



# OFFICE OF THE CITY AUDITOR COLORADO SPRINGS, COLORADO

## Gas Cost Adjustment Review

January 2012

### **Purpose**

The purpose of this audit was to evaluate whether CSU prepared the Gas Cost Adjustment (GCA) in accordance with the approved tariff. 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, the GCA was calculated in accordance with the approved tariff. The model being used indicates the current under-collected balance will become over-collected in the winter months with higher usage and lower costs than previously forecasted.

The last GCA adjustment was effective April 2011 resulting in a refund of \$.055 per unit. The over-collected balance was approximately \$4.1 million at the time of the last adjustment. The actual under-collected balance at December 2011 per this review was \$76,991. Colorado Springs Utilities proposes in this filing to increase the refund rate from (\$.055) to (\$.070) per ccf to limit the over-collections during the higher usage months and to keep the collected balance within the metric approved by the Utility Board.

Colorado Springs Utilities includes the Office of the City Auditor in monthly meetings to review changes in the GCA balances. Accordingly, our Office has observed a commitment to maintain over and under collected balances within the policy prescribed by the Utility Board. Colorado Springs Utilities reviews the forecasted balances and anticipates timely changes while attempting to minimize the impact to customers. We recognize the unpredictability of weather and volatility in prices as uncontrollable variable in this analysis.

Respectfully Submitted,

Denny L. Nester  
City Auditor

### **Recommendations**

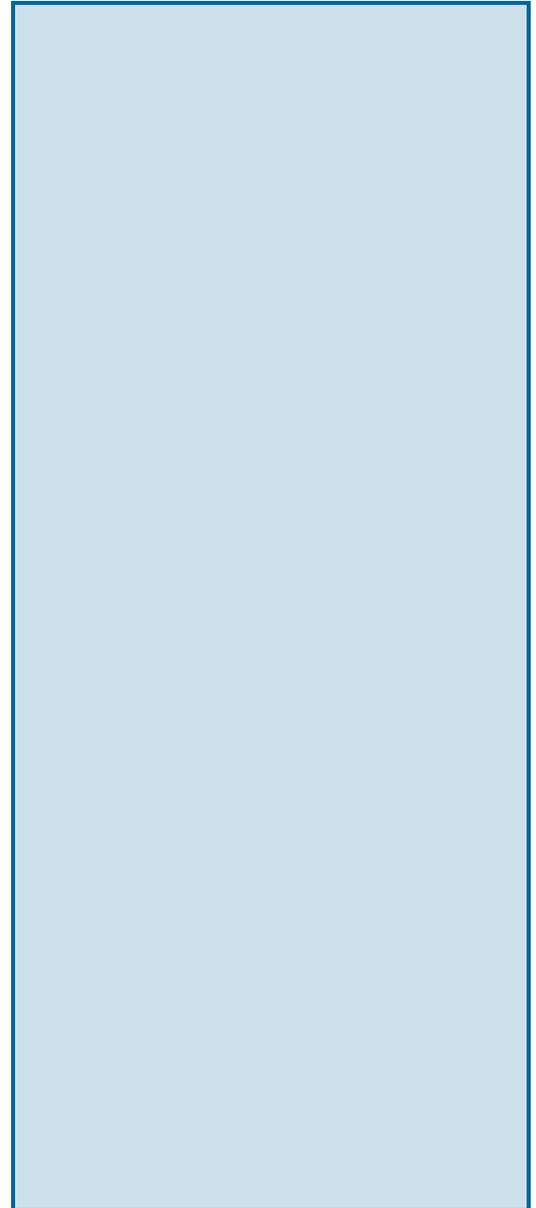
There were no recommendations resulting from our review.

### **Management Response**

No Responses were requested.

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The audit was planned 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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