RATES WORKING GROUP

Kickoff Meeting

March 12, 2015

AGENDA

- About the Rates Working Group (12:05-12:20)
  - Review objectives
  - Relevant City Charter language
  - Anticipated meeting schedule and upcoming topics
- Background on Rates (12:20-12:45)
- Assignments and scheduling (12:45-1:00)

ABOUT THE RATES WORKING GROUP

OBJECTIVES

1. Recommend a series of retail electric rates that can be applied by a city electric utility on "day 1"
2. Collaborate with the working groups on energy services and resource acquisition to develop relevant rates and tariffs associated with energy services (e.g., distributed solar)
3. Recommend a path to evaluate and redesign the city utility's retail electric rates to more closely align with community goals, including the development of a "utility of the future"

CITY CHARTER PROVISIONS

- Guiding Principles (§178)
  - Fiscal Responsibility
  - Ratepayer Equity
- Utility Service Standards (§182)
  - Cost-Effective Service
  - Rates (sufficient revenues for operation; competitive rates)
  - No Free Service

COMMUNITY GOALS

Energy Future

1. Ensure a stable, safe and reliable energy supply
2. Ensure competitive rates, balancing short-term and long-term interests
3. Significantly reduce carbon emissions and pollutants
4. Provide energy customers with a greater say about their energy supply
5. Promote local economic vitality
6. Promote social and environmental justice

Electric Utility Transition

1. Prepare to safely, reliably & effectively operate electrical system
2. Manage costs, mindful of uncertainties
3. Minimize customer impacts & maximize customer value
4. Proactively identify & mitigate risks
5. Integrate utility within city organization; leverage existing systems, practices & skills in a way that streamlines process & benefits customers
6. Meet community's Energy Future goals

WHY START THIS GROUP NOW?

- In transition plan, need to make decisions about rates fairly early to allow calibration for utility billing system
- Community education and information-sharing is important
- Would make us better able to work at the PUC in interim

STARTING PROPOSITION

- Starting from the assumption that the electric utility would adopt a variation on Xcel's rates for "Day 1"
  - Lack of information
  - Charter requirement that rates cannot exceed Xcel's

- Issues with this proposition:
  - What does that "look like"? (Rate classes, frequency, riders)
  - Will it cover costs?

SO WHAT DO WE KNOW?

What We Know

- We can see, through rate case filings, how Xcel Colorado jurisdictionalizes, functionalizes, and allocates aspects of its costs.
- We can apply the rates that result to Boulder customers, as a municipal utility.

What We Don't Know

- We don't know if the same cost allocation principles that apply to Xcel Colorado also apply to Boulder specifically.
- We need to be able to confirm that if we apply Xcel Colorado's rates to Boulder customers, this will make up the costs of the utility.

