

COLORADO SPRINGS UTILITIES

ANNUAL REPORT

2024



Colorado Springs Utilities
It's how we're all connected





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Executive Team

Travas Deal

Chief Executive Officer

Mike Francolino

*Chief Customer and Enterprise
Services Officer*

Tristan Gearhart

Chief Financial Officer

Somer Mese

Chief Operations Officer

Lisa Barbato

*Chief System Planning and
Projects Officer*

Renee Adams

Chief Human Resources Officer

From the CEO

Last year I was honored as CEO to celebrate our century of service. Throughout our history, we have overcome obstacles and adapted to change while delivering reliable, cost-effective utilities to our customers.

Our plan for 2025 and beyond sets us up for success as we look to continue that tradition.

We have about \$4.6 billion in assets that have been built to support our city over the last 100 years. During the next five years, this will nearly double to include another \$3.9 billion. These investments are needed for the community's future.

To support these significant efforts, City Council approved a five-year rate case and the 2025 budget last year. This will help fund capital projects across our four services.

On the electric side, this includes modernizing our electric grid and resource mix to meet evolving state regulations, and to accommodate future technologies and changing customer needs.

We will also launch a new time-of-day rate, called Energy Wise, which will incentivize our customers to shift some of their electric use to off-peak hours, helping reduce high demand.

To meet the needs of the city's east side, we'll begin a major project to provide a critical wastewater "backbone." When complete, this project is estimated to serve up to 225,000 residents.

As always, water investments are a crucial part of our future. We need to acquire new water supplies through our water sharing program in the Lower Arkansas River Valley. We are also planning to enlarge Montgomery Reservoir in Park County to allow us to capture and



store enough water to serve an additional 14,000 single-family residences annually.

This work on the horizon highlights the need to be more strategic than ever. Together, we will continue to build on our legacy of service, innovation and community support.

Sincerely,

A handwritten signature in black ink that reads "Travis Deal". The signature is written in a cursive, flowing style.

Travas Deal
Chief Executive Officer



Our mission

Provide safe, reliable and competitively priced utilities to our customers.

Our vision

Ready for today, prepared for a sustainable future.

Our values

Every employee is accountable for upholding the values of the organization.

Safety | *We are passionately committed to no one getting hurt.*

People | *We promote and foster an inclusive work environment in which everyone is treated with dignity and respect.*

Trust | *We demonstrate the highest standards of integrity, competence, transparency and professionalism.*

Responsibility | *We are committed to fiscal and environmental stewardship of all resources.*

Collaboration | *We develop cooperative goals, share information and foster relationships.*

Continuous Improvement | *We innovate, optimize and adapt to serve customers today and in the future.*

Our promise

Residential | *To add value to our customers' lives.*

Business | *To make our customers more successful.*







Electric



Avg. monthly residential use

596 kWh

(kilowatt hours)



Peak hour demand

1,011 MW

(megawatts)

July 30, 2024



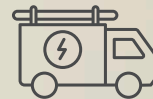
Miles of power lines*

4,018



Electric reliability

99.99%



Avg. interruption

44.95 min



Substations

54



Generation plants

8



Service points

260,872

*overhead and underground lines

Natural Gas



Avg. monthly residential use

66 CCF
(centum cubic feet)



Peak day demand

254,032 Dth
(dekatherms)



Miles of gas pipe mains

2,756



Local gate stations

5



Propane air plant

1



Service points

228,390



Water



Avg. daily residential
use per person

71 GAL



Avg. monthly
residential use

752 CF

(cubic feet)



Peak system wide one day
consumption

122.1 MGD

(million gallons)



Avg. interruption

12.7 min.



Miles of water mains*

2,566



Treatment tanks

40



Reservoirs

25



Treatment plants

5



Service points

158,357

*potable and nonpotable

Wastewater



Avg. monthly residential use

583 CF
(cubic feet)



Peak day demand

63 MGD
(million gallons)



Avg. flow vs. capacity

38/95 MGD



Miles of wastewater mains

1,821



Resource recovery facilities

3



Solids handling facility

1



Service points

154,211



Martin Drake Power Plant site

Projects to protect and enhance system reliability

ENERGY HIGHLIGHTS

Pursuing our energy future

As a community-owned utility, we are navigating our energy future in a way that carefully balances reliability, customer cost, grid modernization and our responsibility to meet state regulatory standards.

