Colorado Springs Utilities
Spring 2017 Update

CEO Jerry Forte
April 13, 2017
Spring 2017 Update – Agenda

- Community-owned advantage
- Strategic, long-term planning
- Regional collaboration
- Economic development
- Rates, Reliability, Relationships
- Business programs
- Rates update
Community-owned advantage

- Local control, decisions
- Employees live, volunteer here
- Exceptional customer service
- Strong financial position
- Transparency
- Competitive rates
- Not for profit
Some of the largest cities in the country have community-owned utilities – Los Angeles, Austin, San Antonio, Jacksonville and many others.
Election outcomes:

- New Utilities Board members
  - David Geislinger, District 2
  - Richard Skorman, District 3
  - Yolanda Avila, District 4
  - Don Knight, Jill Gaebler and Andy Pico returning

- Supermajority
Community-owned advantage

Collaboration with the City (2C)

Water main replacement on Fountain Blvd.

Paving preparation at Jackson and Tejon
Implementing the Electric Integrated Resource Plan (EIRP)

Energy Vision:
By 2020
- Provide 20 percent renewable energy, with 1 percent from distributed generation resources
  - Maximum bill impact of 1 percent
- Reduce electric energy use by 12 percent
  - Maximum bill impact of 2 percent
- Reduce electric demand by 12 percent
Strategic long-term planning

2015 installed capacity total: 1,159 MW

- Natural Gas: 49%
- Coal: 40%
- Hydro: 10%
- Solar: 1%

2035 installed capacity total: 1,389 MW

- Natural Gas: 58%
- Solar/Wind: 19%
- Coal: 15%
- Hydro: 8%
Strategic long-term planning

Future of Drake

- Decommission units 6 and 7 no later than 2035
- Decommission unit 5 by end of 2017
- Studying energy supply replacement options and the Drake site
Strategic long-term planning

Replacement energy supply

- Must result in a system that meets all FERC/NERC/WECC reliability criteria, both internal to Colorado Springs Utilities, regionally
- Transmission, replacement energy supply challenges
Strategic long-term planning

Scrubber installation

Martin Drake Power Plant

Ray Nixon Power Plant
Strategic long-term planning

**Annual Emissions of Oxides of Nitrogen (NOx)**

- ~ 75% decrease over period
- Low NOx Burners
- Ultra Low NOx Burners
- Over-Fire Air Ports

**Annual Emissions of Sulfur Dioxide (SO\textsubscript{2})**

- ~ 60% decrease over period
- Low Sulfur Coal through 2015
- Beginning of Drake Scrubbers Testing
Strategic long-term planning

Completed Southern Delivery System (SDS)

- On time
- $160 million under budget

- Community is set up for competitive success well into the future
Strategic long-term planning

Completed Integrated Water Resource Plan (IWRP)

- Reliability and risk tolerance
  - Maintain one year of storage at all times
  - Shortage response no more often than 1 year in 10
- Regionalization
- Balanced portfolio
- Consistent and incremental investment

Phases:

Phase 2: Upper Williams Creek Reservoir
Utilities Policy Advisory Committee (UPAC) Regional Collaboration Opportunities

Potential benefits:

- Economies of scale
- Capitalizing on excess capacity
- Improving system utilization
- Shared cost of new infrastructure
- Leveraging geographic opportunities
- Information sharing
- Consistent technology solutions
Economic Development

Partnering with the community to boost economic growth

- Strive to make the development process more seamless
- Available capacity supports future growth
- New standards to remove barriers
Rates, Reliability, Relationships

Utilities Board Strategic Focus

Rates

Customer

Reliability

Relationships
The Colorado Association of Municipal Utilities (CAMU) conducts a semi-annual survey of Colorado’s electric utilities rates and total customer bill. The above results are averages of the bill data reported to CAMU in January 2017.
Industry-leading reliability

2016 IEEE Reliability Benchmark Study, Colorado Spring Utilities Ranks #5 nationally.

Colorado Springs Utilities

4th Quartile
3rd Quartile
2nd Quartile
1st Quartile

Region 0: Spans States or Unknown
Region 1: Northeast
Region 2: Mid-Atlantic
Region 3: Southeast
Region 4: Midwest
Region 5: Southwest
Region 6: South
Region 7: Northwest
#1 Business Customer Satisfaction in 2016
Business programs

- Renewable energy rebates
- Demand Side Management (DSM) rebates
  - Energy audits
  - Water audits (irrigation)
- Expansion support
- Key Account Representatives
Bill Cherrier
Chief Planning and Finance Officer
Natural Gas Prices

As of April 4, 2017

$/Dth

Heating Season


Jan Forecast Feb Forecast March Forecast Actual April Forecast

23
Electric – Base/nonfuel

- Electric Revenue Short-fall Recovery Phase 3 of 3-Phase rate plan
  - Continue transition of rate classes closer to Cost of Service
- 2018 Sales and Load study not finalized
  - No preliminary estimate available at this time
  - Anticipate increases:
    - Industrial TOD kWh/Day Min (ETL) – 10% to 12% increase
    - Industrial TOD 4,000 kW Min (E8S) – 8% to 10.0% increase
    - Commercial General (E2C) – 6% to 8% increase
2017 Approved Rate Case

Other Rate Adjustments in 2018

Rates approved in the 2017 Rate Case with increases phased in over two years

- Water - Large Nonseasonal Service
  - 6.0% increase effective 1/1/17
  - 3.7% increase effective 1/1/18

- Wastewater – Nonresidential Inside City
  - 2.2% increase effective 1/1/17
  - 1.8% increase effective 1/1/18
Questions?