



AGENDA
Tuesday, January 21, 2024
10:00 a.m. – 12:00 p.m.

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[+1 719-733-3651](tel:+17197333651), [86147211#](tel:+171973386147211)

10:00 a.m.	Call to Order Statement: Pursuant to the Colorado Open Meetings Law and the City Charter, since three or more members of the Utilities Board may be attending this public meeting, it is noticed and open to the public. Pursuant to the Utilities Board Bylaws, this Committee of the Utilities Board has determined not to accept public comment at this meeting.	Committee Chair Nancy Henjum
10:05 a.m.	Review: <ul style="list-style-type: none">October 14, 2024 Finance Committee Minutes	Committee
10:10 a.m.	10-Year Financial Outlook	John Hunter Manager of Financial Planning and Risk
10:30 a.m.	2025 Plan of Finance Overview	Adam Hegstrom Manager, Treasury and Finance
10:50 a.m.	I-2 Report Revision Review	John Hunter, Manager of Financial Planning and Risk
11:10 a.m.	Electric Cost Adjustment / Gas Cost Adjustment Monitoring	Scott Shirola Manager, Pricing and Rates
11:20 a.m.	Future Meeting: April 15 Working Committee meeting	Committee
11:25 a.m.	Adjournment	Committee Chair Nancy Henjum



Minutes
Monday, October 16, 2024
1:30 p.m. to 4:30 p.m.

Committee members present via Microsoft Teams or Rosemont Conference Room:

Nancy Henjum, Dave Donelson and Lynette Crow-Iverson

Board Members present via Microsoft Teams:

Michelle Talarico

Staff members present via Microsoft Teams or Rosemont Conference Room:

Renee Adams, Lisa Barbato, Mike Francolino, Tristan Gearhart, Somer Mese, Irma Aguilar, Joe Awad, Peter Bejadhhar, Steve Berry, Kory Bond, Thad Clardy, Andrew Colosimo, Kalea Daub, Matt Dudden, Jennifer Franceschelli, Paul Goslin, Jason Green, Kelly Guisinger, Adam Hegstrom, John Hunter, Natalie Lovell, Sarah Matherne, Angelia Mora, Danielle Nieves, Jacqueline Nunez, Gail Pecoraro, Susan Rau, Scott Read, Jeff Rowbotham, Scott Shirola, Bethany Schoemer, Leslie Smith, Matthew Thieme, Amy Trinidad, Natalie Watts and Kyle Wilson

City of Colorado Springs staff members present via Microsoft Teams or Rosemont Conference Room:

Shawn Alessio, Sally Barber, David Beckett, Chris Bidlack, Renee Congdon, Callie Moyers and Jacqueline Rowland

1. Call to Order

Committee Chair Nancy Henjum called the meeting to order at 1:30 p.m. Ms. Henjum read a statement regarding the Colorado Open Meetings Law and the City Charter and noted that public comment would not be a part of the meeting.

2. Review Minutes

Minutes from the Aug. 19, 2024, Finance Committee meeting were reviewed and accepted for posting.

3. Electric Cost Adjustment (ECA) / Gas Cost Adjustment (GCA) Monitoring

Mr. Scott Shirola, Pricing and Rates Manager, said that the October forecast reflects slightly higher fuel prices than the prior two monthly forecasts.

As of Sept. 30, 2024 the ECA over collection balance was \$1.1 million, this changed by \$5.4 million from the \$4.3 million under collection balance reported for Jun. On Sept. 24, 2024, City Council approved the ECA rate of \$0.0301 per kWh effective Oct. 1, 2024.

As of Sept. 30, 2024 the GCA over collection balance was \$2.6 million. This over collection balance changed by \$2.6 million from the \$5.2 million over collection balance reported for Jun. On Sept. 24, 2024, City Council approved the GCA rate of \$0.1725 per Ccf effective Oct. 1, 2024.

No questions were asked.

4. 2025 Municipal Government Street Lighting

Mr. Scott Shirola, Pricing and Rates Manager, said there are two distinct street lighting services. The municipal government service was established by city code as a separate service of Springs Utilities and is a cost of service based municipal government street lighting revenue requirement calculation. The second is an electric contract service – streetlight (Tariff E7SL). This service is a tariff rate available in Colorado Springs Utilities’ electric service territory.

The total street lighting revenue requirement for 2025 is \$5,085,796, a difference from 2024 to 2025 of \$322,715 (a 7% increase).

Ms. Henjum asked where the central coordinating location is for streetlights. Mr. Tristan Gearhart, Chief Planning and Finance Officer, said the best place for citizens to go is the GOCOS app or to contact 719-448-4800 to report streetlights that have gone out.

Next steps include a presentation to the full Utilities Board on Oct. 16, 2024 as a discussion item and then to propose resolution setting municipal government street lighting revenue requirement at the Nov. 12 City Council meeting.

5. Wastewater Back Up Policy

Ms. Somer Mese, Chief Operations Officer, said the current wastewater backup assistance policy allows for \$12,500 cost if no one is at fault. There have been more recent events that have shown the increased costs.

A Board instruction has been developed, and it is being recommended that the Board review this regularly. Backup Assistance Program G-14 (I-13) and the Wastewater Backup Assistance Guideline were included in the Finance Committee Meeting materials packet. A board instruction has been developed outlining guidelines with these proposed changes. This policy has been reviewed by the City Attorney’s Office.

Ms. Henjum asked if historical claims have been reviewed to determine the dollar amounts included in this guideline. These have been reviewed.

Approval of the I-13 is recommended to move to the full Utilities Board in Nov.

6. Letter of Credit Agreement

Mr. Adam Hegstrom, Treasury and Finance Manager, said that on Sept. 17, 2024, Springs Utilities entered into an agreement to lease capacity on a natural gas pipeline to be constructed by a third party (counterparty). This counterparty will construct, own, and operate the pipeline. Springs Utilities is an “anchor shipper” on the pipeline. The estimated after in-service date is Nov. 2027. Springs Utilities has agreed to lease certain amounts of natural gas storage and capacity for a 20-

year term. To comply with the terms of the Precedent Agreement, Springs Utilities is obligated to deliver a standby irrevocable Letter of Credit.

