



CURRENT
ENERGY GROUP

Analysis of Colorado Springs Utilities Electricity Rate Trends

Prepared for Western Resources Advocates

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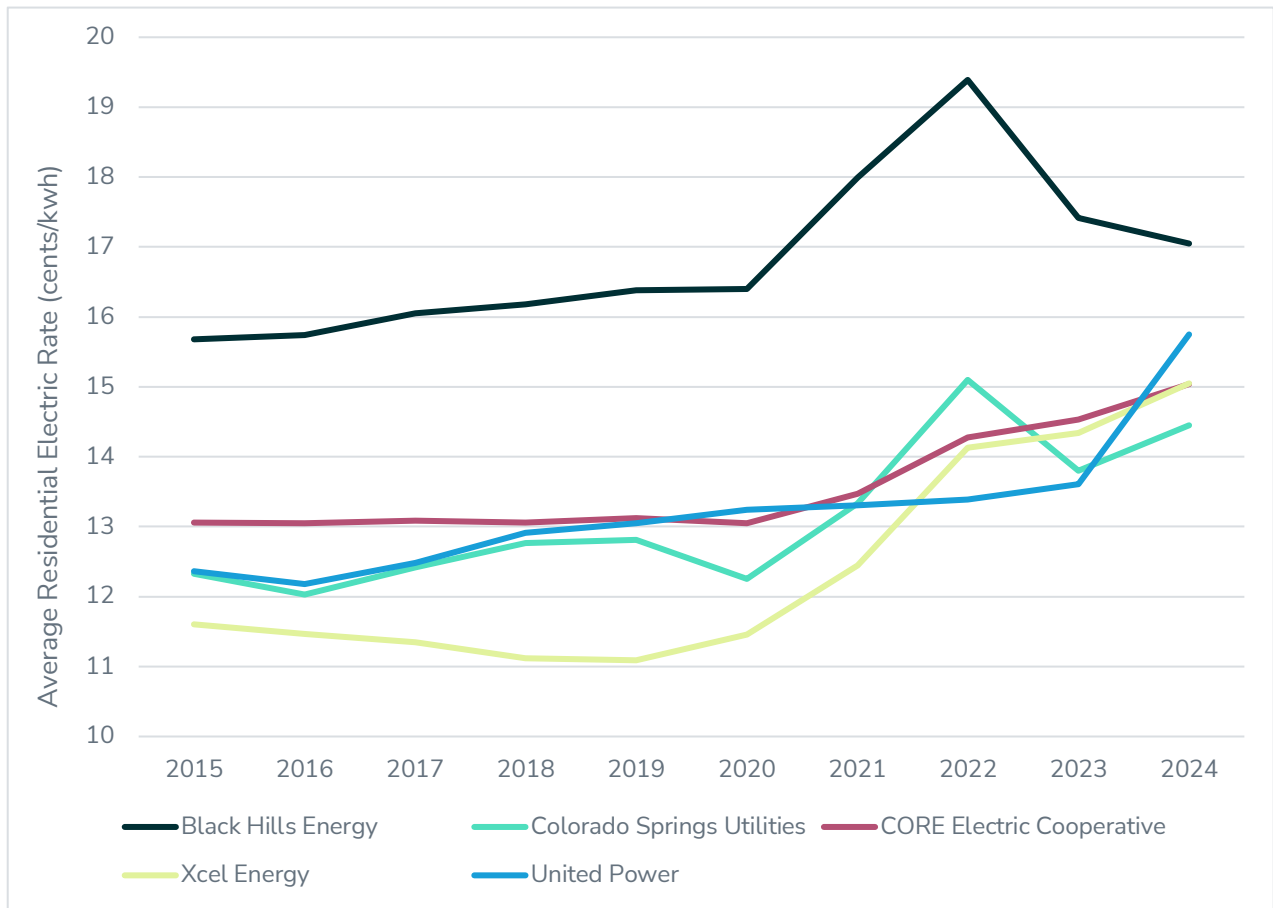
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Colorado Springs Utilities (CSU) is a municipal utility that serves approximately 260,000 electric customers, making it the largest municipally owned utility in Colorado. Among Colorado's electric utilities with more than 80,000 customers, CSU's residential electric rates have been among the lowest in the state over the past decade, and in 2024 they were the lowest overall.

Figure 1: Average residential electric rates for Colorado Utilities with Over 80,000 Customers.