TIMELINE/TOPICS

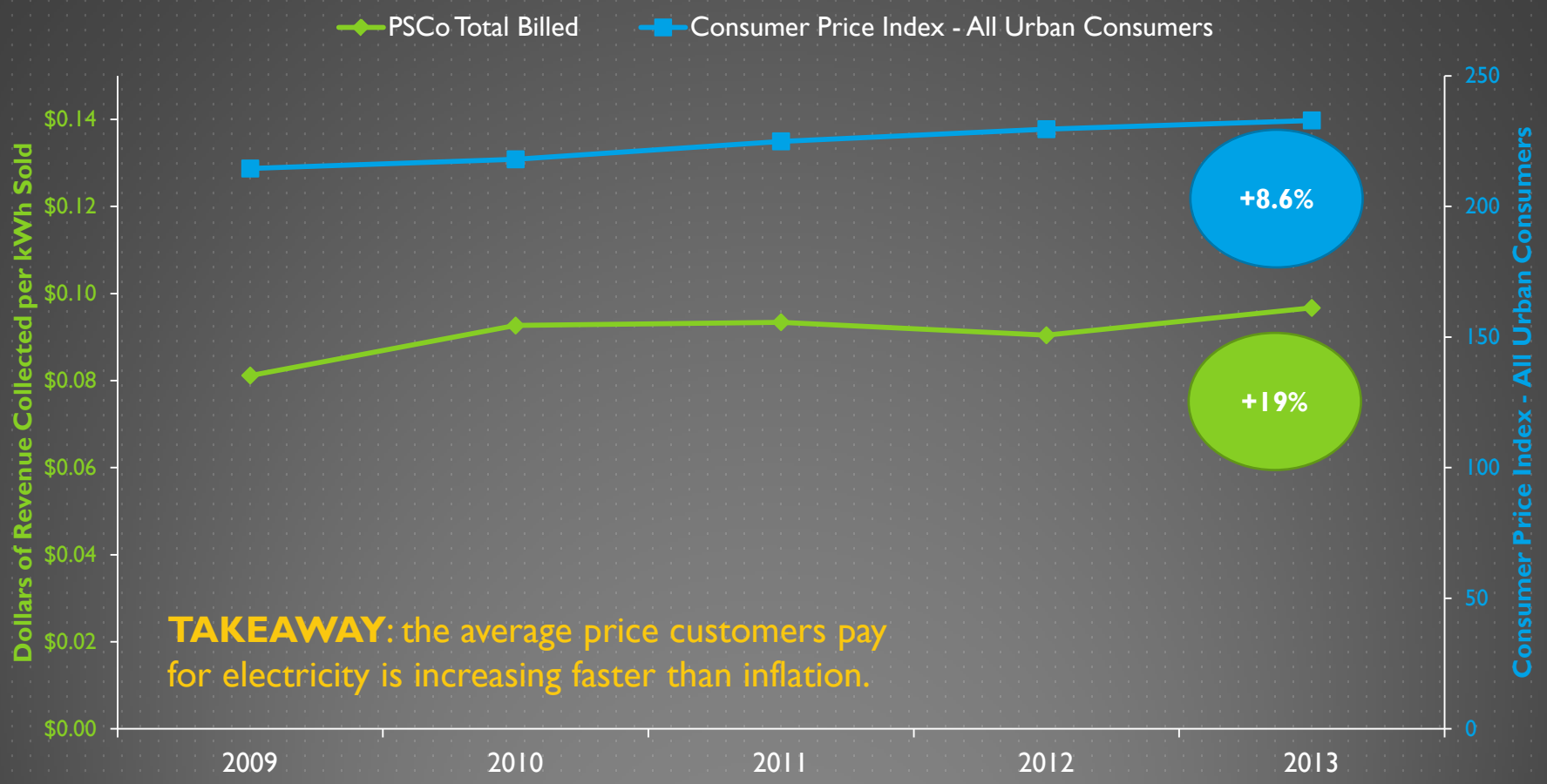
Meeting	Month	Subject
1	March 2015	Introduction – purpose of group, Charter provisions
2	April 2015	• What do you like/not like about current rates & bills? • What do you want from electric rates (process/outcome)? • Who should we be reaching out to who's not involved?
3	May 2015	Objectives for "Day 1" vs. "Day 2" rates (+ governance)
4	June 2015	What does it look like to adopt Xcel's rates?
PAUSE for PUC APPLICATION PROCESS		
5-8	???	• Rate policies and best practices (e.g., fuel adjustments) • Rates related to energy services/innovative practices • Rates on "day 2" • General transition updates

QUESTIONS?

- About scope and purpose of group?
- About timeline and anticipated meeting topics?
- Deliverables – begin thinking if there's report-out the group would like to do

