



OFFICE OF THE CITY AUDITOR COLORADO SPRINGS, COLORADO

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18-03 Colorado Springs Utilities Gas Cost Adjustment

January 2018

Purpose

The purpose of this audit was to evaluate whether Colorado Springs Utilities prepared the 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.

Highlights

Based on our review of the calculations and related background information filed with our office, we conclude that the GCA was calculated accurately and consistently in accordance with the approved tariff.

The GCA was calculated in accordance with the tariff that states the recovery period is to be determined by Utilities. Per Utilities Board guidance, GCA adjustments should be calculated based on targeting a \$0 balance at the end of a rolling 12-month period. However, at their meeting on January 17, 2018, the Utilities Board approved the 3-month recovery period used in the submitted filing.

Colorado Springs Utilities proposed to decrease the GCA rate from \$.2090 to \$.1283 per unit effective February 1, 2018. The prior adjustment was effective November 1, 2017. As of December 31, 2017, the GCA over collected balance was \$3,308,240.

To respond to fluctuations in market price and consumption, Utilities management recommends periodic changes to the GCA, which are subject to approval by City Council. Under Utilities Board approved guidance, Colorado Springs Utilities will submit routine adjustments quarterly to manage balances within a tolerance of \$5 million over or (under) collected.

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.