



OFFICE OF THE CITY AUDITOR COLORADO SPRINGS, COLORADO

15-01 Wind Power Tariff

January 2015

Purpose

The purpose of this audit was to evaluate whether Colorado Springs Utilities prepared the proposed 2015 Wind Power Tariff in an accurate manner and consistent with Executive Limitations (EL)12—pricing of products and services.

Conclusion

Based on our review of the calculations and related background information, we conclude that the Wind Power Tariff (tariff) was calculated in accordance with Colorado Springs Utilities contract with the wind power generator. Additionally, we conclude the tariff complies with EL 12 regarding pricing of products and services.

The Utilities Board approved the purchase of 20,000 MWh of wind power annually beginning January 1, 2015, and ending December 31, 2016, at \$4.90 per block of 100 KWh. Under the tariff, customers will purchase energy at the contract price and receive the related Colorado Renewable Energy Credits. The tariff replaces the previous wind power tariff which expired December 31, 2014.

Colorado Springs Utilities will include both wind power revenues and expenses in the Electric Cost Adjustment (ECA) beginning in 2015. Any unrecovered wind contract costs will be recovered from all customers through the ECA. This treatment is consistent with the recovery mechanism for purchased power sources.

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 for the fuel adjustment, including wind power.

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.

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