



OFFICE OF THE CITY AUDITOR COLORADO SPRINGS, COLORADO

Denny L. Nester, City Auditor
MBA CPA CIA CFE CGFM

16-17 Colorado Springs Utilities Electric & Gas Cost Adjustment

July 2016

Purpose

The purpose of this audit was to evaluate whether Colorado Springs Utilities prepared the Electric Cost Adjustment (ECA) and 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.

Summary

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

ECA

- The last ECA adjustment was effective February 1, 2016, resulting in a ECA rate of \$.0169 per unit.
- Colorado Springs Utilities proposes to increase the ECA rate from \$.0169 to \$.0220 per unit effective August 1, 2016.

GCA

- The last ECA adjustment was effective February 1, 2016, resulting in a GCA rate of \$.0819 per unit.
- Colorado Springs Utilities proposes to increase the GCA rate from \$.0819 to \$.1368 per unit effective August 1, 2016.

To respond to fluctuations in market price and consumption, Utilities management recommends periodic changes to the ECA and GCA, which are subject to approval by City Council.

Under current guidance, Colorado Springs Utilities will submit adjustments at least quarterly to manage balances within a tolerance of \$5 million over or under collected. Utilities' forecasts collected fuel balances to be within the band of reasonableness prior to December 31, 2016.

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.