Colorado Springs Utilities
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COLORADO SPRINGS UTILITIES BOARD
MS Teams
and Blue River Board Room
Plaza of the Rockies
121 S. Tejon Street
South Tower, 5th Floor

AGENDA
Wednesday, June 15, 2022
1:00 p.m.
Join on your computer or mobile app
Click here to join the meeting
Or call in (audio only)
+1 719-733-3651,,432971048#

1:00 p.m.	**1.**	Call to Order	Chair Wayne Williams	
1:05 p.m.	**2.**	Invocation and Pledge of Allegiance		
1:10 p.m.	**3.**	Consent Calendar **These items will be acted upon as a whole, unless a specific item is called for discussion by a Board Member or a citizen wishing to address the Utilities Board. (Any items called up for separate consideration shall be acted upon following Compliance Reports.)**	Chair Wayne Williams	
		3a. Approval of Minutes: May 18, 2022 3b. A Resolution Appointing Joseph Rasmussen to the Fountain Valley Authority Board of Directors	Chair Wayne Williams	**Approval**
1:15 p.m.	**4.**	Recognition: • Acknowledging the Commendable Performance of Customer Service Center Manager Brenda Koskey • Accounting Team		**Information**
1:25 p.m.	**5.**	Customer Comments **Those who wish to comment may have submitted their name and topic or agenda item on the signup sheet or via the email address: boardsubmissions@csu.org or the signup sheet in the boardroom.**	Chair Wayne Williams	**Information**

- **During the customer comment period, comments are accepted for any topic not on the agenda.**
- **Comments for specific agenda items will be taken following the presentation of the item and the Board's discussion.**
- **Comments will be limited to three minutes per speaker, per item.**
- **Following the comments from customers that have signed up to speak, an announcement will be made seeking additional comments and the Board will accept all those wishing to comment.**

1:35 p.m.	**6.**	Compliance Reports: E-2 CEO Responsibilities • Water Outlook	Aram Benyamin, Chief Executive Officer	**Monitoring**
1:50 p.m.	**7.**	Items Called Off Consent Calendar		
1:55 p.m.	**8.**	Fuel Filing Update	Scott Shirola, Pricing and Rates Manager	**Discussion**
2:25 p.m.	**9.**	2022AB Bond Ordinance Update	Adam Hegstrom, Treasury and Finance Manager	**Discussion**
2:45 p.m.	**10.**	UPAC (Utilities Policy Advisory Committee) Water Acquisition Funding Assignment Recommendation	Gary Burghart, UPAC Chair	**Discussion**
3:05 p.m.	**11.**	December 2021 Windstorm After-Action Report and Improvement Plan	Charles Cassidy, Energy Construction Operations and Maintenance General Manager Erin Duran, Emergency Management	**Discussion**

			Program Manager	
3:25 p.m.	**12.**	Board Member Updates	Board of Directors	**Information**
3:30 p.m.	**13.**	Executive Session **In accordance with City Charter art. III, § 3-60(d) and its incorporated Colorado Open Meetings Act, C.R.S. § 24-6-402(4)(a), (b), (e) and (f) and Utilities Board Bylaw Rules 10(c)(1), (2), (5) and (6), the Utilities Board, in Open Session, is to determine whether it will hold a Closed Executive Session on two issues. The first issue to be discussed involves a personnel matter related to compensation of the Chief Executive Officer. The second issue to be discussed involves the purchase and acquisition of an interest in real property, conferences with the City Attorney's Office for the purpose of receiving legal advice on specific legal questions, and instructing negotiators.** **The City Attorney's Office, on behalf of the Chair of the Utilities Board, shall poll the Utilities Board members, and, upon consent of two-thirds of the members present, may conduct a Closed Executive Session. In the event any Utilities Board member is participating electronically or telephonically in the Closed Executive Session, each Utilities Board member participating electronically or telephonically in the Closed Executive Session shall affirmatively state for the record that no other member of the public not authorized to participate in the electronic Closed Executive Session is present or able to hear the matters discussed as part of the Closed Executive Session. If consent to the Closed Executive Session is not given, the item may be discussed in Open Session or withdrawn from consideration.**	Bethany Burgess, Division Chief – Utilities, Office of the City Attorney	
4:30 p.m.	**14.**	Adjournment	Chair Wayne Williams	

MINUTES
Colorado Springs Utilities Board Meeting
Wednesday, May 18, 2022

Utilities Board members present via Microsoft Teams or Blue River Conference Room: Chair Wayne Williams, Dave Donelson, Randy Helms, Bill Murray, Stephannie Fortune, Yolanda Avila, Nancy Henjum and Tom Strand

Utilities Board members excused: Vice Chair Mike O'Malley

Staff members present via Microsoft Teams or Blue River Conference Room: Aram Benyamin, Travas Deal, Bethany Schoemer, Natalie Watts, Al Wells, Chrisitan Nelson, Mike Francolino, Brian Wortinger, David Longrie, Matt Dudden, Tristan Gearhart and Lisa Barbato

City of Colorado Springs staff members present via Microsoft Teams or Blue River Conference Room: Bethany Burgess, Ryan Trujillo and Jacqueline Rowland

Citizens present via Microsoft Teams or Blue River Conference Room: Deborah Stout-Meininger and Sam Masias

1. **Call to Order**
   Chair Wayne Williams called the Utilities Board meeting to order at 1:02 p.m. and Ms. Bethany Schoemer, Public Affairs Specialist, called the roll.

2. **Invocation and Pledge of Allegiance**
   Rabbi Michael Schoening from The Olive Tree Messianic Synagogue delivered the invocation and Chair Williams led the Pledge of Allegiance.

3. **Consent Calendar**
   3a. Approval of Minutes: April 20, 2022
   Board Member Strand moved approval of the Consent Calendar and Board Member Avila seconded the motion. The Consent Calendar was unanimously approved.

4. **Recognition**
   Recognizing the Exemplary Performance of Senior Account Manager Steve Carr
   Mr. Travas Deal, Chief Operations Officer, thanked Mr. Steve Carr, Senior Account Manager, for spearheading the Intergovernmental Services Agreement (IGSA) with Fort Carson. Mr. Deal said this was a three-year project and Mr. Carr provided exceptional service to both internal and external customers throughout the process.

Mr. Carr provided background information about the project and thanked all who supported him.

5. **Customer Comments**

Ms. Deborah Stout-Meininger expressed concerns about wind turbines, transmission lines and droughts in Colorado.

Mr. Sam Masias compared Colorado Springs' electric grid criteria to Huntsville, AL and shared improvement opportunities for advancing energy resilience.

Mr. Aram Benyamin, Chief Operating Officer, commented how Springs Utilities is supporting military bases in terms of power production and reliability. He said staff is also reviewing grants that support power and electric grids.

6. **Compliance Reports**

Chair Williams explained that compliance reports are on the agenda by exception and asked if there were any questions. There were none.

- I-2 Financial Condition and Activities - Annual City Auditors Report G-7 (Annual external)
- I-8 Asset Protection - Annual City Auditors Report
- I-2 Financial Condition and Activities (to include Contracts Over $500K**) G-7 – Q1
- E-2 CEO Responsibilities
    - ECA/GCA Monitoring
    - Water Outlook

Ms. Kalsoum Abbasi, Water Planning Supervisor, said snowpack in the Arkansas River Basin is 35% of normal and snowpack in the Colorado River Basin is 54% of normal. She said the May 1, 2022 statewide SNOTEL map shows a stark reduction of snow water equivalent (SWE) for watersheds in southern Colorado, while northern Colorado SWE remains just slightly below average.

Ms. Abbasi said April 2022 yield forecast predicts 89% of average water collection system yield, and Colorado Springs' system wide storage is about 183,200 acre-feet, or 70.8% of capacity. She explained how this is above the shorter-term (2001-2021) average of 67% for this time of year. Ms. Abbasi concluded with a graph comparing Colorado River water use versus population since 1970.

Supply Chain Update

Mr. Benyamin said the organization has found work arounds for external customers despite the supply chain shortages/delays for transformers. He said fluctuation for materials is better than before, so business is not interrupted for both internal and external customers. Mr. Benyamin also explained how the American Public Power Association (APPA) and Large Public Power Council (LPPC) wrote letters to elected

officials to raise attention about supply chain shortages and the impacts it has on the utility industry during emergency response situations. He said Springs Utilities is actively working with utility organizations across the nation to share information, exchange material and support each other. Mr. Benyamin said Springs Utilities is monitoring the next phase of these legislative rallies, particularly the U.S. Department of Commerce (DOC) investigating imported solar cells and panels.

7. **Items Called Off Consent Calendar**
   None

8. **Electric Infrastructure Grid Modernization Overview**
   Mr. David Longrie, Project Manager Supervisor, explained the organization's objective for electric infrastructure grid modernization, which is to improve the electric system to ensure safe, reliable, and competitively-priced electric service. He reviewed the five major components of Springs Utilities' grid modernization efforts and explained the importance of each:

   - Sustainable Energy Plan – Builds new generation, transmission and substation projects to meet the approved Integrated Resource Plan (IRP).
   - Independent system operator/regional transmission organization – Allows for additional energy import and export and ancillary services.
   - Infrastructure upgrades – Expand and/or upgrade existing substations, and transmission and distribution lines.
   - Distributed Energy Resources (DER) – Focuses on small-scale generation and storage, and resiliency improvements through opportunities like microgrids.
   - Fiber network – Improves operational communication and security.

   Mr. Longrie concluded with next steps for each component.

   Mr. Masias said there needs to be more distributed energy on commercial building roofs to compensate for electric grid reliability.

9. **Resolution Approving Springs Utilities' Clean Energy Plan**
   Ms. Lisa Barbato, Chief Strategic Planning and Projects Officer, provided background information about House Bill 19-1261 and explained how in June 2020, the Utilities Board approved the Energy Integrated Resource Plan (EIRP) of reducing 80% greenhouse gases by 2030 from 2005 levels. She said in April 2022, the Air Pollution Control Division completed review and verification of Springs Utilities' Clean Energy Plan (CEP) and supplied a verification report.

   Ms. Barbato explained next steps which per statue, the following remaining items need to be accomplished for Springs Utilities to be provided "safe harbor":
   - The Utilities Board needs to approve the verified CEP.
   - The Air Pollution Control Division will brief the Public Utilities Commission (PUC) on the Springs Utilities' CEP.

- The verified CEP will be submitted to PUC by July 1, 2022, and is deemed approved upon submission.

Board Member Strand moved approval of the resolution and Board Member Avila seconded the motion. It was unanimously approved.

10. Board Policy Guideline Change: Community Support (G-11)

Mr. Matt Dudden, Interim Office of Economic Development and Stakeholder Relations Manager, explained how Community Focus Fund (CFF) grant funding was discussed at the April Utilities Board meeting about changing how funds be used to support programs and projects in alignment with the original charter intent. He said the current policy (G-11) allows for 100% of CFF grant dollars to fund nonprofit organizations in support of affordable housing, and changes to G-11 must be approved by a majority Utilities Board vote.

Mr. Dudden reviewed the proposed changes to G-11 and Board Member Fortune moved approval of the changes. Board Member Helms seconded the motion and it was unanimously approved.

11. Fiber Optic Network Expansion Update

Mr. Brian Wortinger, Fiber Optics and Telecommunications Manager, explained the origin of the Springs Utilities' fiber optic network expansion project, and how legal and regulatory changes to the national electric grid and local infrastructure have impacted the fiber industry.

Mr. Wortinger explained the purpose of this assignment, which is to enable high-speed, low-latency, highly secure, highly reliable telecommunications for utility purposes. He said this project is beneficial because it enables a more resilient and secure network that sets the stage for the future of the organization's digital utility and will prepare Springs Utilities to take advantage of safety and efficiency gains across the organization's four services. He also explained how our fiber network benefits ratepayers, in terms of staff responding quicker to outages.

Mr. Wortinger discussed how Springs Utilities chose the Utility Lease Model because it provided the most benefit at the least risk to ratepayers. He said the organization bears the construction and maintenance risk for the fiber project but with little to none of the market risk, while tenants bear that risk as they provide a fixed payment to Springs Utilities, regardless of the market capture rate. Mr. Wortinger also explained how Springs Utilities selected The Broadband Group as the lead consultant for this project, who initially developed the Utility Lease Model. He said the contract with The Broadband Group is task-based, meaning Springs Utilities approves the release of tasks and subtasks for them to perform.

Mr. Wortinger concluded with project costs and said the organization plans to cash finance this project out of the allocated annual budget for capital projects.

Mr. Masias expressed concerns about the costs of fiber and how the service will financially burden ratepayers.

12. Board Member Updates

Board Member Avila thanked all staff members who presented at the meeting and prepared materials for the Utilities Board meeting. She also provided an update from the Supplier Day event.

Board Member Strand urged citizens to call Springs Utilities if they have questions about their utility bills.

Board Member Fortune shared her experience touring the Drake Power Plant and the Utilities Reliability Program gas project last week.

Board Member Henjum said a rate price increase may occur later this summer based on information shared from the May Finance Committee meeting.

Board Member Donelson also expressed appreciation from touring the Drake Power Plant and the Utilities Reliability Program gas project.

Chair Williams thanked staff for providing information in a public forum, so information is communicated across the City.

13. CEO Performance Executive Session – break until 3:05 p.m.

Ms. Bethany Burgess, Division Chief – Utilities, Office of the City Attorney, read the following language to enter Executive Session:

In accordance with City Charter art. III, § 3-60(d) and its incorporated Colorado Open Meetings Act, C.R.S. § 24-6-402(4)(a), (b), and (e) and Utilities Board Bylaw Rules 10(c)(1), (2), and (5), the Utilities Board, in Open Session, is to determine whether it will hold a Closed Executive Session. The issue to be discussed involves the purchase and acquisition of real, personal, and other property interests, consultation with the City Attorney for the purpose of receiving legal advice and instructions, and determining positions relative to matters that may be subject to negotiations, developing strategy for negotiations, and instructing negotiators regarding water rights acquisitions.

The City Attorney's Office, on behalf of the Chair of the Utilities Board, shall poll the Utilities Board members, and, upon consent of two-thirds of the members present, may conduct a Closed Executive Session. In the event any Utilities Board member is participating electronically or telephonically in the Closed Executive Session, each Utilities Board member participating electronically or telephonically in the Closed Executive Session shall affirmatively state for the record that no other member of the public not authorized to participate in the electronic Closed Executive Session is

present or able to hear the matters discussed as part of the Closed Executive Session. If consent to the Closed Executive Session is not given, the item may be discussed in Open Session or withdrawn from consideration.

Ms. Burgess polled the Utilities Board and they voted unanimously to enter Executive Session.

The Utilities Board took a break at 2:52 p.m. and entered Executive Session at 3:05 p.m.

The Utilities Board ended Executive Session at 3:31p.m.

14. Adjournment

The meeting adjourned at 3:32 p.m.

Colorado Springs Utilities
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Date: June 15, 2022

To: Utilities Board

From: Aram Benyamin, Chief Executive Officer

Subject: **A Resolution Appointing Joseph Rasmussen to the Fountain Valley Authority Board of Directors**

Desired Action: Approval

Previous Board Communications/Discussion: By resolution number 20-13, dated November 18, 2020, Colorado Springs Utilities Board re-appointed Kirk Olds as a Board Member to the Fountain Valley Authority for a three-year term effective January 1, 2021 and expiring on December 31, 2023.

Executive Summary: One Colorado Springs Board seat of the Fountain Valley Authority, recently held by Kirk Olds, has become vacant as Mr. Olds decided to pursue other opportunities in February 2022. It is necessary for the Utilities Board to appoint a Board Member to fill the three-year vacated term effective June 15, 2022 and ending December 31, 2023. The attached resolution would appoint Joseph Rasmussen, Project Supervisor, Project Management as a Director of the Fountain Valley Authority to fill the remainder of the three-year term.

Background Information: The Fountain Valley Authority is a water authority established as a separate legal and governmental entity, and a political subdivision under the laws of Colorado, and consists of the following entities: The City of Colorado Springs, The City of Fountain, Widefield Water and Sanitation District, Security Water District, and Stratmoor Hills Water District. The articles of incorporation of the Fountain Valley Authority provide that the City of Colorado Springs shall appoint four members of the Board of Directors to the Authority for a term of three years.

Options: N/A

Recommendations: Colorado Springs Utilities recommends Utilities Board approve the resolution.