Springs Utilities went through a request for proposal (RFP) process to solicit proposals from multiple banks. The terms are \$115,000,000 for 5 years with an estimated annual cost between \$500,000 to \$550,000.

Execution of this agreement requires authorization from City Council through an ordinance. Key dates / next steps include Finance Committee Presentation Oct. 14, 2024; Utilities Board Presentation Oct. 16, 2024; 1st Reading of Letter of Credit Ordinance at City Council on Nov. 16, 2024; 2nd Reading of Letter of Credit Ordinance at City Council on Dec. 10, 2024; and Execution of Letter of Credit Agreement on Dec. 17, 2024.

Committee members did not have questions.

7. Drake Decommissioning Regulatory Asset Resolution

Ms. Natalie Lovell, Accounting Manager, stated that this is an informational presentation in preparation for seeking a resolution from City Council in Dec. 2024 to increase the amount to the Martin Drake Power Plant regulatory asset that was established under Resolution 137-23 for additional estimated costs due to pollution remediation. These costs will be expensed over a 10-year period as they are incurred to help smooth the rate impact. With City Council approval, the proposed increase to the regulatory asset is \$3 million for costs incurred in 2024 and continuing in 2025.

Next steps include a presentation to the full Utilities Board on Oct. 16 and a proposed consent agenda / resolution pass at the Dec. 10, 2024 City Council meeting.

No questions were asked. Mr. Donelson asked that the \$3 million be explained further at the Utilities Board meeting.

8. I-2 Review

Mr. Tristan Gearhart, Chief Planning and Financial Officer, stated the I-2 Excellence in Governance Monitoring Report Financial Condition and Activities Compliance Report was included in the materials meeting packet. He reviewed the proposed changes to this report. No questions were asked.

Ms. Sally Barber, City Auditor, stated that the auditor's report had input on these changes. Mr. Gearhart stated that it would be beneficial for the Finance Committee to do a review of the variance report based on recommendations from the City Auditor's Office into this compliance report. This project is planned to kick off in Jan. 2025.

9. 2025 Workplan DRAFT

Mr. Gearhart reviewed the 2024 Finance Committee accomplishments. Key work included reviewing 10-year financial plans, Joint Strategic and Finance Committee Planning Meeting, Successful INFOR software implementation; 5-year rate case presentation, Excellence in

Governance policy compliance reports review, and ECA/GCA quarterly monthly updates and filings presented.

The 2025 Draft 2025 Work Plan

Focus Areas include new committee member onboarding, Southwest Power Pool (SPP) / Regional Transmission Organization (RTO) updates, I-2 report review and revisions, EnergyWise rates go-live, and water budget rates introduction. Ongoing items include sales and load forecasts, annual budget: financial outlook and rate case, 10-year financial plan, monthly financial forecast, and water revenue report. Ongoing items include EGA/GCA quarterly filings, annual ECC/GCC update; annual plan of finance and 2025 financing activity; enterprise risk management report; and excellence in governance policy reports.

The 2025 meeting schedule is to meet in Jan., Mar., Apr., May, Jun., Jul., Aug., Sep., Oct., and Nov..

There will be no planned Utilities Board meeting in Dec., and no Finance meeting in Nov. or Dec. 2024.

10. Water Revenue

Mr. Gearhart said that the water operating revenue for Sep. is \$.8 million, or 3% under the Annual Operating Financial Plan (AOF), and year to date is \$3.7 million over AOF.

Mr. Donelson asked how much the organization was short on revenue in 2023, and Mr. Gearhart stated \$13 -15 million short.

The threshold to use the reserve is \$10 million.

11. Financial Monitoring Update

Ms. Natalie Lovell, Accounting Manager, stated that the Financial Monitoring Update was included in the meeting materials packet. Information that was previously included with this report is now tied to the I-2 report. No additional questions were asked.

Mr. Gearhart explained that the organization is looking at fuel costs related to the recent hurricanes, which could affect the ECA/GCA in future months.

Ms. Henjum asked if the organization has sent any staff as mutual aid to the hurricane – affected areas. No staff has been sent.

12. Utilities Policy Advisory Committee (UPAC) Assignment Ideas

Ms. Bethany Schoemer, Strategic Planning & Governance Specialist, said that at the annual Springs Utilities Board Retreat it was decided to brainstorm ideas at each of the Utilities Board Committee meetings for future possible UPAC assignments. The purpose of Ms. Schoemer's attendance at today's meeting is to solicit ideas from committee members for possible future UPAC topics for possible future assignments.

Mr. Donelson said that the probability of UPAC fully completing their assignment on Nuclear Generation by the end of the year is unlikely.

Ms. Henjum suggested underground distribution and reviewing that policy and re-visiting the City's Water Ordinance from the Utilities' perspective. If committee members have ideas before the next meeting, please forward those to Ms. Schoemer or Ms. Watts.

13. Plan Future Meeting

The next Finance Committee meeting was planned for Dec. 16, 2024, but will be canceled since there will be no Utilities Board Meeting in Dec. The Nov. Finance Committee meeting has been cancelled. Reports will be sent by email for each month.

14. Closing Remarks and Adjournment

The meeting adjourned at 2:44 p.m.



