



Office of the City Auditor

2013 Electric and Gas Rate Review

Date: November 9, 2012

To: President Hente, President Pro-Tem Martin, and Members of City Council

Re: 2013 Electric and Gas Rate Case Filing Report

We have reviewed the 2013 Electric and Gas Rate Case filing including Cost of Service Studies, and tariffs submitted by Colorado Springs Utilities. The filings are scheduled to be heard during a Public Hearing on November 13, 2012.

Our review focused on the accuracy and consistency of the methodology used to develop the proposed rate changes. The cost of service studies were examined, for each rate, for compliance with the tariff and agreement to the appropriate source documentation. Operations and maintenance expenses per the cost of service study were agreed to the budget submitted to Council for the coming year. The scope of our review does not extend to analysis or review of budget assumptions or forecast data.

CONCLUSION

Colorado Springs Utilities implemented a methodology change to use forecasted demand, sales and customer count in place of historical data to allocate costs to the various customer classes.

Methodology was otherwise consistent.

We identified the following four observations for continuous improvements in rate development. Details can be found starting on Page 4 of this report.

- Refine and formalize guidance for rate balancing
- Develop forecast to actual variance reporting
- Continue to improve load study efforts
- Break out Small Commercial Customers as a separate class in the Cost of Service Study

TRENDS AND BACKGROUND INFORMATION

Electric and Gas Rates and Usage Trends

The following charts present an overview of Electric and Gas nonfuel total revenue requirements and consumption over the last five years. These amounts were used to establish rates and are not actual revenues or consumption volumes.

- Over the five year period, base electric revenue requirements increased \$87 million. In 2011, Front Range Power revenue requirements were recovered through the Electric Capacity Charge (ECC). In 2012, these costs or revenue requirements moved from the ECC into the Cost of Service Study and account of \$32.5 million of the total increase in requirements for 2012 with a corresponding decrease in the Electric Capacity Charge. When Front Range Power costs are taken into account, electric revenues increased \$48 million, or 21.5% over the five year period.

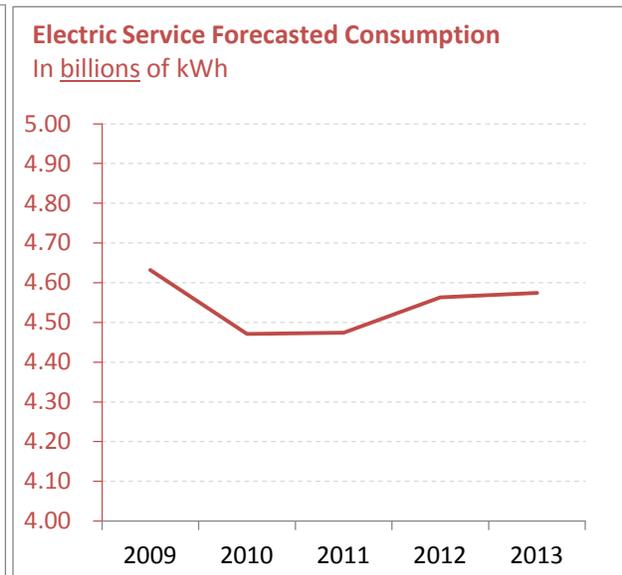
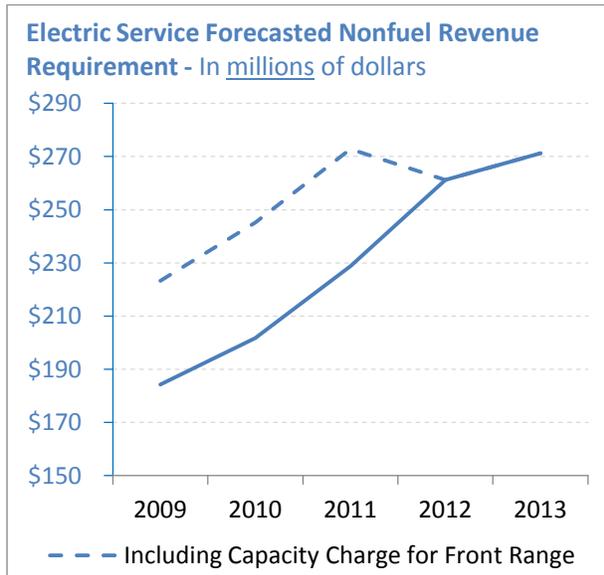


