



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 Bejadhar, 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.