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10 Year Financial Outlook

John Hunter, Manager of FP&A

January 21, 2025

10 Year Forecast

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Average
Adjusted Debt Service Ratio	1.87	1.94	1.90	1.90	1.90	1.87	1.87	1.87	1.87	1.86	1.88
Days Cash on Hand	157	151	151	151	151	156	171	177	204	216	169
Debt Ratio	53.58%	56.40%	58.78%	58.79%	57.26%	55.52%	53.92%	52.42%	51.02%	49.04%	54.67%
Electric Rate Increase	6.5%	6.5%	6.5%	6.5%	6.5%	0.0%	0.0%	0.0%	0.0%	0.0%	3.3%
Gas Rate Increase	4.0%	4.0%	4.0%	4.0%	4.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.0%
Water Rate Increase	6.5%	6.5%	6.5%	6.5%	6.5%	0.0%	0.0%	4.0%	0.0%	0.0%	3.7%
Wastewater Rate Increase	9.0%	9.0%	9.0%	9.0%	9.0%	0.0%	0.0%	2.0%	0.0%	0.0%	4.7%
Streetlights Rate Increase	7.0%	7.0%	6.0%	6.0%	5.0%	5.0%	5.0%	5.0%	0.0%	0.0%	4.6%
Non-Fuel Typical Bill Increase	6.6%	6.6%	6.6%	6.6%	6.6%	0.0%	0.0%	2.0%	0.0%	0.0%	3.5%
Non-Fuel Typical Bill Amount	\$ 227.36	\$ 242.46	\$ 258.55	\$ 275.68	\$ 294.00	\$ 294.00	\$ 294.00	\$ 299.84	\$ 299.84	\$ 299.84	\$ 278.56
Non-Fuel Operating Expenditures	\$ 449,681	\$ 464,106	\$ 480,431	\$ 489,730	\$ 499,319	\$ 511,799	\$ 524,591	\$ 537,702	\$ 551,142	\$ 564,917	\$ 507,342
O&M Growth Rate	7.5%	3.2%	3.5%	1.9%	2.0%	2.5%	2.5%	2.5%	2.5%	2.5%	3.1%
Capital Expenditures	\$ 628,752	\$ 697,046	\$ 997,463	\$ 985,384	\$ 602,274	\$ 442,211	\$ 420,326	\$ 476,013	\$ 433,153	\$ 454,263	\$ 613,688
Debt Funded Capital %	62.0%	77.9%	79.9%	69.6%	45.7%	30.3%	33.2%	34.4%	42.9%	36.1%	51.2%

Approved Rates

Forecasted Rates



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2025 Plan of Finance

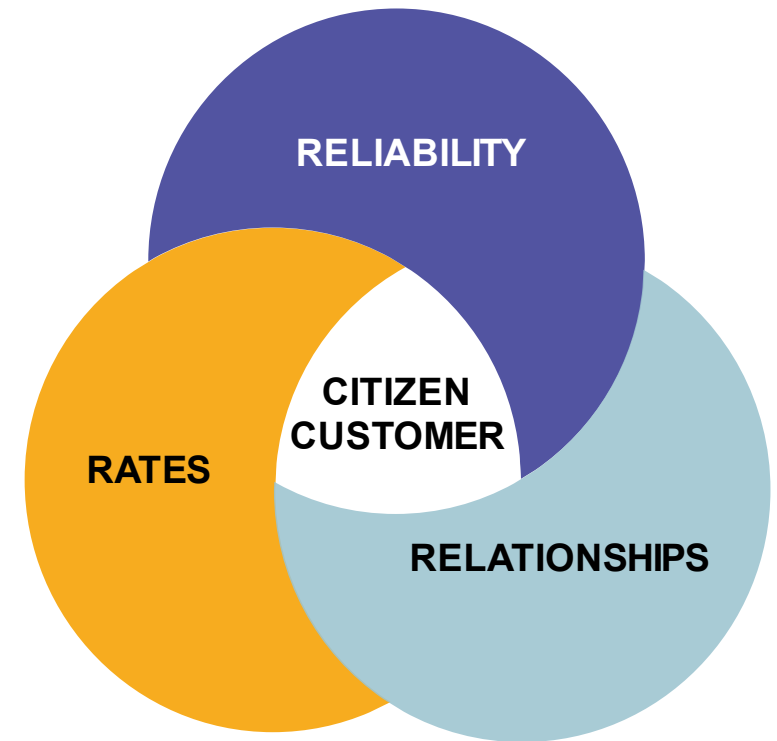
Adam Hegstrom
Treasury and Finance Manager
January 21, 2025

Plan of Finance Overview

The Plan of Finance is an annual strategic effort to effectively obtain and manage debt obligations to support Colorado Springs Utilities' ("The Utilities") capital needs

Collectively executed by:

- Utilities Leadership
- Planning and Finance Staff
- Key Advisors
 - Financial Advisor
 - Bond Counsel
- Key Banking Partners and Counterparties



Core Tenets: **Prudence - Efficiency - Flexibility**

Plan of Finance Overview

Plan of Finance efforts are dedicated towards four key objectives:

1. Fund the debt-backed portion of The Utilities' upcoming capital plan
2. Manage and optimize The Utilities' current debt portfolio
3. Procure and manage debt-supporting instruments and ancillary services
4. Manage The Utilities' financial reputation and industry relationships to ensure market access

Presentation is a high-level overview for information purposes

- Action items to be presented for decision, and with greater detail, at later dates throughout 2025

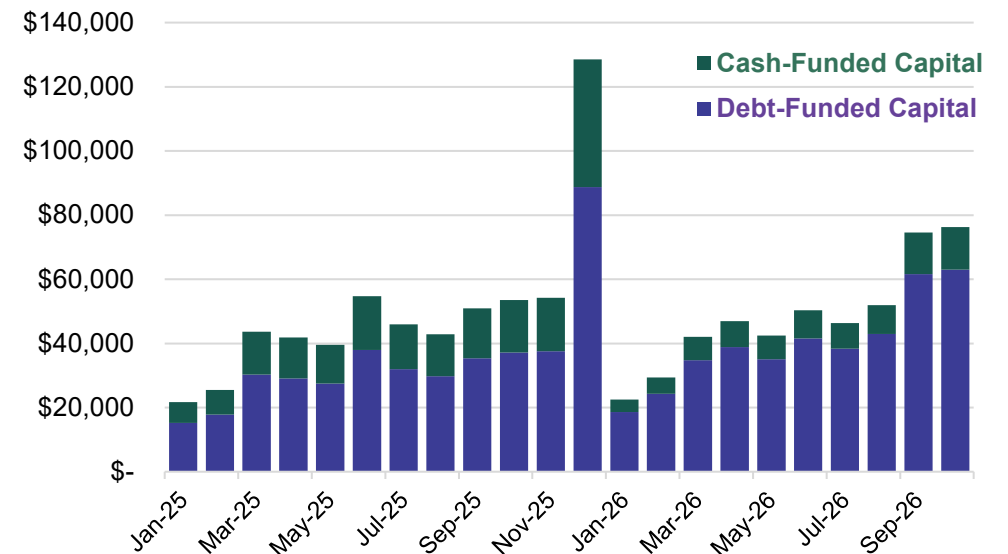
Plan of Finance Objectives:

Objective 1: Support The Utilities’ operations by funding the debt-backed portion of the Enterprise’s future capital plan (“New Money Issuances”)