Our Sustainable Energy Plan features a wide range of projects intended to help us achieve this balance. Several of these projects were completed in 2024.

Demolition complete – Martin Drake Power Plant

We completed demolition of our downtown Martin Drake Power Plant. The demolition effort was particularly complex due to the site's proximity to densely populated neighborhoods and Interstate 25, yet it was completed in less than two years with no major disruptions to the surrounding area.

Modernizing the electric grid

We finished site expansions and equipment upgrades to several electric substations to better meet existing customer needs and accommodate future demands, generation resources and technologies.

Foundation for city's first battery energy storage

Batteries for the city's first energy storage system, with a capacity of 100 megawatts, arrived at our Jackson Fuller Substation located in eastern El Paso County.

A subsidiary of NextEra Energy Resources, LLC is constructing the system and will operate it on our behalf. It is targeted for a May 2025 commercial operation date.

Battery energy storage will play an essential role in our energy transition as the technology will help us manage our generation resources more efficiently and ensure the ongoing reliability of our electric grid.

National recognition notes our commitment to reliability, safety

On April 8, 2024, the American Public Power Association awarded our organization with its Reliable Public Power Provider (RP3) Program Diamond Designation – the most prestigious designation to be given through RP3.

In receiving the Diamond Designation, we ranked in the upper tier of 2,000 public power utilities in four criteria:

- Reliability
- Safety
- Workforce development
- System improvement



American Public Power Association

Natural gas system improvements

We made significant progress on a project to renew five miles of high priority, 10-inch diameter natural gas distribution main from Colorado Springs to Manitou Springs.

The project is part of our Distribution Integrity Management System, a \$9 million annual investment to assess, upgrade and protect the hundreds of miles of pipes that deliver natural gas to homes and businesses.

WATER HIGHLIGHTS

Wildfire mitigation efforts to protect water quality

Our partnership with the U.S. Forest Service enables us to leverage grant funding to address priority landscapes and conduct wildfire mitigation projects in our watersheds. This work is vitally important. Wildfire not only poses a threat to the infrastructure we have in these watersheds, but it can also cause devastating impacts to water quality.

The North Slope of Pikes Peak was identified as a priority area for mitigation in 2023. Since then, we received \$6 million in grant funding to help complete more than 7,000 acres of forest restoration and wildfire mitigation projects. In addition, another 1,000 acres in five project areas were treated through our Good Neighbor Authority partnership with Colorado State Forest Service.

Academy water valve project

Water valves underneath Austin Bluffs Parkway and Academy Boulevard, a major city intersection, were installed on large-diameter water mains—some located up to 22 feet below the roadway. These valves have reduced the chance of our customers experiencing a water outage when the water main is emptied for repairs or maintenance.

As a result of these valves, no customers will experience a water outage while we replace a water vault on Academy Boulevard in 2025.

Upgrades improve Tollefson Water Treatment Plant

Colorado Springs' oldest water treatment plant is operating better than ever, thanks to the completion of substantial upgrades to increase its efficiency and its ability to handle challenging local water supplies.

Monument Creek stabilization project



The Phillip H. Tollefson Water Treatment Plant produces drinking water for 25% of our customers. Commissioned in 1942, the plant's aging infrastructure was no longer cost-effective to repair. Capital investment in the plant has improved its performance, provided better environmental controls and positioned it to meet more stringent regulatory requirements in the future.

A new pretreatment building gives us the ability to treat more challenging raw water, such as our local supplies from Fountain Creek.

Additional upgrades included reconfiguration of the plant's solids drying beds, a new raw water vault and conversion to indoor basins for better environmental control.

Monument Creek stabilization project

Critical wastewater infrastructure beneath a section

of Monument Creek is now protected from potential exposure and damage, and Pikes Peak Greenway Trail users have safer access to the creek channel, thanks to a project we completed in 2024.

