

# 2019 Proposed Rates and Budget

If approved by City Council on Nov. 13, the new rates will take effect on Jan. 1, 2019.

## Residential rates

We file for changes to base rates each fall to take effect on Jan. 1. Base rates support the operations and maintenance expenditures (pipes, wire, plants) to maintain safe and reliable utility services. Our rates are based on the costs associated to serve a customer. We do not make a profit on customer rates. For 2019, we're proposing changes to water and wastewater base rates. No base rate changes are proposed for electricity and natural gas.

Like most water utilities across the U.S., our system is aging and in need of ongoing repair and refurbishment. The American Water Works Association estimates more than \$1 trillion is necessary over the next 25 years to upgrade water systems nationwide. Remember, costs for maintaining water systems don't fluctuate with water use.

We strive to keep water affordable for our customers, currently priced at about a penny per gallon. We conduct assessments of our system and prioritize upgrades to responsibly manage necessary investments for our customers.

If approved, Block 1 pricing of the tiered residential water rate structure will increase. Nearly three-quarters of water sales occur in Block 1. Pricing for Blocks 2 and 3 will decrease. Continuing to flatten the tiered rate structure allows for more stable water revenue while encouraging customers to only use what they need, including maintaining a healthy, living landscape.

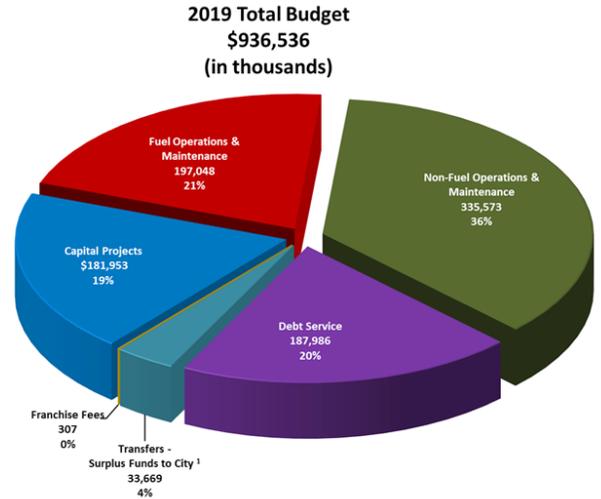
For the first time since 2010, we've proposed an increase to wastewater rates to fund inflationary increases to operations and maintenance of the system. Like the water system, the wastewater system is aging and in need of refurbishment. Areas of focus for 2019 are replacement/repair of sanitary sewer creek crossings and continued evaluation/rehabilitation of the local collection system.

## Proposed Residential Rate Changes

Service	Typical Bill Nov. 1, 2018	Typical Bill Jan. 1, 2019	\$ Increase (Decrease)	% Increase (Decrease)
 Electric	\$88.60	\$88.60	\$0	0%
<small>November rates are proposed ECA changes set for 10/23/18 City Council vote</small>				
 Gas	\$39.78	\$39.78	\$0	0%
<small>November rates are proposed GCA changes set for 10/23/18 City Council vote</small>				
 Water	\$65.91	\$69.71	\$3.80	5.8%
 Wastewater	\$32.01	\$32.89	\$0.88	2.7%
<b>Total impact to typical monthly bill</b>	<b>\$226.30</b>	<b>\$230.98</b>	<b>\$4.68</b>	<b>2.1%</b>

## Budget Summary

The proposed budget appropriation is \$936.5 million or about \$41.8 million lower than 2018.



## Fuel cost adjustments

As a non-profit, community-owned utility, we pass changes in fuel costs — up or down — directly on to our customers. While we review fuel costs monthly, adjustments usually occur on a quarterly basis. We've made adjustments each quarter of 2018, including decreasing the ECA twice and the GCA once and increasing the GCA twice.



We're proposing increases to both the ECA and GCA for implementation Nov. 1. These changes will result in ECA rates slightly higher and GCA rates slightly lower than in January 2018. The typical residential bill impact is an increase of \$2.90 per month (ECA \$1.54 and GCA \$1.36).