While CSU's rates are low for Colorado, the average monthly bill for a CSU residential ratepayer rose from \$75.06 to \$93.15 between 2016 and 2025, a 24% increase. The increases in CSU's bills have come at a time when electric rates are increasing in Colorado and throughout the nation. The rate increases from CSU are well below the national average, where residential rates increased by 31% between 2016 and 2024.¹

CSU's residential bills are composed of two major components: base rates and fuel and purchased power costs. Base rates recover utility expenditures to build and maintain its infrastructure and also to operate the utility, while fuel and purchased power costs fund the fuel used in power plants and

¹ U.S. Energy Information Administration (EIA) Electric Sales, Revenue, and Average Price. https://www.eia.gov/electricity/sales_revenue_price/.

electricity purchased on the market. Over the last decade, CSU's base rates rose \$11, an 18% increase, making up roughly two-thirds of the total bill increase, while fuel costs rose \$7, a 50% increase.

The increase in CSU's rates has not kept up with inflation, however. When accounting for inflation, CSU's electricity rates have fallen over the past decade, decreasing from \$98.24 to \$91.21. This was driven entirely by a \$9 decline in base rates, while fuel costs have risen \$2 in real dollars.

Figure 2: CSU's Residential Rate Components from 2016-2025.

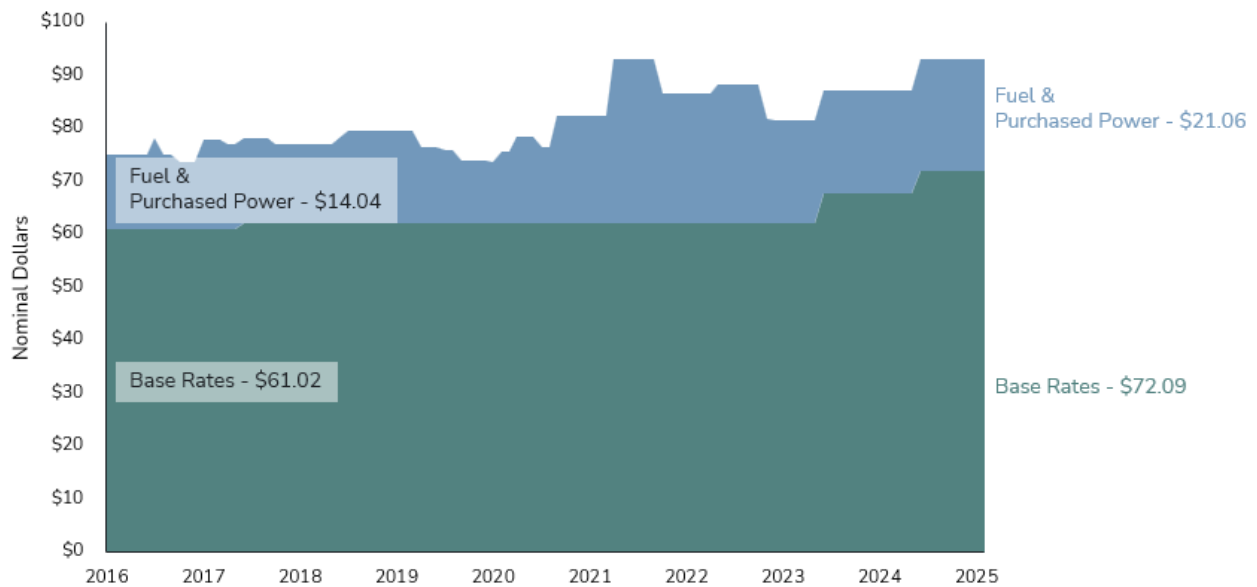
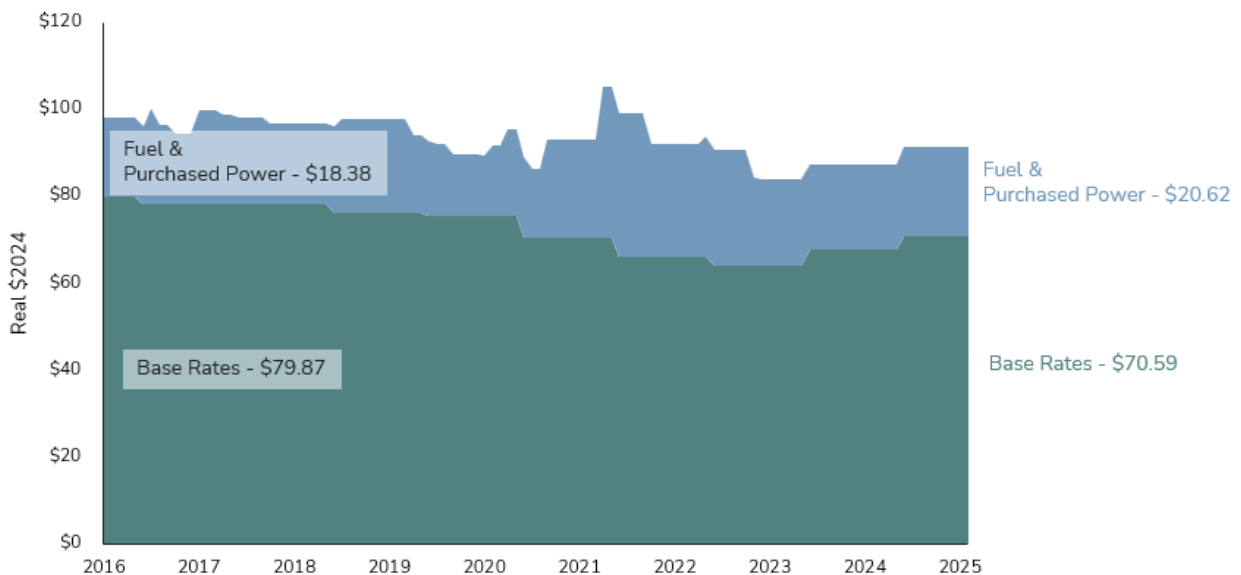


