

**Council Meeting Date:** April 24, 2018  
**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 May 1, 2018

**Presenter:**  
Sonya Thieme, Rates Manager

**Summary:**  
Colorado Springs Utilities (Utilities) is proposing a change to the Gas Cost Adjustment (GCA) rate effective May 1, 2018. The proposed GCA adjustment changes the current effective rate of \$0.1283 per Ccf to a proposed rate of \$0.1776 per Ccf.

**Previous Council Action:**  
On January 23, 2018, City Council approved the current GCA rate of \$0.1283 per Ccf effective February 1, 2018 by Resolution 5-18.

**Background:**  
Utilities sought approval for the current effective GCA rate of \$0.1283 per Ccf at the January 23, 2018 City Council meeting. The GCA rate has remained at the approved level since February 1, 2018. 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 rates will impact the respective customer's gas bill as follows:

Monthly Gas bill:  
Typical Residential gas bill increase of \$2.96 or 8.4%  
Typical Commercial gas bill increase of \$61.13 or 13.0%  
Typical industrial gas bill increase of \$611.32 or 13.6%

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

**Stakeholder Process:**  
N/A

**Alternatives:**  
N/A

**Proposed Motion:**  
Move adoption of the proposed resolution.

## **Summary of Ordinance Language**

N/A

### **Attachments:**

- Resolution
- Tariff sheets
- Schedule 1



<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**

<b>Rate Schedule</b>	<b>Per Ccf</b>	<b>Per Mcf</b>
G1R, G1CS, G1CL, G1S	\$0.1776	
G2I, GCS-FIRM, GCS-INTS		\$1.776

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: April 24, 2018  
 Effective Date: May 1, 2018  
 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	<del>\$0.1283</del> <u>\$0.1776</u>	
G2I, GCS-FIRM, GCS-INTS		<del>\$1.2830</del> <u>\$1.776</u>

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 23, 2018~~ April 24, 2018  
 Effective Date: ~~February 1, 2018~~ May 1, 2018  
 Resolution No. ~~5-18~~

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

**SCHEDULE 1  
GCA EFFECTIVE 5/1/2018**

<b>Line No.</b>	<b>Description</b>	<b>Forecast Calculation Period May 18-Apr 19</b>
<u>(a)</u>	<u>(b)</u>	<u>(c)</u>
1	Forecasted Cost of Natural Gas	\$ 43,922,904 <sup>(1)(2a)</sup>
2	<u>Plus:</u>	
3	Forecasted Over/(Under) Recovery as of 4/30/2019	10,966
4	Less Forecasted Over/(Under) Recovery as of 3/31/2018	<u>(1,292,424)</u>
5	Cumulative Over/(Under) Recovery (Line 3 - Line 4)	<u>\$ 1,303,390</u> <sup>(2b)</sup>
6	<b>Total Cost</b> (Line 1+Line 5)	<b><u>\$ 45,226,294</u></b>
7	<u>Divided by:</u>	
8	Forecasted Sales Volume Subject to the GCA (Ccf at 12.01 PSIA)	<u>254,652,557</u> <sup>(2c)</sup>
9	<u>Equals:</u>	
10	<b>GCA Rate per Ccf at 12.01 PSIA</b> (Line 6 / Line 8)	<b><u>\$ 0.1776</u></b>

Notes :

<sup>(1)</sup> Includes credits for forecasted Off-System Sales

<sup>(2)</sup> Tariff reference (Natural Gas Rate Schedules, City Council Volume No. 5, Seventeenth 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