- Traditional financing cycle runs from September to September
- \$280 million remaining from the 2024A bond issuance
- ~\$535 million bond issue to fund 2025/2026 capital needs

Totals over Financing Period	Amount	% of Total
Revenue-Funded Capital	\$254,742	25%
Debt-Funded Capital	<u>\$754,645</u>	75%
Total Capital Spend	\$1,009,387	

Estimated Capital Spend



Plan of Finance Objectives:

Objective 2: Manage and optimize The Utilities' current debt portfolio (“Refunding Issuances”)

- \$2.12 billion in outstanding fixed rate debt
 - Most debt callable after 10 years
 - Monitor to refund when savings available

Anticipated Actions:

- Tax-Exempt Refunding – 1 series from 2015 totaling \$50.8 million (**very likely**)
- Bond Tenders – exchange bonds from existing bondholders (**unlikely**)
- Refund VRDOs + Terminate Swap(s) – unwind synthetically fixed debt issuances and refinance into traditional fixed rate debt (**unlikely**)

Debt Issuance Working Timetable (Tentative)

Event:	Date:
Bond Issuance Presentation to Working Committee	June 16, 2025
Bond Issuance Presentation to Utilities Board	June 18, 2025
1 st Reading of Ordinance at City Council	June 24, 2025
2 nd Reading of Ordinance and Vote at City Council	July 8, 2025
Issuance Pricing Date	August 5, 2025
Issuance Closing Date	August 19, 2025

Plan of Finance Objectives:

Objective 3: Successfully manage debt-supporting instruments and services

Liquidity Agreements:

- \$306.7 million in variable rate debt (all hedged)
- Longer term bonds with weekly interest reset
- Remarketing agents set interest rates
- Liquidity providers backstop the bonds if no buyers
- Two facilities expire in September 2025

Line of Credit:

- \$75 million revolving line of credit with U.S. Bank
- Expires in September 2025

Tentative SBPA / Liquidity Events:	Tentative Date:
Renew 2008A & 2010A Liquidity Facilities and Line of Credit	June 6, 2025
Presentation to Working Committee	June 16, 2025
Presentation to Utilities Board	June 18, 2025
Renew/Replace Liquidity Facilities and Line of Credit	September 10, 2025

Plan of Finance Objectives:

Objective 3: Successfully manage debt-supporting instruments and services

Other or past items not requiring major action in the 2025 Plan of Finance

- Swaps – Anticipate the swap portfolio will continue to perform as expected
- VRDO Remarketers – No anticipated changes or modifications
- Public Authority for Colorado Energy – Anticipate normal/routine operations in 2025

Plan of Finance Objectives:

Objective 4: Manage The Utilities' financial reputation and industry relationships to ensure market access

Three area of focus:

1. Maintain strong banking relationships to help Utilities' financing plans

Actions:

- Utilities will select underwriters from the pool this spring for the 2025AB bond issuance

2. Maintain strong investor relationships

Actions:

- Plans to participate in the 2025 JPMorgan Investor Conference



Plan of Finance Objectives:

Objective 4: Manage The Utilities' financial reputation and industry relationships to ensure market access

3. Maintain strong relationships with rating agencies

- Moody's = Aa2 / Stable Outlook
- Standard & Poor's = AA+ / Stable Outlook
- Fitch Ratings= AA / Stable Outlook

Credit Rating Agency Events:	Tentative Date:
Credit Presentation Preparation	April – July 2025
Credit Rating Agency Presentations	July 2025
Submit 2025AB Ratings Requests	July 2025
Receive 2025AB Issuer Credit Ratings	July 2025
Receive Credit Ratings for 2008A and 2010C Renewals	September 2025



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Date: November 20, 2024

To: Utilities Board

From: Travas Deal, Chief Executive Officer

Subject: **Excellence in Governance Monitoring Report
Financial Condition and Activities (I-2)**

Desired Action: Monitoring

Compliance: The CEO reports compliance with the instructions.

INSTRUCTIONS			
Category:	Utilities Board Instructions to the Chief Executive Officer	Reporting Timeframe:	July 1, 2024 – September 30, 2024
Policy Title (Number):	Financial Condition and Activities (I-2)	Reviewing Committees:	Finance; Program Management Review
Monitoring Type:	Internal; City Auditor	Monitoring Frequency:	Quarterly, Annually
Guidelines:	Local Vendor (G-7)		

The Chief Executive Officer shall direct that financial condition and activities and actual expenditures are consistent with Board Expected Results. Accordingly, the CEO shall:

1. *Operate within total appropriations for the fiscal year and inform the Utilities Board of:*
 - a. *Significant financial variances*
 - 2024 projected Total Use of Funds to be \$1.36B a decrease of \$(146.6) million or (9.7)% from the 2024 Approved Budget of \$1.50B.
 - Fuel expenses are projected to be \$160.2 million or 38% under the approved budget primarily due to lower actual and forecasted 2024 natural gas prices than those projected at the time of the 2024 budget appropriation.
 - Operating revenues are currently \$151.4 million or 12.9% under the approved budget due to a decrease in fuel costs that are being reflected in lower ECA / GCA revenue.
 - Capital expenses are projected to be \$4.6 million or 1% over the approved budget primarily related to Sustainable Energy Plan (SEP).
 - Non-fuel operating expenses are projected to be \$8.3 million or 2% over approved budget primarily related to unplanned and unbudgeted projects and programs of work.
 - Debt Service, Surplus Transfers, and Franchise Fee’s are projected to be \$0.8M or 0.3% over the approved budget

- b. *Expenditures that exceed the Federal Energy Regulatory Commission capital and operating and maintenance budget classifications in electric, natural gas, water, wastewater and common.*

As of the end of the third quarter of 2024:

- Operating and maintenance expenses are projected to exceed the approved budget by \$0.4 million or 2% in Wastewater and \$3.3 million or 2% in Administrative and General
- Capital expenditures are projected to exceed the approved budget by \$13.4 million or 6% in Electric, \$5.8 million or 14% in Gas, and \$1.7 million or 2% in Water

- c. *Budget transfers and canceled major capital projects over \$500,000 in the Approved Budget or new major capital projects not funded in the Approved Budget.*