### TIMELINE

**Oct. 23**  
**City Council meeting**

- ECA/GCA decision
- Rate hearing
- First reading 2019 budget

**Nov. 1**

ECA/GCA effective

**Nov. 13**  
**City Council meeting**

- Budget second reading/decision
- Rate decision and order

**Jan. 1**

New rates and budget effective

# Commercial and industrial customers

Like any business, we have certain revenue requirements to continue to provide quality services. Each fall we file changes to our base rates to support the revenue required to responsibly maintain a safe and reliable utilities system.



Customers in the variety of rate classes designed for commercial and industrial users will experience changes as their rates are adjusted to better align with the proportionate cost to serve them. An online rate calculator at <https://www.csu.org/Pages/bill-calculator.aspx> is the best source of information for commercial and industrial customers.

Our business customers are also impacted by quarterly fuel cost adjustments, known as electric and gas cost adjustments (ECA and GCA). Increases are proposed for the ECA and GCA this fall. The impact for typical commercial customers is 2.3% ECA and 5.3% GCA. For typical industrial customers, the impact is 2.8% ECA and 5.5% GCA. If approved on Oct. 23, new rates will take effect Nov. 1, 2018.

Visit [csu.org](http://csu.org) to view information about the rate case, cost adjustments and use the bill calculator to see impacts of proposed rate changes.

## Helping hand

We strive to create proactive, innovative solutions that help customers save resources, support sustainability and our environment, and keep costs and rate impacts at a minimum.

### Assistance programs

There are three programs (in box at right) that may assist customers in need with their utility bills.

### No cost/low cost tips

We actively promote low-cost or no-cost tips to help our customers use utilities services wisely. Visit [csu.org](http://csu.org) for more ways to save.

### Rebates

In an effort to help with the efficient use of energy and water, delay infrastructure needs and save customers money, we offer rebates for a variety of energy- and water-efficient products for residential and business customers.

### Energy audits

For business customers we offer a free basic or advanced energy audit. For residential customers we offer an online tool to audit energy use: [csu.org/pages/home-energy-audit.aspx](https://www.csu.org/pages/home-energy-audit.aspx).

## Proposed Commercial Rate Changes

Service	Typical Bill Nov. 1, 2018	Typical Bill Jan. 1, 2019	\$ Increase (Decrease)	% Increase (Decrease)
 Electric	\$581.23	\$581.23	\$0	0%
<small>November rates are proposed ECA changes set for 10/23/18 City City vote</small>				
 Gas	\$564.10	\$564.10	\$0	0%
<small>November rates are proposed GCA changes set for 10/23/18 City City vote</small>				
 Water	\$218.74	\$226.88	\$8.14	3.7%
 Wastewater	\$112.14	\$112.69	\$0.55	0.5%
<b>Total impact to typical monthly bill</b>	<b>\$1,476.21</b>	<b>\$1,484.90</b>	<b>\$8.69</b>	<b>0.6%</b>

## Proposed Industrial Rate Changes

Service	Typical Bill Nov. 1, 2018	Typical Bill Jan. 1, 2019	\$ Increase (Decrease)	% Increase (Decrease)
 Electric	\$32,699.34	\$32,699.34	\$0	0%
<small>November rates are proposed ECA changes set for 10/23/18 City Council vote</small>				
 Gas	\$5,428.74	\$5,428.74	\$0	0%
<small>November rates are proposed GCA changes set for 10/23/18 City Council vote</small>				
 Water	\$2,867.19	\$2,983.43	\$116.24	4.1%
 Wastewater	\$1,404.64	\$1,400.49	(\$4.15)	(0.3%)
<b>Total impact to typical monthly bill:</b>	<b>\$42,399.91</b>	<b>\$42,512.00</b>	<b>\$112.09</b>	<b>0.3%</b>

- **HEAP:** We partner with the Energy Resource Center to offer in-home efficiency energy and water audits to qualifying customers. We recommend a variety of improvements to lower utility bills and increase comfort.
- **LEAP:** The Low-income Energy Assistance Program (LEAP) is a federally-funded program designed to help eligible households with winter home heating costs. Between November and April, LEAP distributes energy bill payment assistance appropriated through Congress.
- **Project COPE:** Project COPE provides utilities payment assistance to families and individuals struggling financially due to a personal crisis or emergency, regardless of income.



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Colorado Springs Utilities  
It's how we're all connected