



OFFICE OF THE CITY AUDITOR COLORADO SPRINGS, COLORADO

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14-25 Gas Cost Adjustment

October 2014

Purpose

The purpose of this audit was to evaluate whether Colorado Springs Utilities prepared the Gas Cost Adjustment (GCA) in accordance with the approved tariff. The methodology was compared to prior filings for consistency, and calculations were tested for accuracy.

Summary

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

Colorado Springs Utilities' communication to Council for meeting date October 14, 2014, stated that although prices of the forward gas market have eased in recent months, forecasts continue to project seasonally higher prices during the winter period of heating demand.

GCA

- The last GCA adjustment was effective March 1, 2014, resulting in a reduction of the refund from (\$.1850) to (\$.1566) per unit.
- Colorado Springs Utilities proposes in this filing to decrease the refund rate from (\$.1566) to (\$.1256) per unit effective November 1, 2014.

Colorado Springs Utilities projects a (\$7.7 million) under-collected balance at October 31, 2014. With this change, effective November 1, 2014, Colorado Springs Utilities projects an over-collected balance of \$1.1 million by February 28, 2015.

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

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.

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