BACKGROUND ON RATES & TRENDS

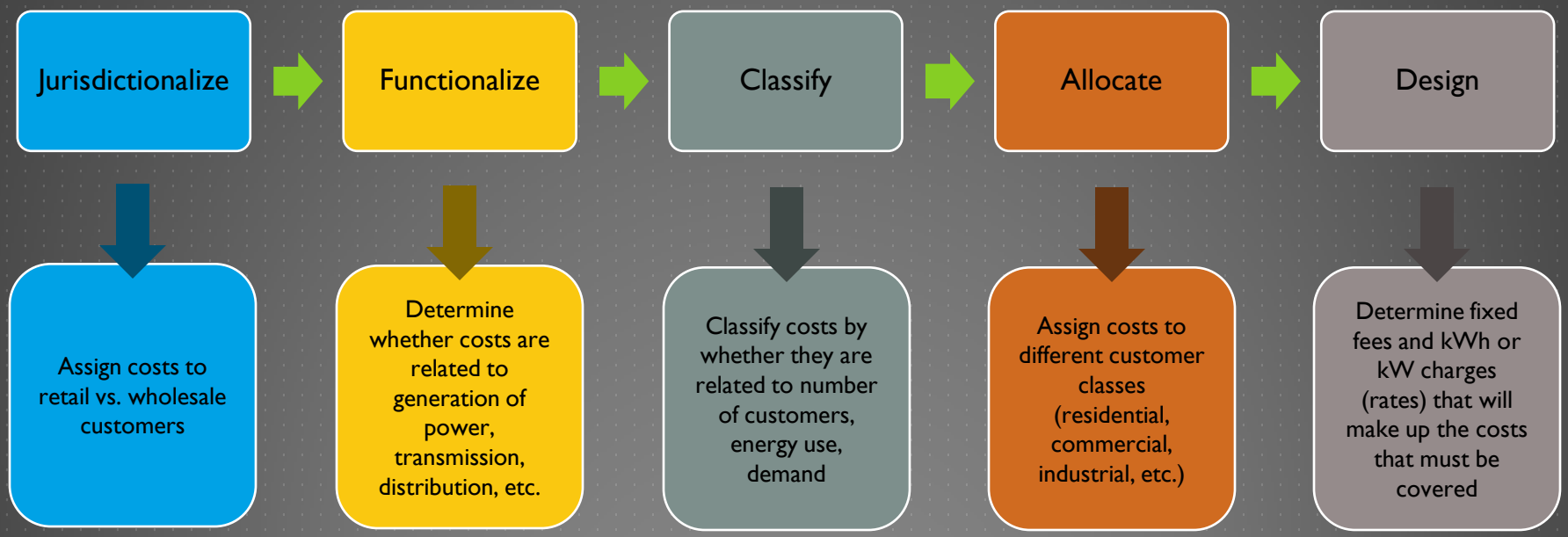
Historic Average Electricity Price (Revenues/kWh Sold) Paid by PSco Customers (2009-2013)



TAKEAWAY: the average price customers pay for electricity is increasing faster than inflation.

REVENUE REQUIREMENT OR RATES?

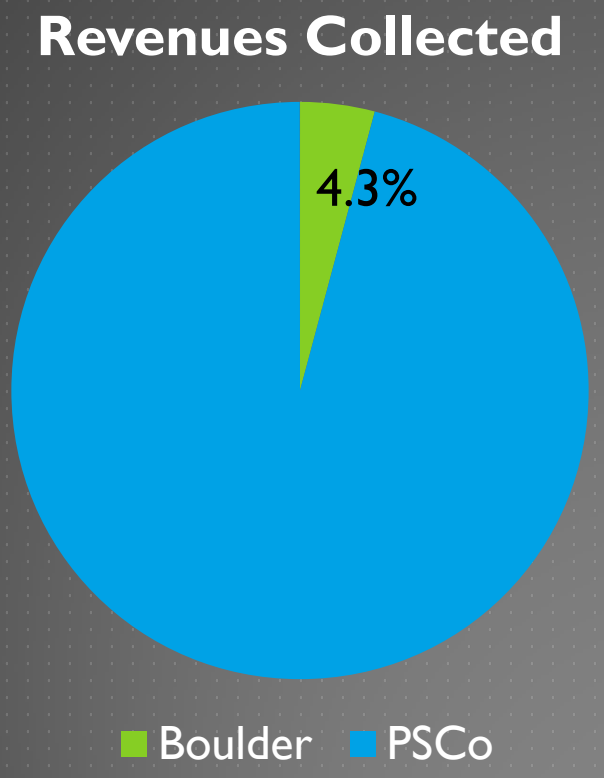
A UTILITY HAS TO DEVELOP ITS REVENUE REQUIREMENT BEFORE IT ASSIGNS RATES TO CUSTOMERS. THERE ARE COMMON STEPS TO THIS PROCESS:

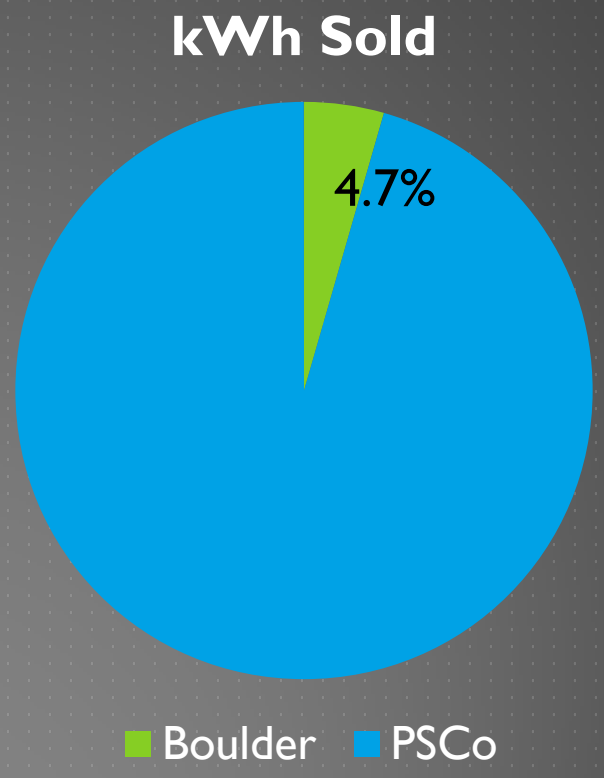


RATE CLASSES IN COLORADO & BOULDER

XCEL SERVICE TYPE	RATE SCHEDULE	RATE	DESCRIPTION	BOULDER USE?
Residential	R	Residential General	A residential service that is assessed as a non-base rate adjustment that is measured in terms of price per kWh ($/kWh) and varies annually between "Summer Season" and "Winter Season" rates.	Yes
Residential	RD	Residential Demand	A residential service that is assessed as a non-base rate adjustment that is measured in terms of price per kW ($/kW).	Yes
Residential	RAL	Residential Outdoor Area Lighting	A residential service that, where provided, is regulated by PUC and special conditions (Six (6) criteria). The electric sales service rates are assessed monthly based on individual high pressure sodium lamp specifications.	Yes
Residential	RTOU	Residential Time of Use	A residential service pilot program provided to volunteers within the SmartGridCity program area. The two phase program occurred between October 1, 2010 and September 30, 2013 (Phase 1) and March 1, 2011 and September 30, 2013 (Phase 2). Monthly rates were assessed on a base "Service and Facility Charge" and kilo-watt hour usage allocated between "Summer On-Peak", "Non-Summer On-Peak", or "Off-Peak" periods.	Yes
Residential	RPTR	Residential Peak Time Rebate	A residential service pilot program that was provided to randomly selected customers already enrolled in the SmartGridCity program who had installed or had requested to be installed the necessary metering. Participation occurred between the dates mentioned in the "Residential Time of Use" description. Monthly rates were assessed on a base "Service and Facility Charge" and five (5) energy charge rates per kilo-watt hour usage including a "Critical-Peak Period" that included dates determined solely through Xcel's discretion.	Yes
Residential	RCPP	Residential Critical Peak Pricing	A residential service pilot program that was provided to randomly selected customers already enrolled in the SmartGridCity program who had installed or had requested to be installed the necessary metering. Participation occurred between the dates mentioned in the "Residential Time of Use" description. Monthly rates were assessed on a base "Service and Facility Charge" and five (5) energy charge rates per kilo-watt hour usage including a "Critical-Peak Period" that included dates determined solely through Xcel's discretion.	Yes
Small Commercial	C	Commercial	Distribution lines on the low-voltage side of the distribution transformer are called secondary distribution lines or secondaries. Common secondary line voltages are 120, 208, 240, 277 and 480 volts.	Yes
Non-Metered Service	NMTR	Commercial	Distribution lines on the low-voltage side of the distribution transformer are called secondary distribution lines or secondaries. Common secondary line voltages are 120, 208, 240, 277 and 480 volts.	No
Commercial and Industrial Secondary	SGL	Secondary General Low-Load Factor	Distribution lines on the low-voltage side of the distribution transformer are called secondary distribution lines or secondaries. Common secondary line voltages are 120, 208, 240, 277 and 480 volts.	Yes
Commercial and Industrial Secondary	SG	Secondary General	Distribution lines on the low-voltage side of the distribution transformer are called secondary distribution lines or secondaries. Common secondary line voltages are 120, 208, 240, 277 and 480 volts.	Yes
Commercial and Industrial Secondary	SST	Secondary Standby Service	Distribution lines on the low-voltage side of the distribution transformer are called secondary distribution lines or secondaries. Common secondary line voltages are 120, 208, 240, 277 and 480 volts.	No
Commercial and Industrial Secondary	STOU	Secondary Time-of-Use	Distribution lines on the low-voltage side of the distribution transformer are called secondary distribution lines or secondaries. Common secondary line voltages are 120, 208, 240, 277 and 480 volts.	No
Commercial and Industrial Secondary	SPVTOU	Secondary Photovoltaic Time-of-Use	Distribution lines on the low-voltage side of the distribution transformer are called secondary distribution lines or secondaries. Common secondary line voltages are 120, 208, 240, 277 and 480 volts.	Yes
Commercial and Industrial Primary Service	PG	Primary General	Distribution lines on the high voltage side of the distribution transformer are called primary distribution lines or primaries. Primary lines have voltages ranging from 2.3-39 kV. Common primary line voltages are 2.3, 4.16, 12.47, 13.8, 25, and 34.5 kV depending on which distribution voltages a utility uses.	Yes
Commercial and Industrial Primary Service	PST	Primary Standby Service	Distribution lines on the high voltage side of the distribution transformer are called primary distribution lines or primaries. Primary lines have voltages ranging from 2.3-39 kV. Common primary line voltages are 2.3, 4.16, 12.47, 13.8, 25, and 34.5 kV depending on which distribution voltages a utility uses.	Yes
Commercial and Industrial Primary Service	PTOU	Primary Time-of-Use	Distribution lines on the high voltage side of the distribution transformer are called primary distribution lines or primaries. Primary lines have voltages ranging from 2.3-39 kV. Common primary line voltages are 2.3, 4.16, 12.47, 13.8, 25, and 34.5 kV depending on which distribution voltages a utility uses.	No