Degradation and erosion along a section of the creek caused the channel to lower significantly over time, increasing risk to a large (42-inch) wastewater interceptor along the creek bed. We also needed to protect nearby non-potable and finished water mains.

The project involved raising the creek channel in select locations along a 3,500-foot section to return it to pre-erosion levels.

With support from City Parks, Recreation and Cultural Services we used the opportunity to install a new pedestrian access ramp and bridge underpass to allow for safer access to the creek channel and trail system.





South Catamount Reservoir dam rehabilitation project off to a good start

Construction crews dealt with high elevation, tight workspaces and variable weather conditions on Pikes Peak as they got into full swing on a dam rehabilitation project at South Catamount Reservoir. Despite those challenges, good progress was made during the first full year of a two-year project that includes resurfacing more than 400,000 square feet of steel on the dam's face and replacement of the dam's infrastructure.

The reservoir was originally built in 1937 and is part of our North Slope system of reservoirs, which also includes Crystal Creek Reservoir and North Catamount Reservoir. While the integrity of the dam is not an issue, the steel face requires periodic recoating to protect it from corrosion. This provided an opportunity to replace 87-year-old underground pipes and dam infrastructure.

South Catamount Reservoir is anticipated to reopen to the public in 2026.



GRANT AWARDS

In 2024, we were awarded more than \$19.6 million in grant funds to help fund several important projects to include the undergrounding of an electric line that serves two critical water treatment plants and the replacement of aging natural gas service lines in older neighborhoods.

Along with internal efficiencies and innovative programs, these cost-saving efforts have major long-term benefits. They help reduce future rate increases and maintain our service reliability.

Total grants awarded in 2024: \$19.6 million

- Department of Defense Office of Local Defense Community Cooperation Grant (electric undergrounding project): **\$5.6 million.**
- Natural Gas Distribution Infrastructure Safety and Modernization Grant (pipeline replacement and safety): **\$10.4 million.**
- Colorado Springs Utilities Broadband/Fiber Project: **\$1.8 million.**
- North Slope Restoration and Resiliency Project (wildfire mitigation): **\$1.3 million.**
- Deployment of Industrial Control Systems Cybersecurity Technologies for Distribution (enhance cybersecurity technologies to protect utilities infrastructure): **\$450,000.**
- Water Conservation Education (enhance landscape industry education program): **\$60,000.**







Annual Christmas light takedown at Cheyenne Mountain Zoo

Community focus

Employee volunteer program

As a community-owned utility, it's important that we're actively involved in the community that we serve.

In 2024, we introduced two new employee volunteer programs that contribute to our strategic objective of supporting the community.

The programs provide employees the opportunity to volunteer at any local nonprofit for up to 16 hours annually, on work time, to support a nonprofit organization in our service area.

Employees can also volunteer as a team for up to four hours in a calendar year.

Through these two programs, employees volunteered 2,444 hours. This exceeded our initial goal of 1,200 hours.

Additionally, employees and their families volunteered 2,596 hours for local non-profits through our Community Focus Fund and more than 13,000 hours as ambassadors serving on boards for 87 non-profits during their personal time.

State of the Utility: A sustainable future built on a legacy of service

On June 6, we hosted our first State of the Utility event celebrating the organization's 100-year anniversary.

With more than 200 attendees, the event provided a platform to share information about upcoming projects and plans to provide safe, reliable utility services and support the community. The event

included an open house exhibit that showcased energy and water efficiency, customer safety programs and key community projects.

CEO Travas Deal delivered the keynote address to mark key infrastructure accomplishments and outlined the vision for the future and significant initiatives that will support a growing city.

Website redesign

In September, we relaunched our website with a fresh, user-friendly design. After listening to customer feedback, we identified challenges with navigation and accessibility and completely overhauled the site to provide a more intuitive experience.

Key improvements included streamlined navigation for easy access to billing, rebates, efficiency tips and customer programs. A new document library with filters simplifies finding forms and applications. We also refreshed our water wise plant tool and provided one-click access to My Account, the outage map and rebate information. Additionally, we enhanced accessibility features to ensure a better user experience.

This relaunch represented a significant milestone, and we continue to listen to feedback and make improvements to ensure our website effectively serves our customers.