RESOLUTION NO. 22-03

A RESOLUTION APPOINTING JOSEPH RASMUSSEN TO THE FOUNTAIN VALLEY AUTHORITY BOARD OF DIRECTORS TO FILL A VACATED TERM EFFECTIVE JUNE 15, 2022 AND EXPIRING DECEMBER 31, 2023

WHEREAS, Kirk Olds was recently a member of the Fountain Valley Authority Board of Directors, serving a three-year term effective January 1, 2021 and expiring December 31, 2023.

WHEREAS, Kirk Olds decided to pursue other opportunities in February 2022.

WHEREAS, Joseph Rasmussen has been selected to fill the remainder of the vacated three-year term effective June 22, 2022 and expiring December 31, 2023.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF COLORADO SPRINGS UTILITIES:

Section 1. Joseph Rasmussen is appointed to fill the remainder of the vacated three-year term as a member of the Fountain Valley Authority Board of Directors effective June 22, 2022 and expiring December 31, 2023.

DATED at Colorado Springs, Colorado, this 15th day of June 2022.

_____
Wayne Williams, Utilities Board Chair

ATTEST:

_____
Aram Benyamin, Secretary

Colorado Springs Utilities
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Date: June 15, 2022

To: Utilities Board

From: Aram Benyamin, Chief Executive Officer

Subject: **Acknowledging the Commendable Performance of Customer Service Center Manager Brenda Koskey**

Desired Action: Information

In November 2021, Brenda Koskey started working as the new manager of the Call Center. She immediately began gathering feedback from her staff and leadership team with tact and a listening ear.

When she started in her current role, trust and morale were both very low with a high turnover rate at the Call Center. Over the past few months, Brenda has single handedly changed the culture of the Customer Services Department. She has proven to be a leader who cares about her team as people, without sacrificing quality to the customer.

She immediately ramped up recruiting to address staffing concerns to right-size the service center, adding more resources to assist customers and relieve others feeling the weight of staffing shortages.

Her employees describe her as the most employee-centric manager they have ever worked for. As Brenda continued finding ways to tangibly improve employee morale, she initiated frontline focus groups to ensure her vision was in line with what is needed. She collaborated on many levels to gain buy-in as the service center simplified the entire metric structure and format.

Because of Brenda's transparent and genuine approach, she is building trust in unprecedented fashion, welcoming ideas at every level and following through on implementation. Brenda's passion for people and continuous improvement comes naturally and is contagious. She inspires her employees to perform at a high level, always with the best interest of the customer in mind.

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Date: June 15, 2022

To: Utilities Board

From: Aram Benyamin, Chief Executive Officer

Subject: **Accounting Team Recognition**

Desired Action: Information

The Accounting team is being recognized for their excellent work in successfully completing the 2021 financial year-end close and support of the annual external audit. This process is completed on an expedited timeline each year, and our audit report was issued on March 3, 2022. The objective of an external audit is to obtain assurance that our financial statements are free from material misstatement. Through the diligent work of so many in the organization, we received an unmodified (clean) opinion on our financial statements for the year ended December 31, 2021. This is the highest level of assurance that our auditors can provide.

Colorado Springs Utilities is one of the first municipal utilities in the nation to complete our year-end close and annual audit activities each year. This timing allows us to provide our audited financial statements in a very timely manner for use in the City's Annual Comprehensive Financial Report and for the Utilities' financing needs. We can only accomplish this expedited financial close with the teamwork and commitment from the Accounting team and the support of the entire organization.

Colorado Springs Utilities
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Date: June 15, 2022

To: Utilities Board

From: Aram Benyamin, Chief Executive Officer

Subject: **Excellence in Governance Monitoring Report**
Utilities Board/Chief Executive Officer Partnership Expectations (E-2)

Desired Action: Monitoring

EXPECTATIONS	
Category:	**Utilities Board/Chief Executive Officer Partnership Expectations**
Policy Number:	**E: 2 (Chief Executive Officer Responsibilities)**

The Utilities Board and the Chief Executive Officer work in partnership to achieve excellence in governance and operations to attain long-term organizational success and sustainability.

June 2022 Water Outlook using data as of May 31, 2022

Locally, temperatures were above average, and precipitation was near average in May. Demands were more than last year at this time.

2022 Demands: May use averaged 81.5 million gallons per day (MGD), which was about 31.8% more than last May. Year to date demand is averaging 51.5 MGD, which is 7.8% more than last year at this time. Temperatures in May were above the thirty-year average at 59.2 degrees Fahrenheit, which was 2.0 degrees above normal. Year to date temperatures have averaged 43.2 degrees Fahrenheit, which is 0.8 degrees above normal. Total precipitation for May was 2.02 inches, which was 101.5% of normal. Year to date precipitation is 3.62 inches, which is 74.8% of normal.

Current Reservoir Levels: Local storage is currently at about 52,320 acre-feet (79% of capacity). The 1991-2020 average is 76% of capacity. Rampart Reservoir is at 89% of capacity, and Pikes Peak storage is at 63% of capacity. System wide, total storage is about 190,200 acre-feet (74% of capacity). Last year, at this time, total system wide storage was 75% of capacity. It was about 81% at this same time in 2020, about 73% of capacity in 2019, about 85% of capacity in 2018, about 83% of capacity in 2017, about 81% of capacity in 2016, about 84% of capacity in 2015, about 66% of capacity in 2014, and about 50% in 2013. The 1991-2021 average system wide storage for the end of May is 76% of capacity.

Water Supply Outlook: Drought conditions remain despite May precipitation. The 12-week Evaporative Drought Demand Index (EDDI) shows dry evaporative demand especially

in eastern and southern Colorado; Conditions remain primarily dry across the state, and persistence of the dry signal could predict a summer drought. The three-month climate outlook predicts much higher chances of above-average temperatures and higher chances of below-average precipitation across Colorado. Snowpack in May rebounded on Colorado's east slope, but southwestern Colorado snow is now gone. Our May yield forecasting predicts 89% of average water collection system yield. We continue to monitor runoff, demand, and storage to maximize available water supply.

Operational Notes: Total system storage is at 74% of capacity and holds about 2.7 years of demand, which is slightly below average for the end of May. Local storage contains about 264 days of demand.

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Water Outlook

Kalsoum Abbasi, P.E.

Water Planning Supervisor

June 15, 2022

Local Weather Conditions as of May 31, 2022

Precipitation (Inches of Moisture)

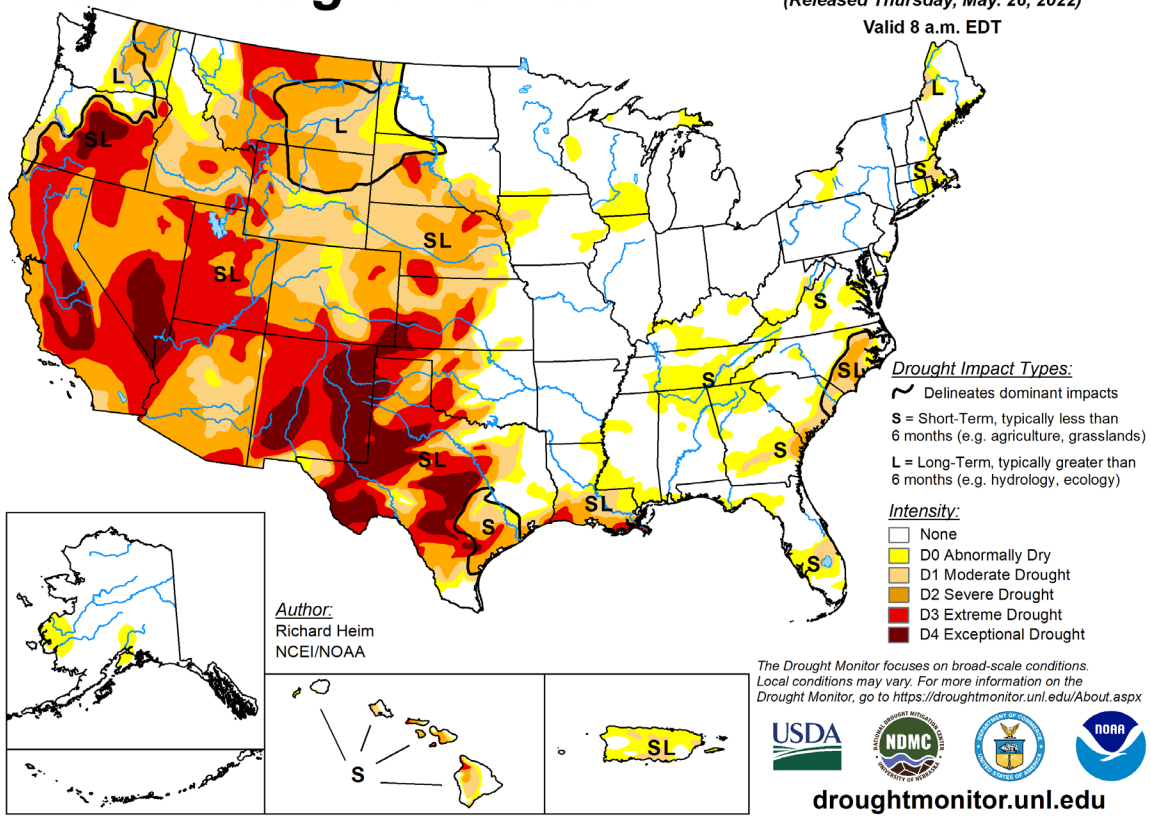
- May 2022 – 2.02 in. (101.5% of normal)
- 2022 YTD Total – 3.62 in. (74.8% of normal)

Average Temperature (Degrees F)

- May 2022 – 59.2 Deg. (2.0 deg. above normal)
- 2022 YTD Average – 43.2 Deg. (0.8 deg. above normal)

U.S. Drought Monitor

May 24, 2022
(Released Thursday, May. 26, 2022)
Valid 8 a.m. EDT



Drought Impact Types:
~ Delineates dominant impacts
S = Short-Term, typically less than 6 months (e.g. agriculture, grasslands)
L = Long-Term, typically greater than 6 months (e.g. hydrology, ecology)

Intensity:
- None
- D0 Abnormally Dry
- D1 Moderate Drought
- D2 Severe Drought
- D3 Extreme Drought
- D4 Exceptional Drought

Author:
Richard Heim
NCEI/NOAA

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. For more information on the Drought Monitor, go to https://droughtmonitor.unl.edu/About.aspx

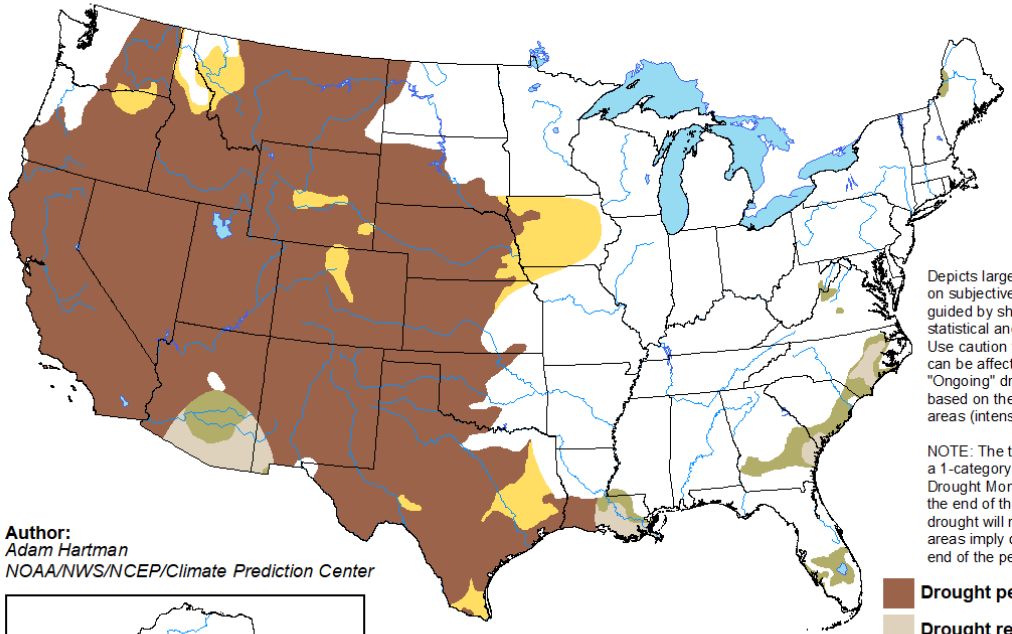
USDA NDMC NOAA

droughtmonitor.unl.edu

U.S. Seasonal Drought Outlook

Drought Tendency During the Valid Period

Valid for May 19 - August 31, 2022
Released May 19



Author:
Adam Hartman
NOAA/NWS/NCEP/Climate Prediction Center

Depicts large-scale trends based on subjectively derived probabilities guided by short- and long-range statistical and dynamical forecasts. Use caution for applications that can be affected by short lived events. "Ongoing" drought areas are based on the U.S. Drought Monitor areas (intensities of D1 to D4).

NOTE: The tan areas imply at least a 1-category improvement in the Drought Monitor intensity levels by the end of the period, although drought will remain. The green areas imply drought removal by the end of the period (D0 or none).

- **Drought persists**
- **Drought remains but improves**
- **Drought removal likely**
- **Drought development likely**

http://go.usa.gov/3eZ73

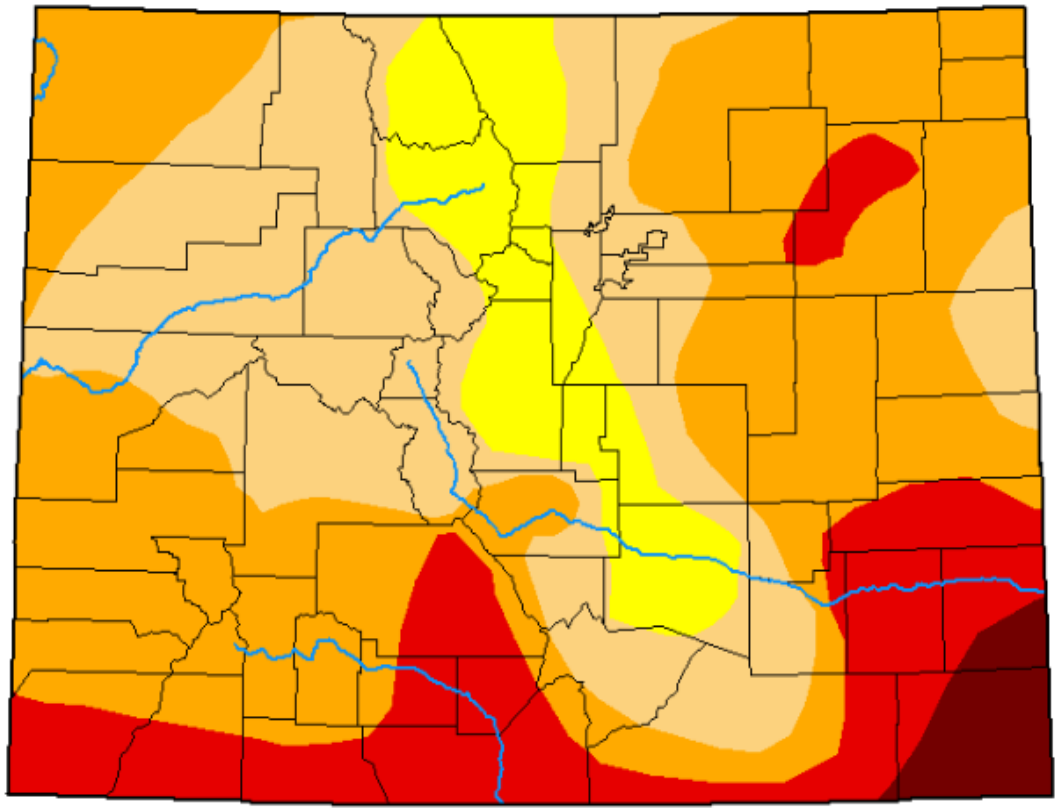
U.S. Drought Monitor

Colorado

May 24, 2022

(Released Thursday, May. 26, 2022)

Valid 8 a.m. EDT



Intensity:

- None
- D0 Abnormally Dry
- D1 Moderate Drought
- D2 Severe Drought
- D3 Extreme Drought
- D4 Exceptional Drought