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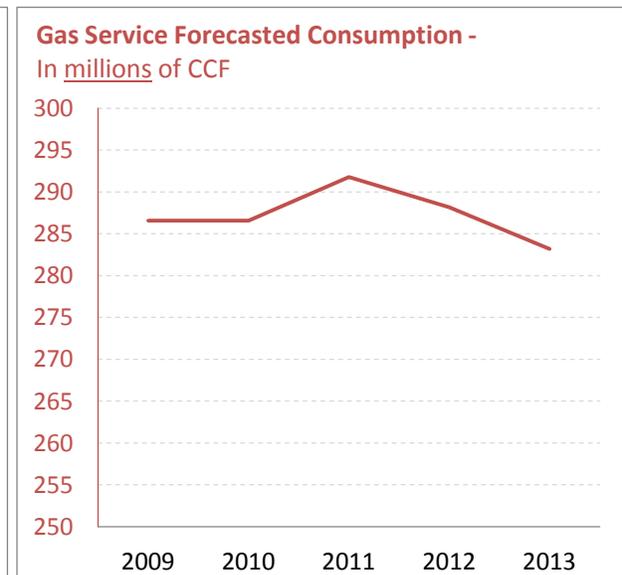
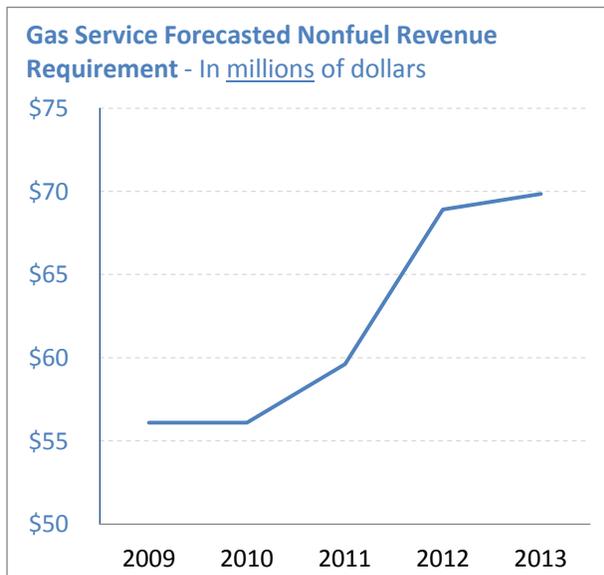
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- Gas revenue requirements over the same period have increased 25% or \$14 million and consumption decreased 1.2%.

Factors affecting revenue requirements are varied and complex. The data in this report is not comprehensive to explain rate changes. Additional overview data and trends in revenue requirements by customer classes can be found in Appendix A of this report. The 2013 Electric and Gas Schedule 10 are included in Appendix B for your reference.



Source: Colorado Springs Utilities Electric Rate Filing, Cost of Service Study Schedule 10 and Work Paper 9



Source: Colorado Springs Utilities Gas Rate Filing, Cost of Service Study Schedule 10 and Work Paper 9



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Cost of Service Studies Background

For the Electric and Gas Services, Colorado Springs Utilities performed a cost of service study to determine how revenue requirements will be allocated to various customer classes. Because of differences in how customer classes utilize the system, their costs will vary. For example, customer classes that are interruptible typically have lower costs and lower rates. Schedule S10 of the Cost of Service Studies filed with the rate request indicates the overall increase in revenue and also indicates the percentage increase for each customer class. The Cost of Service Studies were based on expected revenues, expenses and financial needs for the coming year.

Colorado Springs Utilities 2012-2016 Strategic Plan included a Strategic Destination Goal that non-fuel base rate adjustments will not result in more than a 6% increase on the typical residential customer bill. The total typical non-fuel residential bill, as presented in the Executive Summary Rate Filing, increased 5.35% with this filing. This included the adjustment to water approved by City Council in July 2012, scheduled to take effect January 1, 2013.

Per Resolution 131-10, effective January 1, 2010, City Council fixed electric and gas surplus rates for transfers to the City General Fund at \$.006173 and \$.391539 per unit delivered within the City, respectively. Prior to that date, rates were not fixed and were to be adjusted when base rates increased. In accordance with resolution 131-10, the Surplus rates no longer automatically adjusted when base rates increased. This filing is in compliance with the current resolution and is not a driver of the rate changes proposed.

Changes for 2013 Rate Filing

- The Electric and Gas Filings, peak load data for each class, used to allocate approximately 50% of costs for Electric customers and 35% for gas customers, was based on forecast data by customer class. Forecast data incorporates normalized weather, historical information and other factors. These costs were previously allocated using historical data.
- As noted in Colorado Springs Utilities Rate Report, effective January 2012 change in methodology used to allocate administrative and general costs by service was implemented. Certain administrative costs such as legal, finance and human resources expenses are not directly charged to each utility service but are allocated. Electric operating expense increased \$9.4 million primarily due to the change in allocation methodology. Gas operating expense decreased approximately \$4 million primarily due to this change in allocations.
- As noted in Colorado Springs Utilities Rate Report, Gas service added a Small Commercial customer class and Electric restructured the Small Commercial class. This change was made as Colorado Springs Utilities observed that consumption was similar for Small Commercial Customers and Residential customers.



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Review of Metrics - We compared the financial metrics per the 2013 financial forecast to prior years and determined that target metrics were in the range indicated by published rating agency guidelines and did not change from the prior year.

