


# **GCA ALTERNATIVE 1:**

# GCA Summary – Alternative 1

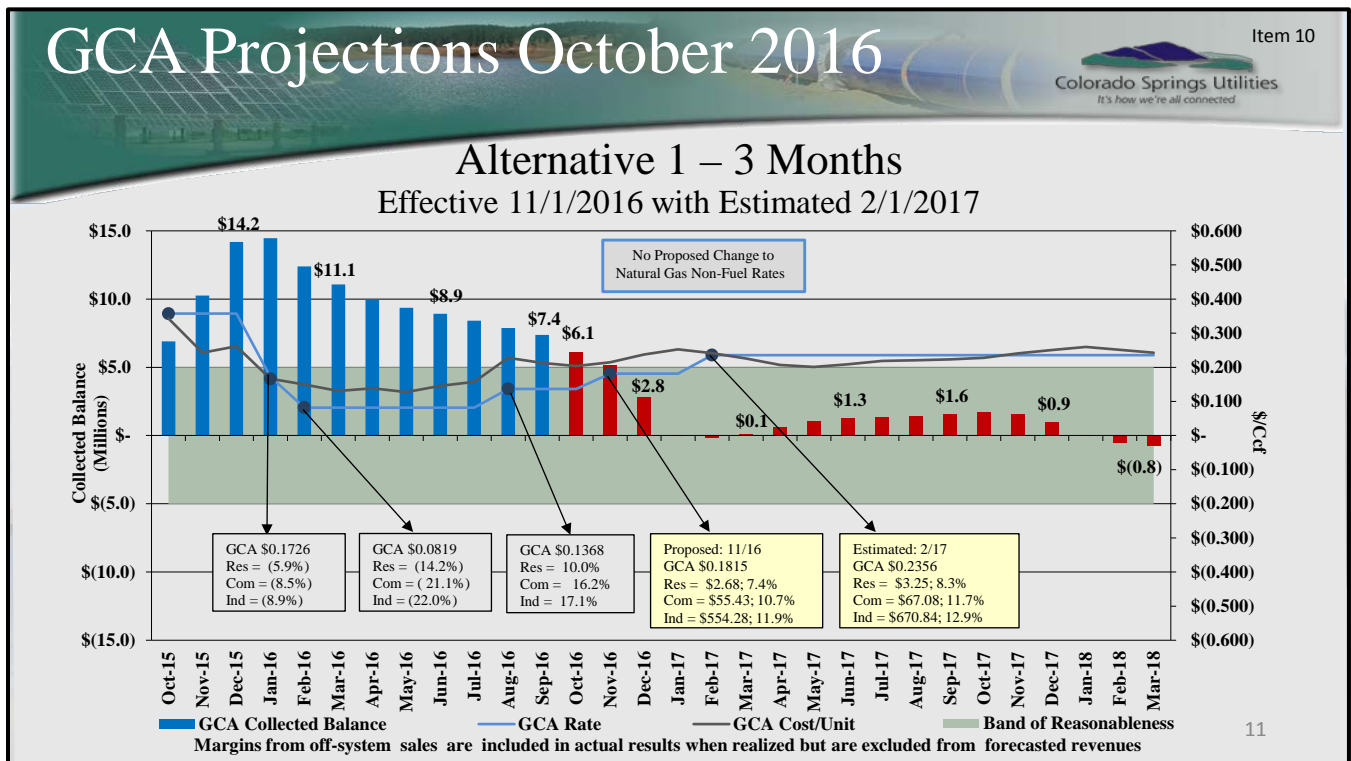


Item 10

- Shortened forecast recovery period of 3 months
- Proposed GCA rate increase from \$0.1368 to \$0.1815 eff. 11/1/16:
  - Res = \$2.68; 7.4%
  - Com = \$55.43; 10.7%
  - Ind = \$554.28; 11.9%
- Incremental rate adjustments in November 2016 and February 2017
- Delayed alignment of GCA rate with cost per Ccf
- Anticipate over collection within Band in December

Estimated: Jan filing effective 2/1/2017  
 GCA \$0.2356  
 Res = \$3.25; 8.3%  
 Com = \$67.08; 11.7%  
 Ind = \$670.84; 12.9%

