

AGENDA ITEM SUMMARY

City Council



STAFF

Joe Wimmer, Director, Utilities Finance
Randy Reuscher, Manager, Utility Rates

SUBJECT

Items Related to 2026 Utility Rates & Fees.

EXECUTIVE SUMMARY

A. First Reading of Ordinance No. 177, 2025, Amending Chapter 26 of the Code of the City of Fort Collins to Revise Electric Rates, Fees and Charges.

B. First Reading of Ordinance No. 178, 2025, Amending Chapter 26 of the Code of the City of Fort Collins to Revise Water Rates, Fees and Charges.

C. First Reading of Ordinance No. 179, 2025, Amending Chapter 26 of the Code of the City of Fort Collins to Revise Wastewater Rates, Fees and Charges.

D. First Reading of Ordinance No. 180, 2025, Amending Chapter 26 of the Code of the City of Fort Collins to Revise Stormwater Rates, Fees and Charges.

The purpose of this item is to propose 2026 Utility Rates for Council consideration, which align with the 2026 City Manager's Recommended Budget. Monthly utility rates are proposed to increase 6% for electric customers, 9% for water customers, 8% for wastewater customers, and 6% for stormwater customers.

Staff attended the October 14 Council Work Session to discuss 2026 Rates and Fees prior to bringing forward the following rate ordinances for adoption.

STAFF RECOMMENDATION

Staff recommends adoption of the Ordinances on First Reading.

Proposed Changes to Monthly Utility Rates

The revenues needed to support the ongoing operation and maintenance costs of providing each of the four utilities services to customers are collected through monthly utility rates. As costs change over time, it is necessary to adjust rates to reflect those changes. Long-term financial planning is important to ensure revenues are adequate and reserves are available to maintain and replace infrastructure in a timely fashion to continue providing high quality and reliable services for our customers. Frequent review and updating of the cost-of-service allocation models behind the monthly utility rates maintains equity across rate classes and helps to reduce the impact of higher utility rates on customers by providing gradual, modest rate adjustments over time rather than less frequent and larger rate adjustments. These actions help ensure the delivery of current and future utility services occurs in a fiscally responsible manner, balancing both costs and levels of service with affordability and prudent planning and investments.

There are no proposed changes from what was previously planned and adopted in the 2026 fiscal plan and included in the 2025-26 City Budget. A summary of the proposed rate increases for the four utility services are shown in the table below.

