

Aspen eyes electricity rate hike

Encouraging energy conservation is the goal

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ASPEN, CO COLORADO,

ASPEN — Aspen homeowners who use the most electricity might feel more of a financial sting in the future.

The city of Aspen will consider charging higher rates to residential customers who use the most electricity as part of its effort to reduce the community's greenhouse gas emissions, officials said this week.

"I think we have to look at that," said Mayor Mick Ireland. "The goal would be to reduce consumption."

The city divided residential users into three tiers in 2006 and started charging higher rates for those that consumed more. But the rates weren't steep enough to encourage people to reduce their electricity use.

"We're not seeing much effect on conservation," said Aspen Public Works Director Phil Overeynder.

Ireland said he briefly mentioned reconsidering the rates when the City Council discussed goals in a retreat late last year. He anticipates raising the topic in a work session sometime soon. When asked how high of a priority the rate change is, Ireland responded, "It's pretty high up because it's a simple thing to do."

Little incentive in Aspen rates

The city currently charges 6.25 cents per kilowatt hour for use below 700 kilowatt hours per month. That threshold was selected because 700 kWh is the average use for single-family homes in Colorado, Overeynder said.

The rate advances to 7.8 cents per kWh for use between 700 and 2,000 kilowatt hours per month.

The highest tier is charged 11.7 cents per kWh for use over 2,000 kilowatt hours per month.

Nearly 50 percent of Aspen households served by the municipal electrical utility fall in the lowest tier, Overeynder said, while about 20 percent fall in the top tier. About 60 percent of the households in Aspen buy power from the city. The rest are served by Holy Cross Energy.

Holy Cross is in the preliminary stage of considering a tiered rate structure for residential customers, said Steve Casey, member services and marketing director. The energy cooperative serves 38,500 active members from Vail to Aspen.

Overeynder said the rates charged by the city probably don't faze the most highly consumptive homeowners. Some second-home owners come from places where the lowest rate for electricity is the same as Aspen's highest rate, he said.

Ireland said higher rates might provide greater incentive for homeowners who are interested in conservation but haven't taken any steps yet.

The city already participates in a program in which new homes that exceed an energy "budget" must pay an offset fee or they must develop alternative energy sources to avoid the fee.

Study spotlights consumption

A study commissioned last fall by the Aspen-based Sopris Foundation determined that the average vacation home in Aspen emits 12 percent more carbon dioxide than the average resident-occupied home. Single-family residences that are second homes produce 35 percent more carbon dioxide than full-time, single-family residents, said the study by Climate Mitigation Services.

Greenhouse gas emissions, which contribute to global warming, come from energy use.

"Many energy demands are unnecessary and egregious: driveway heating, roof melt systems, hot tubs, towel bar heaters, 24/7 exterior lighting. ... Excessive energy consumption, often with no comfort or security benefits, represents a problem for a community that aims to reduce community energy intensity and emissions of greenhouse gases," said the Sopris Foundation study.

Aspen has set aggressive goals to reduce its carbon emissions by 30 percent by 2020 and 80 percent by 2050. Common sense indicates those goals might be achieved only if the households that are the largest energy hogs are forced to conserve.

Funds for conservation

Charging higher rates has the direct benefit raising additional revenues for conservation programs as well as encouraging individuals to reduce consumption.

The city raised an extra \$150,000 in revenues over the first year of its tiered rate structure, Overeynder said. Those revenues allowed the city to offer rebates to residents who purchased energy efficient appliances and buy energy miser compact fluorescent light bulbs for residences.

Overeynder said he believes it would be vital to determine how extra revenues would be spent if higher rates are charged for municipal electricity.

Ireland said using additional revenues for projects that offset energy consumption is important, but not his primary goal. "Additional funds would be used for offsets but we prefer to reduce consumption rather than create offsets," he said.

Casey of Holy Cross said the staff and management there are just starting to research a tiered rate structure. Results of that research will likely be presented to the energy provider's board of directors sometime in the first half of 2008. The board would decide whether or not to implement it.

Like Overeynder, Casey said he believes it is important to identify how revenues from increased rates would be used. Holy Cross has a solid reputation as a small utility with advanced "green" thinking. The company has multiple programs promoting conservation and alternative energy sources.

Holy Cross currently charges residential customers 8 cents per kWh with a customer charge of \$6 per month. The households that consume larger amounts of electricity are charged a lower kWh rate but pay a special fee on a demand basis. They also pay a \$26 monthly customer charge.

Holy Cross hasn't reached the point in its research where rates in a tiered approach can be discussed, Casey said.

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