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RESOLUTION NO. \_\_\_\_\_

**A RESOLUTION SETTING THE GAS COST  
ADJUSTMENT EFFECTIVE NOVEMBER 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. 77-16, City Council set the Gas Cost Adjustment at \$0.1368 per Ccf on July 26, 2016 to be effective August 1, 2016 ; and

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

WHEREAS, Colorado Springs Utilities has shown that a Gas Cost Adjustment rate of \$0.1368 per Ccf should be adjusted to \$0.1815 per Ccf in order to represent the current state of natural gas system revenue needs and that the Gas Cost Adjustment shall be revised accordingly; and

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

City Council Vol. No. 5 Sheet No.	Title	Cancels Sheet No.
Fourteenth Revised Sheet No. 10a	Gas Cost Adjustment	Thirteenth 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 November 1, 2016 and shall remain in effect unless changed by subsequent Resolution of the City Council.

Dated at Colorado Springs, Colorado this 25<sup>th</sup> day of October, 2016.

\_\_\_\_\_  
Council President

ATTEST:

\_\_\_\_\_  
Sarah Johnson, City Clerk



<b>NATURAL GAS RATE SCHEDULES</b>
<b>GAS COST ADJUSTMENT (GCA)</b>

**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	\$0.1815	
G2I, GCS-FIRM, GCS-INTS		\$1.8150

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: October 25, 2016  
 Effective Date: November 1, 2016  
 Resolution No. \_\_\_\_\_



**NATURAL GAS RATE SCHEDULES**

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**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. <del>1815368</del>	
G2I, GCS-FIRM, GCS-INTS		\$1. <del>81503680</del>

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: October 25~~July 26~~, 2016  
 Effective Date: November~~August~~-1, 2016  
 Resolution No. 77~~16~~

**Colorado Springs Utilities  
Gas Cost Adjustment (GCA)**

**SCHEDULE 1  
GCA EFFECTIVE 11/1/2016**

<b>Line No.</b>	<b>Description</b>	<b>Forecast Calculation Period Nov 16-Jan 17</b>
<u>(a)</u>	<u>(b)</u>	<u>(c)</u>
1	Forecasted Cost of Natural Gas	\$ 26,156,203 <sup>(1a)</sup>
2	<u>Plus:</u>	
3	Forecasted Over/(Under) Recovery as of 1/31/2017	(2,455)
4	Less Forecasted Over/(Under) Recovery as of 10/31/2016	6,140,911
5	Cumulative Over/(Under) Recovery (Line 3 - Line 4)	<u>\$ (6,143,367) <sup>(1b)</sup></u>
6	<b>Total Cost</b> (Line 1+Line 5)	<u><b>\$ 20,012,836</b></u>
7	<u>Divided by:</u>	
8	Forecasted Sales Volume Subject to the GCA (Ccf at 12.01 PSIA)	110,263,561 <sup>(1c)</sup>
9	<u>Equals:</u>	
10	<b>GCA Rate per Ccf at 12.01 PSIA</b> (Line 6 / Line 8)	<u><b>\$ 0.1815</b></u>

Notes:

<sup>(1)</sup> Tariff reference (Natural Gas Rate Schedules, City Council Volume No. 5, Fourteenth Revised Sheet No. 10a)


<sup>a)</sup> Forecasted cost of natural gas

<sup>b)</sup> Forecasted collected balance at the end of recovery period less collected balance at beginning of recovery period

<sup>c)</sup> Forecasted sales subject to the GCA

## **GCA ALTERNATIVE 2:**

# GCA Summary – Alternative 2



Item 10

- Postpones quarterly adjustment until January 2017 filing
- Proposed GCA rate increase from \$0.1368 to \$0.2550 eff. 02/1/17:
  - Res = \$7.09; 19.5%
  - Com = \$146.57; 28.3%
  - Ind = \$1,465.68; 31.4%
- Postpones but increases future bill impact
- Delayed alignment of GCA rate with cost per Ccf
- Risk of under collection being out of Band in January 2017

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