Emergency preparedness program

Emergency training and readiness

Our emergency preparedness program made important updates in 2024 to help the organization better monitor and respond to emergency situations.

This included a review and update of the incident management activation levels and comprehensive organization-wide tabletop exercises for employees.

The new activation levels included the addition of a monitoring level to help distinguish between events we're actively responding to and potential threats we're watching that could impact our operations.

Different areas of the organization also participated in several lunch and learns and emergency preparedness exercises throughout the year.

In September, more than 75 officers, general managers, managers and supervisors participated in a day-long tabletop exercise of an extreme cold weather and wind event. The exercise included:

- Review of the Electric Restoration Emergency Response Plan.
- Replication of three complete Enterprise Command Center and Tactical Operations Center structures.
- Simulated impacts to nearly every operation of the enterprise.

This exercise resulted in takeaways, suggestions and lessons learned to be applied in future events. These preparations help us respond effectively and efficiently to a real incident.





Windstorm response

In May 2024, Colorado Springs experienced 96 mph wind gusts, resulting in multiple electric outages across our service territory. At the peak of the event, 10,400 customers experienced an outage.

Over a period of 52 hours, our lineworkers, wire guards, troubleshooters and other employees labored through the night to restore power. In just a day, they were able to reduce the number of customers without power from 10,400 to 400. Shortly after, that number decreased even further to 42 customers.

Our crews dedicated 3,770 hours of work, replaced 27 power poles and completed 465 jobs to restore power to all customers.

StormReady designation

We achieved a significant milestone by becoming the first utility in Colorado to be recognized as StormReady by the National Weather Service (NWS). This designation underscores our commitment to community safety and preparedness in the face of severe weather events.

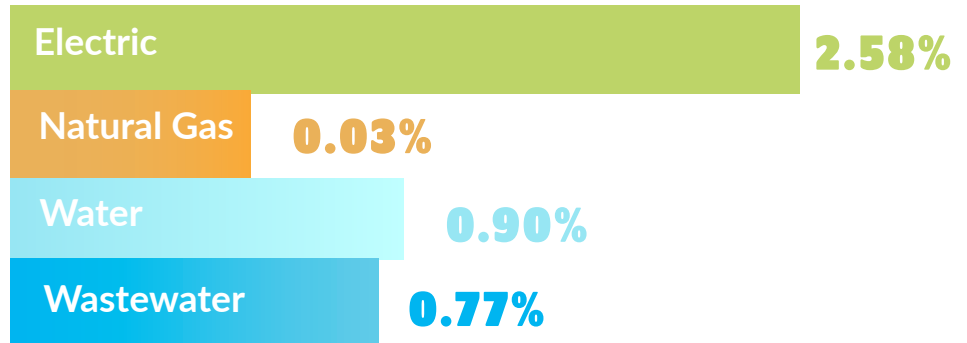
The StormReady program, managed by the NWS, aims to equip communities with the communication and safety skills necessary to save lives and protect property before, during and after severe weather events.

To achieve StormReady status, we have implemented a comprehensive set of measures, including:

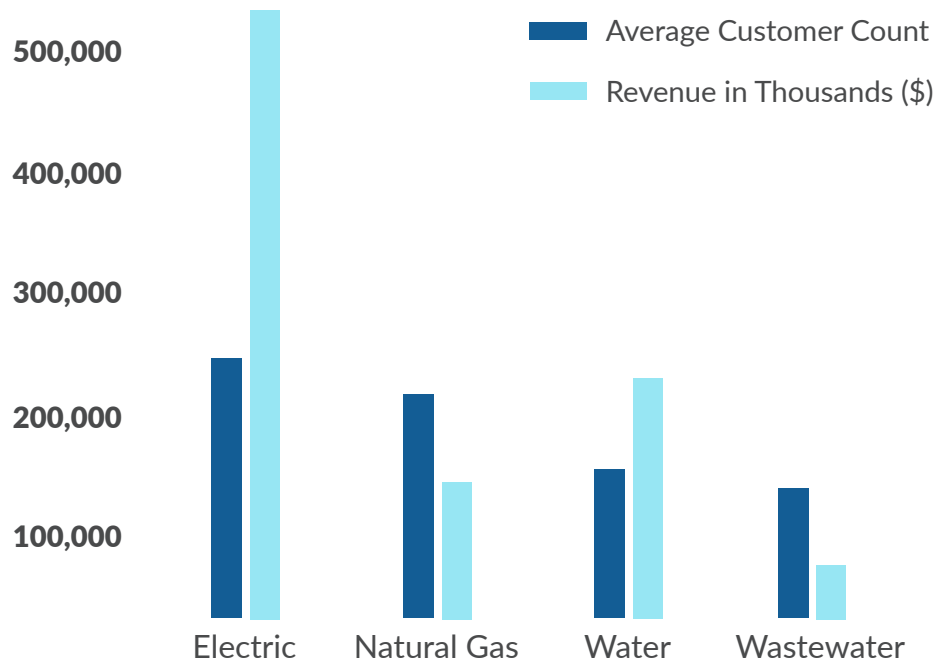
- Establish an enterprise command center.
- Maintain an Emergency Operations Plan that includes weather hazards.
- Conduct emergency exercises involving severe weather scenarios.
- Ensure there are multiple methods for receiving severe weather warnings and forecasts, and for alerting employees and contractors.
- Create a system to monitor local weather conditions.



CUSTOMER GROWTH



CUSTOMERS & REVENUE BY SERVICE



DAYS CASH ON HAND

146



DEBT SERVICE COVERAGE

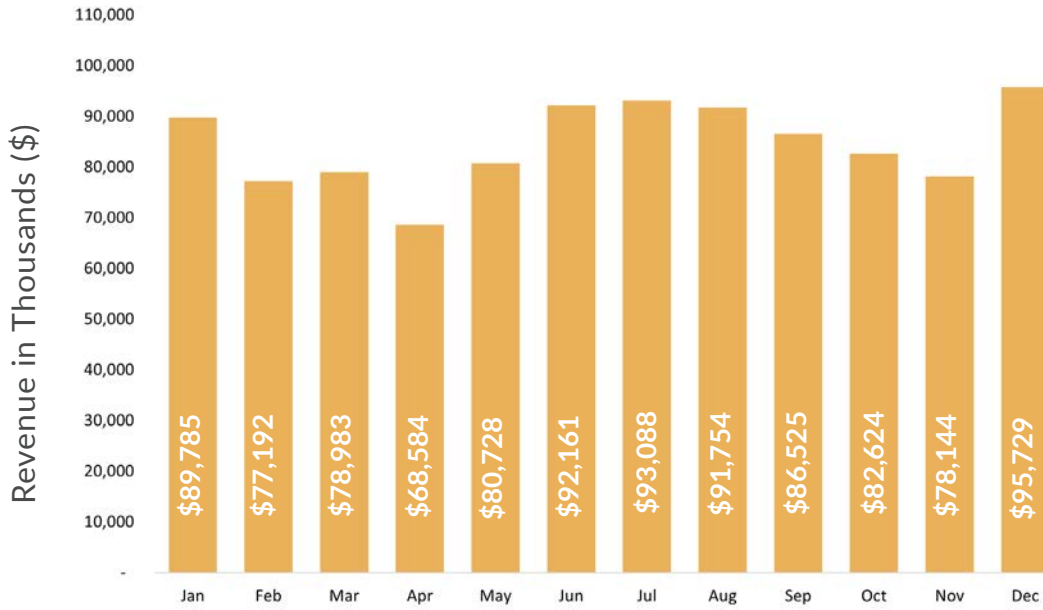
1.76



DEBT RATIO

50.3%

OPERATING REVENUE BY MONTH



COMMUNITY OUTREACH

5,040 ★

VOLUNTEER
HOURS SERVED

87 🏠

NONPROFITS
SUPPORTED

923 👤👤👤

EMPLOYEE, FAMILY &
FRIEND VOLUNTEERS

230 🤝

COMMUNITY
PROJECTS

48 💰

GRANTS
AWARDED













Colorado Springs Utilities

It's how we're all connected