In the third quarter of 2024, there was 9 canceled capital projects, eight in Electric and one in Common:

- Computer Maintenance Management System (596710) - \$5,251,433
- SEP EIRP Implementation (193784) - \$4,754,000
- Patty Jewett Substation (194026) - \$1,630,000
- Flying Horse Substation - Add New Transformer, Switchgear, and Feeders (193780) - \$1,600,000
- Horizon Substation - Add New Feeder (194025) - \$1,558,000
- Santa Fe Substation (194029) - \$1,080,000
- Nixon ZD - All Softening Plant Vessels (193529) - \$1,000,000
- Fuller Substation - Add New Transformer, Switchgear, and Feeders (194033) - \$770,000
- Fontanero 115kV UG Reconfiguration (193933) - \$715,000

In the third quarter of 2024, there were 4 new capital projects, one in Electric and three in Water:

- SEP - Horizon Power Plant (194144) - \$13,977,713
- FLCC Shares Acquisition (394807) - \$1,766,000
- Water Capital Improvements (394677) - \$800,609
- LAWMA Shares Acquisition (394672) - \$512,468

2. *Inform the Utilities Board of contracts that have been issued over \$500,000.*

In the third quarter of 2024, there were 28 new contracts initiated over \$500,000.

Service	Description	Type	Contract Amount
Wastewater Service	LVSRRF Aeration Diffuser Replacement	STANDARD	\$11,445,222
Water Service	Homestake 72" In Line Valve On Discharge Line Construction	STANDARD	\$6,200,552

Electric Service	SEP Kelker Control Enclosure	STANDARD	\$5,755,662
Electric Service	Central Bluffs Substation Control Enclosure	STANDARD	\$3,038,751
Service	Description	Type	Contract Amount
Water Service	Garden of the Gods FWLAP	RELEASE	\$2,799,898
Electric Service	Front Range Power Plant Heat Recovery Steam Generator HRSG 1 Elevator installation	STANDARD	\$2,765,235
Multi Service	Smartnet Support and Maintenance - 3 Year Renewal	RELEASE	\$2,415,175
Electric Service	Front Range Power Plant Long Term Service Agreement	RELEASE	\$2,342,808
Multi Service	Mass Deployment Zones 20-24 Task Order 2024.001291	RELEASE	\$1,310,688
Multi Service	Landis+Gyr AMI Warehouse Stock Material Task Order 2023.001010	RELEASE	\$1,252,996
Electric Service	Cable & Wire Alliance - Held at Irby	RELEASE	\$1,008,008
Electric Service	Cable & Wire Alliance Held at Irby	RELEASE	\$947,208
Water Service	Half Moon Dr. Pipe Replacement Project	RELEASE	\$896,664
Multi Service	Information Technology Service Management Tool	RELEASE	\$873,232
Multi Service	Motorola Radio Purchase (NASPO)_NTS	RELEASE	\$872,007
Water Service	Cathodic Protection General Construction Airport Rd, Alley South of Platte, Friendship Ln	RELEASE	\$857,519
Electric Service	Consulting Services EIRP Far East	RELEASE	\$840,000
Electric Service	LYSC.AP	STANDARD	\$764,698
Water Service	Pipe Diver Pipeline Inspection - Homestake	RELEASE	\$709,035
Multi Service	Mass Deployment Zones 11-19 Task Order 2022.000535	RELEASE	\$700,836
Multi Service	Peak Innovation Py And Integration Lp Ph 3 And 4	RELEASE	\$670,294
Water Service	Purchase new end dumps	RELEASE	\$646,650
Electric Service	Horizon Substation	RELEASE	\$631,413
Water Service	Pipe Diver Pipeline Inspection - Homestake	RELEASE	\$615,285
Electric Service	2024 Renewal - S&P Global Platts Master Subscription Agreement	RELEASE	\$614,492
Electric Service	Cable & Wire Alliance Held at Irby	RELEASE	\$596,310
Multi Service	VMware license for VVware vSphere Foundation	RELEASE	\$584,270
Electric Service	Boiler and Associated Plant Repair Services Blanket Total Western	RELEASE	\$539,088

In the third quarter of 2024, there were four existing contracts increasing to over \$500,000.

Service	Description	Type	Contract Amount	
			Prior Qtr. Amount	Q2 Amount
Multi Service	2024 Blanket Caterpillar, Kubota & John Deere Repair & Maintenance	RELEASE	\$500,000	\$800,000
Wastewater Service	LVSRRF Sludge Pump Replacement Design	RELEASE	\$451,760	\$573,805
Electric Service	N12404 Boiler Chemical Cleaning	STANDARD	\$417,057	\$543,724
Multi Service	2024 Blanket Aerial Truck Repair & Maintenance	RELEASE	\$425,000	\$540,000

3. *Invest funds in accordance with Bond Ordinance requirements and Utilities Investment Plan.*

All cash and investments are in U.S. Treasury Notes, U.S. Agency securities, repurchase agreements, Local Government Investment Pools, and secured bank accounts that comply with Bond Ordinance investment requirements and the Colorado Springs Utilities Investment Plan.

4. *Ensure controls are in place for receiving, processing, or disbursing funds and allow only bonded personnel access to material amounts of funds.*

Colorado Springs Utilities maintains adequate controls that are reviewed annually by an external auditor. Appropriate personnel have access to material amounts of funds. In addition, the City of Colorado Springs’ Risk Management team has expanded insurance coverage of high-risk employees through a shared Crime Insurance Policy, which affords a financial backstop for employee theft, forgery, money order tampering, counterfeit money, and other elements of potential fraud and misappropriation.

5. *Ensure receivables are resolved within a reasonable grace period.*

Days Sales Outstanding (DSO) is the average number of days receivables remain outstanding before being collected. At the end of the third quarter of 2024, there is 27.28 of DSO.

6. *Settle payroll and debts in a timely manner.*

These conditions have been achieved as of this monitoring report.

- 7. Ensure tax payments or other government ordered payments are timely and materially accurate.*

These conditions have been achieved as of this monitoring report.

