



# OFFICE OF THE CITY AUDITOR COLORADO SPRINGS, COLORADO

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## 16-02 Colorado Springs Utilities Electric & Gas Cost Adjustment January 2016

### **Purpose**

The purpose of this audit was to evaluate whether Colorado Springs Utilities prepared the Electric Cost Adjustment (ECA) and 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 ECA and GCA were calculated accurately and consistently in accordance with the approved tariff.

Colorado Springs Utilities is recommending a decrease to the ECA and GCA amount, which will decrease customer bills.

#### ECA

- The last ECA adjustment was effective January 1, 2016, resulting in a ECA rate of \$.0229 per unit.
- Colorado Springs Utilities proposes to decrease the ECA rate from \$.0229 to \$.0169 per unit effective February 1, 2016.

#### GCA

- The last ECA adjustment was effective January 1, 2016, resulting in a GCA rate of \$.1726 per unit.
- Colorado Springs Utilities proposes to decrease the GCA rate from \$.1726 to \$.0819 per unit effective February 1, 2016.

Colorado Springs Utilities provides regular updates to the Utilities Board on the collected balance. To respond to fluctuations in market price and consumption, Utilities management recommends periodic changes to the ECA and GCA, which are subject to approval by City Council. Under proposed guidance, Colorado Springs Utilities will submit adjustments at least quarterly to manage balances within a tolerance of \$5 million over or under collected.

### **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.