Commercial and Industrial Transmission	TG	Transmission General	High voltage (generally: 69 kV, 115 kV, 230 kV, 500 kV, 765 kV) transmission from the power plant to transmission substations or local distribution substations.	Yes
Commercial and Industrial Transmission	TST	Transmission Standby Service	High voltage (generally: 69 kV, 115 kV, 230 kV, 500 kV, 765 kV) transmission from the power plant to transmission substations or local distribution substations.	No
Commercial and Industrial Transmission	TTOU	Transmission Time-of-Use	High voltage (generally: 69 kV, 115 kV, 230 kV, 500 kV, 765 kV) transmission from the power plant to transmission substations or local distribution substations.	No
Commercial and Industrial Special Contract	RTD/SCS-7	Regional Transportation District	An unconventional contract between Xcel and a commercial or industrial entity. In this case, the contract serves the Regional Transportation District and its associated corridors to facilitate train rail systems. Conventional and unconventional rates are applied through this contract.	Yes
Commercial Lighting Service	CAL	Commercial Outdoor Area Lighting	A commercial service that, where provided, is regulated by PUC and special conditions (Six (6) criteria). The electric sales service rates are assessed monthly based on individual high pressure sodium lamp specifications.	Yes
	PLL	Parking Lot Lighting Service	A commercial service that, where provided, is regulated by PUC and special conditions (Five (5) criteria). The electric sales service rates are assessed monthly based on individual high pressure sodium lamp specifications.	Yes
Public Street and Highway Lighting	MSL	Metered Street Lighting Service	Distribution lines on the low-voltage side of the distribution transformer are called secondary distribution lines or secondaries. Common secondary line voltages are 120, 208, 240, 277 and 480 volts.	Yes
Public Street and Highway Lighting	MI	Metered Intersection Service	Distribution lines on the low-voltage side of the distribution transformer are called secondary distribution lines or secondaries. Common secondary line voltages are 120, 208, 240, 277 and 480 volts.	Yes
Public Street and Highway Lighting	ESL	Energy Only Street Lighting Service	Distribution lines on the low-voltage side of the distribution transformer are called secondary distribution lines or secondaries. Common secondary line voltages are 120, 208, 240, 277 and 480 volts.	No
Public Street and Highway Lighting	SL	Street Lighting Service	Street lighting service differentiated between lamp types and their particular lamp specifications. Municipal customers have available to them a series of provisions, including a "Burn Out Rate" sampling study.	Yes
Public Street and Highway Lighting	SSL	Special Street Lighting Service	The special street lighting service allows for the use of Mercury Vapor lamps within the defined National Historic Districts.	No
Public Street and Highway Lighting	COL	Customer-Owned Lighting Service	Customer-owned lighting service differentiated between lamp types and their particular lamp specifications. Conversions from street lighting service and customer-owned lighting service is defined via four (4) stipulations.	No
Public Street and Highway Lighting	SLU	Street Lighting Service Unincorp. Areas	Street lighting services for unincorporated areas may involve services to and payments from residential, commercial, and industrial customers, applying a single month rate for a single convention lamp application.	No
Public Street and Highway Lighting	TSL	Traffic Signal Lighting	Traffic signal lighting service defines three (3) types of traffic signals and applies a rate per watt of connected load to each load point or intersection. Billing energy determination is based on kilo-watt hours (kWh) between either normal (continuous) or flashing mode traffic signal lighting loads.	No
Uncategorized	ECAF	Electric Commodity Adjustment Factors	Electric Commodity Adjustment (ECA) is a mechanism through which PSCo recovers fuel costs. The ECA essentially allows PSCo to pass those fuel costs, with certain adjustments, directly through to the consumer. The ECA shall be calculated quarterly with the new ECAF to be effective on a prorated basis on the first day of the quarter. The ECAF shall be determined by dividing the Quarterly ECA Revenue Requirement by the projected kilowatt-hour sales to which the ECA is applicable for the next calendar quarter. The ECAF shall be differentiated by service delivery voltage to reflect line losses.	Yes
Uncategorized	PGIND	Primary General Industrial	Primary General rate schedule that is applied to Industrial Service customer. An "Industrial" enterprise is considered to be any establishment engaged in the operation of a business, whether or not for profit.	Yes
Uncategorized	PSCO	Public Service Company of Colorado		Yes
Uncategorized	RCPPOFF	Residential Critical Off-peak Pricing	All hours of the month that are not designated as a Critical-Peak or On-Peak Period.	Yes
Uncategorized	RCPPON	Residential Critical On-peak Pricing	All hours of the month that are not designated as a Critical-Peak or Off-Peak Period.	Yes
Uncategorized	RTOUON	Residential Time of Use	All kilo-watt hours not designated as an On-Peak Period.	Yes
Uncategorized	RTOUOFF	Residential Time of Use	All kilo-watt hours not designated as an Off-Peak Period.	Yes

