



OFFICE OF THE CITY AUDITOR COLORADO SPRINGS, COLORADO

Electric Cost Adjustment Review

May 2011

Purpose

The purpose of this review was to evaluate whether Colorado Springs Utilities prepared the Electric Cost Adjustment (ECA) in accordance with the approved tariff. The methodology was compared to prior filings to ensure consistency and to determine whether it met the intended objective (i.e., adjust billing rates for electric costs while maintaining some level of pricing stability). Calculations were tested for accuracy and to verify appropriate documentation supports the ECA.

Conclusion

Based on our review of the calculations and related background information, the ECA was calculated in accordance with the approved tariff. The methodology was consistent with prior filings and is projected to meet the intended objective of the ECA. Calculations were found to be accurate and supported appropriately.

The last ECA adjustment was effective March 15, 2011 authorizing a refund of \$.0020 per kWh unit. The over collected balance on January 31, 2011 (upon which the current ECA was based) was approximately \$.9 million.

The actual under collected balance on March 31, 2011 per this review was \$6.3 million. Colorado Springs Utilities proposes in this filing to change the ECA from a \$.0020 refund to a charge of \$.0040.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Denny Nester".

Denny Nester
Interim City Auditor
MBA, CPA, CIA, CGFM, CFE, CGAP

Recommendations

No recommendations were made related to this review.

Management Response

No Responses were requested.