



# OFFICE OF THE CITY AUDITOR COLORADO SPRINGS, COLORADO

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## 24-27 Colorado Springs Utilities System Improvement Program and Line Extension Service Standards

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### **Purpose**

The purpose of this audit was to review the administration of the System Improvement Program (SIP) and Line Extension Service Standards (LESS) for compliance with program objectives and policies.

### **Highlights**

We conclude Colorado Springs Utilities SIP and LESS programs were generally in compliance with program objectives and policies. During our review, we identified one observation. See page two for details.

### **Background**

Colorado Springs Utilities (Utilities) is a municipally owned utility that provides water, waste water, natural gas, and electric services to their customers. SIP and LESS supports system improvement and expansion to new and existing customers.

The SIP is for Utilities and its customers to bury primary voltage power lines for new or existing infrastructure. Depending on the initial customer application and payment schedule, there may be a cost sharing aspect to the request. The later the customer application submission in the calendar year, the lower the project cost sharing subsidy provided by Utilities.

LESS covers all four utility services and extends service to new sales customers. This program does not have a cost sharing component and is governed by the respective LESS and Utilities Rules and Regulation (URR). The LESS and URR govern requirements for obtaining utility services, conditions for service, the standards for material and construction, and the associated fees.

During the course of the audit, program documents were reviewed for understanding and accuracy and project sample testing was conducted. Using the calendar years 2021-2023, four projects were selected for compliance with each of the two programs. Compliance review included review of required documentation, adherence to the application and payment submission requirements, review of Utilities' subsidy amounts, and compliance to other program requirements.

We would like to thank the Utilities staff for their assistance and support during this review.

### **Recommendations**

1. Implement a process to ensure all documents are received, completed timely and retained.

### **Management Response**

Management was in agreement with our recommendation.

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## 24-27 COLORADO SPRINGS UTILITIES SYSTEM IMPROVEMENT AND LINE EXTENSION SERVICE STANDARDS

### **Observation 1**

During the audit some supporting documentation was not received and/or could not be located for review. Without supporting documentation, projects cannot be reviewed for adherence to program requirements.

Documentation on four SIP projects and four LESS projects was requested. Examples of the documents requested included project applications, labor spreadsheets, and work orders.

One project sampled received the deposit and final payment late while the cost sharing amount was not changed. To qualify for the various levels of cost sharing with SIP, there are specific deadlines for deposits and payments. These requirements are described in the LESS policy.

### **Management Response**

Customer Utility Connections (CUC) agrees with the recommendation provided by the Office of the City Auditor. Colorado Springs Utilities is developing a central repository to allow for customer access and contract status updates with completion of the central repository by Q4 of 2025. In the meantime, to bridge the gap, an internal site is being used for document management for electronic copies of the contracts to be stored and accessible to all internal personnel in Springs Utilities. Previously, the process was to work from paper copies of the contracts that were unable to be located during the audit.

### **Recommendation**

Management should implement a process to ensure all documents were received, completed timely, and retained, in accordance with program requirements.