

RESOLUTION NO. 11-16

A RESOLUTION SETTING THE GAS COST ADJUSTMENT
EFFECTIVE FEBRUARY 1, 2016

WHEREAS, through Resolution No. 261-04, dated November 23, 2004, City Council directed that the Gas Cost Adjustment could be determined as frequently as monthly to levelize revenue recovery and minimize the fluctuations associated with less frequent adjustments during periods of price volatility; and

WHEREAS, through Resolution No. 143-15, City Council set the Gas Cost Adjustment at \$0.1726/Ccf on December 8, 2015 to be effective January 1, 2016; and

WHEREAS, current cost projections have decreased forecasted purchased gas expenses; and

WHEREAS, Colorado Springs Utilities has prepared projections of costs and revenues in conformance with the language in the Gas Cost Adjustment (GCA) tariff; and

WHEREAS, Colorado Springs Utilities has shown that a Gas Cost Adjustment rate of \$0.1726/Ccf should be adjusted to \$0.0819/Ccf in order to represent the current state of natural gas system revenue needs and City Council finds that the Gas Cost Adjustment shall be revised accordingly; and

WHEREAS, the proposed Gas Cost Adjustment rate shall be effective February 1, 2016.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF COLORADO SPRINGS:

Section 1. That Colorado Springs Utilities Tariff, City Council Volume No. 5, Natural Gas Rate Schedules shall be revised as follows:

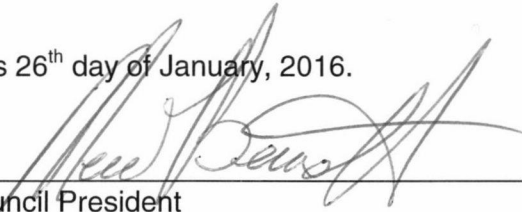
Effective February 1, 2016

City Council Vol. No. 5 Sheet No.	Title	Cancels Sheet No.
Twelfth Revised Sheet No. 10a	Gas Cost Adjustment	Eleventh Revised Sheet No. 10a

Section 2. The Gas Cost Adjustment rate and the effective date shall be published in the legal section of a newspaper of general circulation in Colorado Springs Utilities' service area within ten (10) days following the date of the passage of this Resolution.

Section 3. The attached tariff sheet is hereby approved and adopted effective February 1, 2016 and shall remain in effect unless changed by subsequent Resolution of the City Council.

Dated at Colorado Springs, Colorado this 26th day of January, 2016.



Council President

ATTEST:



Sarah B. Johnson, City Clerk



NATURAL GAS RATE SCHEDULES
GAS COST ADJUSTMENT (GCA)

APPLICABILITY

Applicable to all rate schedules that are subject to a Gas Cost Adjustment (GCA).

GAS COST ADJUSTMENT

The GCA will be computed as follows:

The sum of:

- a) the forecasted cost of purchasing natural gas for the future recovery period to be determined by Utilities, plus
- b) an amount determined by Utilities as a projected over or under collected balance at the end of the recovery period used in a) above less the over or under collected balance of natural gas costs at the beginning of the recovery period.

Divided by:

- c) the forecasted sales subject to the GCA for the same period used in a) above.

GCA Rate

Rate Schedule	Per Ccf	Per Mcf
G1R, G1CS, G1CL, G1S	\$0.0819	
G2I, GCS-FIRM, GCS-INTS		\$0.8190

These rates may change as often as monthly by Resolution after review by the Office of the City Auditor and approval by City Council.

Approval Date: January 26, 2016
 Effective Date: February 1, 2016
 Resolution No. _____

Colorado Springs Utilities
Gas Cost Adjustment (GCA)

SCHEDULE 1
GCA EFFECTIVE 2/1/2016

Line No.	Description	Forecast Calculation Period Feb-Nov 2016
(a)	(b)	(c)
1	Forecasted Cost of Natural Gas	\$ 28,519,829 ^(1a)
2	<u>Plus:</u>	
3	Forecasted Over/(Under) Recovery as of 11/30/2016	8,776
4	Less Forecasted Over/(Under) Recovery as of 01/31/2016	14,770,215
5	Cumulative Over/(Under) Recovery (Line 3 - Line 4)	<u>\$ (14,761,438) ^(1b)</u>
6	Total Cost (Line 1+Line 5)	<u>\$ 13,758,390</u>
7	<u>Divided by:</u>	
8	Forecasted Sales Volume Subject to the GCA (Ccf at 12.01 PSIA)	167,990,115 ^(1c)
9	<u>Equals:</u>	
10	GCA Rate per Ccf at 12.01 PSIA (Line 6 / Line 8)	<u>\$ 0.0819</u>

Notes :

⁽¹⁾ Tariff reference (Natural Gas Rate Schedules, City Council Volume No. 5, Twelfth Revised Sheet No. 10a

^{a)} Forecasted cost of natural gas

^{b)} Forecasted collected balance at the end of recovery period less collected balance at beginning of recovery period

^{c)} Forecasted sales subject to the GCA



OFFICE OF THE CITY AUDITOR COLORADO SPRINGS, COLORADO

Denny L. Nester, City Auditor
MBA CPA CIA CFE CGFM

16-02 Colorado Springs Utilities Electric & Gas Cost Adjustment January 2016

Purpose

The purpose of this audit was to evaluate whether Colorado Springs Utilities prepared the Electric Cost Adjustment (ECA) and Gas Cost Adjustment (GCA) in accordance with the approved tariff. The methodology was compared to prior filings for consistency and calculations were tested for accuracy.

Summary

Based on our review of the calculations and related background information, we conclude that the ECA and GCA were calculated accurately and consistently in accordance with the approved tariff.

Colorado Springs Utilities is recommending a decrease to the ECA and GCA amount, which will decrease customer bills.

ECA

- The last ECA adjustment was effective January 1, 2016, resulting in a ECA rate of \$.0229 per unit.
- Colorado Springs Utilities proposes to decrease the ECA rate from \$.0229 to \$.0169 per unit effective February 1, 2016.

GCA

- The last ECA adjustment was effective January 1, 2016, resulting in a GCA rate of \$.1726 per unit.
- Colorado Springs Utilities proposes to decrease the GCA rate from \$.1726 to \$.0819 per unit effective February 1, 2016.

Colorado Springs Utilities provides regular updates to the Utilities Board on the collected balance. To respond to fluctuations in market price and consumption, Utilities management recommends periodic changes to the ECA and GCA, which are subject to approval by City Council. Under proposed guidance, Colorado Springs Utilities will submit adjustments at least quarterly to manage balances within a tolerance of \$5 million over or under collected.

Recommendations

No formal recommendations were made.

Management Response

No response was requested from Colorado Springs Utilities.

This audit was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing, a part of the Professional Practices Framework promulgated by the Institute of Internal Auditors.

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