



OFFICE OF THE CITY AUDITOR COLORADO SPRINGS, COLORADO

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18-24 Colorado Springs Utilities 2019 Rate Case Audit

September 2018

Purpose

The review focused on the accuracy and consistency of the methodology used to develop the proposed rate changes. We also reviewed for compliance with rate development guidance approved by the Utilities Board.

Highlights

We conclude the cost of service studies supporting the proposed rate changes were prepared accurately. Methodology was consistent with prior rate cases.

Proposed rate changes were aligned with rate making principles in the Colorado Springs Utilities Rate Manual. Overall, the proposed rates were within tolerances in Utilities Board approved guidance for most customers. Utilities continued to phase in rate changes to bring all rates within Board approved guidance.

Colorado Springs Utilities rate filing included changes to the Water Service Rates and the Wastewater Service Rates effective January 1, 2019. Proposed rate changes were based on the 2019 budgets and forecasted sales data.

The water service budget increased \$6.7 million or 3.5%. The Wastewater Service budget increased \$1.4 million or 2%.

The City Auditor's Office performed a review of the 2019 Water and Wastewater forecast, which was a key input to the rate filing. See report 18-23 for the results of that review.

Under Resolution 49-18, a water surplus rate of \$.00045 per cubic foot of actual water sales is effective January 1, 2019. Section 5 of the Resolution states that the surplus charge will provide a secure revenue stream to assist with funding adequate irrigation of City-owned parks.

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.