

**Council Meeting Date:** January 24, 2017  
**To:** President and Members of City Council  
**From:** Jerry A. Forte, P.E., CEO, Colorado Springs Utilities  
**Subject Title:** A resolution setting the Gas Cost Adjustment effective February 1, 2017

**Presenter:**  
Sonya Thieme, Rates Manager

**Summary:**  
Colorado Springs Utilities (Utilities) is requesting a change to the Gas Cost Adjustment (GCA) rate effective February 1, 2017. Consistent with Cost Adjustment Guidelines, the adjustment proposes a GCA rate of \$0.2618 per Ccf that is \$0.0803 per Ccf greater than the current effective rate of \$0.1815 per Ccf.

**Previous Council Action:**  
On October 25, 2016, City Council approved the current GCA rate of \$0.1815 per Ccf effective November 1, 2016 by Resolution 110-16.

**Background:**  
Utilities sought approval for the current effective GCA rate of \$0.1815 per Ccf at the October 25, 2016 City Council meeting. The GCA rate has remained at the approved level since November 1, 2016. Utilities' staff continues to provide regular updates to the Utilities Board and will recommend timely adjustments to the GCA rate per the Cost Adjustment Guidelines. GCA rate calculations are in conformance with the GCA tariff.

**Financial Implications:**  
Implementing the proposed GCA rate will impact the respective customer's natural gas bill as follows:

Monthly Gas bill:  
Typical Residential gas bill increase of \$4.82 or 12.4%  
Typical Commercial gas bill increase of \$99.57 or 18.3%  
Typical industrial gas bill increase of \$995.72 or 19.1%

**Board/Commission Recommendation:**  
N/A

**Stakeholder Process:**  
N/A

**Alternatives:**  
The GCA Alternative is not in compliance with the Cost Adjustment Guidelines and proposes a rate of \$0.2367 per Ccf that is \$0.0552 per Ccf greater than the current effective rate of \$0.1815

per Ccf effective February 1, 2017. This alternative projects continued under collection of purchased gas costs and GCA collected balances that remain within the targeted band.

**Proposed Motion:**

Move adoption of the proposed resolution.

**Summary of Ordinance Language**

N/A

c: Utilities' Officer Team

**Attachments:**

GCA Proposed:

- Resolution
- Tariff sheets
- Schedule 1

GCA Alternative:

- Resolution
- Tariff sheets
- Schedule 1

**GCA PROPOSED**

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

**A RESOLUTION SETTING THE GAS COST  
ADJUSTMENT EFFECTIVE FEBRUARY 1, 2017**

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. 110-16, City Council set the Gas Cost Adjustment at \$0.1815 per Ccf on October 25, 2016 to be effective November 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 \$0.1815 per Ccf should be adjusted to \$0.2618 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 February 1, 2017.

**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, 2017

City Council Vol. No. 5 Sheet No.	Title	Cancels Sheet No.
Fifteenth Revised Sheet No. 10a	Gas Cost Adjustment	Fourteenth 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, 2017 and shall remain in effect unless changed by subsequent Resolution of the City Council.

Dated at Colorado Springs, Colorado this 24<sup>th</sup> day of January, 2017.

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

ATTEST:

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



**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	\$0.2618	
G2I, GCS-FIRM, GCS-INTS		\$2.6180

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 24, 2017  
 Effective Date: February 1, 2017  
 Resolution No. \_\_\_\_\_



**NATURAL GAS RATE SCHEDULES**

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**GAS COST ADJUSTMENT (GCA)**

**APPLICABILITY**

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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	<del>\$0.1815</del> <u>\$0.2618</u>	
G2I, GCS-FIRM, GCS-INTS		<del>\$1.8150</del> <u>\$2.6180</u>

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Approval Date: ~~October 25, 2016~~January 24, 2017  
 Effective Date: ~~November 1, 2016~~February 1, 2017  
 Resolution No. ~~110-16~~\_\_\_\_\_

