



Colorado Springs Utilities

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October 4, 2017

Joan Armstrong
Pueblo County Planning Department
229 West 12th St.
Pueblo, CO 81002

Subject: 2017 SDS 1041 Permit Condition 6 Monetary Mitigation Interest Overpayment and Resulting
2018 1041 Permit Condition 6 Monetary Mitigation Payment Credit

Dear Ms. Armstrong:

Prior to the Bureau of Labor Statistics (BLS) November 2016 Producer Price Index (PPI) data for Finished Goods (WPUFD49207) being "Finalized" in April 2017, two initial payments were made by Colorado Springs Utilities (CSU) to the Fountain Creek Watershed Flood Control and Greenway District totaling \$10,159,839. These payments were made in accordance with Condition 6 of the Southern Delivery System (SDS) 1041 Permit and as outlined in Resolution No. P&D 14-15 (confirming the commencement date for the annual indexing and approving the annual indexing methodology for purposes of calculating monetary mitigation).

As outlined in Resolution No. P&D 14-15 and the associated attachment, "On or before March 31 of each year, CSU staff shall meet with Pueblo County Staff for purposes of confirming the PPIs for each of the November to November twelve month periods used in the calculation and reaching agreement upon the index-based amount to be paid by CSU utilizing the calculation methodology (described)...." This meeting was postponed until April 2017 when the previously reported "Preliminary" November 2016 PPI value of 192.6 for Finished Goods (WPUFD49207) was updated to a "Finalized" published value of 192.4 (0.2 points less than the original published "Preliminary" value).

Based on this reduction in the index value, the Total Annual Payment Amount with Indexing for 2017 should have been \$10,149,289 as outlined in the attached finalized 2017 annual indexing methodology spreadsheet. However, based on the "Preliminary" value of 192.6 used for the January 2017 payment, a total payment of \$10,159,839 was issued to the Fountain Creek Watershed Flood Control and Greenway District. This in turn resulted in an overpayment of \$10,550 in 2017 by Colorado Springs Utilities as it relates to payments associated with Condition 6 of the SDS 1041 Permit.

\$10,159,839 paid in 2017 (2013-2016 indexing)

\$10,149,289 due in 2017 (2013-2016 indexing)

(\$10,550) credit for overpayment in 2017 (2013-2016 indexing)

A copy of the finalized 2017 Annual Indexing Methodology Attachment A spreadsheet for the 2013-2016 indexing period, along with a printout of the PPI Commodity Data information sheets from the BLS website is attached to this document for reference.

As the overpayment results in a credit of \$10,550 to Colorado Springs Utilities in 2017 as it relates to payments associated with Condition 6 of the SDS 1041 Permit, Colorado Springs Utilities intends to deduct this credited amount from the January 2018 Condition 6 Monetary Mitigation payment to the Fountain Creek Watershed Flood Control and Greenway District.

If you have any question, please feel free to call me at 719-668-8677, or Elizabeth Baston at 719-668-8539.

Sincerely,



Keith Riley
Colorado Springs Utilities
Water System Operations General Manager

Attachments:

- 2017 Annual Indexing Methodology Attachment A Spreadsheet for the 2013-2016 Indexing Period
- January 2017 PPI Commodity Data Information Sheet
- April 2017 PPI Commodity Data Information Sheet

cc:

Dave Benbow, Pueblo County
Tammy Hammond, Colorado Springs Utilities
Joseph Rasmussen, Colorado Springs Utilities
David Robbins, Colorado Springs Utilities
Mark Shea, Colorado Springs Utilities
SDS file


This procedure is for calculating annual indexing pursuant to Condition 6 of the 1041 permit began on October 21, 2012.
Annual indexing of the First Mitigation Payment of the 2nd Installment.

