



Legislation Text

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A Resolution Setting the Gas Cost Adjustment Effective November 1, 2014

From:

Jerry Forte, P.E., Chief Executive Officer, Colorado Springs Utilities

Summary:

Colorado Springs Utilities is requesting a change to the Gas Cost Adjustment (GCA) rate. The current GCA credit of (\$0.1566) per Ccf was implemented March 1, 2014. Current revenue and cost projections indicate that a rate adjustment is needed to manage collected balances through the heating season. Although prices of the forward gas market have eased in recent months, forecasts continue to project seasonally higher prices during the winter period of heating demand. Given the uncertainty of the natural gas market, and having no price hedging positions in place to limit exposure to market volatility, prudent rate management indicates a moderate increase in the GCA is required to manage the collected balance during the heating season.

To maintain financial stability and moderate price changes for customers, Colorado Springs Utilities recommends a GCA rate change from the current credit of (\$0.1566) per Ccf to a proposed credit of (\$0.1265) per Ccf effective November 1, 2014.

Previous Council Action:

On February 25, 2014, by Resolution No. 23-14, City Council resolved to set the GCA at the current rate of (\$0.1566) per Ccf effective March 1, 2014.

Background:

Colorado Springs Utilities sought approval for the current GCA rate at the February 25, 2014 City Council meeting. Colorado Springs Utilities staff continues to provide regular updates to the Utilities Board on the collected balance, and will recommend timely changes to the GCA rate as is deemed appropriate.

Colorado Springs Utilities has performed the GCA calculation in conformance with the language in the GCA tariff.

Financial Implications:

Implementing the proposed GCA rate increase will impact respective customer's bill as follows:

Monthly Gas bill:

Typical residential bill at 60 Ccf	=	\$1.81 or 3.7%
Typical commercial bill at 1,240 Ccf	=	\$37.32 or 4.9%
Typical industrial bill at 12,400 Ccf	=	\$373.24 or 5.0%

Board/Commission Recommendation:

N/A

Stakeholder Process:

N/A

Alternatives:

Keep the current GCA and continue to incur the under-collection.

Proposed Motion:

Move adoption of the proposed Resolution.

N/A