

ORDINANCE NO. 078, 2015  
OF THE COUNCIL OF THE CITY OF FORT COLLINS  
MAKING CERTAIN AMENDMENTS TO CHAPTER 26  
OF THE CODE OF THE CITY OF FORT COLLINS  
PERTAINING TO ELECTRIC RATES, FEES AND CHARGES  
ASSOCIATED WITH THE TIME OF USE PILOT RATE STUDY

WHEREAS, the City Council is empowered and directed by Article XII, Section 6, of the City Charter to fix, establish, maintain and provide for the collection of such rates, fees or charges for utility services furnished by the City as will produce revenues sufficient to pay the costs, expenses and other obligations of the electric utility, as set forth therein; and

WHEREAS, on October 21, 2014, City Council approved Ordinance No. 154, 2014, amending Chapter 26 of the City Code to revise electric rates, fees, and charges, based on a seasonal, tiered rate structure; and

WHEREAS, deployment of advanced metering infrastructure in the City has created the potential for more refined application of electric rates and practices, including studying whether time-of-use (TOU) rates, as opposed to the seasonal tiered rates, will encourage more efficient consumption across the system; and

WHEREAS, on February 3, 2015, City Council approved Resolution 2015-022, appointing an ad hoc City Council committee to coordinate with Electric Utility staff to design a pilot TOU electric rate study, as an option for City electric service rates, and

WHEREAS, on February 24, 2015, the ad hoc committee met with staff to provide direction on a pilot TOU rate study, and staff has incorporated the committee's direction into the parameters of a proposed study scope; and

WHEREAS, staff recommends conducting a TOU rate study over a period of twelve monthly residential customer billing cycles, beginning with the first full cycle starting after October 1, 2015; and

WHEREAS, the purpose of the TOU pilot study is to provide a report to City Council with data on two TOU rate sub-schedules, which data will be analyzed based on four objectives: promotion of energy conservation, efficient reduction in daily customer demand, customer preference, and revenue sustainability compared to operating expenses; and

WHEREAS, approximately 6,000, randomly-selected residential customers will be invited to participate in the study, and those not opting out will be placed on one of two pilot rates or in a control group during the study period: "TOU"- with a higher price per kWh when electricity is in higher demand, or "TOU with energy efficiency tier"- with a lower kWh charge for on-peak and off-peak charges, plus an additional per kWh charge for all consumption above 700 kWh in a given month; and control group customers will remain on their current rates; and

WHEREAS, each pilot study group will include a sampling of net metering solar customers to identify impacts of TOU rates on customers with on-site solar production; and

WHEREAS, after the study, a settlement will be performed on the accounts of customers who participated for the full study period to equalize the amounts paid during the study with the amounts the customers would have paid under seasonal tiered rates, without negatively impacting any financial benefit realized by the customers during the study; and

WHEREAS, on June 4, 2015, the Energy Board considered the proposed electric rates, fees and changes for the pilot TOU rate study, and unanimously recommended approval of the rate changes for the pilot rate study; and

WHEREAS, based on the foregoing, it is the desire of the City Council to amend Chapter 26 of the City Code to revise electric rates, fees and charges with regard to the study of time-of-use billed electric utility service.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF FORT COLLINS as follows:

Section 1. That Section 26-464(p) of the Code of the City of Fort Collins is hereby amended by addition of a subpart (6) to read as follows:

**Sec. 26-464. Residential energy service, schedule R.**

...

(p) *Net metering.*

...

(6) TOU rates, for customer-generators participating in a qualifying "time-of-use" (TOU) rate study, consumption of energy from the utility and production of energy that flows into the utility's distribution system shall be measured on a monthly basis. The energy consumed from the utility by the customer-generator shall be billed at the applicable study rates under subsection (s) of this Section. The energy produced by the customer-generator shall be credited to the customer as follows:

a. The energy and demand credit, per kilowatt hour during the summer season billing months shall be as follows:

1. *On-Peak (Mon-Fri, 2 pm to 7 pm, excluding holidays)*, eighteen and eighty three one-hundredths cents (\$0.1883).
2. *Off-Peak*, three and ninety four one-hundredths cents (\$0.0394).

b. The energy and demand credit, per kilowatt hour during the non-summer season billing months shall be as follows:

1. *On-Peak (Mon-Fri, 5 pm to 9 pm, excluding holidays)*, fifteen and sixty two one-hundredths cents (\$0.1562).
2. *Off-Peak*, three and seventy eight one-hundredths cents (\$0.0378).

Section 2. That Section 26-464 of the Code of the City of Fort Collins is hereby amended by addition of a subsection (s) to read as follows:

**Sec. 26-464. Residential energy service, schedule R.**

...

(s) *Time of Use (TOU) Pilot Study.*

(1) Objective. The City has identified potential benefits available through time-of-use (TOU) based electric service rates, including encouraging reduced energy consumption and equitably shifting energy costs to customers who use more energy. In order to study these benefits, Fort Collins Utilities shall conduct a temporary pilot project beginning with the billing cycle commencing on or after October 1, 2015, and concluding after twelve (12) full billing cycles.

