



OFFICE OF THE CITY AUDITOR COLORADO SPRINGS, COLORADO

14-17 Electric Cost Adjustment

July 2014

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.

Conclusion

Based on our review of the calculations and related background information, we conclude that the ECA was calculated in accordance with the approved tariff.

The last ECA adjustment was effective June 1, 2014, resulting in a charge of \$.0102 per unit.

The under-collected balance at May 31, 2014, was (\$4.1) million. Colorado Springs Utilities proposes in this filing to reduce the ECA charge of \$.0102 to \$.0074 per unit effective July 11, 2014.

We note that Colorado Springs Utilities provides the Utilities Board with a status on the ECA actual and projected balances monthly. This business practice ensures that policymakers will be aware of changes in costs and forecasts.

Please let me know if you have any questions or comments.

Respectfully,

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

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

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.