

**Council Meeting Date:** July 24, 2018

**To:** President and Members of City Council

**From:** Eric Tharp, Acting Chief Executive Officer, Colorado Springs Utilities

**Subject Title:** A resolution setting the Gas Cost Adjustment and Gas Capacity Charge effective August 1, 2018

**Presenter:**  
Sonya Thieme, Rates Manager

**Summary:**  
Colorado Springs Utilities (Utilities) is proposing changes to the Gas Cost Adjustment (GCA) and Gas Capacity Charge (GCC) rates effective August 1, 2018. The proposed GCA rate changes the current effective rate of \$0.1776 per Ccf to a proposed rate of \$0.1820 per Ccf. The proposed GCC changes decrease the rates by Rate Class consistent with capacity allocations (per attached Schedule 2).

**Previous Council Action:**  
On April 24, 2018, City Council approved the current GCA rate of \$0.1776 per Ccf effective May 1, 2018 by Resolution 34-18. On October 24, 2017, City Council approved the current GCC rates effective November 1, 2017 by Resolution 115-17.

**Background:**  
Utilities sought approval for the current effective GCC rates at the October 24, 2017 City Council meeting and the current effective GCA rate of \$0.1776 per Ccf at the April 24, 2018 City Council meeting. Utilities' staff conducts an annual review of the GCC rates each July and continues to provide regular GCA updates to the Utilities Board. Utilities recommends timely adjustments to the GCA rate per the Cost Adjustment Guidelines and 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 \$0.05 or 0.1%  
    Typical Commercial gas bill increase of \$3.11 or 0.6%  
    Typical industrial gas bill increase of \$31.00 or 0.6%

**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 - GCA
- Schedule 2 - GCC

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

**A RESOLUTION SETTING THE GAS COST ADJUSTMENT AND GAS CAPACITY CHARGE EFFECTIVE AUGUST 1, 2018**

WHEREAS, the Colorado Springs Utilities' Natural Gas Rate Schedules allow the Gas Cost Adjustment and Gas Capacity Charge rates to be changed as often as monthly; and

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

WHEREAS, Colorado Springs Utilities has shown that a Gas Cost Adjustment rate of \$0.1776 per kWh should be adjusted to \$0.1820 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, Utilities has proposed, and the City Council finds it prudent, to approve changes to the Gas Capacity Charge rates; and

WHEREAS, the proposed Gas Cost Adjustment and Gas Capacity Charge rates shall be effective August 1, 2018.

**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. 6, Natural Gas Rate Schedules shall be revised as follows:

Effective August 1, 2018

City Council Vol. No. 6 Sheet No.	Title	Cancels Sheet No.
First Revised Sheet No. 2.4	Rate Table	Original Sheet No. 2.4

Section 2. The Gas Cost Adjustment and Gas Capacity Charge rates and the effective date shall be posted on Colorado Springs Utilities' CSU.org website and 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 sheets are hereby approved and adopted effective August 1, 2018 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 July, 2018.

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

ATTEST:

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



<b>NATURAL GAS RATE SCHEDULES</b>
<b>RATE TABLE</b>

Description	Rates	Reference
<b>Monthly Index Option (GCS-G7M)</b>		
Gas Cost, per Mcf	Index	Sheet No. 3.1
Access and Facilities Charge, per day	\$15.1403	
Access and Facilities Charge, per Mcf	\$0.7290	
Gas Capacity Charge (GCC), per Mcf	\$0.2940	Sheet No. 11
Unauthorized Overrun Charge, per Mcf	\$40.0000	
<b>Gas Cost Adjustment (GCA)</b>		<b>Sheet No. 11</b>
GCA, per Ccf (G1R), (G1CS), (G1CL), (G1S)	\$0.1820	
GCA, per Mcf (G2I), (GCS-FIRM), (GCS-INTS)	\$1.8200	
<b>Gas Capacity Charge (GCC)</b>		<b>Sheet No. 12</b>
Residential Service – Firm (G1R), per Ccf	\$0.0974	
Commercial Service – Firm (G1CS), per Ccf	\$0.0974	
Commercial Service – Firm (G1CL), per Ccf	\$0.0832	
Commercial Service – Firm (G8M), per Ccf	\$0.0832	
Commercial Service – Firm (G1S), per Ccf	\$0.0597	
Industrial Service – Interruptible Sales (G2I), per Mcf	\$0.2860	
Industrial Service – Interruptible Sales (G3M), per Mcf	\$0.2860	
Contract Service – Military Firm (GCS-FIRM), per Mcf	\$0.8320	
Contract Service – Military Firm (GCS-G6M), per Mcf	\$0.8320	
Contract Service – Military Interruptible Sales (GCS-INTS), per Mcf	\$0.2860	
Contract Service – Military Interruptible Sales (GCS-G7M), per Mcf	\$0.2860	

