



OFFICE OF THE CITY AUDITOR COLORADO SPRINGS, COLORADO

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19-10 Colorado Springs Utilities Electric Cost Adjustment and Gas Cost Adjustment

April 2019

Purpose

The purpose of this audit was to evaluate whether Colorado Springs Utilities (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, we conclude that the proposed adjustment submitted by Utilities complied with approved tariffs. The calculations were accurate and consistent with prior filings.

For the May 1, 2019 effective date, Utilities provided ECA and GCA adjustments for consideration by City Council.

ECA - Utilities proposed adjusting the ECA rate from \$.0245 per kWh to \$.0209 per kWh.

GCA - Utilities proposed adjusting the GCA rate from \$0.3034 per Ccf to \$0.1746 per Ccf.

Under Utilities' Board approved guidance, Utilities will submit ECA and GCA adjustments quarterly to manage balances within \$5 million over or under collected.

As of March 31, 2019, the ECA balance was \$2.8 million under collected and the GCA balance was \$6.1 million under collected. Forecasts are showing the collected balance will be within approved guidance by the end of April 2019 and continue to stay within guidance throughout the rest of 2019.

Utilities continued to refine the ECA and GCA calculation process to ensure over or under collected balances were refunded or charged to customers promptly.

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.

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