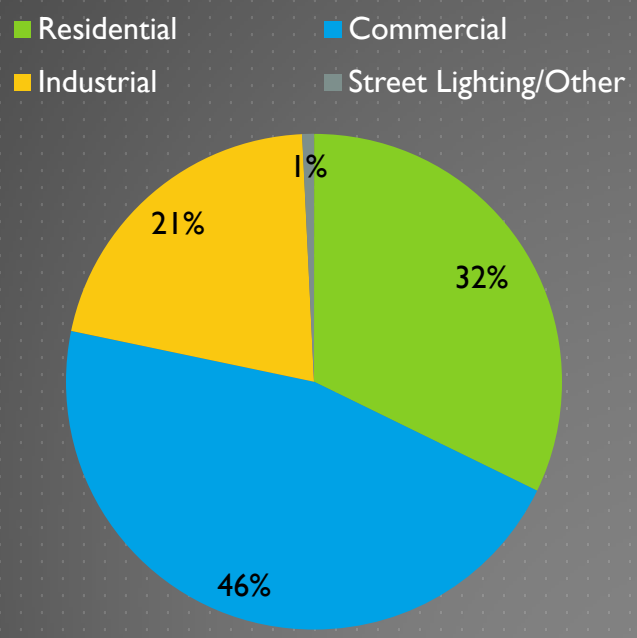
BOULDER SHARE OF XCEL (2013)



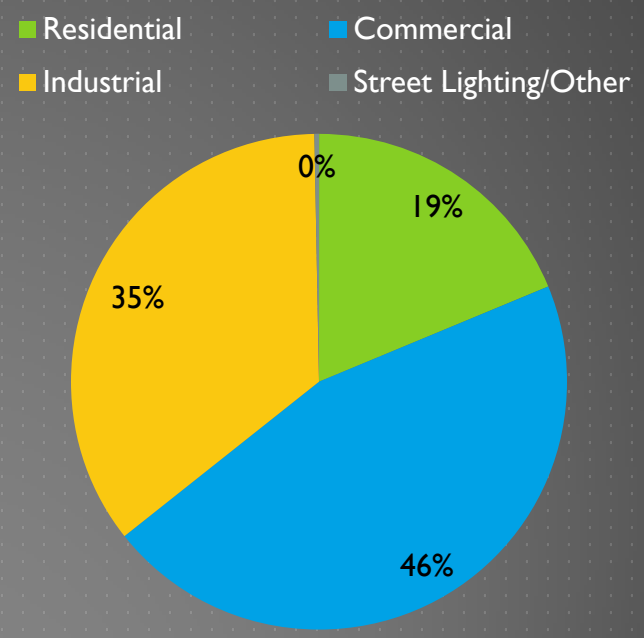


DISTRIBUTION OF ELECTRICITY SALES
(2013 DATA ON MWH SOLD)

Xcel Colorado Overall



Boulder Customers



QUESTIONS

- Additional background information?
- Materials that would be useful?
- Other questions?