



OFFICE OF THE CITY AUDITOR COLORADO SPRINGS, COLORADO

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

17-15 Colorado Springs Utilities Electric Cost Adjustment

April 2017

Purpose

The purpose of this audit was to evaluate whether Colorado Springs Utilities prepared the Electric Cost Adjustment (ECA) 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 we conclude that the proposed adjustment submitted by Colorado Springs Utilities was calculated accurately, consistently, and complied with the approved tariff.

Colorado Springs Utilities is recommending a reduction in the ECA from \$.0222 to \$.0195 effective May 1, 2017. The March 31, 2017 collected balance was \$6,871,532.

Previous 2017 activity for the ECA was as follows:

- In January 2017, Colorado Springs Utilities Board recommended no change to the ECA rate of \$.0273 in effect. The December 31, 2016 collected balance was \$4,439,218.
- In February 2017, Colorado Springs Utilities Board recommended a change to the ECA from \$.0273 to \$.0222 per kwh effective March 1, 2017. The January 31, 2017 collected balance was \$5,994,701.

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.

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.