

MINUTES

CITY OF FORT COLLINS • BOARDS AND COMMISSIONS



ENERGY BOARD

October 13, 2022 – 5:30 pm
222 Laporte Ave – Colorado Room

ROLL CALL

Board Members Present: Alan Braslau, Steve Tenbrink, Dan Gould, Marge Moore (remote), Emilio Ramirez (remote), Jeremy Giovando, John Fassler (remote), Bill Becker, Sidra Aghababian

Board Members Absent:

OTHERS PRESENT

Staff Members Present: Christie Fredrickson, Kraig Bader, Brian Tholl (remote), Lance Smith (remote),

Members of the Public: Javier Camacho, Rich Stave

2023 RATES & FEES

Lance Smith, Director, Utilities Financial Planning & Assets
(attachments available upon request)

Mr. Smith prefaced this discussion by noting there is an important distinction between monthly ongoing utility rates and one-time fees & charges. Ongoing rates recover the operation and maintenance of the Utility's system and one-time fees are for development or re-development (where customers "buy-in" based on the system value and expected demands).

Staff is proposing a 5% increase in electric rates (as well as 4% in both water and wastewater, and 3% in stormwater). The rate increases are largely due to the impact of inflation, labor and material costs are raising and the rates must reflect that. Platte River is proposing a 5% wholesale increase to the blended MWh for 2023, and they are two thirds of the Utility's operating cost.

The Cost of Service model was updated, and Mr. Smith said there is more variability between rate classes than we normally see. There seems to have been a fundamental shift in energy use in residential and industrial (tied to PRPA). Costs have shifted away from small and medium commercial to residential as many people have remained working at home.

Staff expects the average utility bill (with all four utility services) to increase about \$8.00 per month, with approximately \$4.00 of that increase attributed to electricity use.

Chairperson Tenbrink wondered if the base charge will also increase. Mr. Smith said yes, the base charge will also increase. Chairperson Tenbrink also wondered does this year's rate increase compare with the other three owner cities. Mr. Smith said Platte River is increasing their rates by an average of 5%, but Fort Collins is seeing slightly less than Loveland and Longmont, who are expecting 5.5-6% increases; the distinction being that Fort Collins has a slightly flatter load curve than the neighboring communities. Some of that can be attributed to time of day rates, as well as the Utility's Commercial and Industrial coincident demand charge.

Staff is proposing to maintain 2022 solar credit for residential net metering customers (as well as community solar participants and large commercial and industrial customers) but increase the solar credit using a blended wholesale and energy demand structure for small and medium commercial customers.

Plant Investment Fees (PIFs), which are inclusive of Electric Capacity Fees, Water Plant Investment Fees, Wastewater Plant Investment Fees, and Stormwater Plant Investment Fees, are proposed to increase by 9%.

Mr. Smith said the Utility continues to provide high quality services, but unfortunately the cost to deliver

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ENERGY BOARD

REGULAR MEETING

those services is increasing. The Income Qualified Assistance Program will be presented for adoption at City Council the same night as 2023 Rates and Fees. If IQAP is not formally adopted, the current program participants will see a 28% increase in their bill (due to the program ending and the rate increase happening simultaneously).

Vice Chairperson Becker noticed the differential between the on peak and off peak periods seems to be closing, which may impact the incentive to shift electric usage to off-peak hours. Mr. Smith said that as we get closer to 2030 and we begin to utilize more renewables in the energy portfolio, he expects to see a seasonal energy rate, which will create a larger distinction once again.

Board member Giovando asked if 5% is the full realization of the cost increase or did staff try to keep this increase under Mr. Smith's 5% rate ceiling. Mr. Smith said 5% is close to what will be needed in 2023, but he does anticipate a few years between now and 2030 where 7-8% rate increases may be necessary due to inflation.

Board member Ramirez noted that it would be helpful to preface the rates discussion that staff does not feel good about the 5% increase but go into detail about why it's necessary. Vice Chairperson Becker added that the Utility's rates have always been and remain competitive, but the financial health of the Utility is important. Chairperson Tenbrink noted that nationwide, some utilities are experiencing over 10% increases, and he is relieved that ours is currently only at 5%.

Board member Braslau said this discussion also supports the need and necessity to formally adopt IQAP.

Board member Aghababian moved the Energy Board support the proposed changes to 2023 electric utility rates and fees, provided City Council also adopts the Income Qualified Assistance Program to support the rate increase.

Board member Giovando seconded the motion.

Discussion:

Vice Chairperson Becker said the utility must stay solvent, but there is a large group of people who would be negatively affected. City staff needs to help draw the connection to the Utility's most vulnerable customers because a 28% rate increase is significant.

The motion passed unanimously, 9-0.

Board member Braslau encouraged Board members to attend the November 1st Council meeting in support of the IQAP.