- 8. Operate within the applicable sections of the Colorado State Procurement Code and Springs Utilities procurement policies and procedures assuring legal and fiscal compliance with competitive acquisition practices, conflict of interest, favoritism and procurement from local vendors.*

Colorado Springs Utilities maintains written purchasing regulations that assure legal and fiscal compliance with competitive acquisition practices, avoid conflicts of interest, avoid favoritism, and promote procurement from local vendors. Total spending associated with purchase orders and contracts with local area addresses is at 29.7% for the second quarter, with a target of 30%.

- 9. Inform the Utilities Board of significant financial impacts on the Municipal Government.*

During the third quarter of 2024, there were no significant financial impacts on the Municipal Government.



Date: November 20, 2024

To: Utilities Board

From: Travas Deal, Chief Executive Officer

Subject: **Excellence in Governance Monitoring Report
Financial Condition and Activities (I-2)**

Desired Action: Monitoring

Compliance: The CEO reports compliance with the instructions.

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Monitoring Type:	Internal; City Auditor	Monitoring Frequency:	Quarterly, Annually
Guidelines:	Local Vendor (G-7)		

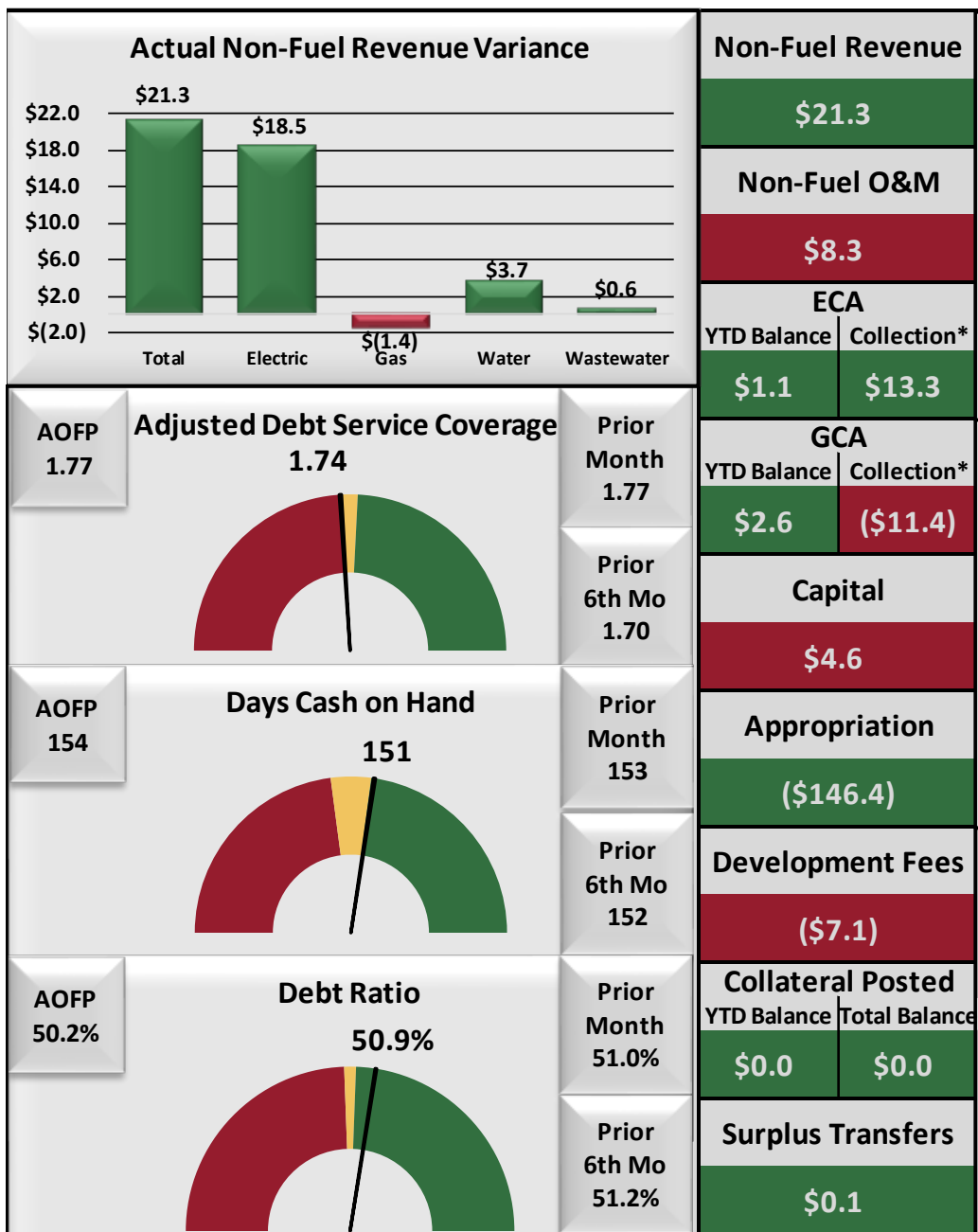
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 - Capital expenses are projected to be \$4.6 million or 1% over the approved budget primarily related to Sustainable Energy Plan (SEP).
 - Non-fuel operating expenses are projected to be \$8.3 million or 2% over approved budget primarily related to unplanned and unbudgeted projects and programs of work.
 - Debt Service, Surplus Transfers, and Franchise Fee’s are projected to be \$0.8M or 0.3% over the approved budget

- b. Expenditures that exceed the Federal Energy Regulatory Commission capital and operating and maintenance budget classifications in electric, natural gas, water, wastewater and common.

As of the end of the third quarter of 2024:

- Operating and maintenance expenses are projected to exceed the approved budget by \$0.4 million or 2% in Wastewater and \$3.3 million or 2% in Administrative and General
- Capital expenditures are projected to exceed the approved budget by \$13.4 million or 6% in Electric, \$5.8 million or 14% in Gas, and \$1.7 million or 2% in Water



- 2. Budget transfers and canceled major capital projects over \$2,000,000 in the Approved Budget or new major capital projects not funded in the Approved Budget.*

In the third quarter of 2024, there was 9 canceled capital projects, eight in Electric and one in Common:

Still discussing the best variance reporting methodology for the I-2 report with OCA

- 3. Invest funds in accordance with Bond Ordinance requirements and Utilities Investment Plan.*

All cash and investments are in U.S. Treasury Notes, U.S. Agency securities, repurchase agreements, Local Government Investment Pools, and secured bank accounts that comply with Bond Ordinance investment requirements and the Colorado Springs Utilities Investment Plan.