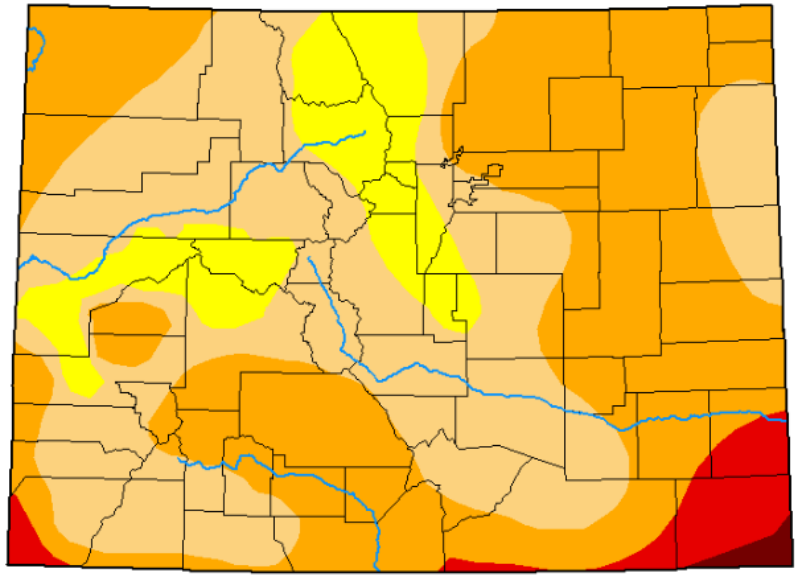
The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. For more information on the Drought Monitor, go to https://droughtmonitor.unl.edu/About.aspx

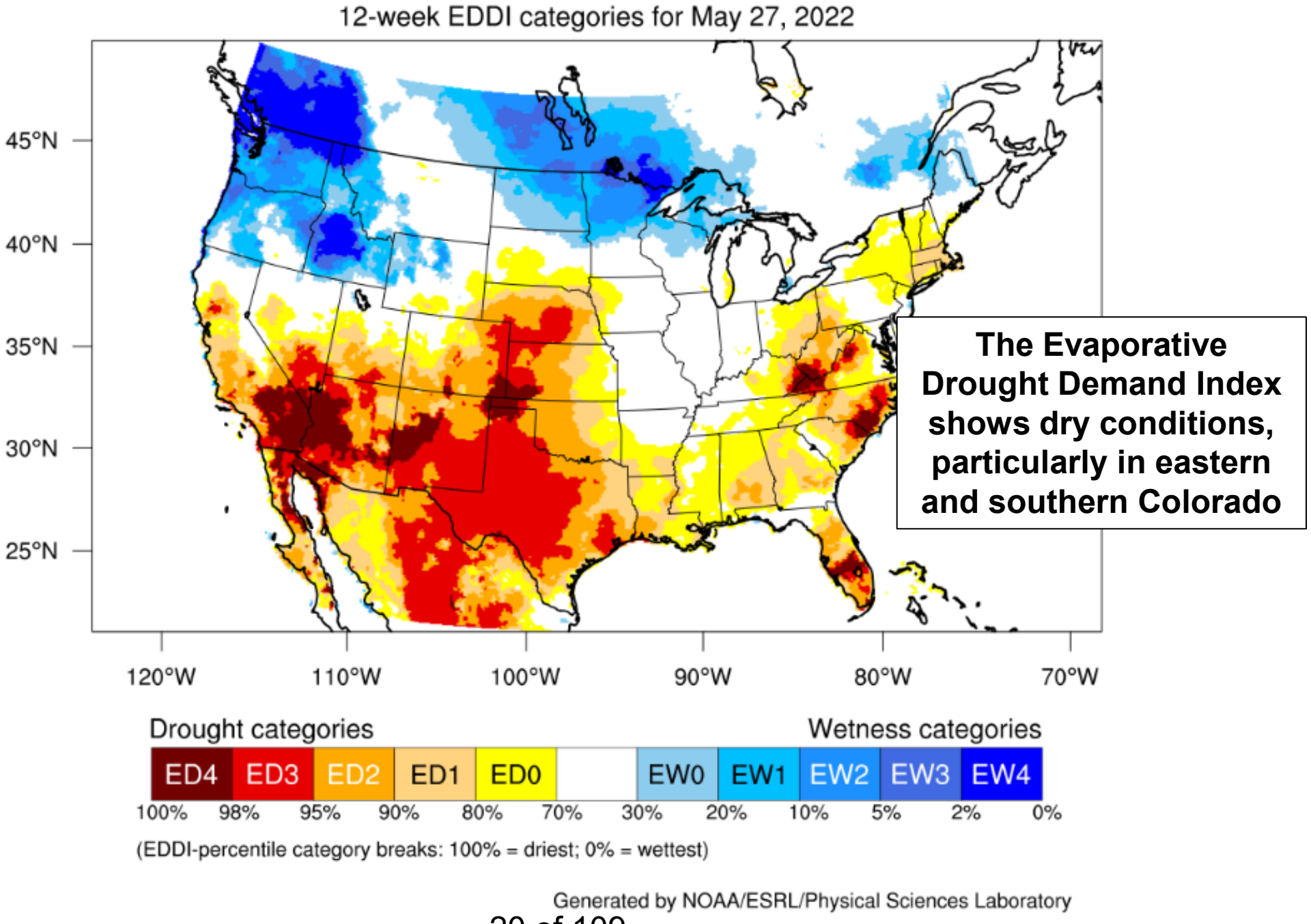
Author:

Richard Heim
NCEI/NOAA

droughtmonitor.unl.edu

Last Month:
April 26, 2022

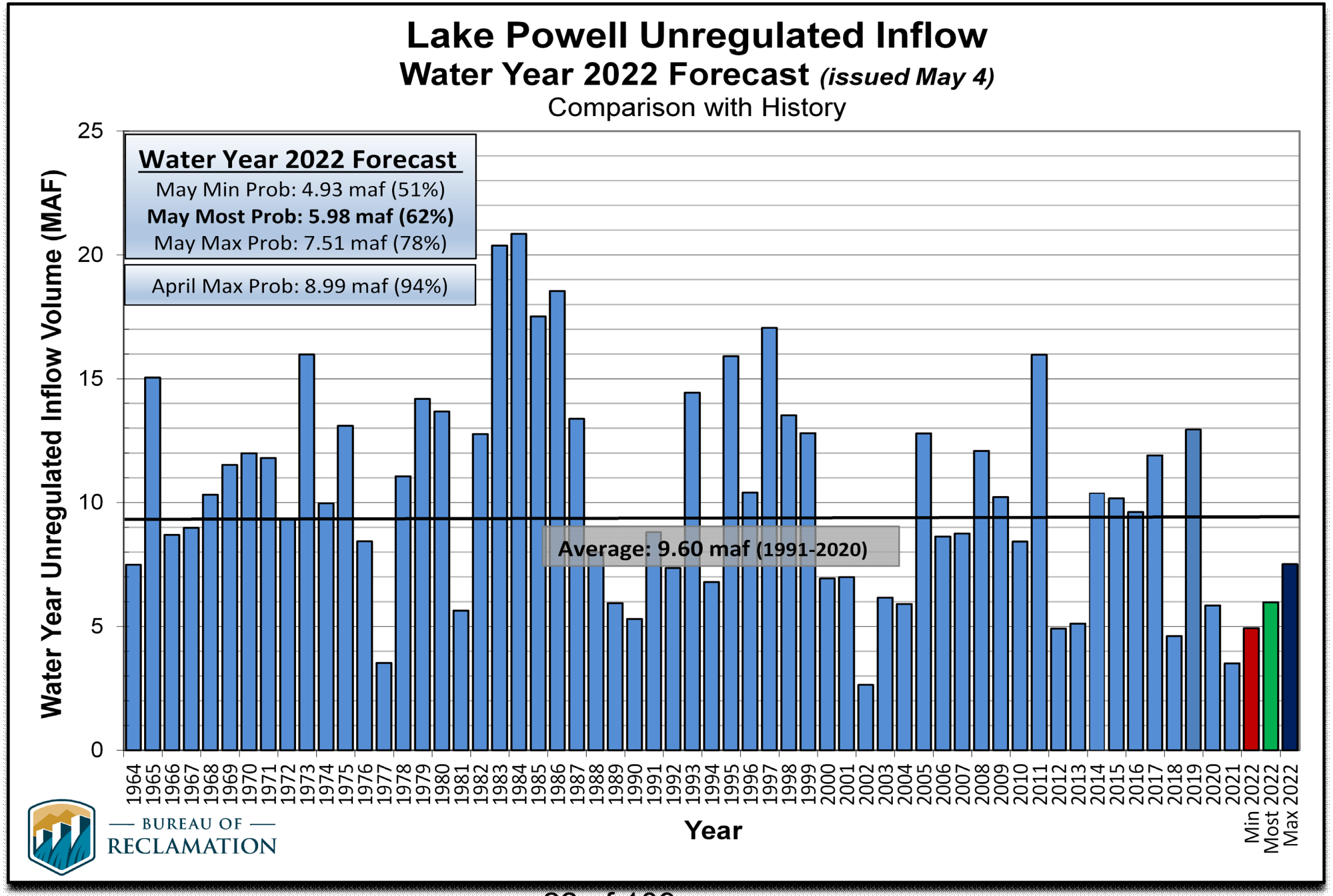




The Evaporative Drought Demand Index shows dry conditions, particularly in eastern and southern Colorado

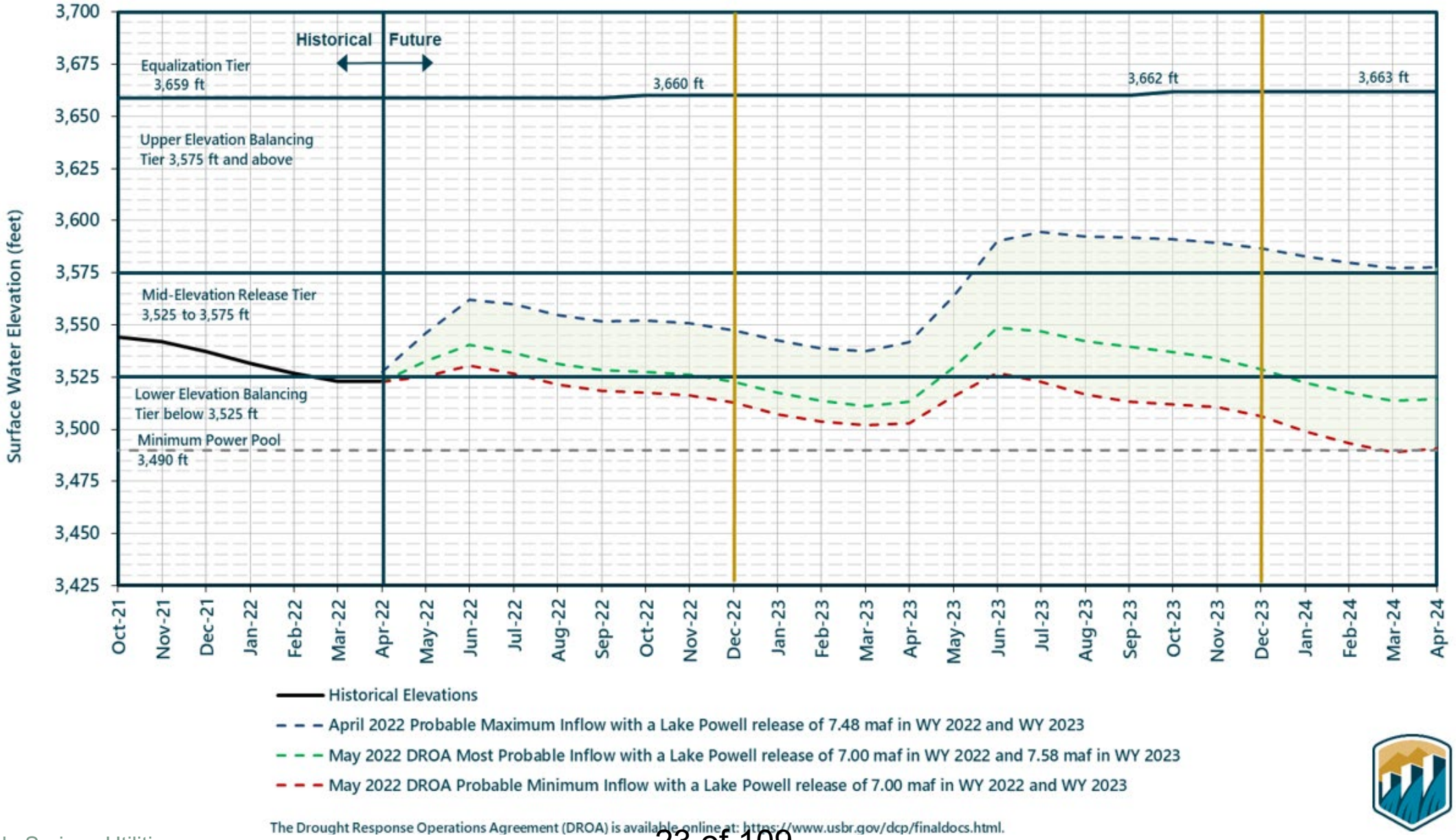
Colorado River: Situation Assessment

- The Colorado River Basin has been in persistent drought for the last 20 years
  - Unregulated inflow to Lake Powell has only been above average in five of the last 20 years
- May 2022 Lake Powell inflow projection is 5.98 million acre-feet (62% of average)
  - Over the next 12 months, a 500,000 acre-feet release from Flaming Gorge Reservoir and a 480,000 acre-feet decrease in Glen Canyon Dam releases will prop up Lake Powell
- Continued below-average inflows and declining reservoir level at Lake Powell could result in Compact compliance concerns
  - Compact administration would likely impact Colorado Springs' Colorado River Basin supplies

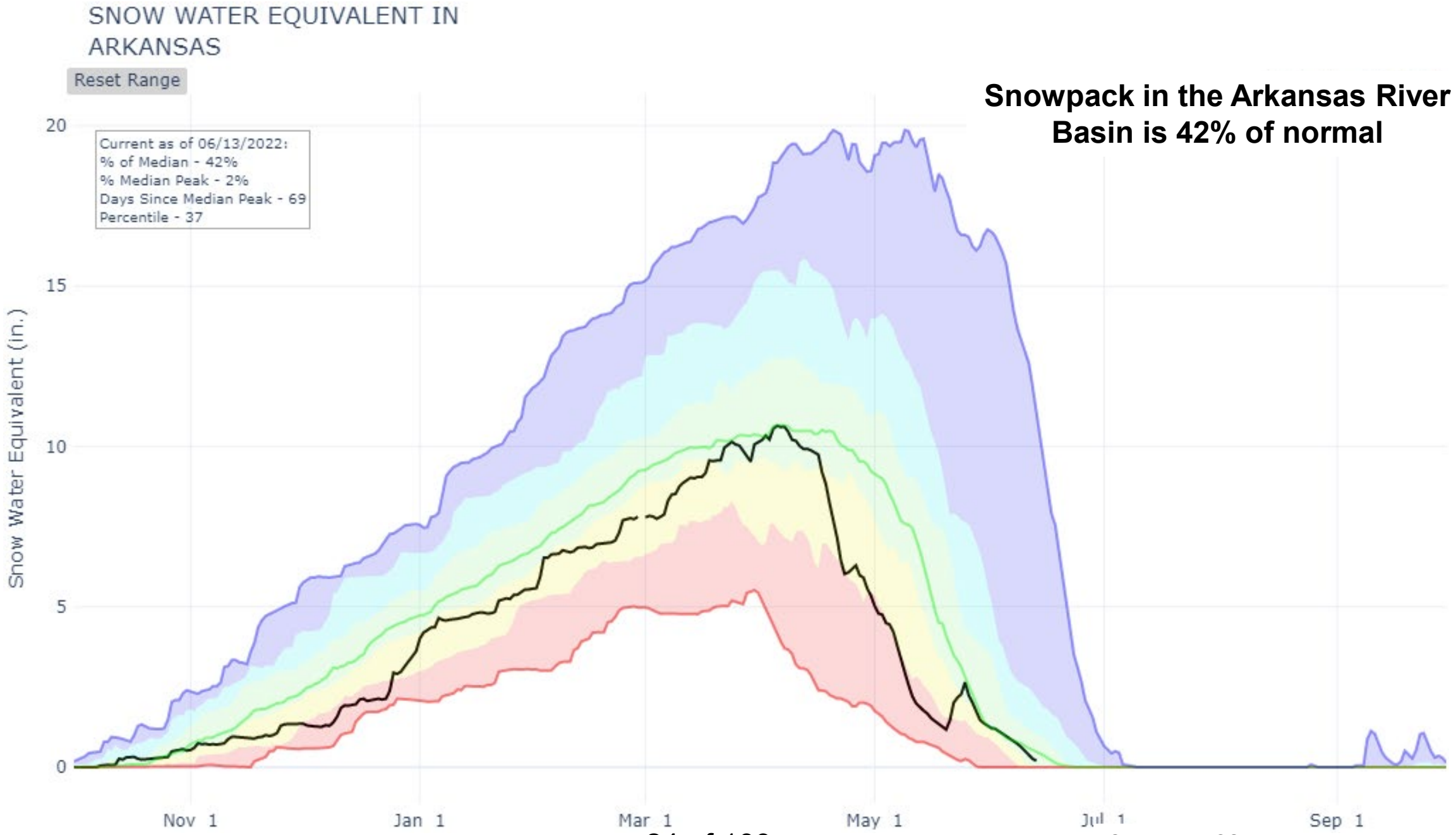

Lake Powell Unregulated Inflow
Water Year 2022 Forecast (issued May 4)
Comparison with History
Water Year 2022 Forecast
May Min Prob: 4.93 maf (51%)
May Most Prob: 5.98 maf (62%)
May Max Prob: 7.51 maf (78%)
April Max Prob: 8.99 maf (94%)
Average: 9.60 maf (1991-2020)
Water Year Unregulated Inflow Volume (MAF)
Year
BUREAU OF RECLAMATION

