

MINUTES

CITY OF FORT COLLINS • BOARDS AND COMMISSIONS



ENERGY BOARD

DRAFT – ABRIDGED FOR 2024 RATES & FEES

October 12, 2023 – 5:30 pm
222 Laporte Ave – Colorado Room

ROLL CALL

Board Members Present: Bill Althouse, Thomas Loran, Marge Moore (remote), Alan Braslau, Jeremy Giovando, Brian Smith, Vanessa Paul, Bill Becker, Stephen Tenbrink

Board Members Absent:

OTHERS PRESENT

Staff Members Present: Christie Fredrickson, Phillip Amaya, Brian Tholl, Randy Reuscher, Shannon Ash, Lance Smith, Kendall Minor, Leland Keller, Cyril Vidergar, Rhonda Gatzke

Members of the Public:

2024 RATES & FEES

Randy Reuscher, Lead Analyst, Utility Rates
Shannon Ash, Affordability Programs Manager

Staff are proposing increases across all four utility services in 2024; Electric at 5%, both Water and Wastewater at 4%, and Stormwater at 3%. The Electric increase includes the proposed 5% increase from Platte River Power Authority for wholesale expenses, with the remainder covering distribution system increases. This will equate to roughly an \$8.00 annual increase if the customer has all four services. In 2024, Fort Collins will rank as one of the lowest average utility costs among many other front range utilities, including the cities of Longmont and Loveland.

There was a one-time 9% inflationary adjustment to the Utility Development Fees in 2023. Staff has updated each Utility Fee for 2024 to be reflective of current asset costs, such as substations and transformers. The newly proposed Electric Capacity Fee (ECF) for 2024 is 14.8%, again largely related to the significant increase in asset costs and supply chain issues. Board member Althouse asked how the ECF is assessed. Mr. Reuscher said it is assessed as a dollar per KW fee. When it is assessed on the residential side, it is charged per-panel, so a 200 Amp Panel has a flat charge. Board members discussed the challenge of panel access and upgrade fees could present at the minimum 200 Amp service in currently in City code as the City continues to move toward electrification.

Ms. Ash said Council asked staff to improve access to the Utilities Affordability Program (UAP) and the Income Qualified Assistance Plan (IQAP). The IQAP is an auto-enroll program, Utilities customers must apply for and income qualify through the State's LEAP program. IQAP then provides a 25% rate reduction on electric, water, and wastewater services. Staff found that by moving to an auto-enrollment system, they were unintentionally disqualifying some Utilities customers, because there are some customers who are not eligible or able to apply for LEAP. Staff began looking at alternative entry points, particularly for two specific populations: people with a housing choice voucher (formerly known as Section 8), and households that may have members who are not documented United States Citizens.

Ms. Ash explained that if the customer is on a housing choice voucher the rent has heat included, then the customer would not be eligible to apply for LEAP because it would be considered "double dipping" in federal assistance programming; however, the customer may still have other utility services in their name so then would potentially still be eligible for the City's IQAP. LEAP will only count documented US Citizens on their application, so if there are four people living in a house, but only one person is a documented US Citizen, LEAP will count that as a household of one. This often means that the household will be over the income threshold for the household size because it is not accounting for the

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other household members. Staff is working closely with Housing Catalyst and La Familia to connect with some of these missing households, and those external organizations will continue to do the income verification.

Board member Braslau suggested using data from the participants in the School District's free and reduced lunch program.

Vice Chairperson Paul asked if LEAP provides the data of the families who did not qualify for the program? Ms. Ash said she could ask for it, but it is not something they are currently receiving.

Board member Loran asked if the rate increase would be considered "business as usual" to keep the lights on. Mr. Reuscher said he would say yes, due to Platte River's forecasted wholesale rate increases for the next several years. Board member Smith said early in the year, it seemed like the Electric Utility had an excess of reserves that other services were tapping into, but now the Utility wants to raise rates. He wondered if there is a disconnect that he is not understanding, or why this money couldn't be kept to reinvest back into the utility (as opposed to being leant out to Connexion). Mr. Smith said the Utility had reserves marked for use in the Capital Improvement Plan, but that is a 10-year plan, so in the near term that was funding that could be accessed by Connexion, but they were only able to access that money because it's the Light & Power Telecommunications fund; so, if the Water Utility needed funding they could not have accessed that money.

Board member Becker asked if these increases are only for residential rates. Mr. Reuscher said no, the increase is across the electric fund. Staff provides residential examples because they are typically a little easier to understand. There are more components and moving pieces in commercial examples.

Board member Loran said he is very process driven and he is currently unsure if the budget and the Capital Improvement Plan support the community's objectives. He said if he doesn't have all that information, he can't be sure if the 5% increase is sufficient or not. In the future he hopes to see a clearer line drawn between what we are trying to achieve, how much will those cost, and is the increase going to sufficiently cover those costs. Staff agreed, sometimes the alignment of the planning and budgeting processes are not always concurrent to the rates and fees increases, but the rates are factored in as part of the forecasting process of the planning and budgeting process.

Board Member Becker moved the Energy Board support the proposed changes to 2024 Electric Utility rates and fees.

Board Member Smith seconded the motion.

Discussion:

Board member Loran feels the process is backwards, he hopes staff will make the connection between rates and fees and the planning and budgeting processes going forward. Board member Althouse feels that there should be a caveat that the Utility should be considering any and all technology that can lower rates. Board member Braslau wondered if the Utility could consider a similar path as Green Mountain Power in Vermont; they are planning to add residential storage batteries in the homes of all 270,000 of its customers by 2030.

Vote on the Motion: It passed, 7-2