



Colorado Springs Utilities
It's how we're all connected

Gas Cost Adjustment (GCA)

Bill Cherrier
Chief Planning and Financial Officer

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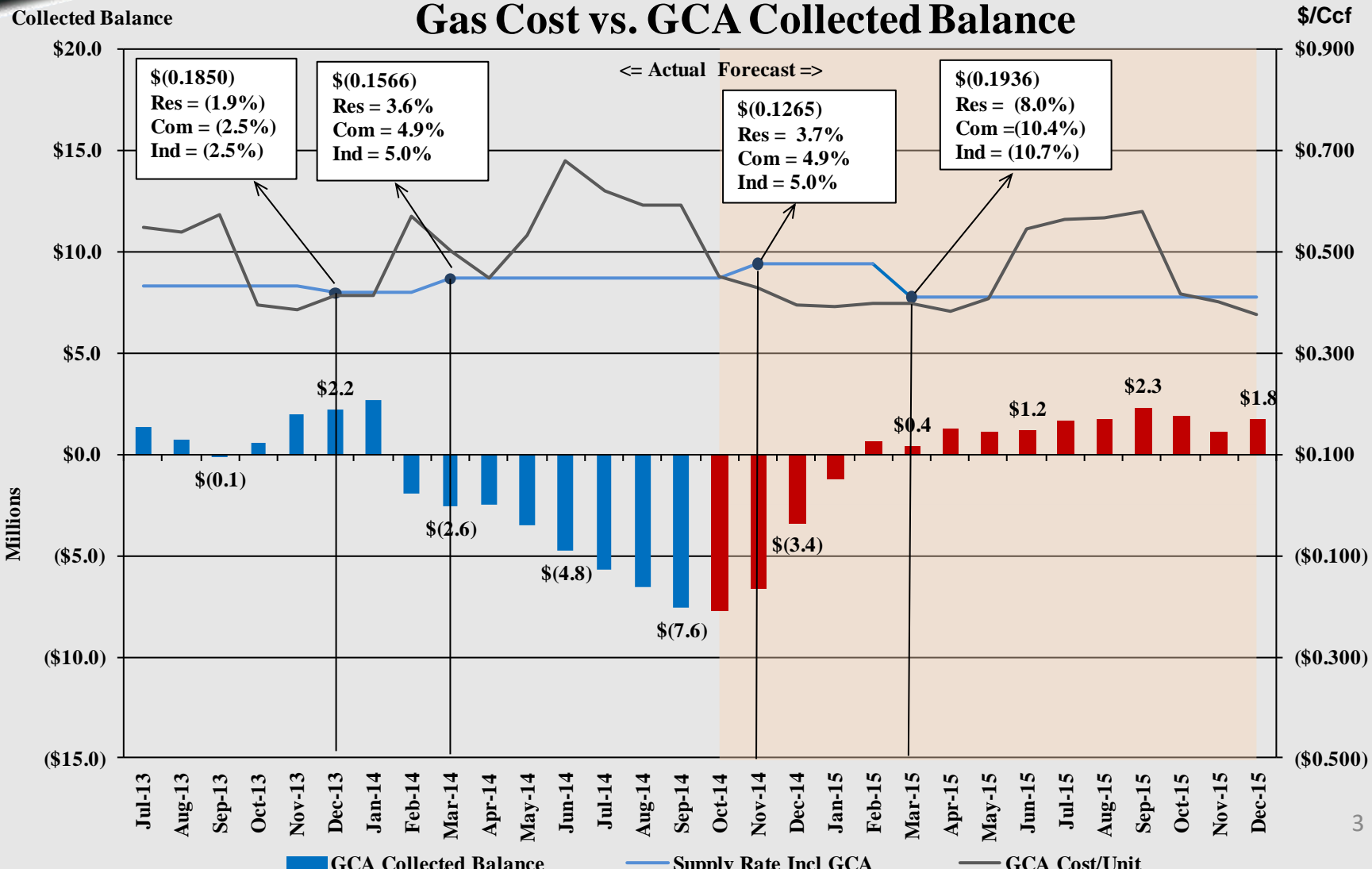
Proposed GCA Rate Adjustment

- GCA rate increase by \$0.0301 resulting in a rate of \$(0.1265) per Ccf
- Effective November 1, 2014
- Impact to total typical natural gas bill:
 - Residential 3.7%
 - Commercial 4.9%
 - Industrial 5.0%