UTILITY		2026 RATE INCREASE
 ELECTRIC		6%
 WATER		9%
 WASTEWATER		8%
 STORMWATER		6%

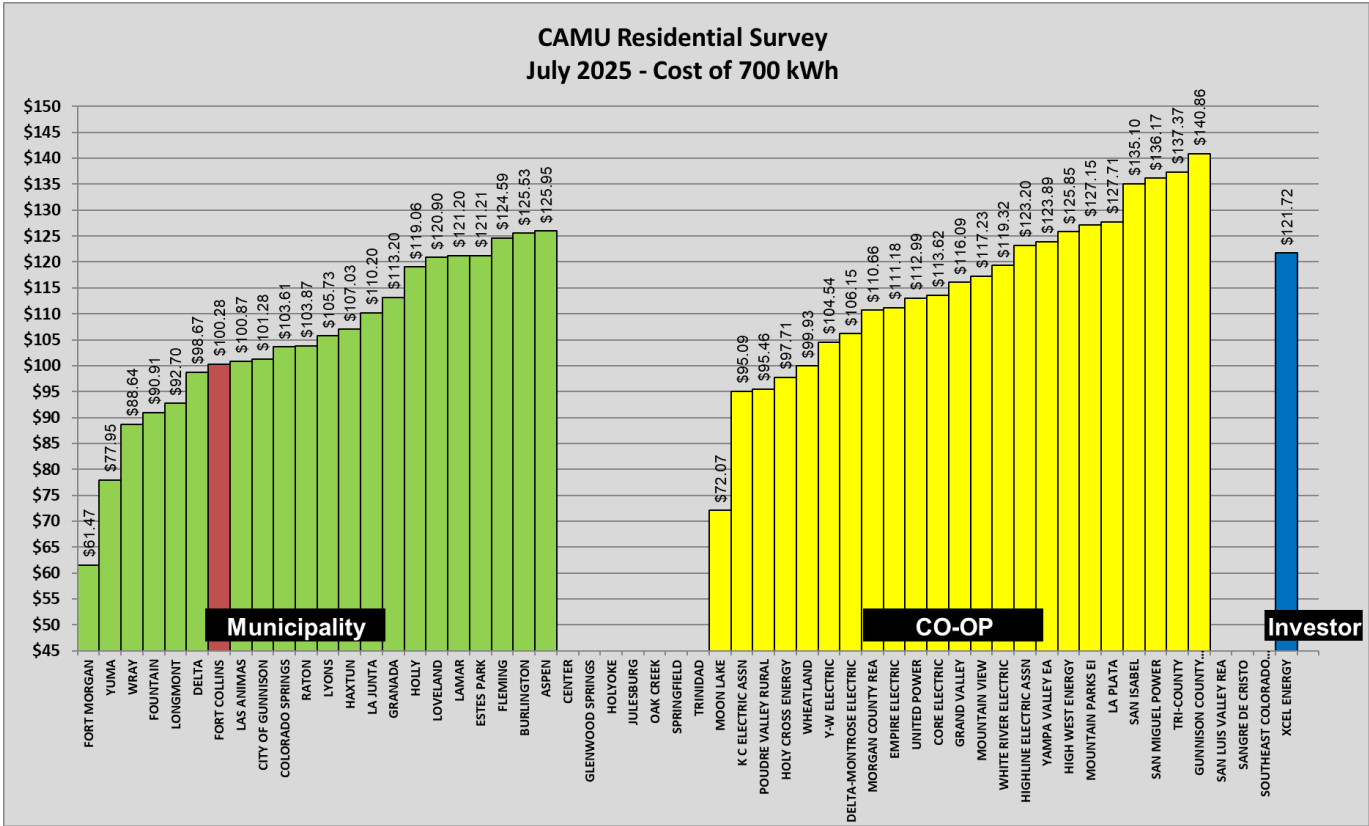
Electric

Staff are proposing a 6% retail rate increase for the Electric Fund in 2026. This increase is driven by a combination of an increase in wholesale electric expenses in 2026, as well as an increase to cover distribution operating and maintenance costs and investments in capital projects. Roughly two-thirds of costs incurred each year to provide electric service are attributable to wholesale expenses, while the other one-third is attributable to costs related to operating and maintaining the distribution system.

The portion of the proposed 6% increase that is not applied to wholesale cost increases will be used to help fund distribution system needs. There are multiple capital projects necessary to meet future needs, some of which include feeder cable and transformer replacements, streetlighting upgrades, distribution automation, and demand response technology upgrades.

The largest expense for the electric fund is wholesale power costs. Platte River Power Authority (PRPA) is planning to increase their wholesale blended rate (\$/MWh) by 6.3% in 2026 and is forecasting 7.5% wholesale rate increases for 2027-28. There is variability in how the increase is applied to individual component charges.

Fort Collins Utilities participates in the Colorado Association of Municipal Utilities (CAMU) survey each year. Below are the residential electric rate comparisons for the electric utilities in Colorado that responded to the survey. Fort Collins is shown in the maroon-colored bar within the graph. Based on the July 2025 City Council Work Session Agenda Item Summary – City of Fort Collins Page 5 of 7 survey, Fort Collins Utilities came in towards the lower end of average electric cost within the state, assuming 700 kWh of consumption in a month, at \$100.28, or 12th lowest overall of all responses.



Water

Staff are proposing a 9% retail rate increase for the Water Fund in 2026. Water rate increases are primarily driven by the cost of capital investment, particularly construction of the Halligan Water Supply Project and maintaining replacement of the water distribution system.

In the 2026 budget, capital projects account for 38% of the total Water Fund expenditures. This percentage is expected to increase in the coming years and is a significant driver for future rate increases in the Water Fund. Debt financing for the Halligan Water Supply Project will be the major component impacting substantial water rates over the next 3-5 years while the project progresses towards and starts construction. Development of the Water Fund’s comprehensive Capital Improvement Plan is underway and will inform a long-term rate forecast in advance of the 2027-28 budget process.

Wastewater

Staff are proposing an 8% retail rate increase for the Wastewater Fund in 2026. In addition to rate increases needed for ongoing operational inflationary pressures, the Drake Water Reclamation Facility (DWRF) recently completed a comprehensive condition assessment and is in need of significant capital investment. The report indicates that 39% of the plant is beyond its useful life, and 45% of the plant is in fair condition.

