



# OFFICE OF THE CITY AUDITOR COLORADO SPRINGS, COLORADO

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## 20-25 Colorado Springs Utilities 2021 Rate Case

October 2020

### **Purpose**

The review focused on accuracy and consistency of the methodology used to develop the proposed rate changes. We also reviewed for compliance with rate development guidance approved by the Utilities Board.

### **Highlights**

We conclude the cost of service study supporting the proposed rate changes for the gas service effective January 1, 2021 was prepared accurately. We noted a methodology change from the prior Gas cost of service study reviewed in 2013. The current cost of service study incorporates the Average and Excess Coincident Peak methodology to allocate certain costs. This methodology change was disclosed in the Rate Case Filing Report (rate filing) and consistent with Electric and Water Rate Case methodologies.

The 2021 gas service budget increased \$2.4 million or 3%. The Office of the City Auditor performed a review of the 2021 gas forecast, which was a key input to the rate filing. See report 20-24 Utilities Gas Forecast Report for the results of that review.

Proposed rate changes were aligned with rate making principles in the Colorado Springs Utilities Rate Manual. The proposed rates were within tolerances in Utilities Board approved guidance.

With this rate filing, Utilities continued to phase in approved rate changes to one non-residential rate in the Water and Wastewater Services, respectively. Additionally, changes were proposed to the Electric Net Metering program requirements to enhance participation and clarify requirements. Electric time of day rates were also adjusted to encourage off-peak usage on these optional rates.

### **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.