Line	Instruction	Input/Result
1	Start Year for Annual Indexing Calculation. Year for which this annual indexing calculation begins.	2015
2	End Year for Annual Indexing Calculation. Year for which this annual indexing calculation ends.	2016
3	Producer Price Index (PPI) for Start of Indexing Calculation. Published PPI value ^(a) for November of the year identified in Line 1.	191.6
4	PPI for End of indexing Calculation. Published PPI Value ^(a) for November of the year identified in Line 2.	192.4
5	Annual PPI Value Change. Subtract Line 3 from Line 4, enter -0- if Line 3 is more than Line 4.	0.8
6	Annual PPO Percent Change. Divide Line 5 by Line 3 and multiply by 100, enter -0- if Line 5 is -0- ^(b) , enter 3.5 if calculated value is greater than 3.5 ^(c) .	0.42%
7	Maximum Amount to be Indexed. Annual payment identified in Condition No. 6, including any unpaid annual indexing for seven years prior to the year identified in Line 1.	\$10,107,088
8	Annual Advance Payment Amount (if any). Total of advance payment made between october of the year in Line 1 and October of the year in Line 2.	\$0
9	Current Amount to be Indexed (principal and prior years' indexing). Subtract Line 8 from Line 7.	\$10,107,088
10	Annual Index-based Amount. Multiply Line 9 by Line 6 and divide by 100, enter -0- if Line 4 is -0-.	\$42,201
11	Total Annual Payment Amount with Indexing. Add Line 9 and Line 10. This is the total annual payment if te the amount identified in Line 9 is paid by January 15 of the year following the year identified Line 2 and the amount identified in Line 10 is paid within one month of U.S. Bureau of Labor Statistics' publication of a final PPI (d) for use in Line 4. If these amounts are not paid, repeat the steps in Lines 1 through 10 using information for the next annual indexing period.	\$10,149,289
	Check number 265750 issued on 1/10/17	\$10,052,192
	Check number 266681 issued on 2/6/17	\$107,647
	Balance after final PPI published on 4/13/17	(\$10,550)

Notes:

- (a) Data Source: U.S. Department of labor, Bureau of Labor Statistics "Producer Price Index for Finished Goods", as can be found at [HTTP://www.bls.gov/ppi/data.htm](http://www.bls.gov/ppi/data.htm) (select "Top Picks" under "Commodity Data including stage-of- processing indexes, Producer Price Index - PPI and then select "Finished Goods"- WPUFD 49207 (WPUSOP3000).
- (b) Negative annual percentage change is considered 0% by mutual agreement of Pueblo County and Colorado Springs Utiliites.
- (c) Annual percentage increase is capped at 3.5% by Condition No. 6.
- (d) U.S. Department of Labor, Bureau of Labor Statistics considers monthly PPI values to be preliminary and subject to revision for four months after original publication.

Change Output Options:


From: 2007 To: 2017 

☐ include graphs ☐ include annual averages

Data extracted on: April 13, 2017 (10:29:45 AM)

PPI Commodity Data

Series Id: WPUFD49207
Not Seasonally Adjusted
Group: Final demand
Item: Finished goods
Base Date: 198200

Download:  [xlsx](#)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2007	160.1	161.8	164.1	165.9	167.5	167.2	168.5	166.1	167.4	168.6	171.4	170.4
2008	172.0	172.3	175.1	176.5	179.8	182.4	185.1	182.2	182.2	177.4	172.0	168.8
2009	170.4	169.9	169.1	170.3	171.1	174.3	172.4	174.2	173.2	173.8	175.7	176.0
2010	178.0	176.9	179.1	179.5	179.9	179.0	179.5	180.0	180.0	181.2	181.6	182.6
2011	184.5	186.7	189.3	191.6	192.7	191.6	192.4	191.8	192.8	191.9	191.9	191.2
2012	192.1	193.0	194.5	195.0	193.8	192.9	193.3	195.5	196.9	196.4	194.5	193.8
2013	194.9	196.4	196.7	196.0	196.9	197.3	197.3	197.9	197.3	196.9	196.1	196.5
2014	198.1	198.9	200.3	202.1	201.8	202.9	203.0	202.5	201.7	200.4	198.2	195.4
2015	192.2	192.6	193.6	193.1	196.0	197.7	197.4	196.3	193.4	192.4	191.6	190.1
2016	189.9	188.8	189.2	190.3	191.7	193.8	193.5	192.6	193.2	193.7	192.4	193.7(P)
2017	195.6(P)	195.8(P)	196.2(P)									

P : Preliminary. All indexes are subject to revision four months after original publication.