Figure 3: CSU Residential Rate Components from 2016 to 2025 in Real Dollars.

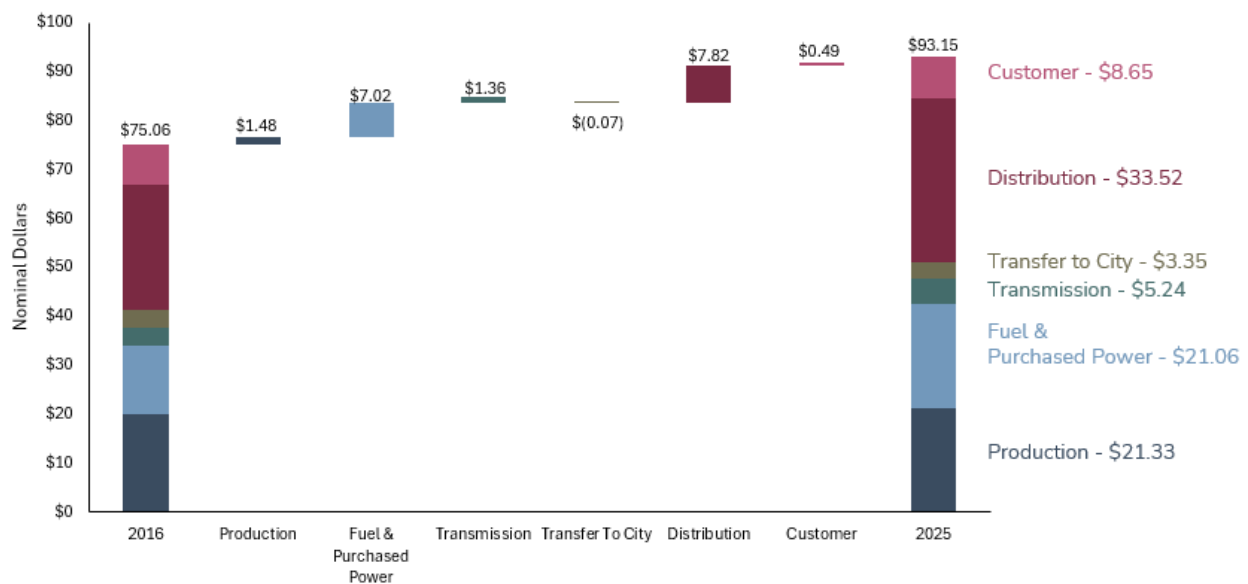


To understand the drivers of CSU's rate changes at a more granular level, Current Energy Group disaggregated CSU's base rates into the different components that make up residential bills using data from CSU. These include investments in generation, transmission, and distribution infrastructure, as well as investments in customer systems, such as metering and billing systems. In addition, CSU provides approximately \$25 million each year as a transfer to the Colorado Springs general fund. This is 5% of CSU's approximately \$540 million annual electric utility revenues.

More than 38% of the total \$18.10 increase in customer monthly bills over the last decade came from increased spending on fuel & purchased power (\$7.02), with distribution system investments (\$7.82) accounting for an additional 42% of the increase in customer bills. Investments in transmission and electricity production accounted for most of the remaining increase in the average bill.

While increases in electric bills can negatively impact customers, CSU's have been relatively modest when compared to other utilities in Colorado and around the nation and driven in large part by increased in spending on fuel and purchased power as well as investments into the distribution system.

Figure 4: Changes in Granular Rate Components from 2016 to 2025.



While CSU's electric rates have increased over the past decade, the trends is rates are lower than other utilities in the state. When compared with inflation, rates have actually declined over this time. Fuel and purchased power costs have been the largest driver of CSU's rate increases, followed by distribution system costs, which together account for 80% of the increase in customer bills.

Disclaimer

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Acknowledgements

The report was commissioned by the following groups:

- Conservation Colorado
- Environmental Defense Fund
- National Resources Defense Council
- Rewiring America
- Western Resource Advocate

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