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

**SCHEDULE 1  
GCA EFFECTIVE 2/1/2017 (Proposed)**

<b>Line No.</b>	<b>Description</b>	<b>Forecast Calculation Period Feb 17-Jan 18</b>
<u>(a)</u>	<u>(b)</u>	<u>(c)</u>
1	Forecasted Cost of Natural Gas	\$ 66,426,098 <sup>(1a)</sup>
2	<u>Plus:</u>	
3	Forecasted Over/(Under) Recovery as of 1/31/2018	7,021
4	Less Forecasted Over/(Under) Recovery as of 1/31/2017	50,202
5	Cumulative Over/(Under) Recovery (Line 3 - Line 4)	<u>\$ (43,181) <sup>(1b)</sup></u>
6	<b>Total Cost</b> (Line 1+Line 5)	<u><b>\$ 66,382,917</b></u>
7	<u>Divided by:</u>	
8	Forecasted Sales Volume Subject to the GCA (Ccf at 12.01 PSIA)	253,563,472 <sup>(1c)</sup>
9	<u>Equals:</u>	
10	<b>GCA Rate per Ccf at 12.01 PSIA</b> (Line 6 / Line 8)	<u><b>\$ 0.2618</b></u>

Notes:

<sup>(1)</sup> Tariff reference (Natural Gas Rate Schedules, City Council Volume No. 5, Fifteenth 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**



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ADJUSTMENT EFFECTIVE FEBRUARY 1, 2017**

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WHEREAS, through Resolution No. 110-16, City Council set the Gas Cost Adjustment at \$0.1815 per Ccf on October 25, 2016 to be effective November 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 \$0.1815 per Ccf should be adjusted to \$0.2367 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 February 1, 2017.

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Dated at Colorado Springs, Colorado this 24<sup>th</sup> day of January, 2017.

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Council President

ATTEST:

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



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

**APPLICABILITY**

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**GAS COST ADJUSTMENT**

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Divided by:

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**GCA Rate**

<b>Rate Schedule</b>	<b>Per Ccf</b>	<b>Per Mcf</b>
G1R, G1CS, G1CL, G1S	\$0.2367	
G2I, GCS-FIRM, GCS-INTS		\$2.3670

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**NATURAL GAS RATE SCHEDULES**

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**GCA Rate**

Rate Schedule	Per Ccf	Per Mcf
G1R, G1CS, G1CL, G1S	<del>\$0.1815</del> <u>\$0.2367</u>	
G2I, GCS-FIRM, GCS-INTS		<del>\$1.8150</del> <u>\$2.3670</u>

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

**SCHEDULE 1  
GCA EFFECTIVE 2/1/2017 (Alternative)**

<b>Line No.</b>	<b>Description</b>	<b>Forecast Calculation Period Feb 17-Jan 18</b>
<u>(a)</u>	<u>(b)</u>	<u>(c)</u>
1	Forecasted Cost of Natural Gas	\$ 61,116,416 <sup>(1a)</sup>
2	<u>Plus:</u>	
3	Forecasted Over/(Under) Recovery as of 1/31/2018	(9,821)
4	Less Forecasted Over/(Under) Recovery as of 1/31/2017	1,088,122
5	Cumulative Over/(Under) Recovery (Line 3 - Line 4)	<u>\$ (1,097,943) <sup>(1b)</sup></u>
6	<b>Total Cost</b> (Line 1+Line 5)	<b><u>\$ 60,018,474</u></b>
7	<u>Divided by:</u>	
8	Forecasted Sales Volume Subject to the GCA (Ccf at 12.01 PSIA)	253,563,472 <sup>(1c)</sup>
9	<u>Equals:</u>	
10	<b>GCA Rate per Ccf at 12.01 PSIA</b> (Line 6 / Line 8)	<b><u>\$ 0.2367</u></b>

Notes:

<sup>(1)</sup> Tariff reference (Natural Gas Rate Schedules, City Council Volume No. 5, Fifteenth 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