Credit Rating – Per our review of Moody’s Rating Methodology and Fitch Rating Criteria provided by Colorado Springs Utilities, the credit rating assigned to Colorado Springs Utilities by the rating agencies is comprised of a number of factors, both qualitative and quantitative. Moody’s considers the cost recovery framework within their service territory as 25% of the final rating, which includes factors such as whether the utility is the only provider in an area and whether they are dependent on a small number of large customers. Moody’s also considers the willingness to recover costs with sound financial metrics, which is 25% of the final rating, and other factors in addition to financial performance. From the Moody’s rating criteria methodology we reviewed, financial strength metrics appear to make up 30% of the final rating. These financial strength metrics include funds available to cover debt service obligations, debt ratios, and the liquidity of the organization.

Per the most recent Moody's rating report dated August 3, 2012, Moody's improved outlook is based on steps that "Utilities have taken to demonstrate its willingness to establish rates required to support its significant capital program and maintain sound consolidated utility financial metrics. This includes the change in executive and board policy to maintain two times adjusted debt service coverage which will help the Utilities to maintain continued credit stability at the current rating level."

OBSERVATIONS, RECOMMENDATIONS AND RESPONSES

OBSERVATION 1 - RATE BALANCING GUIDANCE WAS NOT FORMALIZED

- A balancing strategy, adjusting the calculated rate higher or lower from one rate class to another was part of the rate development in current and prior years. For the 2013 Electric Cost of Service Study, balancing between classes occurred. Balancing resulted in Residential and Commercial ETL customer costs increasing 6% each or \$7.4 and \$3.0 million respectively. The Industrial E8T and ELG customer classes decreased \$5.7 and \$4.0 million, respectively, using this balancing strategy.
- Formal guidance was not in place prescribing balancing limitations.

Colorado Springs Utilities Rate Report stated that a balancing strategy was applied to mitigate the impact of significant shifts in usage patterns or cost allocations between rate classes.

We noted that specific guidance related to timing of adjustments, collected balances, and bill impacts were developed and implemented for the Electric and Gas Cost Adjustments (ECA/GCA) in February, 2010. Formalized guidance and mechanisms for monitoring and reporting to management have been helpful in ensuring ECA/GCA fuel adjustments were administered in accordance with management’s



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criteria. Development of similar guidance and process for rate-setting would help to ensure rates were set to recover allocated costs by rate class within a given tolerance.

Further, a formalized process was not in place to obtain input and representation from all stakeholder groups concerning rate increases. As part of our review of the Cost of Service Studies, we conducted a high level review of the ratemaking process of two peer utilities, including Los Angeles Department of Water and Power, and Austin Energy. We noted that these public utilities had a process in place to ensure that input and communication was obtained from customer classes such as Residential and Small Commercial. These activities help to ensure balanced input and representation from stakeholder groups concerning rate changes.

RECOMMENDATION

- Specific guidance related to balancing rates for customer classes should be developed and approved by Colorado Springs Utilities. Guidance should indicate tolerances related to differences between calculated rates and proposed rates.
- We recommend that Colorado Springs Utilities consider activities to increase the input and representation from stakeholder groups such as residential and small commercial related to customer rate changes.

COLORADO SPRINGS UTILITIES RESPONSE

- Colorado Springs Utilities agrees with this recommendation. Colorado Springs Utilities' rate mitigation measure follows industry practice and adheres to the objectives of: 1) recovery of adequate revenues as identified in the Cost of Service Study, 2) maximum utilization of Colorado Springs Utilities assets, 3) stable rates, 4) reasonable distribution of cost to customer classes, and 5) promotion of economic development within the service territory (Garfield 137)¹.

Colorado Springs Utilities has observed significant shifts between rate classes as evidenced in the load studies in the past couple years due to the migration between industrial rate classes and new peak demand. The shifts resulted in considerable changes in cost allocations and if left unmitigated would have caused "rate shock" to customers in certain rate classes. In an effort to balance the above five objectives, Colorado Springs Utilities analyzed multiple rate design alternatives to levelize large increase to particular classes including: 1) phasing in potential load study shifts over different timeframes; 2) consolidating different combinations of rate classes; and 3) revenue requirement balancing between specific classes.

Colorado Springs Utilities will work with the Office of the City Auditor to set more specific guidelines that meet the above five objectives.

¹ Garfield, Paul and Wallace Lovejoy. Public Utility Economics. Englewood Cliffs: Prentice-Hall, 1964. Print.



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- Colorado Springs Utilities agrees with this recommendation. Colorado Springs Utilities will evaluate future processes that increase the input and representation from residential and small commercial customers regarding rate changes and implement those processes as appropriate.

OBSERVATION 2 – METHODOLOGY CHANGE TO RELY ON FORECAST DATA INSTEAD OF HISTORICAL DATA

- For the 2013 Electric and Gas Rate Case filings, a change was made to use forecast rather than historical data for consumption, customer count, and demand to allocate costs to customer classes. This change increased the reliance on forward looking data.

