



FOUNTAIN UTILITIES

PROPOSED RATE CHANGE



Please be advised that the Electric Department of the City of Fountain has submitted certain proposed changes in electric rates to the Fountain City Council for review and approval. The proposed changes will affect all customers in all rate categories, located both inside and outside City boundaries. The new rates are proposed to become effective on January 1, 2019. The City Council has scheduled a public hearing for August 28, 2018 to consider the proposed changes and to obtain public comment. The hearing will be held in the City Council Chambers, City Hall Building, 116 S. Main Street, Fountain, Colorado, commencing at 6:00 pm or as soon thereafter as it appears on the Council agenda. Any customer of the Electric Department may appear, personally or through counsel, and ask questions or make comments at the hearing about the proposed rate changes.

The Electric Department commissioned a comprehensive cost-of-service and rate study ("Rate Study") as the basis for its proposed rate changes. This study recommended a total system revenue increase of approximately \$666,000 annually, or 3% (rounded).

The charges proposed are allocated among the affected rate classes to bring the rates closer to the actual cost of serving those rate classes. This analysis and methods used are also contained in the Rate Study. The Rate Study showing the need for and derivation of the class revenue changes, and the proposed new rate schedules showing the proposed new rates have been placed on file at the Customer Service Center (101 N. Main Street; phone: 719-322-2010) and they are available for inspection and review by members of the public.

The percentage impact of the new rates on individual customers within particular affected rate classes will depend on the amount of their usage. The rate change effect on members of the residential class is attributable to an increase in the monthly customer charge. For the average use residential customer (700 kWh/month), the proposed change in rates will represent a 3.3%

increase, or approximately \$2.28 per month in the total electric bill. The rate change effect on all other classes will be based on an increase in the monthly customer charge and the distribution charge. For the average use small business customer, the proposed change in rates will represent a 3.1% increase per month in the total electric bill. For a typical large commercial customer with a 42% load factor in the commercial demand rate class the monthly increase will be approximately 3%.

The impact of the new rates among the affected rate classes on varying levels of usage can be examined on schedules that are on file at the Customer Service Center (101 N. Main Street, Fountain). Customers interested in determining the specific amount of the proposed changes based on their individual consumption levels are urged to contact the Customer Service Center at 719-322-2010.

The new rates ultimately authorized by the City Council may or may not be the same as those proposed and may include rates higher or lower than those proposed or currently in effect and may include changes to rate classes not proposed by the Electric Department. Within individual rate classes, there will continue to be no difference between rates for customers inside the City and customers located outside the City.

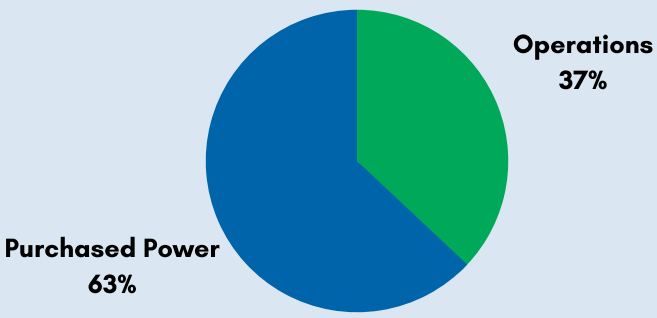
A proposed change is being made in the amount of the System Development Charge ("SDC") attributable to new customers and new loads.

The SDC charge is proposed to increase from \$953 to \$1,043. Also, changes are being proposed for the residential line extension charge from \$500 to \$777 for new residential customers and an increase is proposed in fees for certain other services provided by Utilities. The proposed new SDC charge, line extension charge and the proposed new service fee charges are available for inspection at the Customer Service Center.

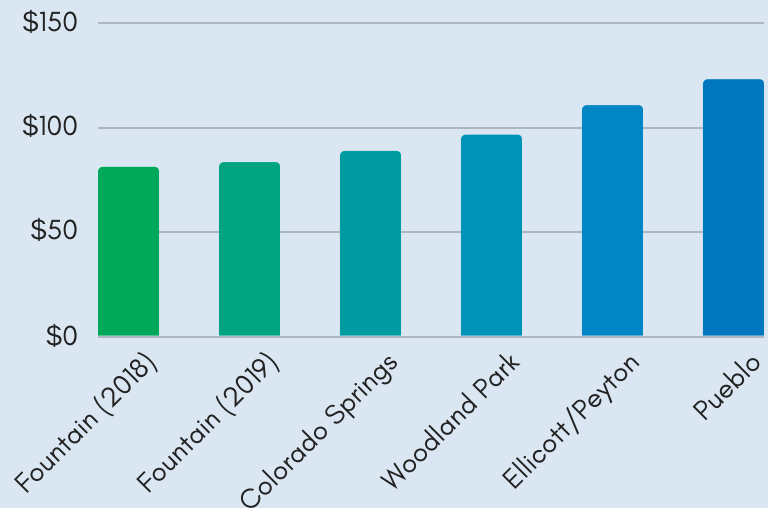
For more information and to obtain a copy of the Rate Study, please visit www.FountainUtilities.org.

Expenses by Category

The proposed increase is primarily driven by the need to invest in transmission and substation infrastructure that allows us to continue providing safe and reliable service to our customers, while taking into account small projected increases in operation expenses.



How Fountain Compares



Data derived from Rate Study results.



City of Fountain Utilities
101 North Main Street
Fountain, CO 80817
(719) 322-2010
www.FountainUtilities.org

Important Information Inside!

FOUNTAIN UTILITIES

NOTICE OF PROPOSED ELECTRIC RATE CHANGE