Approval Date: July 24, 2018  
 Effective Date: August 1, 2018  
 Resolution No. \_\_\_\_\_



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<b>Gas Cost Adjustment (GCA)</b>		<b>Sheet No. 11</b>
GCA, per Ccf (G1R), (G1CS), (G1CL), (G1S)	<del>\$0.1776</del> <u>\$0.1820</u>	
GCA, per Mcf (G2I), (GCS-FIRM), (GCS-INTS)	<del>\$1.776</del> <u>\$1.8200</u>	
<b>Gas Capacity Charge (GCC)</b>		<b>Sheet No. 12</b>
Residential Service – Firm (G1R), per Ccf	<del>\$0.1009</del> <u>\$0.0974</u>	
Commercial Service – Firm (G1CS), per Ccf	<del>\$0.1009</del> <u>\$0.0974</u>	
Commercial Service – Firm (G1CL), per Ccf	<del>\$0.0851</del> <u>\$0.0832</u>	
Commercial Service – Firm (G8M), per Ccf	<del>\$0.0851</del> <u>\$0.0832</u>	
Commercial Service – Firm (G1S), per Ccf	<del>\$0.0623</del> <u>\$0.0597</u>	
Industrial Service – Interruptible Sales (G2I), per Mcf	<del>\$0.2940</del> <u>\$0.2860</u>	
Industrial Service – Interruptible Sales (G3M), per Mcf	<del>\$0.2940</del> <u>\$0.2860</u>	
Contract Service – Military Firm (GCS-FIRM), per Mcf	<del>\$0.8510</del> <u>\$0.8320</u>	
Contract Service – Military Firm (GCS-G6M), per Mcf	<del>\$0.8510</del> <u>\$0.8320</u>	
Contract Service – Military Interruptible Sales (GCS-INTS), per Mcf	<del>\$0.2940</del> <u>\$0.2860</u>	
Contract Service – Military Interruptible Sales (GCS-G7M), per Mcf	<del>\$0.2940</del> <u>\$0.2860</u>	

Approval Date: ~~June 12, 2018~~July 24, 2018  
 Effective Date: ~~July 1, 2018~~August 1, 2018  
 Resolution No. ~~60-18~~

Colorado Springs Utilities  
Schedule 1

GAS COST ADJUSTMENT (GCA) EFFECTIVE 8/1/2018

Line No.	Description	Forecast Calculation Period Aug 18-Jul 19
<u>(a)</u>	<u>(b)</u>	<u>(c)</u>
1	Forecasted Cost of Natural Gas	\$ 45,403,070 <sup>(1)(2a)</sup>
2	<u>Plus:</u>	
3	Forecasted Over/(Under) Recovery as of 7/31/2019	(8,573)
4	Less Forecasted Over/(Under) Recovery as of 7/31/2018	(1,595,017)
5	Cumulative Over/(Under) Recovery (Line 3 - Line 4)	<u>\$ 1,586,444</u> <sup>(2b)</sup>
6	<b>Total Cost</b> (Line 1+Line 5)	<b><u>\$ 46,989,514</u></b>
7	<u>Divided by:</u>	
8	Forecasted Sales Volume Subject to the GCA (Ccf at 12.01 PSIA)	<u>258,184,140</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>\$ 0.1820</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. 6, First Revised Sheet No. 2.4)

<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

Colorado Springs Utilities  
Schedule 2

GAS CAPACITY CHARGE RATES EFFECTIVE 8/1/2018

Line No.	Rate Class	AF01 % Sales	Commodity Related Expense	AF02 % Excess Demand	Demand Related Expense	Total Forecast Capacity Expense 8/18 - 7/20	Forecasted Sales 8/18 - 7/20	GCC Rate Per Ccf (12.01 PSIA)
<u>(a)</u>	<u>(b)</u>	<u>(c)</u>	<u>(d)</u>	<u>(e)</u>	<u>(f)</u>	<u>(g)</u> <u>[(d) + (f)]</u>	<u>(h)</u>	<u>(i)</u> <u>[(g) / (h)]</u>
1	Residential/Small Commercial (G1R/G1CS)	60.09%	\$ 9,719,373	69.38%	\$ 23,427,362	\$ 33,146,735	340,365,739	\$0.0974
2	Firm Commercial Large/ Special Contract Service (G1CL/G8M/GCS-FIRM/GCS-G6M)	32.85%	5,313,387	30.11%	10,167,164	15,480,551	186,106,565	\$0.0832
3	Firm Commercial Seasonal (G1S)	0.97%	156,895	0.51%	172,210	329,105	5,511,497	\$0.0597
4	Interruptible Service (G2I/G3M/GCS-INTS/G7M)	6.09%	985,039	0.00%	-	985,039	34,498,298	\$0.0286
5	<b>Total</b>	<b>100.0%</b>	<b>\$ 16,174,694</b>	<b>100.0%</b>	<b>\$ 33,766,737</b>	<b>\$ 49,941,430</b>	<b>566,482,099</b>	