Prior to this Rate Case filing, Colorado Springs Utilities Cost of Service Studies relied upon one year of historical data to assign budgeted and forecasted costs to rate classes to develop rates. For the 2013 Multi-Year Water Filing, a three-year historical average was used. Effective with this Rate Filing, forecast rather than historical data for consumption, customer count, and demand was used to allocate costs. Colorado Springs Utilities, 2013 Rate Case Filing, Page 2 of the Electric and Gas Rate Report provides reasons for the change from historical to forecasts in rate development.

This change placed greater reliance on use of forward looking data to assign costs to customers. Unlike historical data, forecasts are not easily verifiable to the books and records of the organization. Additionally, current rate development and reporting does not include variance reporting and explanations of forecast to actual. Significant reliance on forecasts in rate development increases the risk of error and subjectivity.

Additionally, the City Auditor's Office scope of review does not currently include review of support for forecast data.

RECOMMENDATION

- Future Cost of Service Studies and Rate Reports should include a look back at the prior year's actual demand, consumption, and customer count as compared to forecasts, as well as, the impact of the variances on actual allocated costs and revenue requirements.
- Colorado Springs Utilities should track and account for significant changes in customers moving from one tariff to another including rate class changes in order to provide accurate forecast to actual analyses.
- For forward-looking forecast data used in Cost of Service Studies, Colorado Springs Utilities should provide the Office of The City Auditor an analysis of significant deviations from available historical data.



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COLORADO SPRINGS UTILITIES RESPONSE

Colorado Springs Utilities agrees with this recommendation and will work with the Office of the City Auditor to develop analysis and reports that meet the requirements of future audits and will be incorporated into future rate case filings.

OBSERVATION 3 - ADDITIONAL LOAD STUDY EFFORTS WERE NEEDED

- We noted improvement in that load research studies have been conducted more frequently in recent years.
- Policy had not been developed that specified required sample sizes and conditions under which load data would be utilized.

Prior to 2009, an Electric Service load study had not been conducted since 2006. Demand data was the allocation basis for approximately 50% of all costs to various customer classes. However, we observed that additional improvements could be made to the load research efforts.

Gas load research data was limited to a preliminary study. Electric and Small Commercial load research was based on a sample of meters rather than data for the class in total generated from the automated meter reading system (AMR). Colorado Springs Utilities indicated they plan to increase the sample size related to the new Small Commercial class to confirm peak demand load data.

RECOMMENDATION

- Given the reliance on load data for rate development, Colorado Springs Utilities should develop policy prescribing development, sufficiency and use of load data and assign resources appropriately.

COLORADO SPRINGS UTILITIES RESPONSE

Colorado Springs Utilities agrees with this recommendation. Colorado Springs Utilities will collaborate with the Office of the City Auditor to develop load research policy.

OBSERVATION 4 - SMALL COMMERCIAL CUSTOMERS SHOULD BE A SEPARATE RATE CLASS IN THE COST OF SERVICE STUDY

- Small Commercial Customers and Residential Customers were combined in the Cost of Service Study for rate development purposes. The Electric and Gas Service Report 2.b. explains Colorado Springs Utilities basis for this change.



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RECOMMENDATION

- The Cost of Service Studies should track and report Small Commercial and Residential rate payers separately to allow for separate rate design development as needed.

COLORADO SPRINGS UTILITIES RESPONSE

Colorado Springs Utilities agrees with this recommendation. Colorado Springs Utilities will track and report Small Commercial rate class separately as the load and usage data is available.

Please contact me if you have any questions regarding this report. I plan to attend the rate hearing on November 13.

Respectfully,

A handwritten signature in black ink, appearing to read "Denny L. Nester". The signature is fluid and cursive.

Denny L. Nester, MBA CPA CIA CFE CGFM CGAP
City Auditor

cc: Jerry Forte, Chief Executive Officer
Bill Cherrier, Chief Financial Planning and Financial Officer
Dede Jones, General Manager, Financial Services
Stella Chan, Manager, Financial Planning and Pricing
Steve Berman, Manager, Financial Forecasting, Reporting and Budgeting

