



May 7th Council Finance Committee

Follow-Up: Utilities Finance Overview and 27/28 Rates

Phasing Implementation of Rate Increase Through Calendar Year

- Staff evaluated the bill impact of implementing rate increases for select utilities mid-year as opposed to all utilities rates effective January 1st to mitigate customer affordability changes.
- Due to higher seasonal consumption in the summer, implementing rate increases mid-year could be more impactful to customers, particularly for electric and water services due to higher irrigation and electric air conditioning load.

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Monthly Avg
Electric		\$ 85.50	\$ 85.50	\$ 85.50	\$ 85.50	\$ 96.83	\$ 96.83	\$ 96.83	\$ 96.83	\$ 96.83	\$ 85.50	\$ 85.50	\$ 85.50	\$1,082.63	\$ 90.22
Water		\$ 33.82	\$ 33.82	\$ 33.82	\$ 33.82	\$ 65.09	\$ 65.09	\$ 65.09	\$ 65.09	\$ 65.09	\$ 65.09	\$ 33.82	\$ 33.82	\$ 593.47	\$ 49.46
Wastewater		\$ 38.24	\$ 38.24	\$ 38.24	\$ 38.24	\$ 38.24	\$ 38.24	\$ 38.24	\$ 38.24	\$ 38.24	\$ 38.24	\$ 38.24	\$ 38.24	\$ 458.88	\$ 38.24
Stormwater		\$ 25.97	\$ 25.97	\$ 25.97	\$ 25.97	\$ 25.97	\$ 25.97	\$ 25.97	\$ 25.97	\$ 25.97	\$ 25.97	\$ 25.97	\$ 25.97	\$ 311.64	\$ 25.97
		\$ 183.53	\$ 183.53	\$ 183.53	\$ 183.53	\$ 226.13	\$ 226.13	\$ 226.13	\$ 226.13	\$ 226.13	\$ 214.80	\$ 183.53	\$ 183.53	\$2,446.62	\$ 203.88
Electric	7%	\$ 91.48						\$ 103.61							\$ 96.53
Water	15%	\$ 38.90						\$ 74.85							\$ 56.87
Wastewater	10%	\$ 42.06						\$ 42.06							\$ 42.06
Stormwater	5%	\$ 27.27						\$ 27.27							\$ 27.27
		\$ 199.71						\$ 247.79							\$ 222.74
		\$ 16.18						\$ 21.66							\$ 18.86

- Any delay in increase would lower utility revenue (i.e. only 6 months vs full 12 months), therefore increasing the percentage needed to meet revenue forecasts.

Income-Qualified Assistance Program (IQAP)

IQAP provides Fort Collins Utilities customers who are at or below 60% of the state median income reduced rates on select Utilities services. The program was introduced in October 2018 as a pilot program and was adopted as permanent in 2022. The IQAP bill adjustment effectively applies a 25% rate discount on electric, water, and wastewater services. In July 2021, City Council approved moving the program from an application-based, opt-in program to an auto-enroll, opt-out program, subject to participants' participation in the complementary state Low-income Energy Assistance Program (LEAP).

While most customers who meet the income requirements are eligible to apply for LEAP, there are two populations that were identified who were either not eligible to receive LEAP, even though their income is within approval range, and those who may not be able to take advantage of the program due to additional household assistance they receive. Customers impacted are those where the household has members who are not documented U.S. citizens, and renters who have a Housing Choice Voucher (formerly Section 8) where heat is included in their rent. In 2023, we implemented an alternate entry system that would allow access to IQAP, separate



from LEAP, while maintaining an income verification process. We have partnered with Housing Catalyst and The Family Center/La Familia to assist with the alternate entry program.

Affordability Benchmarks: Percentage of Income Spent on Utility Bills

Recent data from the American Water Works Association (AWWA) report, *Beyond the Replacement Era: Balancing Compounding Infrastructure Needs with Household Affordability (2026)* compares common affordability benchmarks in the industry.

- Nationally, industry benchmarks use a combined 4.5% threshold of household income spent on drinking water and wastewater services to identify utility affordability burden. Data shows that 13.1 million households (10.0% of U.S. households) are already over this threshold. At the more stringent 3.0% combined affordability benchmark, approximately 21.5 million households (16.4% of total U.S. households) are currently burdened.
- In comparison to Fort Collins Utilities (2026): For wastewater services, Fort Collins Utilities bills amount to 0.8% of household income at 60% AMI and drops to 0.5% at 100% AMI. For water services, Fort Collins Utilities bills amount to 1.0% of household income for families at 60% AMI and 0.6% for families at 100% AMI. Combined, this amounts to 1.8% of income for water and wastewater services at 60% AMI and 1.1% for 100% AMI.

IQAP Discount Methodology

The IQAP discount is designed to equalize the relative utility bill affordability among income-qualifying customers. The IQAP calculation is based on census tract income data and Fort Collins electric utility data as water and wastewater bills are not paid by individual tenants of multi-family housing.

2022 analysis and basis of 25% discount:

- 60% AMI customers paid 1.92% of income towards electric bills. 100% AMI customers paid 1.28% of income towards electric bills.
- The ratio of 1.92% over 1.28% is 150.2%, meaning a 50% discount would be needed to equalize the two income categories.
 - Assumption is that LEAP pays 50% of the discount, therefore Utilities offers a 25% IQAP discount .

The 2025 analysis showed similar results compared to the IQAP 25% discount which remained unchanged.