October 2014 GCA Projections



Gas Cost vs. GCA Collected Balance

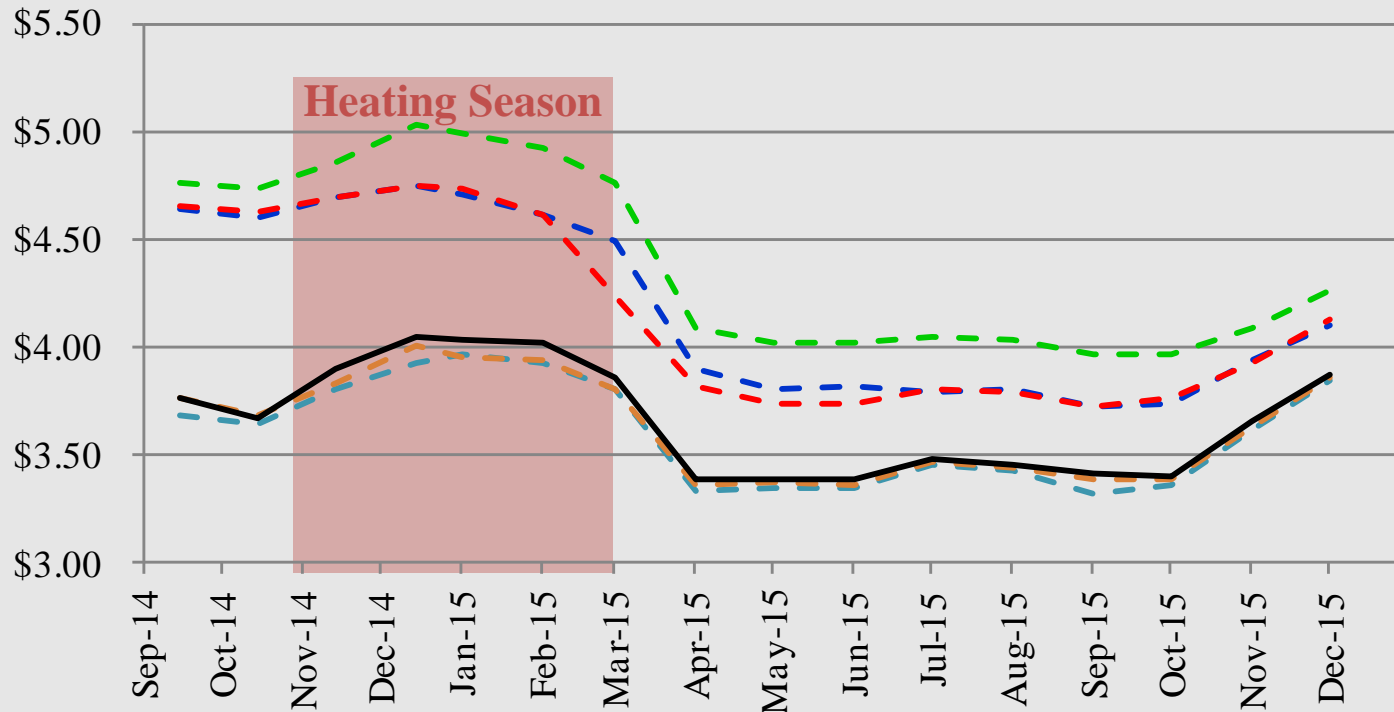


Rate Drivers

- Extreme weather conditions in Dec 2013 and Jan 2014 impacted GCA under collection
- GCA increase approved effective March 1, 2014
 - Estimated additional rate increase in the fall as a result of \$7.9 million under collection at Sept 1, 2014
- Record storage injections maintained upward pressure on market
 - Mild summer reduced electric generation demand pressure
 - Record natural gas production levels led to an easing of supply concerns in the forward gas market

Forecasted Natural Gas Prices

\$/Dth



--- May --- June --- July --- August --- September ——— October

Utilities Board GCA Communications

- Utilities has continued to closely monitor the GCA during 2014
- Projections consistently indicating a need to increase the GCA during the 2014 fall heating season
 - Monthly EL-8 Communication through June 18, 2014
 - Shifted to Weekly Communication July 11, 2014
 - No Utilities Board presentations
- Business Customer meeting on September 26th
- Office of City Auditors issued report with no findings