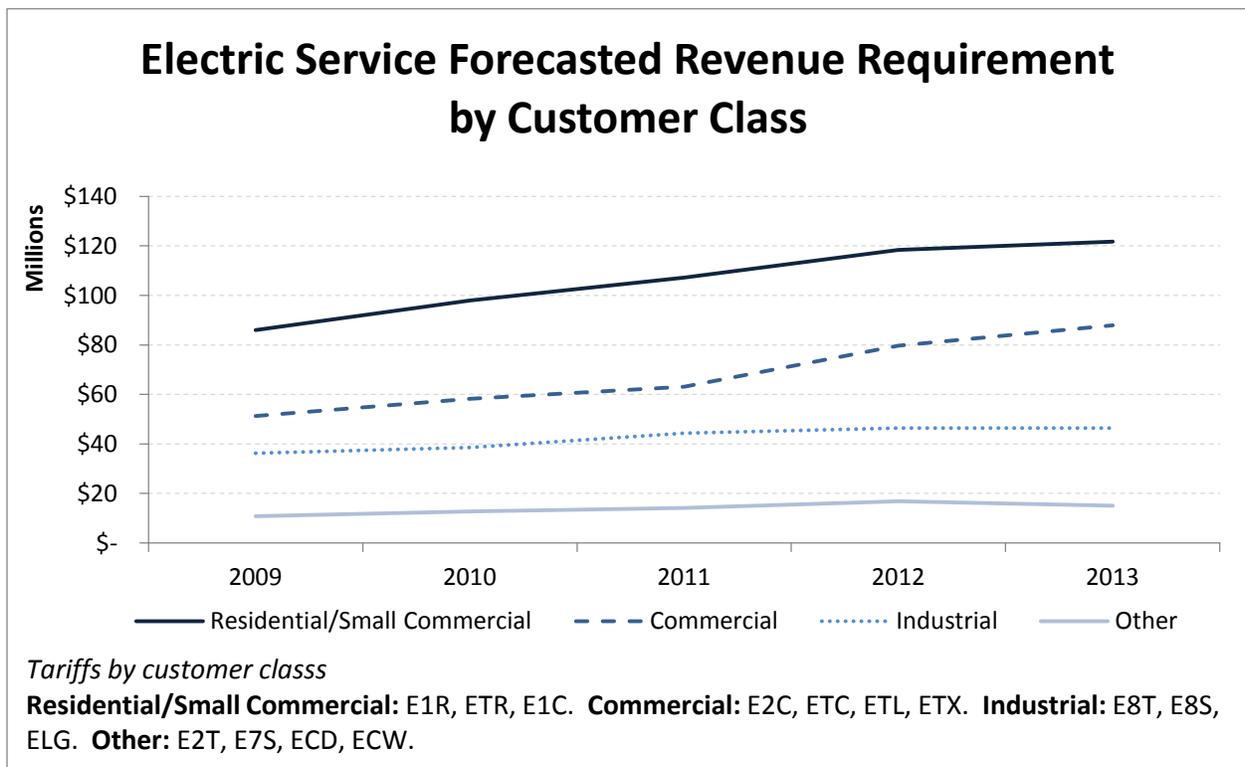


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APPENDIX A –

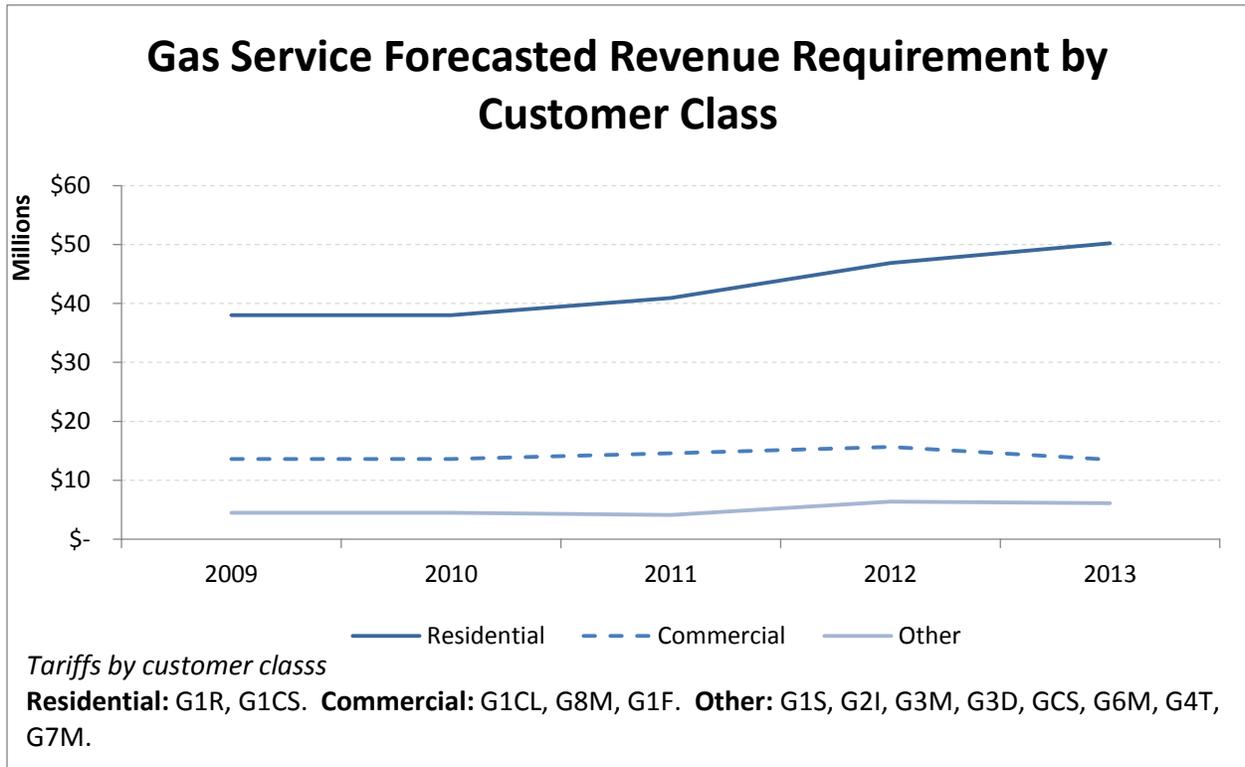
The following charts trend the changes in Electric and Gas Revenue Requirements experienced by different customer classes over the five years 2009 to 2013 Rate Filings, Schedule 10. See the 2013 Electric and Gas Schedule 10 in Appendix B for your reference.