- 4. Ensure controls are in place for receiving, processing, or disbursing funds and allow only bonded personnel access to material amounts of funds.*

Colorado Springs Utilities maintains adequate controls that are reviewed annually by an external auditor. Appropriate personnel have access to material amounts of funds. In addition, the City of Colorado Springs' Risk Management team has expanded insurance coverage of high-risk employees through a shared Crime Insurance Policy, which affords a financial backstop for employee theft, forgery, money order tampering, counterfeit money, and other elements of potential fraud and misappropriation.

- 5. Ensure receivables are resolved within a reasonable grace period.*

Days Sales Outstanding (DSO) is the average number of days receivables remain outstanding before being collected. At the end of the third quarter of 2024, there is 27.28 of DSO.

- 6. Settle payroll and debts in a timely manner.*

These conditions have been achieved as of this monitoring report.

- 7. Ensure tax payments or other government ordered payments are timely and materially accurate.*

These conditions have been achieved as of this monitoring report.

- 8. Operate within the applicable sections of the Colorado State Procurement Code and Springs Utilities procurement policies and procedures assuring legal and fiscal*

compliance with competitive acquisition practices, conflict of interest, favoritism and procurement from local vendors.

Colorado Springs Utilities maintains written purchasing regulations that assure legal and fiscal compliance with competitive acquisition practices, avoid conflicts of interest, avoid favoritism, and promote procurement from local vendors. Total spending associated with purchase orders and contracts with local area addresses is at 29.7% for the second quarter, with a target of 30%.

9. Inform the Utilities Board of significant financial impacts on the Municipal Government.

During the third quarter of 2024, there were no significant financial impacts on the Municipal Government.

