



# OFFICE OF THE CITY AUDITOR COLORADO SPRINGS, COLORADO

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## 18-08 Colorado Springs Utilities Drake 5 Shutdown

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### Purpose

The purpose of this audit was to assess the progress made by Colorado Springs Utilities (Utilities) as it decommissions Drake Unit 5. The report is based on observations through November 30, 2017.

### Highlights

We conclude that Drake Unit 5 has been disconnected from the bulk electric system and is inoperable. No unplanned disruption to the other two operating units at the Drake site occurred during the decommissioning work. Updated record engineering drawings are expected to be complete in the 1st quarter of 2018, as the last phase of this project.

Utilities decided to accelerate the decommissioning of Drake Unit 5, and it was taken out of service as of December 31, 2016, one year ahead of the "no later than the end of 2017" direction from the Utilities Board. A consultant was contracted to work with Utilities' staff to identify all points of interconnection, and then design a process for permanently breaking all points of interconnection without disrupting operation of Units 6 and 7. Unit 5 was to be completely isolated and have no sources of potential energy. Operations staff, with the help of additional contractors, completed work packages provided as part of the consulting contract. The shutdown was a coordinated effort between the Mechanical, Electrical, and Instrumentation & Control (I&C) Teams at Utilities.

At the close of our audit work, the physical decommissioning work was at 93% complete, with the expectation of completion before December 31, 2017. The 2017 non-labor budget for this project was \$400,000.00, which was provided from the Drake Operations & Maintenance Budget. 2017 non-labor costs for this project were estimated to be \$293,070.11, or 26.7% under budget. Projected total project costs as of December 6th, 2017 were estimated to be \$571,472.42 at completion.

| Total Projected Unit 5 Decommissioning Costs |                     |
|--|---------------------|
| Work Orders Labor Total                      | \$222,789.45        |
| Work Orders Non-Labor Total                  | \$280,331.97        |
| Projected Dec-17 Costs                       | \$68,351.00         |
| <b>Total</b>                                 | <b>\$571,472.42</b> |

We would like to thank Utilities' D5 Decommissioning Team for assisting us with this audit.

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.