



OFFICE OF THE CITY AUDITOR COLORADO SPRINGS, COLORADO

Shawn Alessio
Audit Manager, CPA, CFE

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26-06 Colorado Springs Utilities Rate Case Filing Review - March 2026

April 2026

Purpose

The purpose of this review focused on accuracy and consistency of the methodology used to develop proposed Colorado Springs Utilities (Utilities) Natural Gas Integrity Federal Compliance Charge (NGIFCC).

Highlights

We conclude that overall modifications included in the March 2026 Rate Case Filing report, and the supporting schedules for the proposed NGIFCC, were prepared accurately and consistently. Methodology changes were properly disclosed in the Utilities filing report. Changes were in alignment with the rate design guidance approved by the Utilities Board and were supported by the 5-year rate case approved by City Council, effective January 1, 2025.

Natural Gas Integrity Federal Compliance Charge

- The NGIFCC is a temporary surcharge, distinct from base rates, established to finance federally mandated safety enhancements to the natural gas distribution system. The charge supports the accelerated replacement of mains and service lines in accordance with the compliance period shortened from an 80 year schedule to a 10-year schedule required by federal regulators. The initiative is intended to strengthen system safety, reliability, and regulatory compliance for approximately 200,000 customers and involves projected infrastructure investments of approximately \$91 million through 2029.
- The proposed rate increase is \$0.2848 per day (\$8.54 per month) for Residential and Small Commercial customers, and \$0.5999 per day (\$18.00 per month) for Large Commercial, Industrial, and Contract Services customers.

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