Source: Colorado Springs Utilities Electric Rate Filings



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Source: Colorado Springs Utilities Gas Rate Filings

Colorado Springs Utilities
2013 Electric Cost of Service Study

SCHEDULE 10
PROOF OF REVENUE

Line No.	Rate Class	# Days or % On-Off Peak	Test Year - Budget 2013 Billing Units	Current Rates	Revenue Under Current Rates	Proposed Rates	Proposed Revenue from Rates	Proposed Increase / (Decrease)	Percent Revenue Change
(a)	(b)	(c)	(d)	(e)	(f) (c) * (d) * (e)	(g)	(h) (c) * (d) * (g)	(i) (h) - (f)	(j) (i) / (f)
1	RESIDENTIAL AND SMALL COMMERCIAL								
2	Small General (E1R/E1C)								
3	Access Charge	365	199,881	\$0.3500	\$ 25,534,855	\$0.3675	\$ 26,811,598	\$ 1,276,743	5.00%
4	Facilities Charge		1,500,502,009	\$0.0649	97,382,580	\$0.0681	102,251,709	4,869,129	5.00%
5	Supply Charge		1,500,502,009		-		-		
6	ECA		1,500,502,009		-		-		
7	Capacity Charge				-		-		
8	Total Small General (E1R)				\$ 122,917,435		\$ 129,063,307	\$ 6,145,872	5.00%
9									
10	Residential Time-of-Day (ETR)								
11	Access Charge	365	21	\$0.4500	\$ 3,449	\$0.4143	\$ 3,176	\$ (273)	-7.92%
12	Facilities Charge On Peak	17%	56,600	\$0.1239	7,013	\$0.1295	7,328	316	4.50%
13	Facilities Charge Off Peak	83%	276,342	\$0.0496	13,707	\$0.0518	14,312	605	4.42%
14	Supply Charge - On Peak	17%	56,600		-		-		
15	Supply Charge - Off Peak	83%	276,342		-		-		
16	ECA		332,942		-		-		
17	Capacity Charge				-		-		
18	Total Residential Time-of-Day (ETR)				\$ 24,168		\$ 24,816	\$ 648	2.68%
19									
20	Commercial General (E2C)								
21	Access Charge	365	12,756	\$0.5800	\$ 2,700,504	\$0.6324	\$ 2,944,326	\$ 243,822	9.03%
22	Facilities Charge		626,088,871	\$0.0488	30,553,137	\$0.0532	33,291,435	2,738,298	8.96%
23	Supply Charge		626,088,871		-		-		
24	ECA		626,088,871		-		-		
25	Capacity Charge				-		-		
26	Total Commercial General (E2C)				\$ 33,253,641		\$ 36,235,761	\$ 2,982,121	8.97%
27									
28	Commercial TOD General (ETC)								
29	Access Charge	365	16	\$0.6500	\$ 3,796	\$0.5938	\$ 3,468	\$ (328)	-8.65%
30	Facilities Charge On Peak	14%	167,709	\$0.0610	10,230	\$0.0557	9,345	(885)	-8.65%
31	Facilities Charge Off Peak	86%	1,030,211	\$0.0244	25,137	\$0.0223	22,963	(2,174)	-8.65%
32	Supply Charge - On Peak	14%	167,709		-		-		
33	Supply Charge - Off Peak	86%	1,030,211		-		-		
34	ECA		1,197,920		-		-		
35	Capacity Charge				-		-		
36	Total Comm TOD General (ETC)				\$ 39,163		\$ 35,776	\$ (3,388)	-8.65%
37									
38	LARGE COMMERCIAL & INDUSTRIAL								
39	Commercial TOD 1000 kWh/Day Min (ETL)								
40	Access Charge	365	1,230	\$2.4000	\$ 1,077,140	\$2.4840	\$ 1,114,840	\$ 37,700	3.50%
41	Facilities Charge		818,621,987		-		-		
42	Supply Charge - On Peak	23%	188,283,057		-		-		
43	Supply Charge - Off Peak	77%	630,338,930		-		-		
44	Demand Charge On Peak*	93%	229,872	\$0.5557	46,624,953	\$0.5751	48,256,177	1,631,224	3.50%
45	Demand Charge Off Peak	7%	17,302	\$0.3612	2,281,082	\$0.3738	2,360,920	79,839	3.50%
46	ECA		818,621,987		-		-		
47	Demand Units		247,174		-		-		
48	Capacity Charge				-		-		
49	Total Comm TOD 1000 kWh/Day Min (ETL)				\$ 49,983,175		\$ 51,731,938	\$ 1,748,762	3.50%
50									
51	Industrial TOD 500 kW Min (E8T)								
52	Access Charge	365	232	\$16.0000	\$ 1,357,267	\$16.8480	\$ 1,429,202	71,935	5.30%

