



# OFFICE OF THE CITY AUDITOR COLORADO SPRINGS, COLORADO

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## 17-03 Colorado Springs Utilities Electric & Gas Cost Adjustment

January 2017

### **Purpose**

The purpose of this audit was to evaluate whether Colorado Springs Utilities prepared the Electric Cost Adjustment (ECA) and Gas Cost Adjustment (GCA) in accordance with the approved tariffs. The methodology was compared to prior filings for consistency and calculations were tested for accuracy.

### **Summary**

Based on our review of calculations and related support filed with our office on January 19, 2017, we conclude that the proposed adjustment submitted by Colorado Springs Utilities, as well as alternative rates proposed by the Utilities Board Finance Committee, both complied with approved tariffs.

For the February 2017 effective date, the Utilities Board Finance Committee provided ECA and GCA adjustment alternatives for consideration by City Council. It appears the Finance Committee based their proposal on their understanding of the rate model along with price data that became available after Utilities management's recommendation was developed.

ECA - Colorado Springs Utilities proposed no change to the current ECA rate of \$.0273 per unit. The Utilities Board Finance Committee proposed a decrease to \$.0244 per unit.

GCA - Colorado Springs Utilities proposed to increase the GCA rate from \$.1815 per unit to \$.2618 per unit. The Utilities Board Finance Committee proposed a rate of \$.2367 per unit.

Under Utilities Board approved guidance, Colorado Springs Utilities will submit adjustments at least quarterly to manage balances within a tolerance of \$5 million over or under collection. As of December 31, 2016, the ECA and GCA collected balances were within the tolerances at \$4,439,218 and \$3,618,883 respectively.

### **Recommendations**

No formal recommendations were made.

### **Management Response**

No response was requested from Colorado Springs Utilities.

This audit was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing, a part of the Professional Practices Framework promulgated by the Institute of Internal Auditors.