



OFFICE OF THE CITY AUDITOR COLORADO SPRINGS, COLORADO

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18-21 Colorado Springs Utilities Electric Cost Adjustment, Gas Cost Adjustment, and Gas Capacity Charge

July 2018

Purpose

The purpose of this audit was to evaluate whether Colorado Springs Utilities prepared the Electric Cost Adjustment (ECA), Gas Cost Adjustment (GCA), and Gas Capacity Charge (GCC) 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 Colorado Springs Utilities complied with approved tariffs. The calculations were accurate and consistent with prior filings.

For the August 1, 2018 effective date, Colorado Springs Utilities provided ECA, GCA, and GCC adjustments for consideration by City Council.

ECA - Colorado Springs Utilities proposed adjusting the ECA rate from \$.0202 per kWh to \$.0201 per kWh.

GCA - Colorado Springs Utilities proposed adjusting the GCA rate from \$0.1776 per Ccf to \$0.1820 per Ccf.

GCC - Colorado Springs Utilities proposed GCC changes to decrease the rates by Rate Class. Gas Capacity Charge recovers forecasted capacity related expenses.

Under Utilities Board approved guidance, Colorado Springs Utilities will submit ECA and GCA adjustments at least quarterly to manage balances within a tolerance of \$5 million over or under collection. As of June 31, 2018, Colorado Springs Utilities collected balances for ECA and GCA were within approved guidance.

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.