*Note: Immaterial differences may occur due to rounding on all GCC schedules.*

**Colorado Springs Utilities  
Schedule 2.1**

**GAS CAPACITY CHARGE ALLOCATION FACTORS (AF)<sup>(1)</sup>**

Line No.	Rate Class	Forecasted Sales 8/18 - 7/20 <sup>(2)</sup>	AF01		Peak Day <sup>(3)</sup>	AF02	
			Average Day	% Sales		Excess Peak Day	% Excess Day
<u>(a)</u>	<u>(b)</u>	<u>(c)</u>	<u>(d)</u> [(c)/(730)]	<u>(e)</u>	<u>(f)</u>	<u>(g)</u> [(f) - (d)]	<u>(h)</u>
1	Residential/Small Commercial (G1R/G1CS)	340,365,739	466,254	60.09%	1,687,745	1,221,490	69.38%
2	Firm Commercial Large/ Special Contract Service (G1CL/G8M/GCS-FIRM/GCS-G6M)	186,106,565	254,940	32.85%	784,969	530,029	30.11%
3	Firm Commercial Seasonal (G1S)	5,511,497	7,550	0.97%	16,502	8,952	0.51%
4	Interruptible Service (G2I/G3M/GCS-INTS/G7M)	34,498,298	47,258	6.09%	47,258 <sup>(4)</sup>	-	0.00%
5	<b>Total</b>	<b>566,482,099</b>	<b>776,003</b>	<b>100.00%</b>	<b>2,536,474</b>	<b>1,760,471</b>	<b>100.00%</b>

Notes:

<sup>(1)</sup> Volumes in Ccf at 12.01 PSIA.

<sup>(2)</sup> Forecasted sales based on long term forecast as of July 2018 except for GIS, which is based on 2017 forecast.

<sup>(3)</sup> Forecasted Peak Day volumes based on 2014 Natural Gas rate filing.

<sup>(4)</sup> Interruptible Peak Day volumes based on 100% load factor.



**Colorado Springs Utilities**  
**Schedule 2.2**

**GAS CAPACITY CHARGE FORECASTED EXPENSE <sup>(1)</sup>**

<b>Line No.</b>	<b>Description</b>	<b>Account</b>	<b>Total Forecast Capacity Expense 8/18 - 7/20</b>	<b>Commodity Related Expense</b>	<b>Demand Related Expense</b>
(a)	(b)	(c)	(d)	(e)	(f)
1	Retail Gas Transportation - Demand	804020	\$ 40,765,861	\$ 12,392,822	\$ 28,373,039
2	Retail Gas Transportation - Commodity	804020	1,150,086	1,150,086	-
3	Gas No-Notice Storage - Commodity	804040	233,206	233,206	-
4	Gas No-Notice Storage - Demand	804040	9,104,128 <sup>(2)</sup>	2,767,655	6,336,473
5	Gas Young Storage - Commodity	804030	42,712	42,712	-
6	Gas Young Storage - Demand	804030	1,579,449	480,152	1,099,296
7	Gas Young Storage - Trans Demand	804030	-	-	-
8	Tallgrass - Trans Demand	804070	326,923	99,385	227,538
9	Total Forecasted Capacity Expense		<u>\$ 53,202,365</u>	<u>\$ 17,166,018</u>	<u>\$ 36,036,347</u>
10	Plus: Cumulative Over/(Under) Recovery <sup>(3)</sup>		<u>(3,260,934)</u>	<u>(991,324)</u>	<u>(2,269,610)</u>
11	<b>Total</b> (Line 9 + Line 10)		<u><b>\$ 49,941,430</b></u>	<u><b>\$ 16,174,694</b></u>	<u><b>\$ 33,766,737</b></u>

Notes :

<sup>(1)</sup> Demand expense classified as commodity and demand related expense based on system load factor from 2014 Natural Gas rate filing: 30.4%.

<sup>(2)</sup> Industrial Transportation Service (G4T) Daily Balancing Demand Charges reduce forecasted expense by \$143,076

<sup>(3)</sup> Forecasted Over/(Under) recovery from S2.3 Line 3.

**Colorado Springs Utilities**  
**Schedule 2.3**

**GAS CAPACITY CHARGE FORECASTED COLLECTION BALANCE**

<b>Line No.</b>	<b>Description</b>	<b>Collection Balance</b>
<b>(a)</b>	<b>(b)</b>	<b>(c)</b>
1	Forecasted Over/(Under) Recovery as of 7/31/2018	\$ 3,260,934
2	Less: Forecasted Over/(Under) Recovery as of 7/31/2020	-
3	<b>Cumulative Over/(Under) Recovery</b> (Line 1 - Line 2)	<b><u><u>\$ (3,260,934)</u></u></b>