APPENDIX B -
2013 Electric Schedule 10

Colorado Springs Utilities
2013 Electric Cost of Service Study

SCHEDULE 10
PROOF OF REVENUE

Line No.	Rate Class	# Days or % On-Off Peak	Test Year - Budget 2013 Billing Units	Current Rates	Revenue Under Current Rates	Proposed Rates	Proposed Revenue from Rates	Proposed Increase / (Decrease)	Percent Revenue Change
(a)	(b)	(c)	(d)	(e)	(f) (c) * (d) * (e)	(g)	(h) (c) * (d) * (g)	(i) (h) - (f)	(j) (i) / (f)
104	Total Street Lighting (E7S)				<u>\$ 1,972,767</u>		<u>\$ 1,972,767</u>	<u>\$ -</u>	<u>0.00%</u>
105									
106	Contract Service - DOD (ECD)								
107	Access Charge	365	18	\$35.0000	\$ 229,950	\$35.0794	\$ 230,472	\$ 522	0.23%
108	Meter Charge	365							
109	Facilities Charge		390,866,941						
110	Supply Charge - On Peak	20%	78,173,388				-		
111	Supply Charge - Off Peak	80%	312,693,553				-		
112	Demand Charge - On Peak	96%	59,860	\$0.5305	11,590,810	\$0.5317	11,616,505	25,694	0.22%
113	Demand Charge - Off Peak	4%	2,494	\$0.2918	265,645	\$0.2924	266,212	566	0.21%
114	ECA		390,866,941				-		
115	Demand Units		62,354						
116	Capacity Charge						-		
117	Total CS - DOD (ECD)				<u>\$ 12,086,406</u>		<u>\$ 12,113,188</u>	<u>\$ 26,782</u>	<u>0.22%</u>
118									
119									
120	Contract Service - Wheeling (ECW)								
121									
122	Total CS - Wheeling (ECW)				<u>\$ 831,658</u>		<u>\$ 831,658</u>	<u>\$ -</u>	<u>0.00%</u>
123	Total Revenue				<u>\$ 258,324,211</u>		<u>\$ 271,190,101</u>	<u>\$ 12,865,891</u>	<u>5.0%</u>
							<u>\$ 261,251,442</u>		