Lake Powell End of Month Elevations

Projections from the April and May 2022 24-Month Study Inflow Scenarios

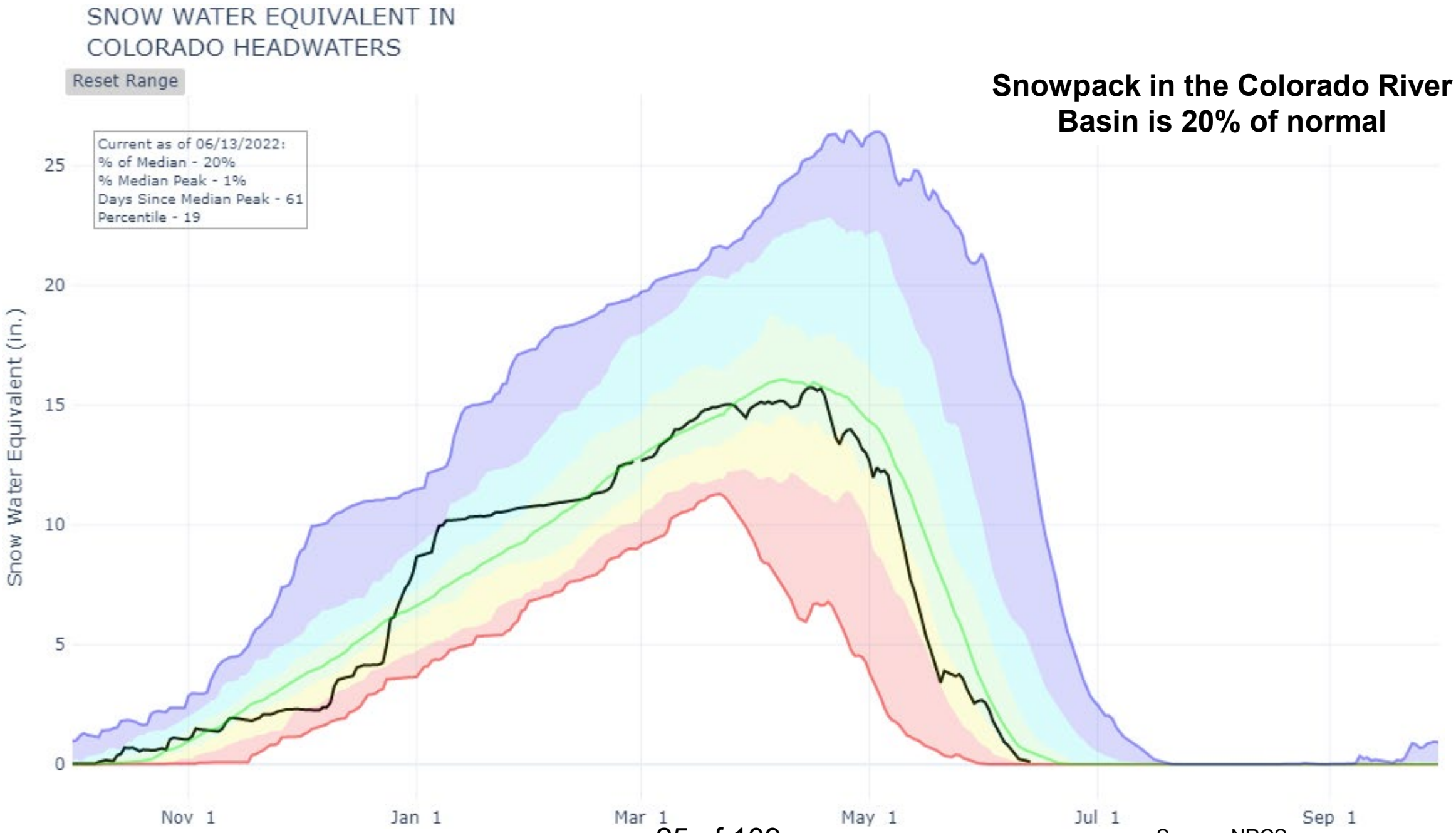


The Drought Response Operations Agreement (DROA) is available online at: https://www.usbr.gov/dcp/finaldocs.html.



Snowpack in the Arkansas River Basin is 42% of normal

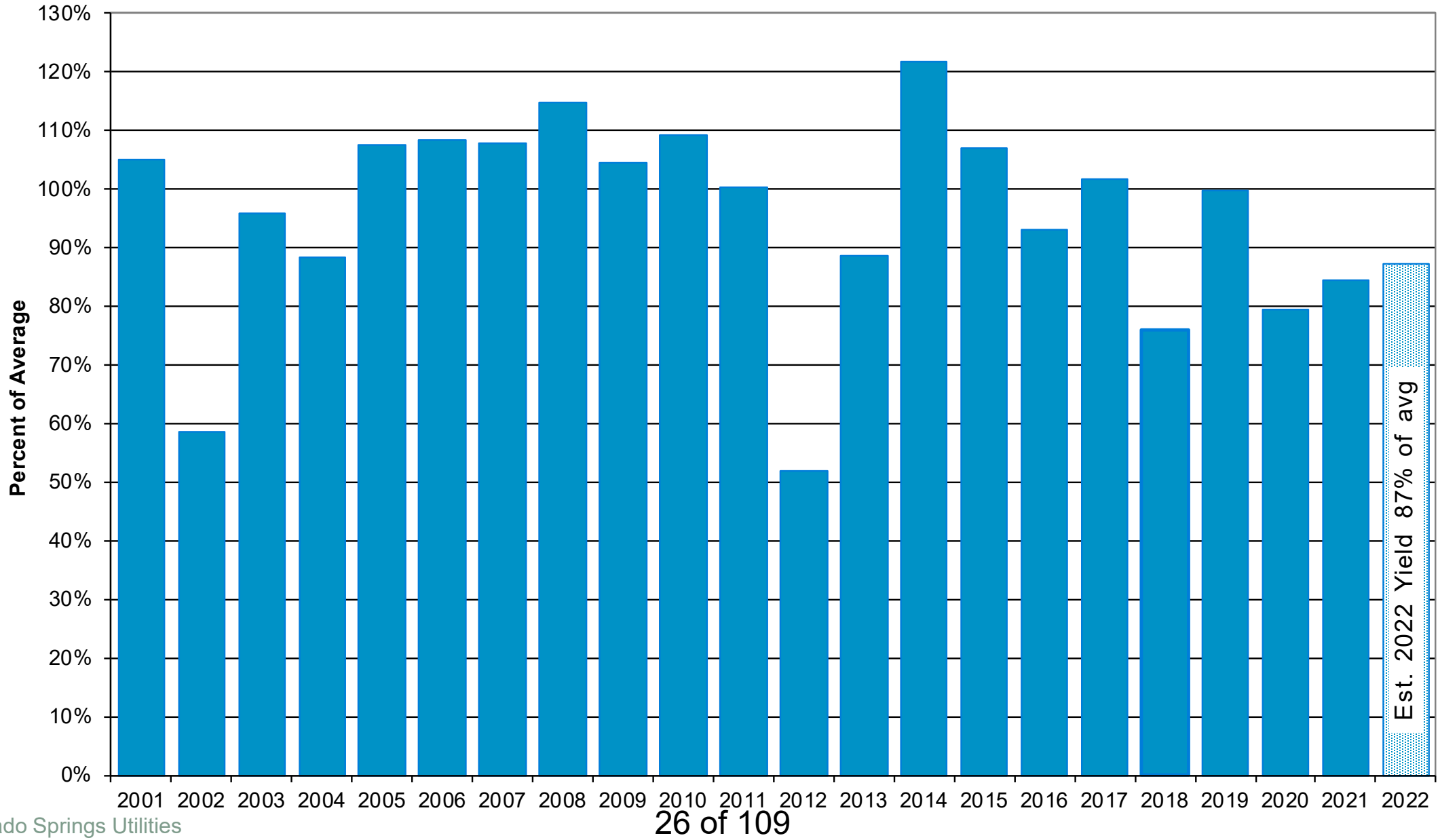
Source: NRCS



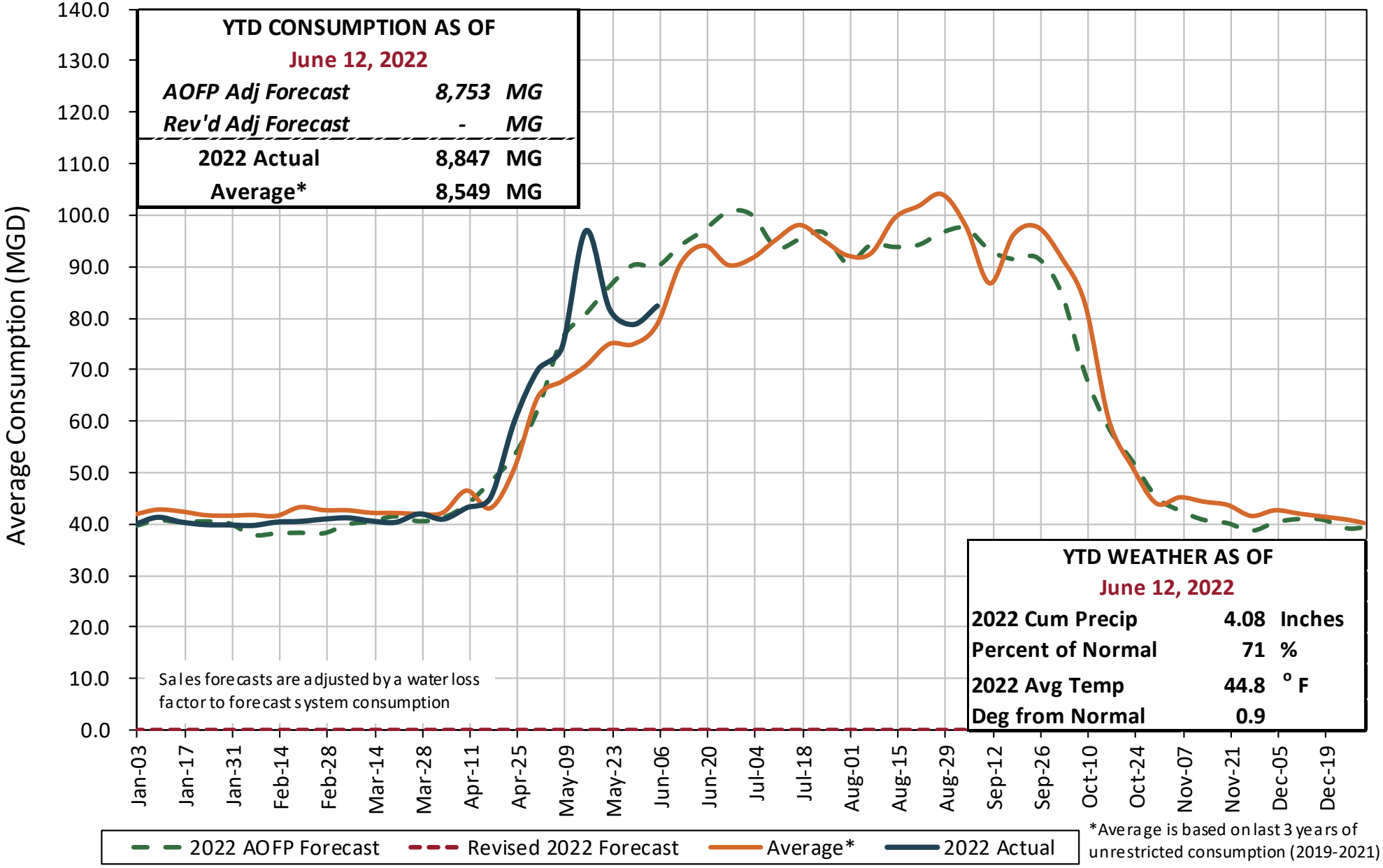
Snowpack in the Colorado River Basin is 20% of normal

Source: NRCS

Colorado Springs Water Yields 2001 - 2021



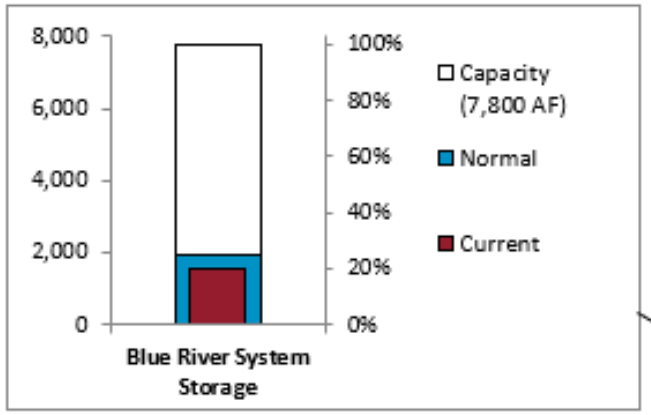
2022 Actual Consumption (Weekly Data)



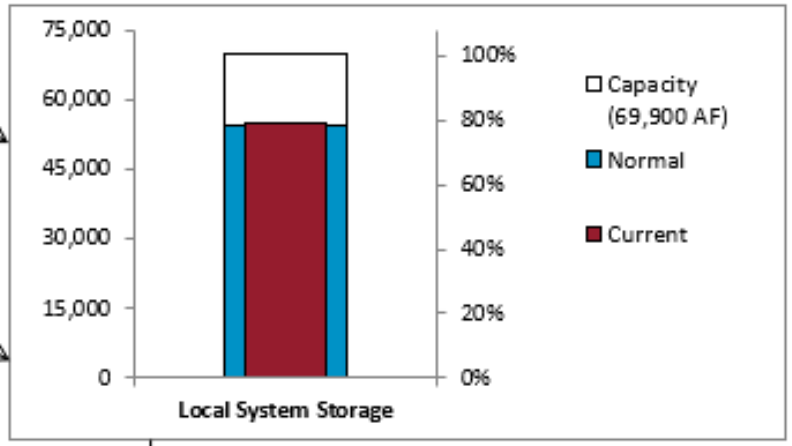
*Average is based on last 3 years of unrestricted consumption (2019-2021)

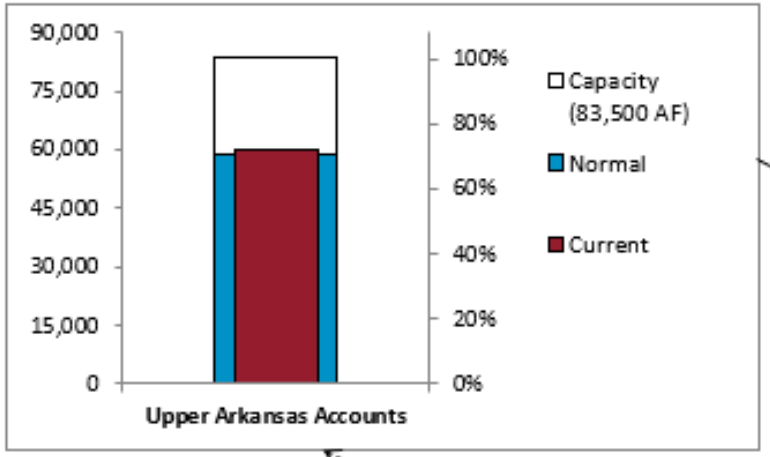
Colorado Springs' System Wide Storage:

May 31, 2022	**190,200**	**af**
	73.5	**%**
2001-2021 avg	**182,800**	**af**
	70.6	**%**
Average YTD Demand	**51.4**	**MGD**



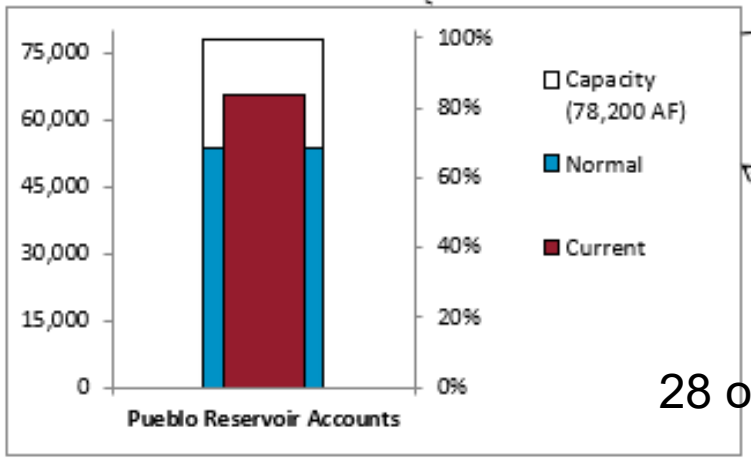
MAX. 20 MGD

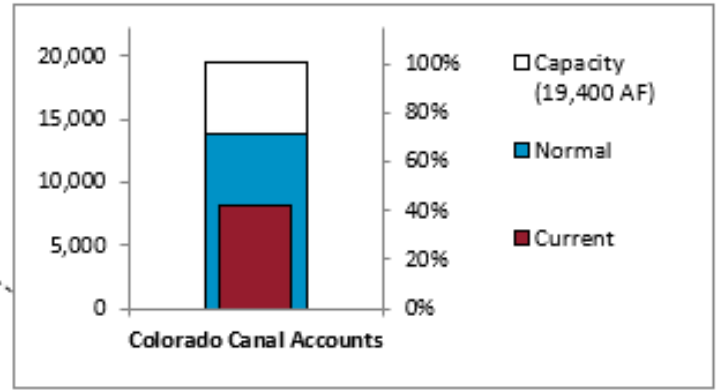


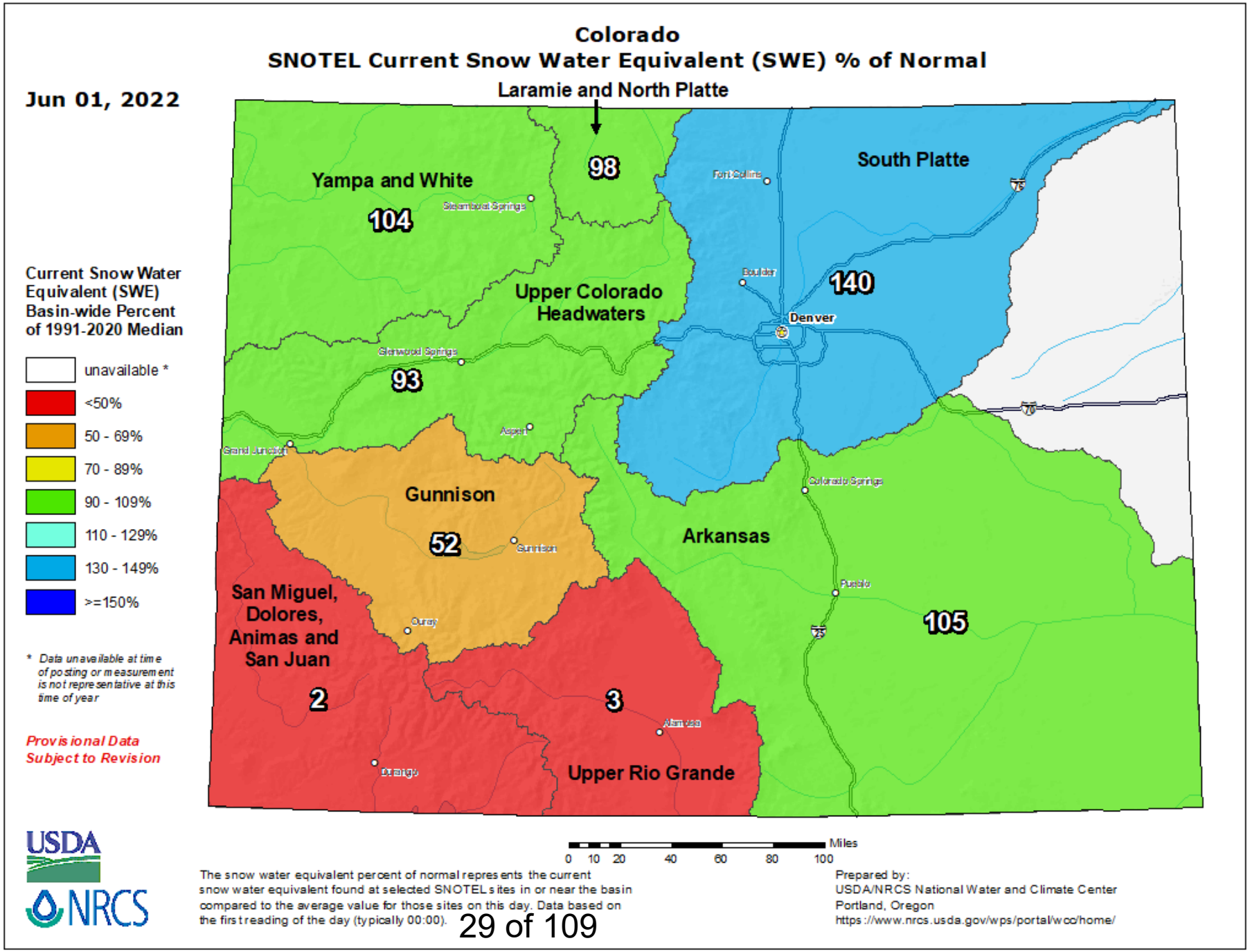


MAX. 68 MGD

TO DIST.






Colorado
SNOTEL Current Snow Water Equivalent (SWE) % of Normal
Jun 01, 2022
Laramie and North Platte
98
Yampa and White
104
South Platte
140
Upper Colorado Headwaters
93
Gunnison
52
Arkansas
105
San Miguel, Dolores, Animas and San Juan
2
3
Upper Rio Grande
Current Snow Water Equivalent (SWE) Basin-wide Percent of 1991-2020 Median
unavailable *
<50%
50 - 69%
70 - 89%
90 - 109%
110 - 129%
130 - 149%
>=150%
* Data unavailable at time of posting or measurement is not representative at this time of year
Provisional Data Subject to Revision
Steamboat Springs
Fort Collins
Boulder
Denver
Glenwood Springs
Aspen
Grand Junction
Gunnison
Colorado Springs
Pueblo
Ouray
Alamosa
Durango
Miles
0 10 20 40 60 80 100
The snow water equivalent percent of normal represents the current snow water equivalent found at selected SNOTEL sites in or near the basin compared to the average value for those sites on this day. Data based on the first reading of the day (typically 00:00).
Prepared by:
USDA/NRCS National Water and Climate Center
Portland, Oregon
https://www.nrcs.usda.gov/wps/portal/wcc/home/

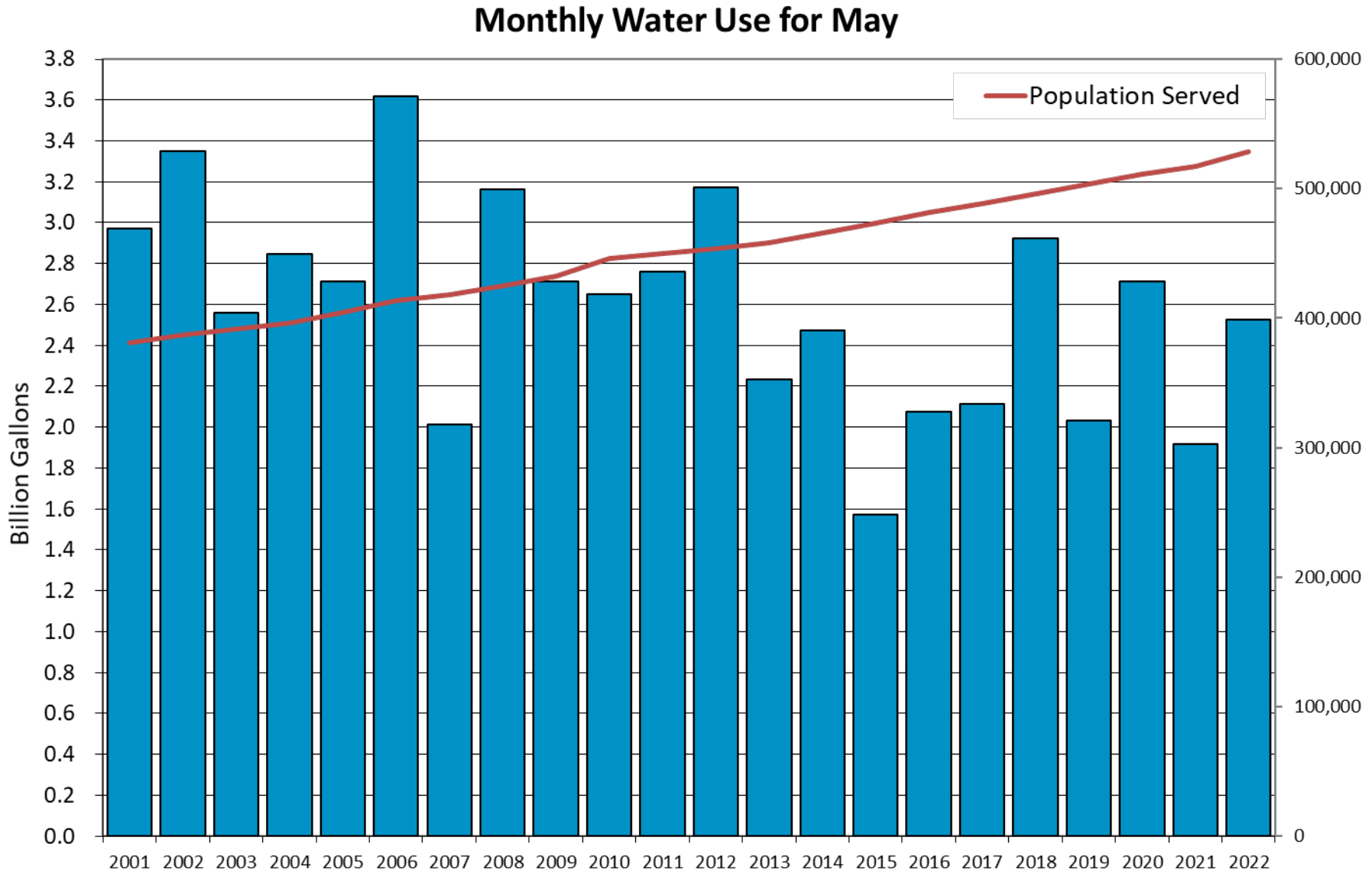
2022 Demands

May

- Averaged 81.5 MGD
- 31.8% more than May 2021

2022 Year to Date

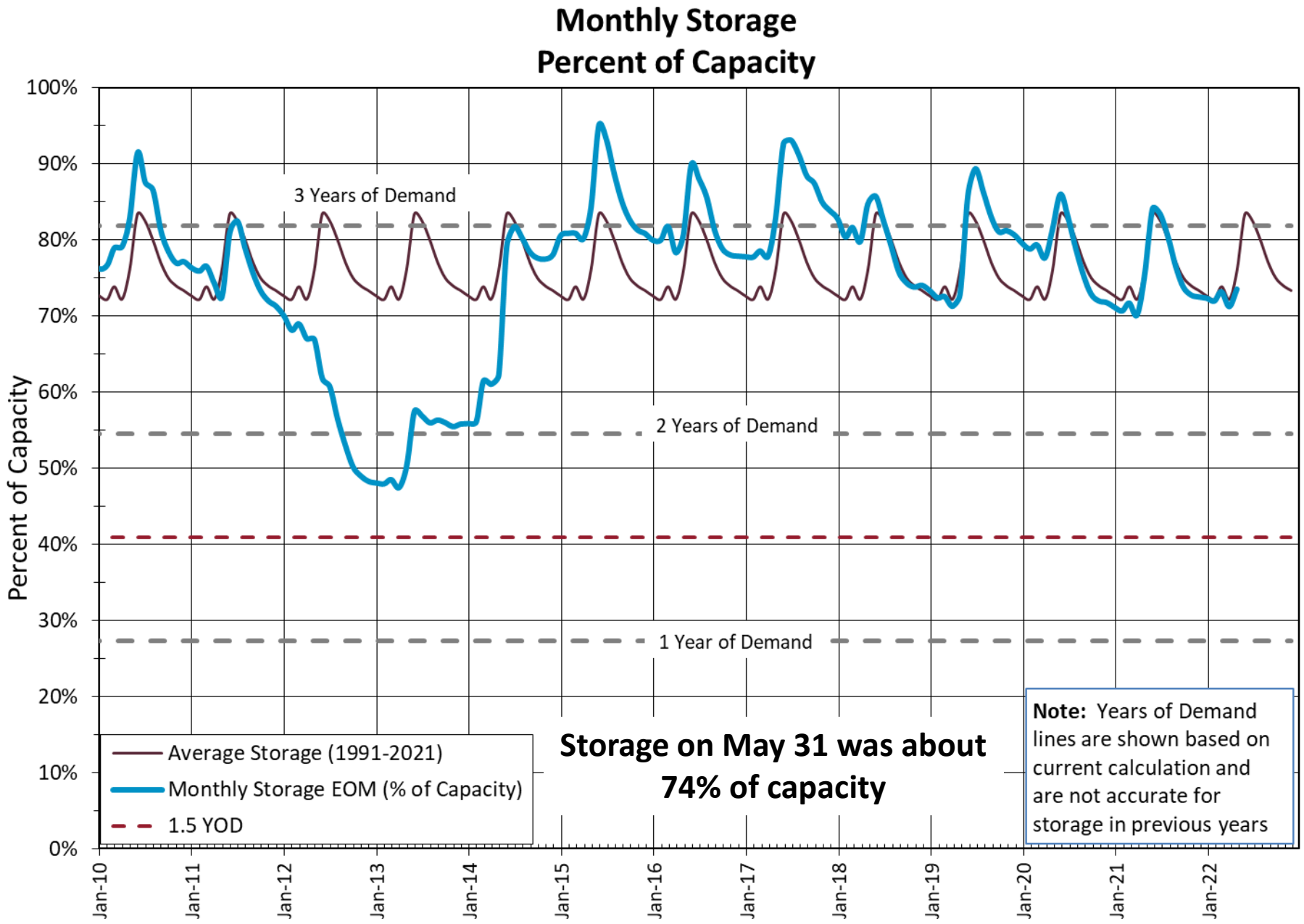
- Averaging 51.5 MGD, 7.8 BG total
  - 7.8% more than 2021
  - 0.56 Billion Gallons more than 2021


Monthly Water Use for May
Billion Gallons
3.8
3.6
3.4
3.2
3.0
2.8
2.6
2.4
2.2
2.0
1.8
1.6
1.4
1.2
1.0
0.8
0.6
0.4
0.2
0.0
600,000
500,000
400,000
300,000
200,000
100,000
0
Population Served
2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022

Reservoir Levels

May 31, 2022

- Pikes Peak 63 %
  - 91-21 Avg. 71 %
- Rampart 89 %
  - 91-21 Avg. 88 %
- Local Total 79 %
  - 91-21 Avg. 81 %
- System Total 74 %
  - 91-21 Avg. 76 %


Monthly Storage
Percent of Capacity
Percent of Capacity
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
3 Years of Demand
2 Years of Demand
1 Year of Demand
Average Storage (1991-2021)
Monthly Storage EOM (% of Capacity)
1.5 YOD
Storage on May 31 was about
74% of capacity
Note: Years of Demand lines are shown based on current calculation and are not accurate for storage in previous years
Jan-10
Jan-11
Jan-12
Jan-13
Jan-14
Jan-15
Jan-16
Jan-17
Jan-18
Jan-19
Jan-20
Jan-21
Jan-22

2022 Regional Water Contracts

Donala Water & Sanitation District

- Through May 31, 2022: Conveyed 18.5 AF for $83,735.12
- Premium to Municipal Government: $13,955.85

Security Water District

- Through May 31, 2022: Conveyed 3.1 AF for $43,834.15
- Premium to Municipal Government: $7,305.70

Outside Service Area Augmentation Leases - PF, LLC (Seven Falls), Emerald Valley Ranch

- Through May 31, 2022: Leased 3.0 AF for $1,647
- Premium to Municipal Government: $274

Total 2022 YTD Revenue from Regional Contracts: $129,215.95

Water Outlook

- Situation Outlook Summary
  - System-wide storage at 74% of capacity, slightly below our long term average
  - About 2.7 years of demand in storage, based on the past 3 years of demand
  - Have 264 days of demand in local storage
- The 12-week EDDI shows dry evaporative demands in eastern and southern CO; Conditions remain primarily dry across the state, and persistence of the dry signal could predict a summer drought
- Three-month outlook predicts
  - Much higher chances of above-average temperatures across Colorado
  - Higher chances of below-average precipitation across Colorado
- We continue to monitor snowpack, demand and storage to maximize available water supply

Colorado Springs Utilities

It's how we're all connected

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

Date: June 15, 2022

To: Utilities Board

From: Aram Benyamin, Chief Executive Officer

Subject: **Fuel Related Rate Adjustments**

Desired Action: Discussion

Previous Board Communications/Discussion: Continuous monitoring of Electric Cost Adjustment (ECA) and Gas Cost Adjustment (GCA) is performed with monthly updates provided to the Utilities Board. The Industrial Service – Large Power and Light (ELG) Supply Credit, Electric Capacity Charge (ECC) and Gas Capacity Charge (GCC) are reviewed and adjusted annually, as necessary. In July 2019, Utilities Board directed a quarterly phased-in reduction to the ELG Supply Credit.

