



OFFICE OF THE CITY AUDITOR COLORADO SPRINGS, COLORADO

12-11 Gas Transportation (G4T) Tariff Charges

May 2012

Purpose

The purpose of our review was to determine that adequate support existed for proposed changes to balancing and other charges for G4T customers.

Highlights

We conclude that the proposed tariff changes are adequately supported and are designed so that the costs related to balancing and other charges for G4T customers are recovered.

Large non-residential gas customers can purchase their gas on their own or through a marketer and have it delivered to the City Gate. Colorado Springs Utilities will transport the gas to the customers' meters via its distribution system. These customers would pay for the transportation and balancing services provided under the G4T Tariff. Fourteen customers began service under this tariff in November 2011. This tariff requires the customer to declare (nominate) the amount of gas that will be used each day and the maximum delivery quantity that the customer expects to need on a peak day.

Transportation demand and commodity charges related to use of the distribution system are the primary charges for this customer class. These charges are set through the cost of service study, but were not included in the requested tariff change.

Colorado Springs Utilities also provides balancing service when there is a difference between quantities delivered to the City Gate on behalf of the customer compared to quantities actually consumed by the customer. Colorado Springs Utilities incurs costs from Colorado Interstate Gas (CIG) to provide this service and those costs are recovered through balancing charges.

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Recommendations

There were no recommendations related to our review.

Management Response

No Response was requested from Colorado Springs Utilities because no recommendations were made during our review.

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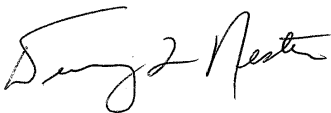
This filing includes three major changes:

- 1) Revisions to balancing charges to align them with the CIG tariff.
- 2) Maximum Daily Quantity (MDQ) Overrun Charges are being modified so that customers will be billed for the greater of the contracted or actual MDQ for the entire contract year.
- 3) Revision to charges related to out-of-band usage on a Restricted Delivery Day.

Revenues related to all changes in the tariff are anticipated to total less than \$100,000 annually.

I plan to attend the rate case hearing . Please let me know if you have any questions or concerns.

Respectfully,



Denny Nester, MSM, CPA, CIA, CGFM, CGAP, CFE

City Auditor

The audit was conducted in a manner that meets or exceeds the International Standards for the Professional Practice of Internal Auditing, a part of the Professional Practices Framework promulgated by the Institute of Internal Auditors, with the exception of the requirements under standards 1312 and 1321 to obtain an external quality assurance review once every five years. We do not believe this non-compliance impacted the quality of our audit.

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