

Agenda
Utilities Policy Advisory Committee (UPAC)
Wednesday, October 4, 2023
8:00 a.m. – 10:30 a.m.

Blue River Board Room, 121 S. Tejon Plaza of the Rockies or Microsoft Teams

[Click here to join the meeting](#)
[+1 719-733-3651,,308732255#](tel:+17197333651,308732255)

- | | | |
|-------------------|--|------------|
| 8:00 a.m. | 1. Call to Order | |
| 8:05 a.m. | 2. Approval of July 5, 2023 UPAC Meeting Minutes | Decision |
| 8:10 a.m. | 3. Cost Recovery Mechanisms Assignment Update | Staff |
| | <ul style="list-style-type: none"> a) Purpose of the assignment b) Current cost recovery mechanisms c) Updated financial analysis d) Updated timeline e) Financial information follow-up from previous meeting | |
| 10:15 a.m. | 4. Citizen Comment | Discussion |
| | <p>Citizens can provide comment in person, by joining the meeting from computer or by phone using the link above. If you would like to speak during the citizen comment period, please sign up to speak through BoardSubmissions@csu.org prior to the meeting.</p> | |
| 10:20 a.m. | 5. Committee Member General Discussion | |
| 10:30 a.m. | 6. Adjournment | |

Next meeting: Dec. 6, 2023

Note: UPAC Bylaws, Rule 6: Customer and Public Comment: (b) At the discretion of the Chair, or the majority of the Committee Members present, customers and members of the public will be allowed to comment or ask questions concerning items discussed at regular meetings or concerning matters discussed at special meetings. Comments or questions by individuals will be limited to five minutes each, and all customer or public comments will not exceed twenty minutes on any agenda item unless time is extended by the Chair or majority of the Committee Members present.



Minutes
Utilities Policy Advisory Committee (UPAC)
Wednesday, July 5, 2023
Blue River Boardroom, 5th floor, 121 S. Tejon St., Colorado Springs, CO
and Microsoft Teams Virtual Meeting

Committee members present in the boardroom or via Microsoft Teams: Chair Larry Barrett, Vice Chair Hilary Dussing, Gary Burghart, Michael Borden, Katherine Danner, Ruth Ann Schonbachler and Scott Smith

Committee members excused: Scott Callihan and Chris Francis

Staff members present in the Boardroom or via Microsoft Teams: Al Wells, Marcela Espinoza, Christian Nelson, Joe Awad, Bethany Schoemer, Tristian Gearhart, Andy Colosimo, Travas Deal, Scott Shirola, Natalie Watts and Lisa Barbato

City of Colorado Springs staff present in the boardroom or via Microsoft Teams: David Beckett

Citizens Present in the boardroom or via Microsoft Teams: Dave Donelson, Michelle Talarico, Nancy Henjum, Lynette Crow-Iverson and David Leinweber

1. Call to Order

Chair Larry Barrett called the meeting to order at 8:02 a.m. and called the roll.

2. Approval of June 7, 2023, UPAC Meeting Minutes

Chair Barrett made a motion to approve the June 7, 2023, meeting minutes with the exception to change the minutes to accurately reflect the member who seconded the motion for the natural gas cost recovery recommendation. Committee Member Danner seconded the motion. The motion carried unanimously.

3. Cost Recovery Mechanisms Assignment

Utilities Board Chair Dave Donelson thanked UPAC members for all their work on the assignment. He explained that the Utilities Board needs more time and information before taking action on UPAC's recommendation. Therefore, the item will not be on the July Utilities Board agenda for approval.

Utilities Board Member Nancy Henjum thanked UPAC for all of its efforts on this assignment, echoed Utilities Board Chair Donelson's concerns and suggested that UPAC give all stakeholders the opportunity to understand the costs before moving forward.

Chair Barrett thanked both Utilities Board members and accepted their direction. No committee members objected or expressed concerns with the new direction.

Mr. Tristian Gearhart, Chief Planning and Finance Officer, advised that there not be an August UPAC meeting based upon the discussion and explained that he would work with staff do develop a new schedule to move forward with the assignment that aligns with the direction requested by Utilities Board Chair Donelson.

4. Citizen Comment

None.