The upcoming 10-year Capital Improvement Plan may include plans for a large revenue bond debt issuance needed for reconstruction of the DWRF Preliminary Treatment Facility, and the combined Wastewater-Water Quality Laboratory Project.

Stormwater

Staff are proposing a 6% retail rate increase for the Stormwater Fund in 2026. The Oak Street Stormwater Improvement Project revenue bond issuance of \$40M in 2023 increased debt service payments for this fund. Additional capital improvement budget capacity is being created to continue capital replacement and improvements to the stormwater infrastructure system.

Total Utility Bill

The table below shows the impacts of the proposed rate change to the average residential monthly bill. Under the proposed rate changes, a residential customer’s total utility bill, for a customer receiving all four municipal utility services, would increase by 7.1%, or \$13.49 per month.

RESIDENTIAL MONTHLY BILL COMPARISON

2025 to 2026

	2025 RATES	2026 RATES	% CHANGE	\$ CHANGE
 ELECTRIC 620 kilowatt-hours/month	\$85.05	\$90.15	6.0%	\$5.10
 WATER 7,000 gallons/month	\$45.37	\$49.45	9.0%	\$4.08
 WASTEWATER 3,300 gallons/month WQA	\$35.40	\$38.23	8.0%	\$2.83
 STORMWATER 8,000 sq.ft. lot, light runoff	\$24.48	\$25.95	6.0%	\$1.47
AVG. Utility Bill Total	\$190.30	\$203.79	7.1%	\$13.49

The table below compares typical residential electric, water, wastewater, and stormwater monthly utility bills across neighboring utilities along the Front Range, based on proposed 2026 rate adjustments and charges. In total, Fort Collins Utilities comes in the lowest at \$230.26 for all four services. With proposed increases for 2026, Fort Collins will remain the lowest overall, as there are known increases proposed amongst the other bordering utilities for 2026, with some of them being substantially higher than the percentage increases proposed for customers within our community. Note that community comparisons use different usage thresholds than the Fort Collins customer averages shown in the bill impact table above.

RESIDENTIAL MONTHLY BILL COMPARISON

2026 UTILITY RATES

	 ELECTRIC	 WATER	 WASTEWATER	 STORMWATER	UTILITY TOTAL
FORT COLLINS	\$100.15	\$61.86	\$42.31	\$25.95	\$230.26
LONGMONT	\$94.09	\$83.40	\$44.34	\$18.85	\$240.69
LOVELAND	\$106.75	\$64.25	\$44.61	\$26.25	\$241.86
COLORADO SPRINGS	\$110.35	\$110.11	\$36.26	N/A	\$256.72
BOULDER	\$108.38	\$78.00	\$54.42	\$29.88	\$270.68
GREELEY	\$108.38	\$82.71	\$40.50	\$42.44	\$274.03

CITY FINANCIAL IMPACTS

The 2026 City Manager's Recommended Budget includes these proposed increases in revenues available for the budget. The electric increase would offset increased wholesale costs for 2026, as well as contribute to increasing distribution system operating and maintenance and capital costs. The water, wastewater, and stormwater increases would contribute to operating and maintenance costs, as well as assisting with debt issuances for large capital projects.

BOARD / COMMISSION / COMMITTEE RECOMMENDATION

Discussion of the proposed changes to the Utility electric rates, fees, and charges was discussed with the Energy Board at its October 9, 2025, meeting, and supported unanimously. An excerpt of the Board minutes is included as an attachment.

Discussion of the proposed changes to the Utility water, wastewater, and stormwater rates took place at the Water Commission's October 16, 2025, meeting, and supported unanimously. An excerpt of the Commission minutes is included as an attachment.

PUBLIC OUTREACH

The required postcard about proposed changes to electric rates to customers outside city limits was mailed in early October and a notice was posted in the Coloradoan. Rates and fee presentations will be shared at the Business Accounts meeting for all commercial customer accounts on November 18, 2025. An annual rate brochure will go out to customers in late November or early December, along with updated information posted to the utility website.

ATTACHMENTS

1. Energy Board Meeting Minutes, October 9, 2025 (draft excerpt)
2. Water Commission Meeting Minutes, October 16, 2025 (draft excerpt)
3. Ordinance No. 177, 2025
4. Ordinance No. 178, 2025
5. Ordinance No. 179, 2025
6. Ordinance No. 180, 2025