Executive Summary: Colorado Springs Utilities will inform Utilities Board of the proposed fuel related adjustments to be filed at the City Council meeting on June 28, 2022, and if approved, effective July 1, 2022.

On June 10, 2022, details of proposed fuel related rate adjustments were provided to Utilities Board Finance Committee.

Background Information: City Council approved:

- On January 25, 2022, City Council approved the ECA rate of $0.0364 per kWh.
- On April 26, 2022, City Council approved the GCA rate of $0.4505 per Ccf On
- On July 28, 2020, City Council approved the ECC and GCC rates effective August 1, 2020

Colorado Springs Utilities' staff continues to provide regular updates to the Utilities Board and will recommend timely adjustments per the Cost Adjustment Guidelines.

Alternatives:
N/A

Recommendations: Colorado Springs Utilities is proposing a filing at the June 28, 2022, City Council meeting to adjust the ECA and GCA rates effective July 1, 2022.

Colorado Springs Utilities

It's how we're all connected

Fuel Related Rate Adjustments

Scott Shirola, Pricing and Rates Manager

June 15, 2022

Agenda

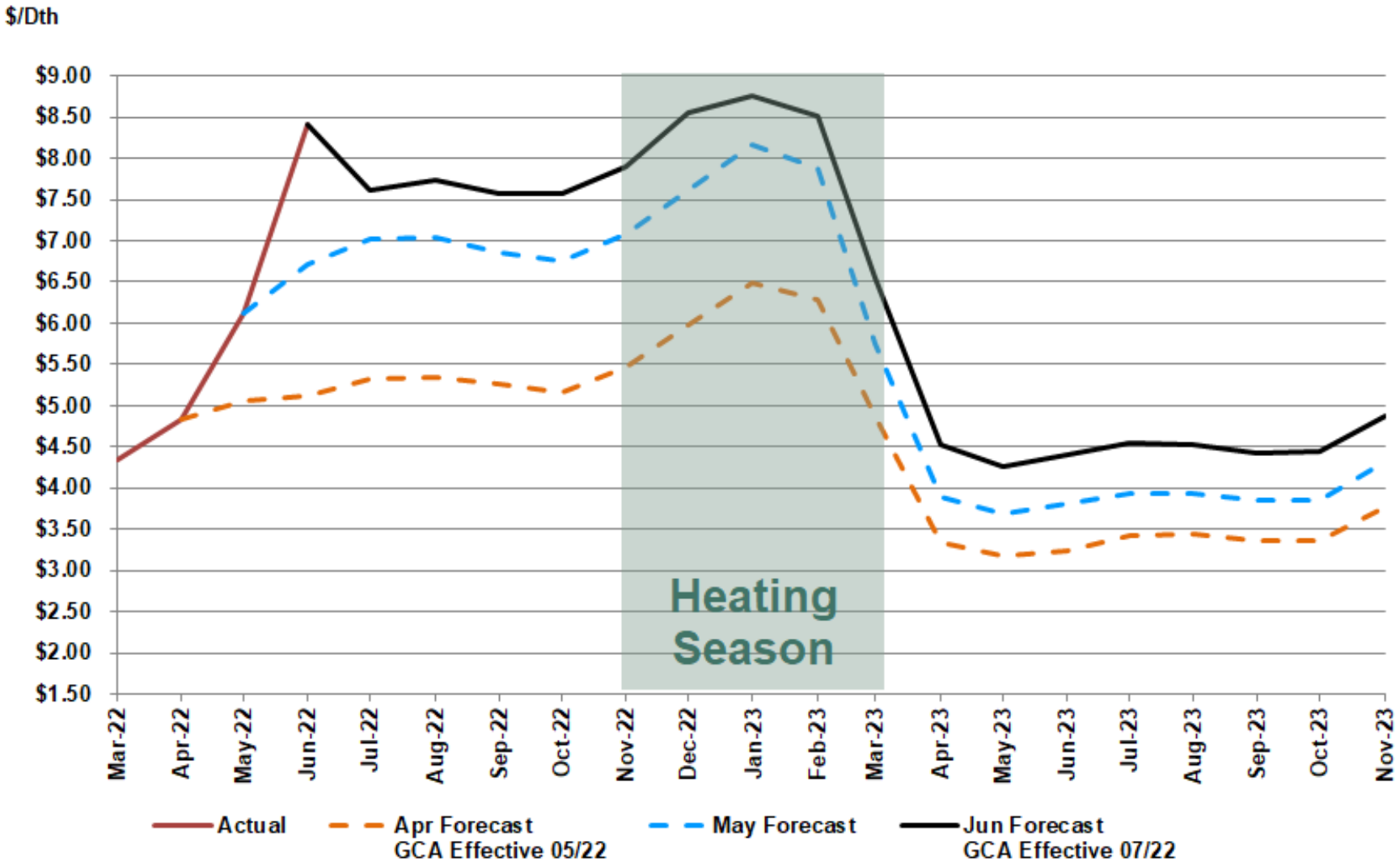
- Quarterly Electric and Natural Gas Cost Adjustment (ECA and GCA)
- Natural Gas Generator vs. Drake Coal
- Large Power and Light (ELG) Supply Credit
- Annual Electric and Natural Gas Capacity Charges (ECC and GCC)
- Sample Bill Impacts

Recovery of Fuel Costs

- Types of Fuel Costs
  - Energy costs are variable and driven by price fluctuations in the coal, natural gas and purchase power market
  - Capacity costs are primarily fixed based on contracted/reserved transmission and transportation capacity
- Recover costs with a passthrough rate structure
  - Fair and equitable industry accepted methodology
  - Manage recovery/refund in a timely manner
- Cost Adjustment Guidelines provide UB direction
- Ongoing evaluation and analysis with timely rate adjustments

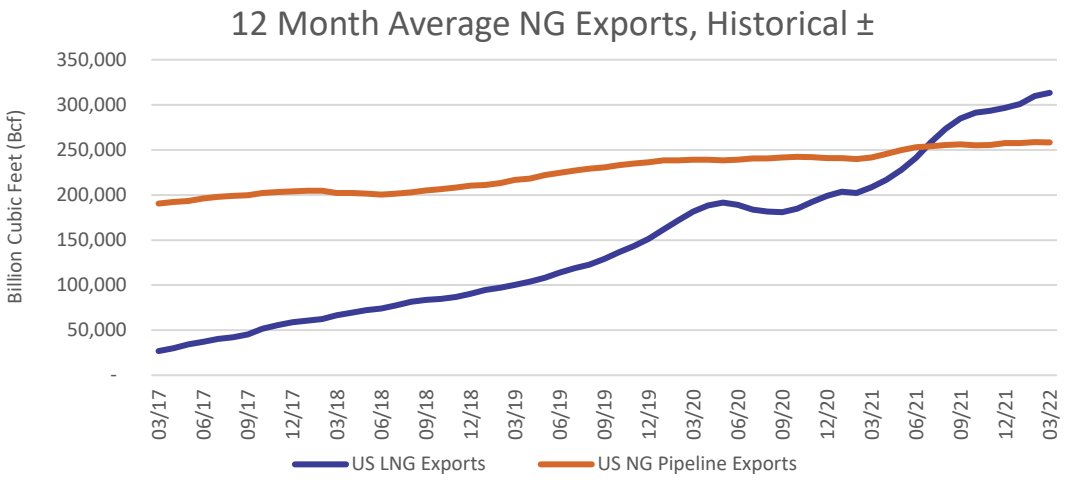
Electric Cost Adjustment
Gas Cost Adjustment

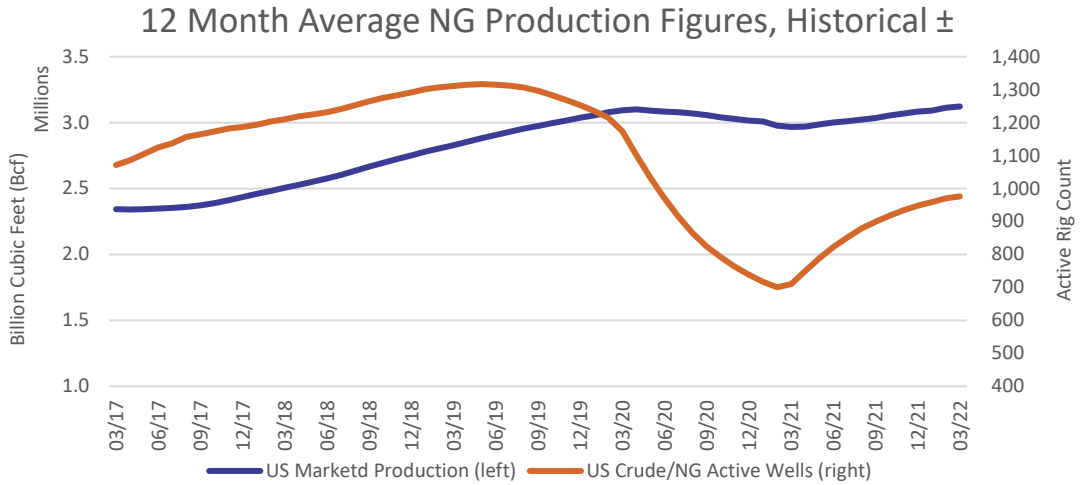
Natural Gas Prices as of June 1, 2022



Natural Gas (NG) Price Pressure: Increased Exports, Stable Supply

- Geopolitical issues, coupled with US NG infrastructure, leading to greater demand for US NG across the globe
  - Russian/Ukrainian conflict causing chaos in oil/refined product markets
  - Increased demand for US NG in the North American Continent
  - Liquified Natural Gas (LNG) and NG, lack of increased supply
- With increase demand abroad, limited increase in Production
  - While production volume has recovered from COVID lockdowns, rig count still well below previous ranges

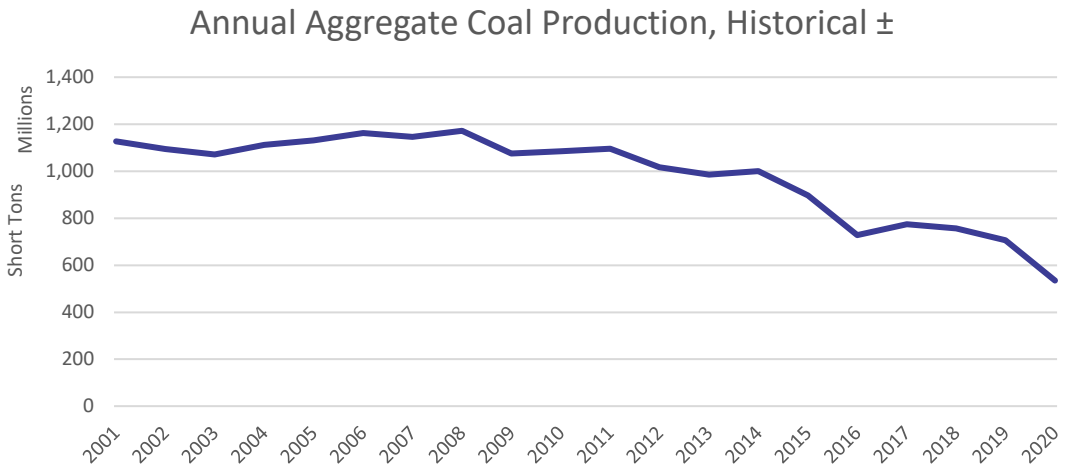


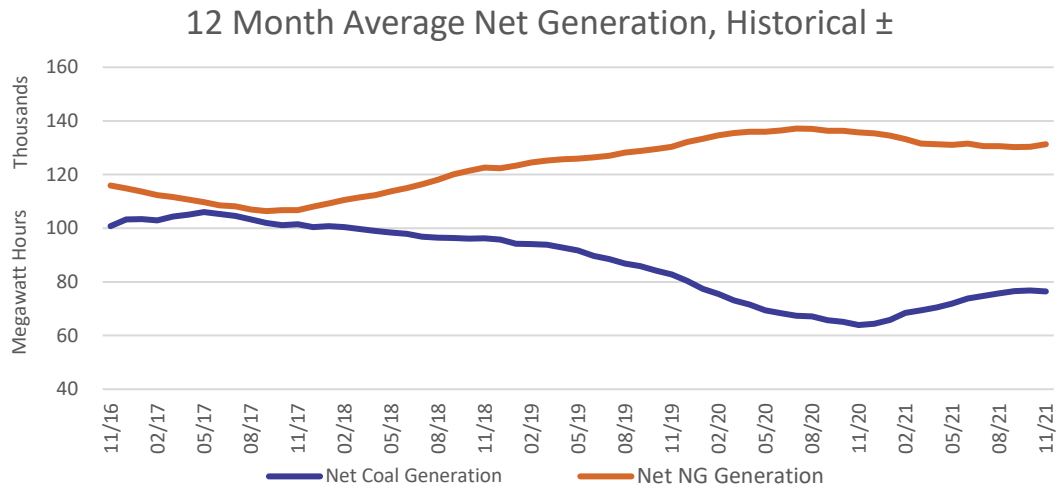


± Data provided from Energy Information Agency (EIA)

NG Price Pressure: Coal Retirements

- As coal plants continue to retire across the nation, power generation is being shifted to renewables/NG generation
  - The intermittent nature of renewables still requires back-up generation, typically from NG units due to fast start capabilities
- Coal commodity prices aren't immune to volatility
  - Lack of available production and staffing concerns leading to significant coal price volatility
  - Powder River Basin (PRB) 8800 coal trading above $30/ton, traditionally trades ~$12/ton

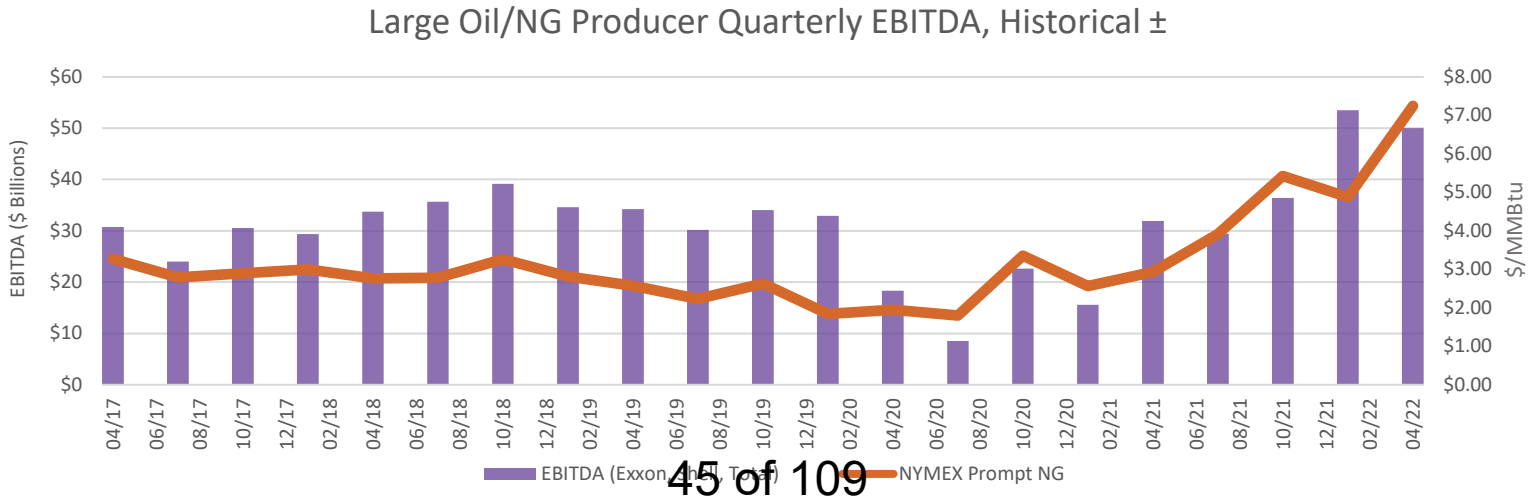




± Data provided from Energy Information Agency (EIA)