5. Committee Member General Discussion

Alternate Committee Member Scott Smith expressed his appreciation for Springs Utilities staff. He shared that he attended the energy tour and was impressed with all the information provided on the tour.

6. Resolution of Appreciation for Ruth Ann Schonbachler

Chair Barrett read the resolution of appreciation for Committee Member Ruth Ann Schonbachler. He thanked her for her many contributions to the committee and dedication to finding solutions that benefit ratepayers.

7. Adjournment

Chair Barrett adjourned the meeting at 8:37 a.m.

Next meeting: Wednesday, Sept. 6, 2023, at 8:00 a.m.



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

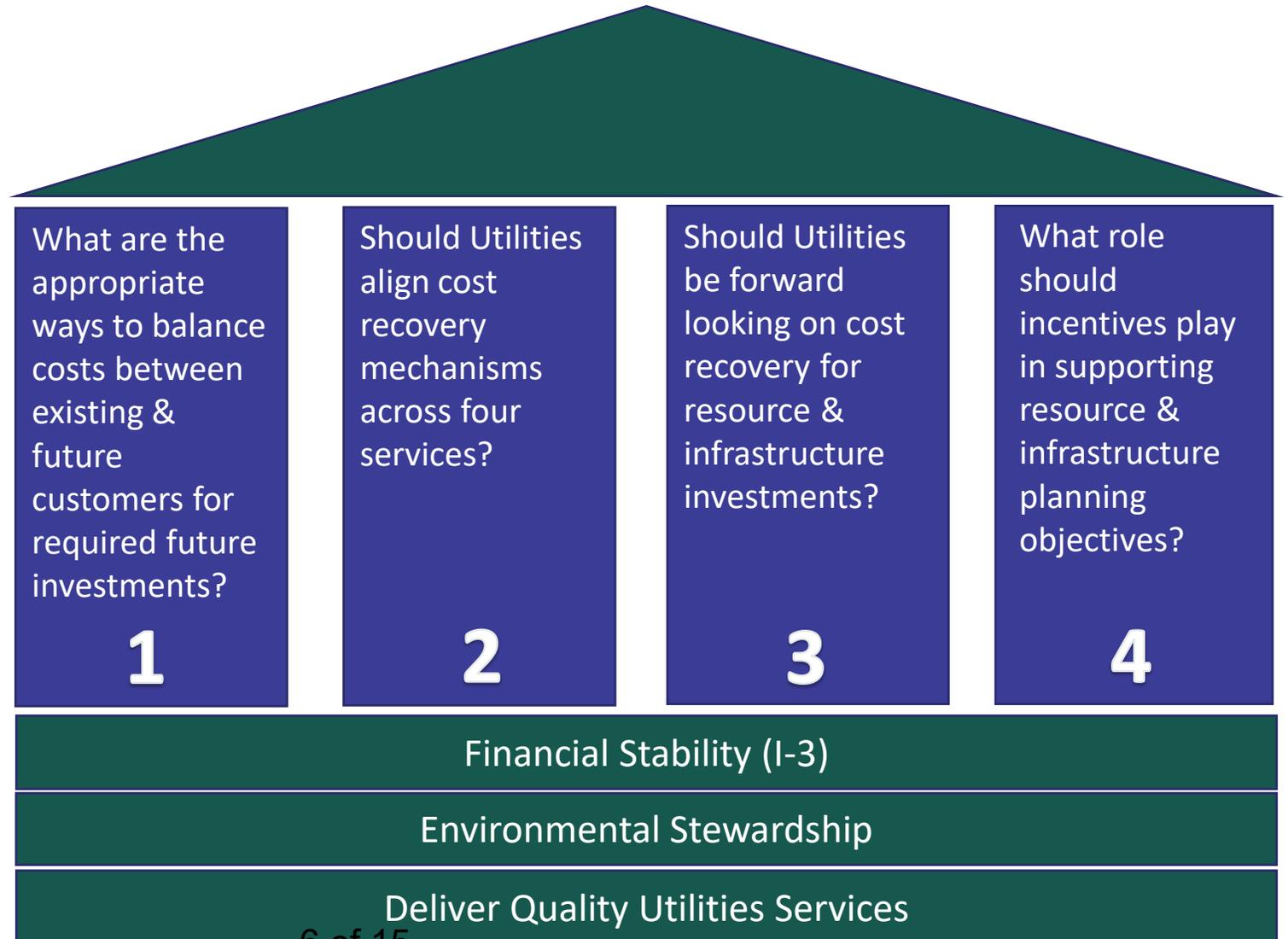
Utilities Policy Advisory Committee (UPAC) Cost Recovery Assignment October 4, 2023

