Peak Billing Demand, Per kW, Per Day.....	\$0.4389
Off-Peak Billing Demand, Per kW, Per Day.....	\$0.2345
Electric Cost Adjustment Charge (ECA)	
Per kWh	Sheet No. 31
Electric Capacity Charge.....	Sheet No. 31A

Resolution No. _____

Issue Date: July 1, 2009
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COLORADO SPRINGS UTILITIES

City Council Volume No. 4
Fifth Revised Sheet No. 24
Cancels Fourth Revised Sheet No. 24

ELECTRIC RATE SCHEDULES	
CONTRACT SERVICE	
Electric and Facilities Contract Service – USAFA Charge	
For a single billing period that occurs between August 13, 2008 and September 30, 2008.....	\$4,000,000
For the first billing period that begins after September 30, 2008 and all subsequent billing periods.....	\$477,388
On-site, Direct-service Solar Contract Service – USAFA Charge	
For a single billing period that occurs between July 15, 2009 and September 30, 2009.....	\$18,300,000
For the first billing period that begins after September 30, 2009 and all subsequent billing periods.....	\$0.00
<u>DETERMINATION OF DEMAND</u>	
Under this rate schedule the Customers’ billing supply and demand will be determined by totalizing all main primary service meters to the Installation, Base, Station or Academy. This service is provided to Customers as part of this rate schedule.	
Maximum Demand	
Maximum Demand is the greatest fifteen (15) minute load during any time in the billing period adjusted upward by one percent (1%) for each one percent (1%) that the power factor of Customer is below ninety-five percent (95%) lagging or leading.	
Billing Demand	
<u>On-Peak</u> : the greatest fifteen (15) minute load during On-Peak hours in the billing period adjusted upward by one percent (1%) for each one percent (1%) that the power factor of Customer is below ninety-five percent (95%) lagging or leading.	
<u>Off-Peak</u> : either A) or B), whichever is greater:	
A) The greatest fifteen (15) minute load during Off-Peak hours in the billing period adjusted upward by one percent (1%) for each one percent (1%) that the power factor of Customer is below ninety-five percent (95%) lagging or leading, minus the On-Peak Billing Demand. Such demand will not be less than zero.	
B) Sixty-eight percent (68%) of the Maximum Demand during the last twelve (12) billing periods, minus the On-Peak Billing Demand. Such demand will not be less than zero.	

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Proposed Tariffs “Black Lined” to Reflect Changes

COLORADO SPRINGS UTILITIES

City Council Volume No. 4
Eighth Revised Sheet No. 23
Cancels Seventh Revised Sheet No. 23

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ELECTRIC RATE SCHEDULES

CONTRACT SERVICE

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