



# OFFICE OF THE CITY AUDITOR COLORADO SPRINGS, COLORADO

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## 16-25 Colorado Springs Utilities Electric & Gas Cost Adjustment

October 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 tariffs. 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 filed with our office on October 17, 2016, we conclude that the ECA and GCA were calculated accurately and consistently in accordance with the approved tariff.

Under City Code section 12.1.107, Utilities must submit proposed fuel adjustments to the Office of the City Auditor at least seven days prior to filing with City Council. The proposed adjustments were filed October 17, 2016, prior to the October 19, 2016 Utilities Board meeting.

ECA - Colorado Springs Utilities proposed to increase the ECA rate from \$.0220 to \$.0273 per unit effective November 1, 2016.

GCA - Colorado Springs Utilities proposed to increase the GCA rate from \$.1368 to \$.1815 per unit effective November 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 Utilities Board approved guidance, Colorado Springs Utilities will submit adjustments at least quarterly to manage balances within a tolerance of \$5 million over or under collection. As of September 30, 2016, the ECA collected balance of \$3,445,203, was within the tolerance. The GCA collected balance at September 30, 2016 was \$7,377,759.

### **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.