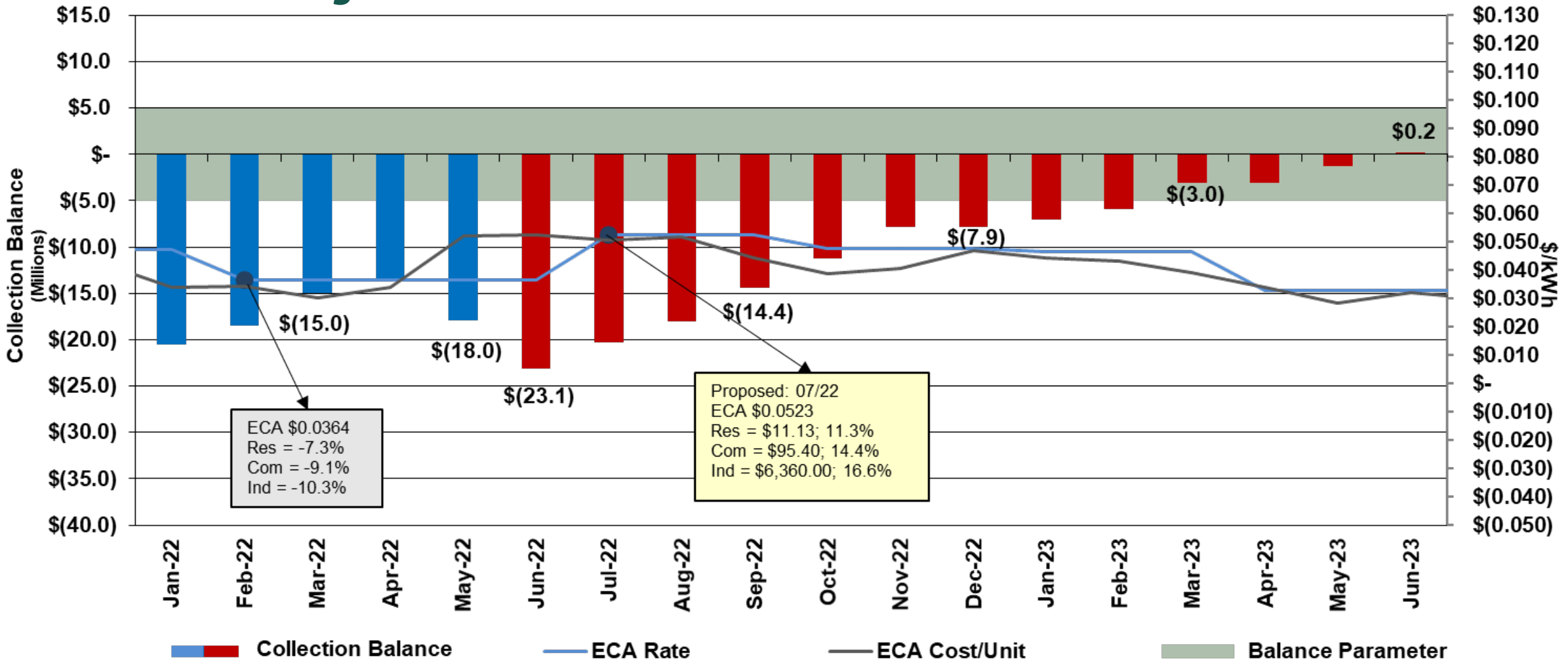
NG Price Pressure: Profit Seeking

- Oil/NG producers are comfortable existing in the current energy commodity environment
  - Sanctions on Russian oil impacting global supply/demand balances, increasing the prices of all oil/refined products around the world
  - Oil/NG producers are reporting record profits in the current commodity market environment, and have no incentive to change the status quo
- OPEC has committed to modest increases in supply
  - OPEC members have no incentive to increase too fast, as current energy markets are providing windfall revenues for member nations

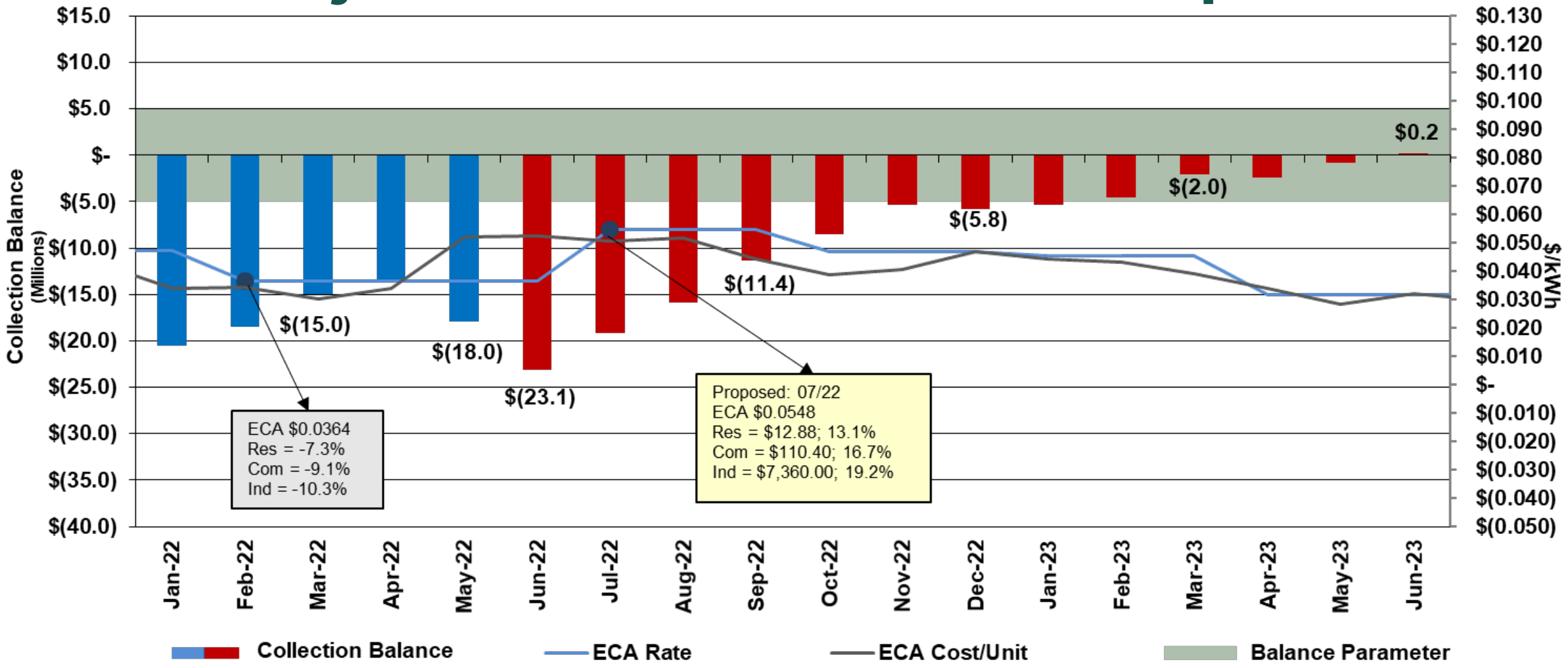


± Financial data pulled from respective 10-Q/10-K filings, NG prices from NYMEX

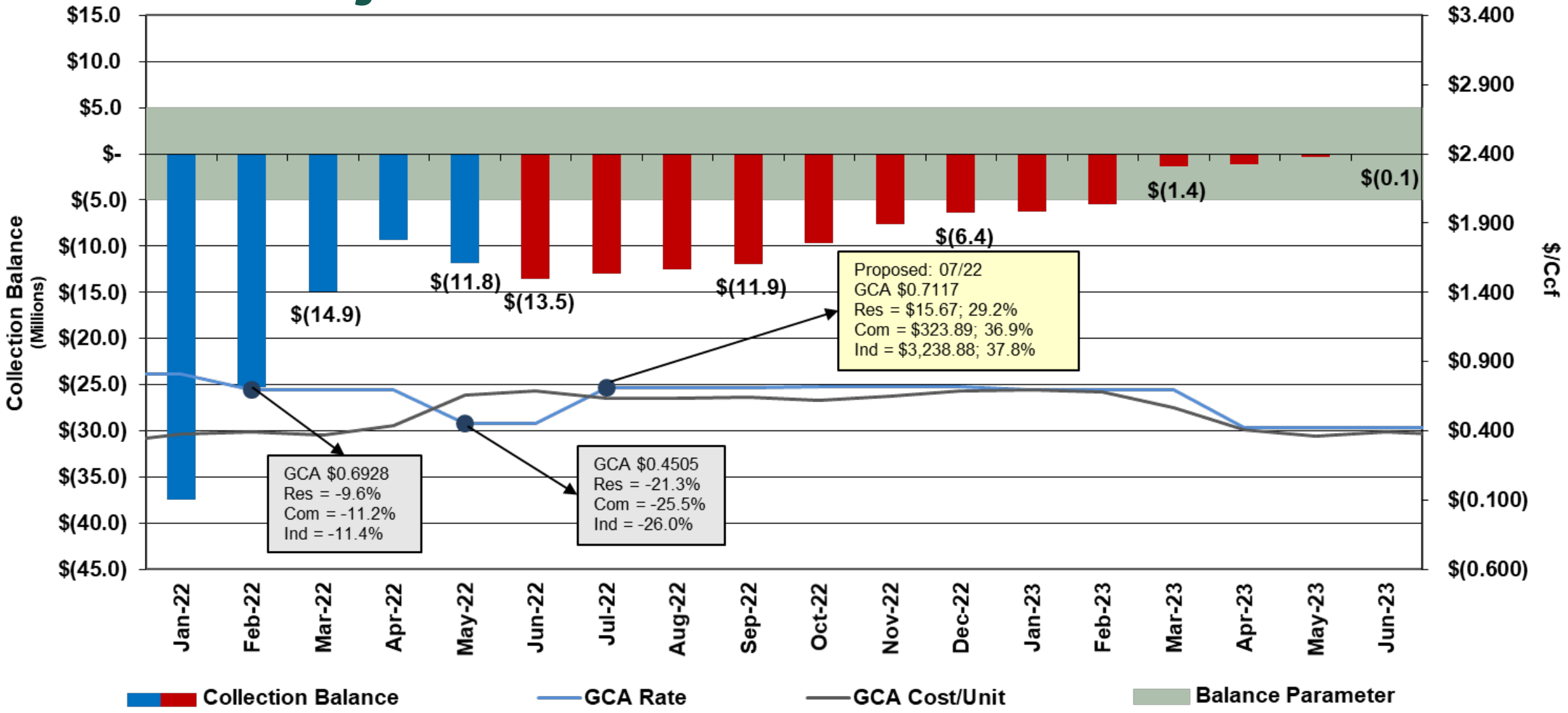
ECA Projections June 2022



ECA Projections June 2022 – Multiplier

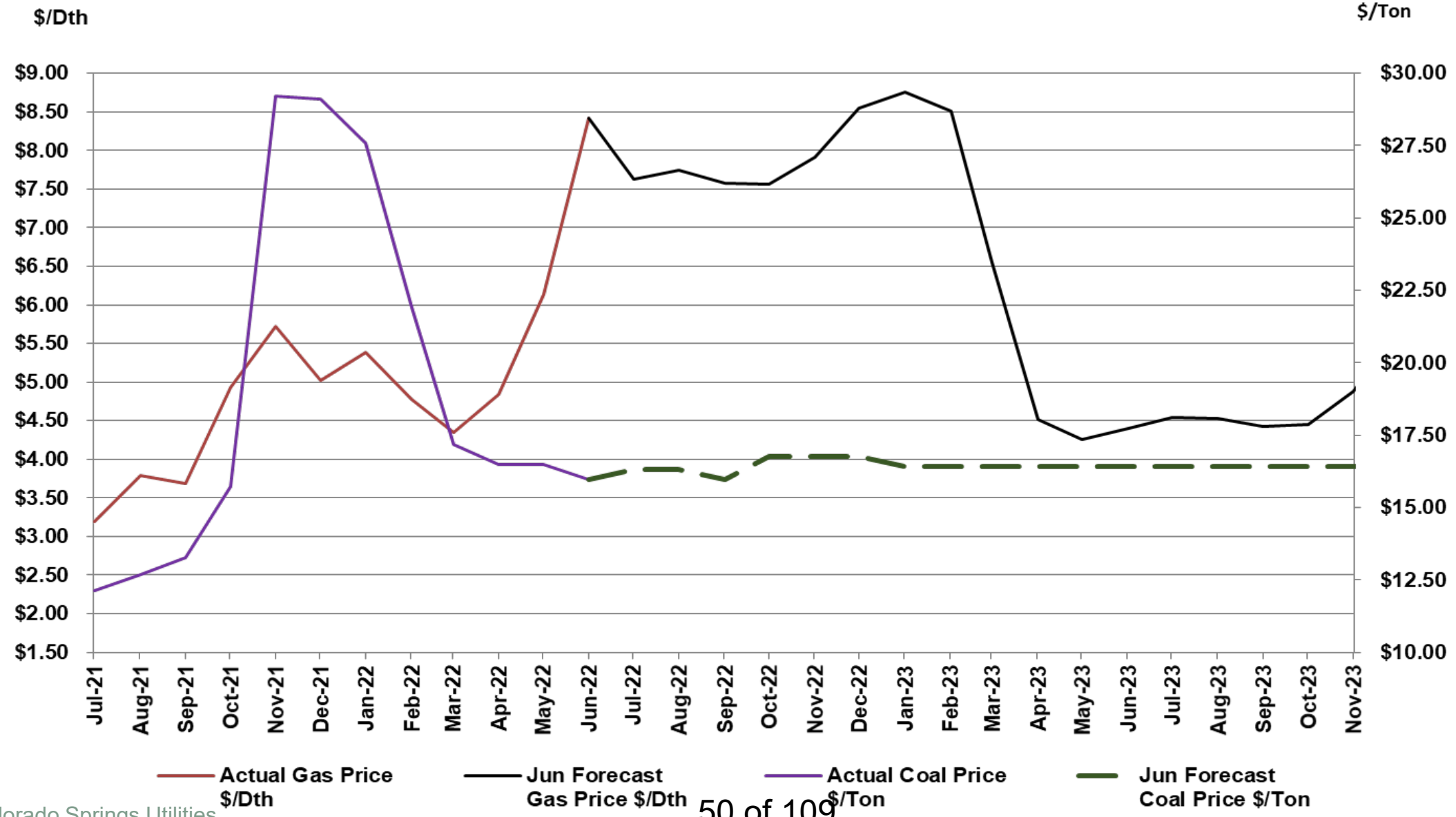


GCA Projections June 2022



Natural Gas Generators vs. Drake Coal

Natural Gas & Coal Prices as of June 2022



Drake Generation Replacement Decision

Elec. Integrated Resource Plan: Portfolio 17 approved by Utilities Board 6/26/20

Portfolio 17: 80% Carbon reduction by 2030 / Gas turbines replace Drake units 6 & 7

Temporary Natural Gas Generation

- Generation Response
  - Quick start / Full load - 10 minutes
  - $100 to $300 to start all units
- Staffing Required
  - 0.5 to 1.5 FTEs required to operate
  - ~$180 thousand avg. annual labor cost
- Maintenance Requirements
  - 6 Reliable modular units
  - ~$90 thousand avg. annual maint. cost

Drake Units 6 & 7 Coal Generation

- Generation Response
  - Longer Lead / Full load - 12 to 14 Hours
  - $10,000 to $15,000 to start both units
- Staffing Required
  - 75 to 85 FTEs required to operate
  - ~$9.0 million avg. annual labor cost
- Maintenance Requirements
  - 2 Large older units
  - ~$13.5 million avg. annual maint. cost

- 2020 Analysis of all Non-Fuel cost (O&M, Labor, Capital) indicated small gas turbines would cost ~$200 million less than running Drake through 2035

Large Power and Light (ELG) Supply Credit

Large Power & Light (ELG) Rate Schedule

Availability: Max Demand =/> 4,000 kW and Annual load factor of 75% or >

Designed to: Attract and retain customers with a large industrial load and high load factor

Base or Nonfuel Rates

- Rate Design Guidelines
  - Seeks to maintain approx. 75 to 80 percent of Cost of Service
  - Rate design guidelines of Asset Maximization and Economic Development

ECA and Supply Credit

- Cost Adjustment Guidelines
  - ELG Supply Credit was established as a percentage of the ECA to reflect ELG's energy cost as compared to average energy cost of the electric system
  - The ELG Supply Credit percentage is reviewed and adjusted annually, as necessary.