Agenda

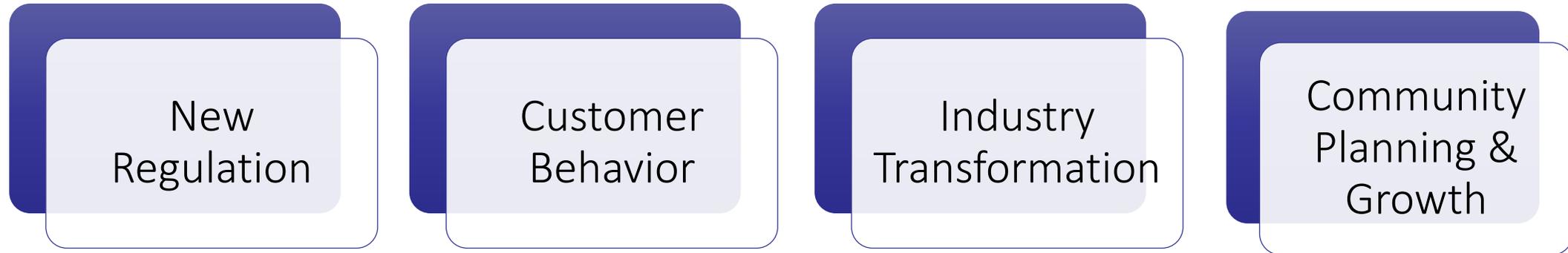
1. Purpose of the assignment
2. Current cost recovery mechanisms
3. Updated financial analysis
4. Updated timeline
5. Financial information follow-up from last meeting

Cost Recovery Assignment - Purpose

- Provide a recommendation to Utilities Board on whether Colorado Springs Utilities (Utilities) should revise and/or establish new cost recovery policies.



Cost Recovery Assignment - Background



- Increasing pressure on utility rates
 - Complying with new regulations, adapting service delivery to a changing customer, and investing in industry transformations
- Growth and system expansion place additional pressure on rates under existing development policies

Financial Analysis Changes



Applied inflation over the 10-year budget



Reviewed schedule and ability to execute within the 10-year horizon



Incorporated wastewater studies and alternatives analysis that were completed to support growth within the city



Removed annexation from analysis



Included full project cost for projects started within the 10-year horizon for fee calculations

Current Cost Recovery



Cost Recovery Mechanism	Electric	Natural Gas	Water	Wastewater
System Extensions Fees	Partial Recovery	Partial Recovery	100% Recovery	100% Recovery
Capacity Fee – Existing System	No Fee	No Fee	Yes Fee	Yes Fee
Capacity Fee – Planned Additions	No Fee	No Fee	Yes Fee*	No Fee

Current Impact of Growth on Rates

Impact	Electric	Natural Gas	Water	Wastewater	Total
Rate Impact	1-2%	0-1%	0-1%	2-3%	1-2%
Sample Bill Impact- Year 10	\$7.09-\$14.75	\$0.0-\$2.25	\$0.0-\$7.51	\$6.68-\$10.43	\$13.77-\$34.94

* Current fee limited to water resources

UPAC Recommendation



Cost Recovery Mechanism	Electric	Natural Gas	Water	Wastewater
System Extensions Fees	100% Recovery	100% Recovery	100% Recovery	100% Recovery
Capacity Fee – Existing System	No Fee	Yes Fee	Yes Fee	Yes Fee
Capacity Fee – Planned Additions	Yes Fee	Yes Fee	Yes Fee*	Yes Fee

* Recommendation adds facilities to fee currently limited to water resources

Impact of Growth on Rates if Implemented

Impact	Electric	Natural Gas	Water	Wastewater	Total
Rate Impact	0-1%	0-1%	0-1%	0-1%	0-1%
Sample Bill Impact - Year 10	\$0.0-\$7.09	\$0.0-\$2.25	\$0.0-\$7.51	\$0.0-\$3.21	\$0.0-\$20.06