Colorado Springs Utilities
2013 Gas Cost of Service Study

SCHEDULE 10
PROOF OF REVENUE

Line No.	Rate Class	# Days	Test Year - Budget 2013 Billing Units	Current Rates	Revenue Under Current Rates	Proposed Rates	Proposed Revenue	Proposed Increase / (Decrease)	% Revenue Change
(a)	(b)	(c)	(d)	(e)	(f) (c) * (d) * (e)	(g)	(h) (c) * (d) * (g)	(i) (h) - (f)	(j) (i) / (f)
1	Firm Residential (G1R/G1CS)								
2	Access and Facilities Charge per day	365	183,871	\$ 0.3773	\$ 25,321,703	\$ 0.3812	\$ 25,583,443	\$ 261,740	
3	Access and Facilities Charge per Ccf		160,782,628	\$ 0.1471	\$ 23,651,125	\$ 0.1531	\$ 24,615,820	\$ 964,695	
4	Gas Cost		160,782,628	\$ -	\$ -	\$ -	\$ -	\$ -	
5	GCA		160,782,628	\$ -	\$ -	\$ -	\$ -	\$ -	
6	Total Firm Residential (G1R/G1CS)				\$ 48,972,828		\$ 50,199,263	\$ 1,226,435	2.50%
7	Firm Commercial (G1CL/G8M/G1F)								
8	Access and Facilities Charge per day	365	7,622	\$ 0.7490	\$ 2,083,740	\$ 0.7623	\$ 2,120,741	\$ 37,001	
9	Access and Facilities Charge per Ccf		72,549,103	\$ 0.1435	\$ 10,410,796	\$ 0.1571	\$ 11,397,464	\$ 986,668	
10	Gas Cost		72,549,103	\$ -	\$ -	\$ -	\$ -	\$ -	
11	GCA		72,549,103	\$ -	\$ -	\$ -	\$ -	\$ -	
12	Total Firm Commercial (G1CL/G8M/G1F)				\$ 12,494,536		\$ 13,518,205	\$ 1,023,669	8.19%
13	Firm Commercial Seasonal (G1S)								
14	Access and Facilities Charge per day - Winter	181	95	\$ 0.7870	\$ 13,532	\$ 0.7623	\$ 13,108	\$ (424)	
15	Access and Facilities Charge per day - Summer	184	95	\$ 0.7870	\$ 13,757	\$ 0.7623	\$ 13,325	\$ (432)	
16	Access and Facilities Charge per Ccf - Winter		2,039,821	\$ 0.1227	\$ 250,286	\$ 0.1898	\$ 387,158	\$ 136,872	
17	Access and Facilities Charge per Ccf - Summer		1,771,503	\$ 0.1227	\$ 217,363	\$ 0.0624	\$ 110,542	\$ (106,821)	
18	Gas Cost - Winter (Nov - Apr)	0.54	2,039,821	\$ -	\$ -	\$ -	\$ -	\$ -	
19	Gas Cost - Summer (May - Oct)	0.46	1,771,503	\$ -	\$ -	\$ -	\$ -	\$ -	
20	GCA		3,811,324	\$ -	\$ -	\$ -	\$ -	\$ -	
21	Total Firm Commercial Seasonal (G1S)				\$ 494,938		\$ 524,133	\$ 29,195	5.90%
22	Interruptible Service (G2I)/(G3M)/(G3D)								
23	Access and Facilities Charge per day	365	20	\$ 4.5966	\$ 33,555	\$ 4.2776	\$ 31,226	\$ (2,329)	
24	Access and Facilities Charge per Ccf		10,375,606	\$ 0.08872	\$ 920,524	\$ 0.08800	\$ 913,053	\$ (7,471)	
25	Gas Cost		10,375,606	\$ -	\$ -	\$ -	\$ -	\$ -	
26	GCA		10,375,606	\$ -	\$ -	\$ -	\$ -	\$ -	
27	Total Interruptible Service (G2I)/(G3M)/(G3D)				\$ 954,079		\$ 944,279	\$ (9,800)	-1.03%
28	Special Contract Service (GCS/G6M)								
29	Customer Charge per day	365	6	\$ 6.8367	\$ 14,972	\$ 9.7647	\$ 21,385	\$ 6,413	
	Meter Charge per day	365	140	\$ -	\$ -	\$ 0.3717	\$ 18,994	\$ 18,994	
30	Demand Charge per Ccf per day	365	156,190	\$ 0.02545	\$ 1,450,888	\$ -	\$ -	\$ (1,450,888)	
31	Commodity Charge per Ccf		14,180,603	\$ 0.04660	\$ 660,816	\$ 0.1483	\$ 2,102,983	\$ 1,442,167	
32	GCA per Ccf		14,180,603	\$ -	\$ -	\$ -	\$ -	\$ -	
33	Total Special Contract Service (GCS)				\$ 2,126,676		\$ 2,143,362	\$ 16,686	0.78%

Colorado Springs Utilities
2013 Gas Cost of Service Study

SCHEDULE 10
PROOF OF REVENUE

Line No.	Rate Class	# Days	Test Year - Budget 2013 Billing Units	Current Rates	Revenue Under Current Rates	Proposed Rates	Proposed Revenue	Proposed Increase / (Decrease)	% Revenue Change
(a)	(b)	(c)	(d)	(e)	(f) (c) * (d) * (e)	(g)	(h) (c) * (d) * (g)	(i) (h) - (f)	(j) (i) / (f)
34	Industrial Transportation Service Firm (G4T)								
35	Customer Charge, Per Day	365	16	\$ 16.9352	\$ 98,902	\$ 20.2498	\$ 118,259	\$ 19,357	
36	Meter Charge, Per Meter, Per Day	365	113	\$ 0.8231	\$ 33,951	\$ 0.3717	\$ 15,331	\$ (18,620)	
37	Transportation Demand Charge - per Ccf, per day	365	104,310	\$ 0.02560	\$ 974,673	\$ 0.0256	\$ 974,673	\$ 0	
38	Transportation Commodity Charge - per Ccf		12,800,267	\$ 0.04400	\$ 563,212	\$ 0.0627	\$ 802,577	\$ 239,365	
39	Daily Balancing Charge - per Ccf		-	\$ -	\$ -		\$ -	\$ -	
40	Monthly Balancing/Cashout		Varies						
41	Total Industrial Transportation Service Firm (G4T)				\$ 1,670,737		\$ 1,910,840	\$ 240,103	14.37%
42	Transportation Contract Interruptible (G7M)								
43	Customer Charge per day	365	2	\$ 6.8367	\$ 4,991	\$ 12.0900	\$ 8,826	\$ 3,835	
44	Transportation Commodity Charge - per Ccf		8,689,903	\$ 0.06100	\$ 530,084	\$ 0.0692	\$ 601,341	\$ 71,257	
45	Balancing Charge - per Ccf		-	\$ -	\$ -	\$ -	\$ -	\$ -	
46	Balancing - Underdeliveries		Varies	Varies	\$ -	Varies	\$ -	\$ -	
47	Total Transportation Contract Interruptible (G7M)				\$ 535,075		\$ 610,167	\$ 75,092	14.03%
48	Total Revenue				\$ 67,248,869		\$ 69,850,249		
49	Revenue Requirement						\$ 69,836,234	\$ 2,601,380	3.87%
50	Revenue Variance						\$ 14,015		

Note: Due to rounding of the proposed rates, the total of S10 may not match the Net Revenue Requirement on S1.