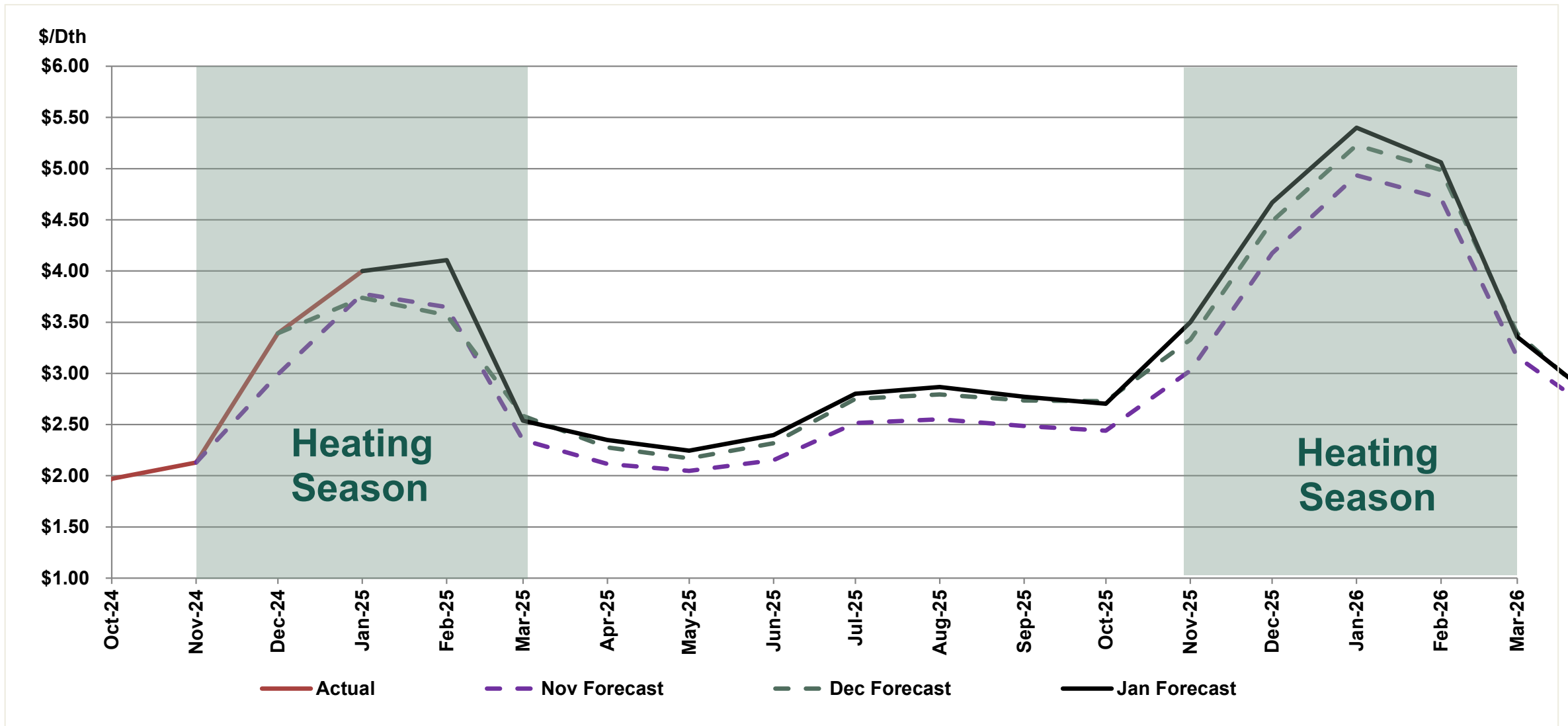


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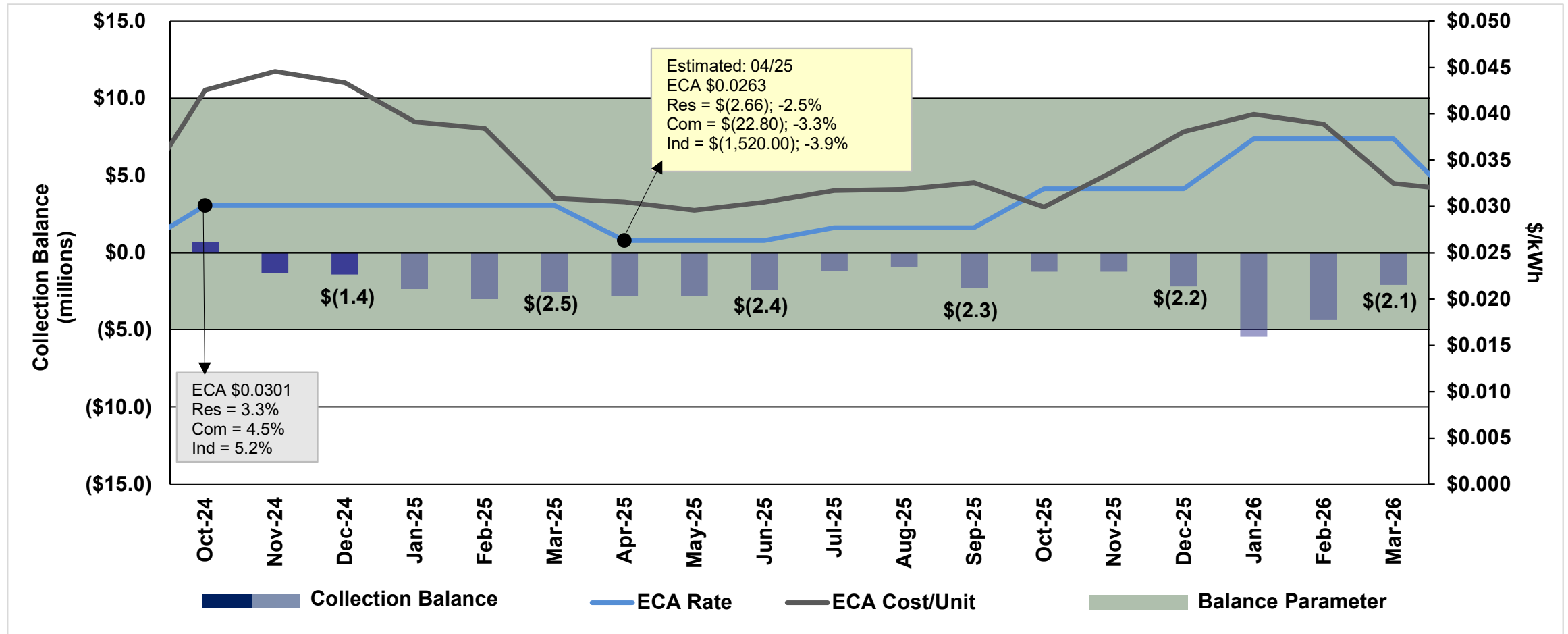
Electric Cost Adjustment Gas Cost Adjustment

Finance Committee
January 21, 2025

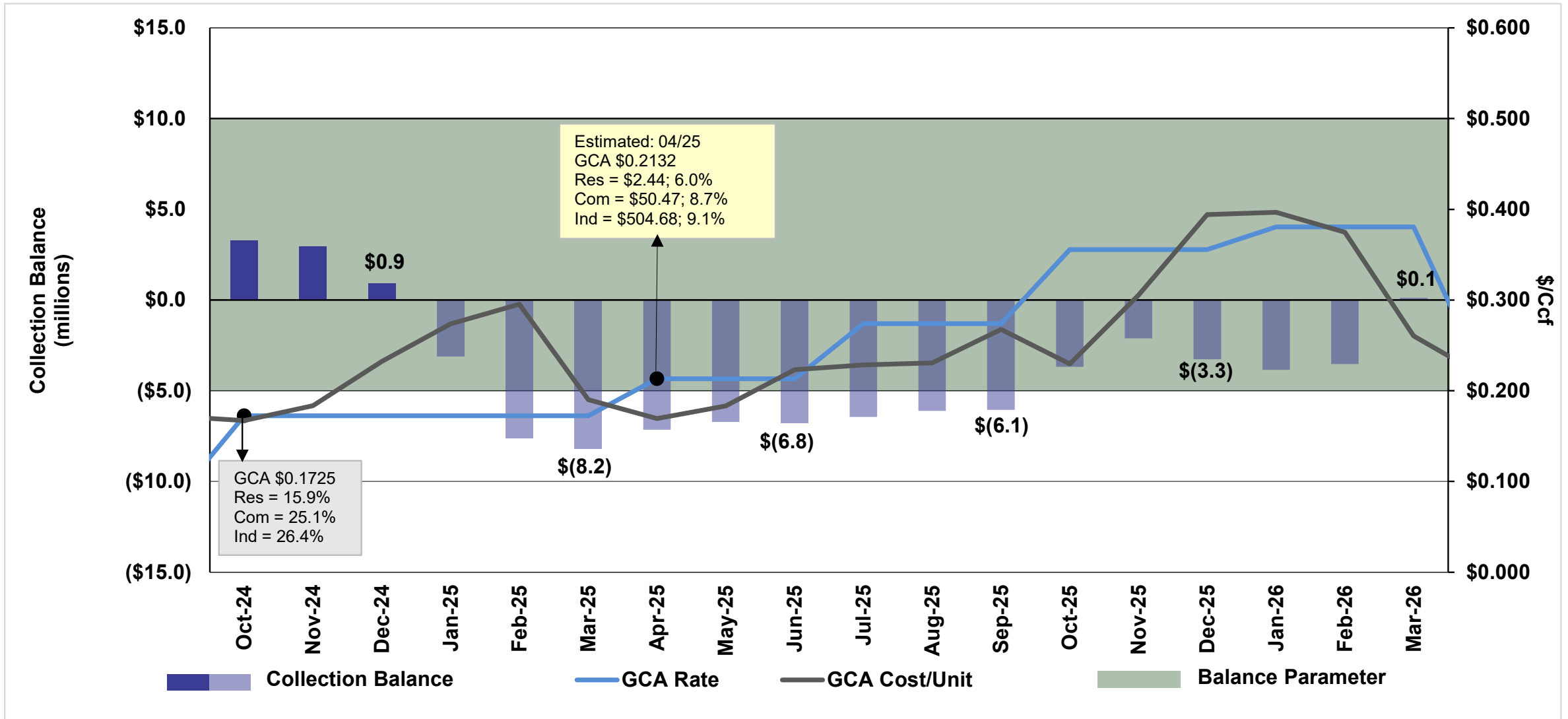
Natural Gas Prices as of January 1, 2025



ECA Projections January 2025



GCA Projections January 2025





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