Change Output Options:

From: 2006 ▼ To: 2016 ▼

☐ include graphs ☐ include annual averages

Data extracted on: January 3, 2017 (3:56:15 PM)

Producer Price Index-Commodities

Series Id: WPUFD49207

Not Seasonally Adjusted

Group: Final demand

Item: Finished goods

Base Date: 198200

Download: [xlsx](#)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2006	159.9	158.0	159.1	160.7	161.2	161.8	161.7	162.3	160.3	158.9	159.8	160.5
2007	160.1	161.8	164.1	165.9	167.5	167.2	168.5	166.1	167.4	168.6	171.4	170.4
2008	172.0	172.3	175.1	176.5	179.8	182.4	185.1	182.2	182.2	177.4	172.0	168.8
2009	170.4	169.9	169.1	170.3	171.1	174.3	172.4	174.2	173.2	173.8	175.7	176.0
2010	178.0	176.9	179.1	179.5	179.9	179.0	179.5	180.0	180.0	181.2	181.6	182.6
2011	184.5	186.7	189.3	191.6	192.7	191.6	192.4	191.8	192.8	191.9	191.9	191.2
2012	192.1	193.0	194.5	195.0	193.8	192.9	193.3	195.5	196.9	196.4	194.5	193.8
2013	194.9	196.4	196.7	196.0	196.9	197.3	197.3	197.9	197.3	196.9	196.1	196.5
2014	198.1	198.9	200.3	202.1	201.8	202.9	203.0	202.5	201.7	200.4	198.2	195.4
2015	192.2	192.6	193.6	193.1	196.0	197.7	197.4	196.3	193.4	192.4	191.6	190.1
2016	189.9	188.8	189.2	190.3	191.7	193.8	193.5	192.2(P)	193.2(P)	193.5(P)	192.6(P)	

P : Preliminary. All indexes are subject to revision four months after original publication.

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Data extracted on: April 14, 2017 (4:03:02 PM)

PPI Commodity Data

Series Id: WPUFD49207
Not Seasonally Adjusted
Group: Final demand
Item: Finished goods
Base Date: 198200

Download:  [xlsx](#)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2007	160.1	161.8	164.1	165.9	167.5	167.2	168.5	166.1	167.4	168.6	171.4	170.4
2008	172.0	172.3	175.1	176.5	179.8	182.4	185.1	182.2	182.2	177.4	172.0	168.8
2009	170.4	169.9	169.1	170.3	171.1	174.3	172.4	174.2	173.2	173.8	175.7	176.0
2010	178.0	176.9	179.1	179.5	179.9	179.0	179.5	180.0	180.0	181.2	181.6	182.6
2011	184.5	186.7	189.3	191.6	192.7	191.6	192.4	191.8	192.8	191.9	191.9	191.2
2012	192.1	193.0	194.5	195.0	193.8	192.9	193.3	195.5	196.9	196.4	194.5	193.8
2013	194.9	196.4	196.7	196.0	196.9	197.3	197.3	197.9	197.3	196.9	196.1	196.5
2014	198.1	198.9	200.3	202.1	201.8	202.9	203.0	202.5	201.7	200.4	198.2	195.4
2015	192.2	192.6	193.6	193.1	196.0	197.7	197.4	196.3	193.4	192.4	191.6	190.1
2016	189.9	188.8	189.2	190.3	191.7	193.8	193.5	192.6	193.2	193.7	192.4	193.7(P)
2017	195.6(P)	195.8(P)	196.2(P)									

P : Preliminary. All indexes are subject to revision four months after original publication.

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