(2) Scope. The project shall include six thousand residential energy service (Schedule R) customers selected at random. Customers selected at random will be notified and given a one-time opportunity to "opt-out" of participation in the project. Customers who do not opt-out will be assigned, as determined by the Executive Director, to one of the two pilot rates described in subsections (s)(4) (pilot TOU rate) and (s)(5) (pilot TOU with energy efficiency tier rate), or monitored on their existing residential energy service tiered rate, as a control group.

(3) Best-bill guarantee. Customers participating in the pilot project for the full twelve (12) billing cycle period will be eligible for the following best-bill guarantee: the total energy costs paid by each customer under either of the pilot rates for the twelve full billing cycles shall be compared with the energy costs such customer would have paid under the base residential energy service tiered rate during the same twelve billing cycles, and each customer shall be reimbursed (by issuance of a billing credit or otherwise, as determined by the Executive Director) for the amount by which the total energy costs paid exceed the amount that would have been due under the base residential energy service tiered rate for such period. Each customer who pays total energy costs under either of the pilot rates during the twelve full billing cycles of the project that are less than the energy costs such customer would have paid under the base residential energy service tiered rate shall retain those savings.

(4) Pilot TOU rate. Customers assigned to this rate during the pilot study shall pay monthly rates under this sub-schedule as follows:

- a. Fixed charge, per account: five dollars and seven cents (\$5.07).
  - b. Distribution facilities charge, per kilowatt hour: two and thirty eight one-hundredths cents (\$0.0238).
  - c. Energy and demand charge, during the summer season billing months of May, June, July, August, and September. The energy and demand charge shall be billed as follows:
    - 1. *On-Peak (Mon-Fri, 2 pm to 7 pm, excluding holidays)*, eighteen and eighty three one-hundredths cents (\$0.1883).
    - 2. *Off-Peak*, three and ninety four one-hundredths cents (\$0.0394).
  - d. Energy and demand charge, during the non-summer season billing months of January through April and October through December, The energy and demand charge shall be billed as follows:
    - 1. *On-Peak (Mon-Fri, 5 pm to 9 pm, excluding holidays)*, fifteen and sixty two one-hundredths cents (\$0.1562).
    - 2. *Off-Peak*, three and seventy eight one-hundredths cents (\$0.0378).
  - e. In lieu of taxes and franchise: a charge at the rate of six and zero-tenths (6.0) percent of all monthly service charges billed pursuant to this Subsection.
- (5) Pilot TOU with energy efficiency tier rate. Customers assigned to this rate during the pilot study shall pay monthly rates under this sub-schedule as follows:
- a. Fixed charge, per account: five dollars and seven cents (\$5.07).
  - b. Distribution facilities charge, per kilowatt hour: one and ninety four one-hundredths cents (\$0.0194).
  - c. Energy and demand charge, during the summer season billing months of May, June, July, August, and September The energy and demand charge shall be billed as follows:
    - 1. *On-Peak (Mon-Fri, 2 pm to 7 pm, excluding holidays)*, per kilowatt hour: eighteen and eighty three one-hundredths cents (\$0.1883)

2. *Off-Peak*, per kilowatt hour: three and ninety four one-hundredths cents (\$0.0394)

d. Energy and demand charge, during the non-summer season billing months of January through April and October through December. The energy and demand charge shall be billed as follows:

1. *On-Peak (Mon-Fri, 5 pm to 9 pm, excluding holidays)*, per kilowatt hour: fifteen and sixty two one-hundredths cents (\$0.1562)

2. *Off-Peak*, per kilowatt hour: three and seventy eight one-hundredths cents (\$0.0378)

e. Energy efficiency tier charge, per kilowatt hour for total consumption over 700 kWh in a billing month (regardless of on-peak or off-peak): one and sixty three one-hundredths cents (\$0.0163).

f. In lieu of taxes and franchise: a charge at the rate of six and zero-tenths (6.0) percent of all monthly service charges billed pursuant to this sub-Section.

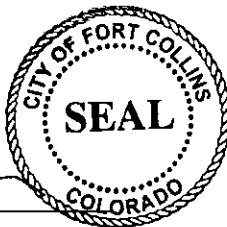
Section 3. That the amendments herein shall go into effect for billing cycles beginning on or after October 1, 2015.

Introduced, considered favorably on first reading, and ordered published this 7th day of July, A.D. 2015, and to be presented for final passage on the 21st day of July, A.D. 2015.

ATTEST:

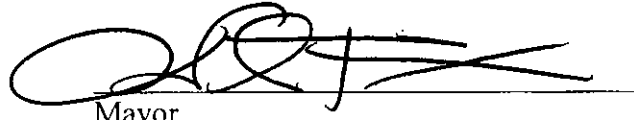
*Wanda Nelson*

City Clerk



*[Signature]*  
Mayor

Passed and adopted on final reading on the 21st day of July, A.D. 2015.

  
Mayor

ATTEST:

  
Chief Deputy City Clerk

