

Dear Mayor Weitkunat, Mayor Pro-Tem Ohlson, Councilmembers Manvel, Poppaw, Kottwitz, Troxell, and Horak:

I'm glad I had the opportunity to attend the work session on electric rate options last Tuesday evening. However, the Fort Collins Sustainability Group is disappointed that Council wasn't able to give direction to the Utilities Department to proceed with developing its recommended rate change proposals at that time. We are glad to see that the next work session on this issue will take place on October 11<sup>th</sup>, and hope that you are able to give Utilities the appropriate direction at the conclusion of that meeting.

We believe that it is important to distinguish between the three important goals of the proposed electric rate changes that you discussed on Tuesday, those being:

1. To help reduce electric energy use by Ft. Collins Utilities customers by 1.5% per year through 2020,
2. To help reduce community-wide greenhouse gas emissions by 20% with respect to the 2005 baseline by 2020, and
3. To avoid or postpone the need for the PRPA to build additional generating capacity.

A tiered residential electric rate best addresses the first two goals listed above, because it sends a clear price signal to customers to conserve energy and/or use energy more efficiently. It should also provide a source of funds for incentivizing the installation of efficiency upgrades. A time-of-use electric rate best addresses the third goal, because it sends a clear price signal to customers to avoid using electric energy when system load approaches peak generating capacity. The following table provides a list of measures residential customers might take in response to each rate type. Note that this letter is attached to the e-message in PDF form, in case the table is not readable in the e-message.

<b>Tiered rate</b> (Incentivizes reduced electric energy use)	<b>Time-of-use rate</b> (Incentivizes shifting electric energy use to off-peak times)
Upgrade lighting systems to use more efficient lamps and ballasts	Pre-cool house during off-peak periods to use less cooling energy during on-peak periods
Turn lights off when not in use	Use electric kitchen appliances during off-peak periods
Replace air conditioning systems with more efficient equipment	Charge cell phones and other battery-powered equipment during off-peak periods
Replace heating systems with more efficient equipment (electric heat only)	Charge plug-in electric vehicles during off-peak periods
Increase cooling temperature setpoint during unoccupied periods	Install solar photovoltaics to reduce energy use during peak periods
Open windows at night to pre-cool house in cooling season	
Decrease heating temperature setpoint during unoccupied periods (electric heat only)	
Replace refrigerators/freezers with more efficient equipment	
Reduce "phantom loads" by switching off appliances at the outlet when not in use	
Weatherstrip doors and windows (if electric heating or cooling is used)	
Insulate building envelope (if electric heating or cooling is used)	
Install solar photovoltaics to reduce energy needed from utility	

Although neither list is exhaustive, we believe that residential users can exercise a considerably wider range of responses to a tiered rate than to a time-of-use rate at the present time. This may change as "smart appliances" allowing two-way communication between the utility and residences become available and achieve significant market penetration.

Tiered rates should not be presented as being incompatible with time-of-use rates. As SAIC consultant Joe Mancinelli stated, it is possible to combine or “overlay” a time-of-use rate with or on top of a tiered rate, which would help the City to achieve all three goals simultaneously. However, the infrastructure will not be ready to allow a time-of-use component to be put in place until 2014. Therefore, the Fort Collins Sustainability Group strongly urges City Council to move forward with the implementation of a tiered residential electric rate in early 2012 as an important step toward achieving the three goals identified above.

Sincerely,

Kevin Cross

**Fort Collins Sustainability Group**

Cc to Darin Atteberry, Brian Janonis, Steve Catanach, Patty Bigner