Average Annual Increase to Revenue Requirement Above the Cost of No Growth

Incentives Review

Incentive	Current	Definitions
Infill	None	Infill lots are located within existing City limits and are typically surrounded by existing infrastructure. Infill lots can be costly to develop due to topography, geotechnical constraints, and drainage concerns. Infill projects may improve system efficiency, redundancy and reliability.
Densification	None	High density developments maximize utilization per linear foot of installed service yielding lower operation and maintenance cost per customer. Additionally, more dense development can lead to efficiencies in utility use given the more communal aspects of these developments.
Redevelopment	Development Charge Credit	Redevelopment includes rehabilitating or new construction of existing structures. Areas identified for redevelopment are typically underutilized and infrastructure that serves these areas are often in poor condition or not up to current standards. Restoration, traffic control, and infrastructure conflicts can make these projects more expensive than "greenfield" and can make redevelopment unfeasible.
Utility Efficiency	Builder Incentives	Reducing energy and water demand helps maximize the use of Springs Utilities existing resources. Acquiring additional resources is very costly to Springs Utilities making demand side management a relatively inexpensive alternative.

Incentives Draft Recommendation

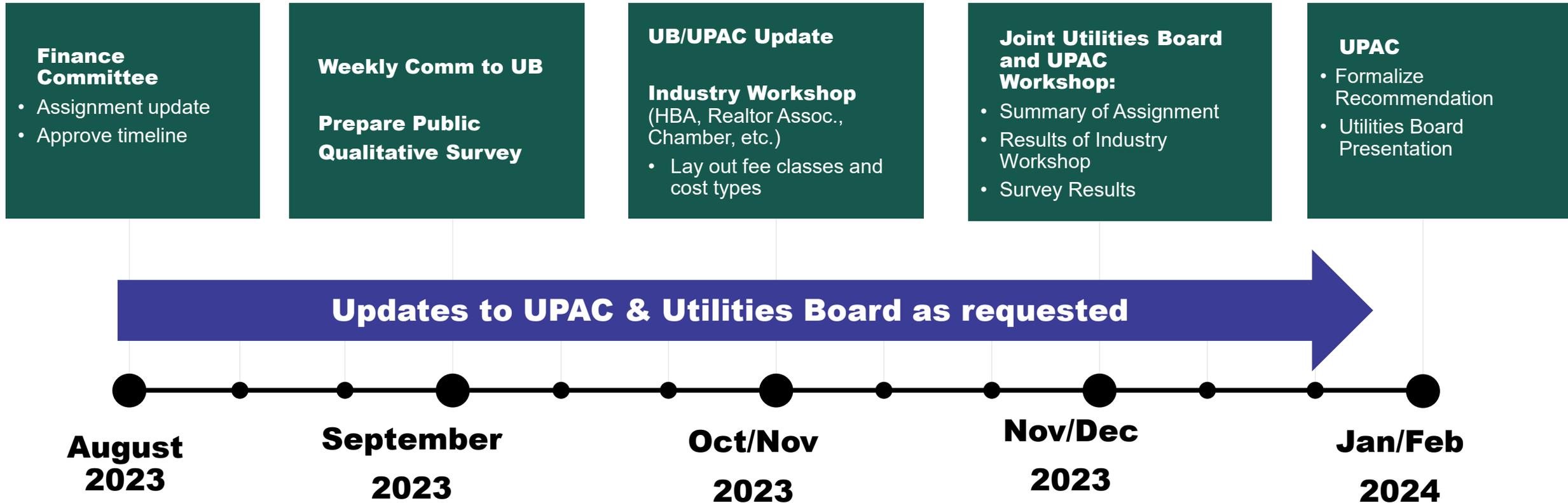
- Vary from standard extension and capacity fee policies to incentivize infill, densification, redevelopment and energy efficiency

Review and Design Fee Draft Recommendation

- Update review and design fees to fully recover appropriate cost including:
 - Update of existing fees to current cost
 - Addition of new fees for services currently provided without fee

UPAC Cost Recovery Assignment

Proposed Timeline



Financial Information Follow-Up



Colorado Springs Utilities[®]

It's how we're all connected