ELG Supply Credit

- Annual evaluation
  - Utilizes ELG usage characteristics to estimate energy cost relative to the average system cost
- Phase-out
  - July 2019 – Utilities Board directed a phase-out schedule July 2020 review
  - 2020 review supported continuing phase-out
  - 2022 review supports final phase-out and removal from tariff

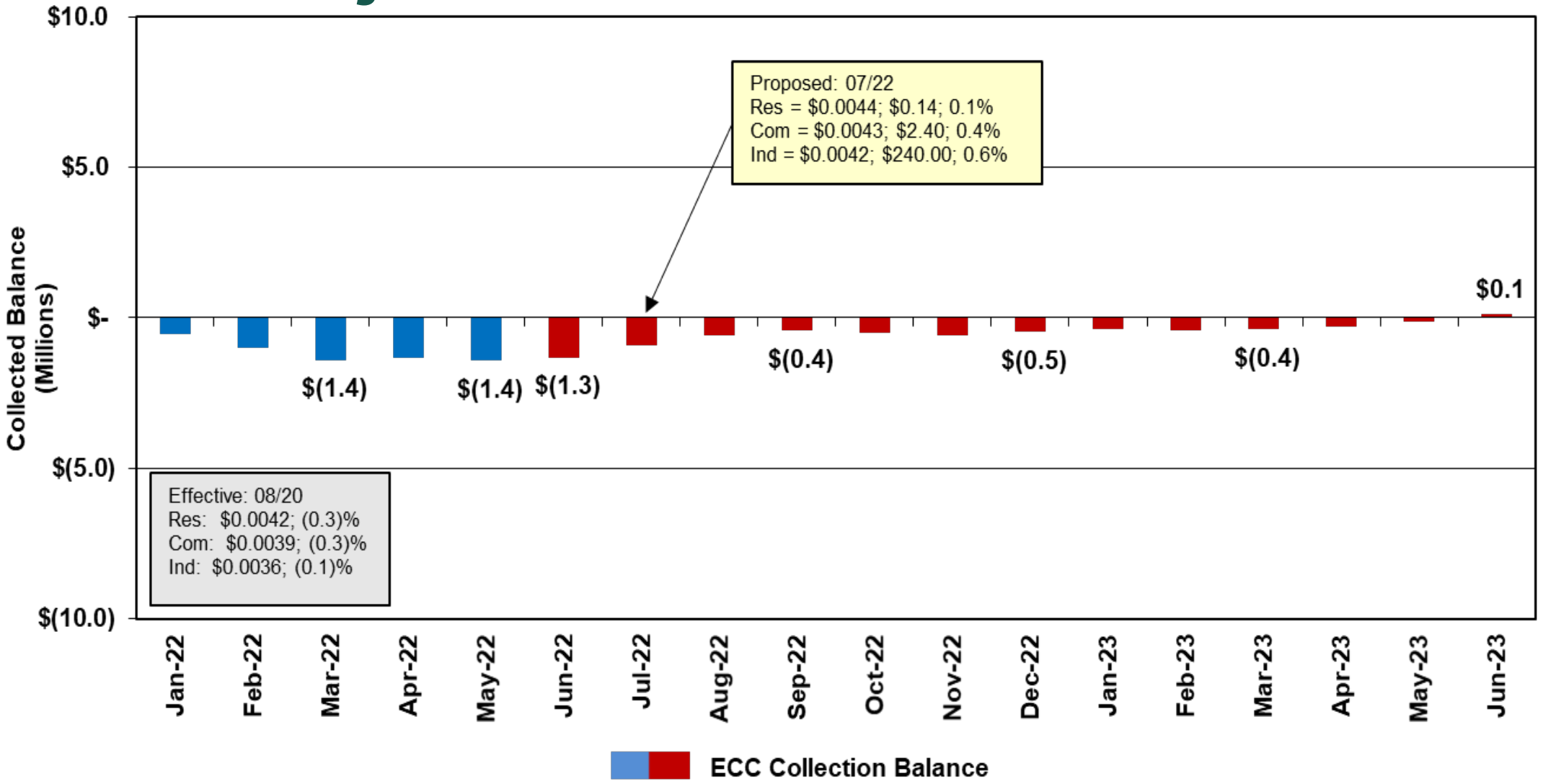
Effective Date	ELG Supply Credit (per kWh)	Credit Reduction
(a)	(b)	(c)
05/01/19	$ (0.0034)	-
08/01/19	$ (0.0030)	$ 0.0004
11/01/19	$ (0.0026)	$ 0.0004
02/01/20	$ (0.0022)	$ 0.0004
04/01/20	$ (0.0018)	$ 0.0004
07/20	*2020 review supported phase-out schedule*	
08/01/20	$ (0.0014)	$ 0.0004
11/01/20	$ (0.0010)	$ 0.0004
02/01/21	$ (0.0006)	$ 0.0004
03/21	*Phase-out paused during Winter Storm Uri cost recovery*	
06/22	*2022 review supports final phase-out*	
07/01/22	$ (0.0000)	$ 0.0006

ELG Supply Credit Recommendations

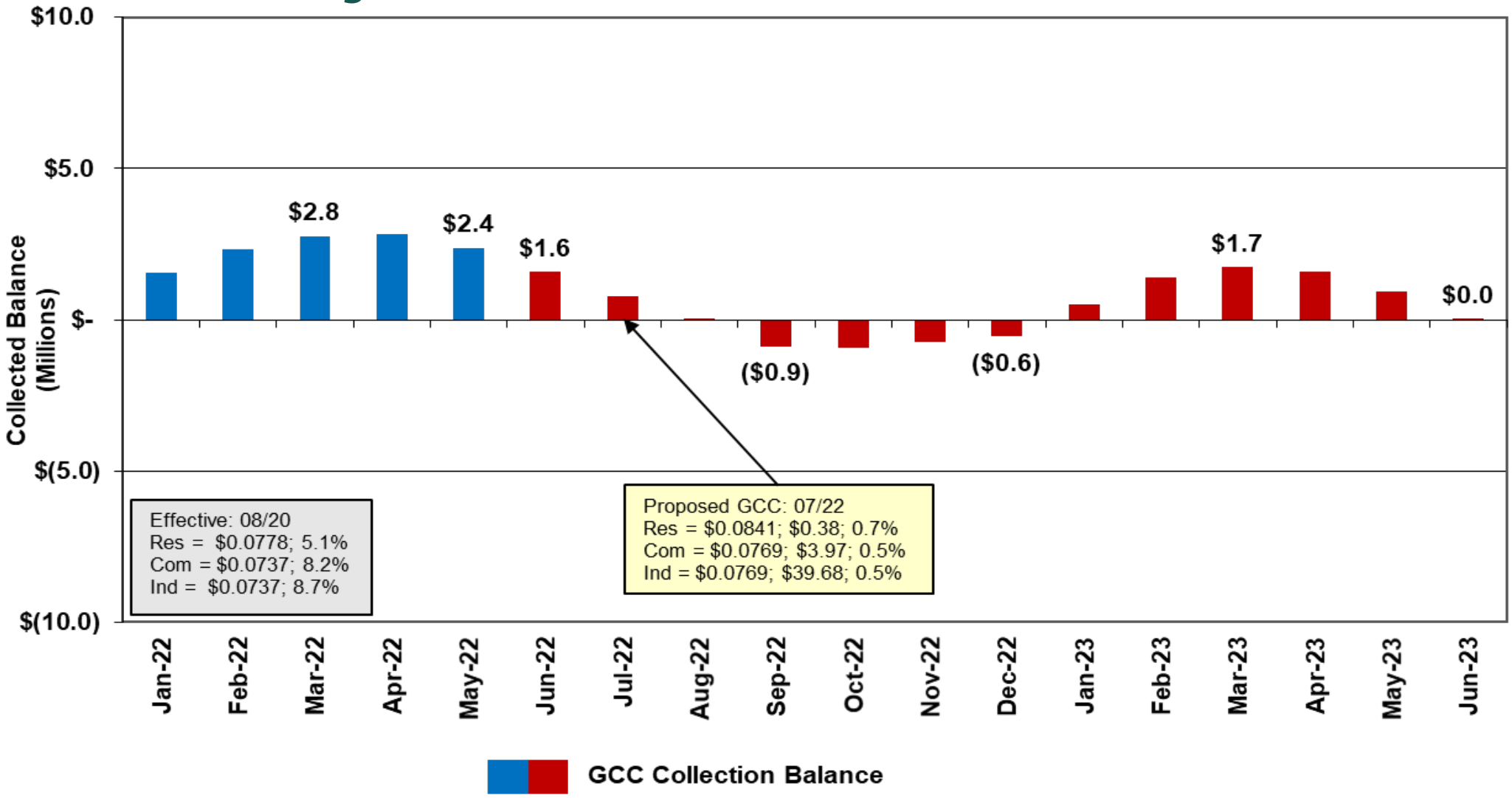
- Implement final phase-out of ELG Supply Credit
  - Bring ELG Supply Credit down to $0.0000 from the current $0.0006/kWh effective July 1, 2022
- Remove ELG Supply Credit reference from Electric Rate Table in 2023 Rate Case effective January 1, 2023
- Remove ELG Supply Credit reference from Cost Adjustment Guideline (G-6) January 2023

Electric Capacity Charge (ECC)
Gas Capacity Charge (GCC)

ECC Projections June 2022



GCC Projections June 2022



Sample Bill Impacts

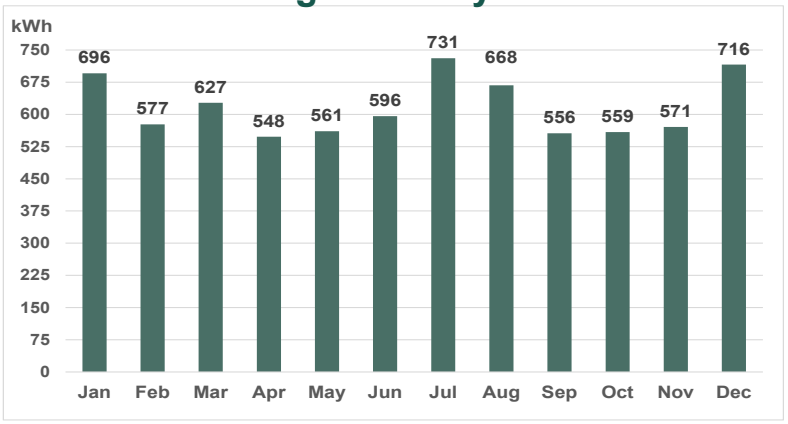
Seasonal Residential Bill Impacts

Four Service Bill Impacts

	kWh	CCF	Current Effective	Proposed (Jul-22)	Proposed Increase/ (Decrease)	% Change	Effective Nov-21 (11/21-01/22)	Increase/ (Decrease) from Nov-21	% Change from Nov-21
Sample Bill	700	60	$ 260.01	$ 287.33	$ 27.32	10.5%	$ 289.46	$ (2.13)	-0.7%
With Multiplier	700	60	$ 260.01	$ 289.08	$ 29.07	11.2%	$ 289.46	$ (0.38)	-0.1%
Average Summer*	700	20	$ 232.15	$ 248.76	$ 16.61	7.2%	$ 247.10	$ 1.66	0.7%
With Multiplier	700	20	$ 232.15	$ 250.51	$ 18.36	7.9%	$ 247.10	$ 3.41	1.4%
Average Winter*	700	140	$ 315.71	$ 364.43	$ 48.72	15.4%	$ 374.17	$ (9.74)	-2.6%
With Multiplier	700	140	$ 315.71	$ 366.18	$ 50.47	16.0%	$ 374.17	$ (7.99)	-2.1%

*Average Summer – (Jun-Aug) / Average Winter – (Dec-Feb)

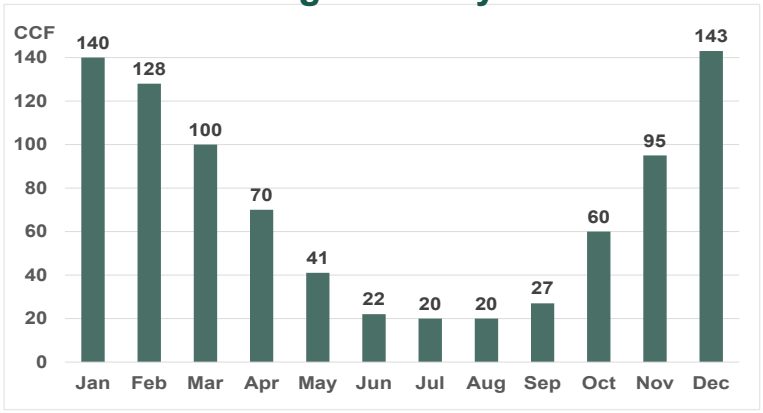
Average Monthly kWh



Actual bill impacts will vary based on individual customer usage. Individualized impacts can be estimated using the bill calculator at: csu.org/bcalc/

1 CCF = 0.0815 Dth

Average Monthly CCF



Sample Total Monthly Bill
Proposed Effective 7/1/22

Line No.	Rate Class	Current Effective	Proposed	Proposed Increase/ (Decrease)	% Change	Effective 11/21-01/22	Increase/ (Decrease) from Nov-21	% Change from Nov-21
(a)	(b)	(c)	(d)	(e) (d) - (c)	(f) (e) / (c)	(g)	(h) (d) - (g)	(i) (h) / (g)
1	**Residential**							
2	Electric	$ 98.12	$ 109.39	$ 11.27	11.5%	$ 105.82	$ 3.57	3.4%
3	Gas	53.58	69.63	16.05	30.0%	75.33	(5.70)	-7.6%
4	Water	74.93	74.93	-	0.0%	74.93	-	0.0%
5	Wastewater	33.38	33.38	-	0.0%	33.38	-	0.0%
6	**Total**	**$ 260.01**	**$ 287.33**	**$ 27.32**	**10.5%**	**$ 289.46**	**$ (2.13)**	**-0.7%**
7	**Commercial**							
8	Electric	$ 662.83	$ 760.63	$ 97.80	14.8%	$ 728.83	$ 31.80	4.4%
9	Gas	878.19	1,206.05	327.86	37.3%	1,327.69	(121.64)	-9.2%
10	Water	231.21	231.21	-	0.0%	231.21	-	0.0%
11	Wastewater	116.26	116.26	-	0.0%	116.26	-	0.0%
12	**Total**	**$ 1,888.49**	**$ 2,314.15**	**$ 425.66**	**22.5%**	**$ 2,403.99**	**$ (89.84)**	**-3.7%**
13	**Industrial**							
14	Electric	$ 38,419.34	$ 45,019.34	$ 6,600.00	17.2%	$ 42,819.34	$ 2,200.00	5.1%
15	Gas	8,569.66	11,848.22	3,278.56	38.3%	13,064.66	(1,216.44)	-9.3%
16	Water	3,027.71	3,027.71	-	0.0%	3,027.71	-	0.0%
17	Wastewater	1,455.76	1,455.76	-	0.0%	1,455.76	-	0.0%
18	**Total**	**$ 51,472.47**	**$ 61,351.03**	**$ 9,878.56**	**19.2%**	**$ 60,367.47**	**$ 983.56**	**1.6%**

Note: Specific individual customer impact can be calculated by utilizing Utilities' Bill Calculator found at www.csu.org/bcalc/

Sample Total Monthly Bill – With Multiplier

Proposed Effective 7/1/22

Line No.	Rate Class	Current Effective	Proposed	Proposed Increase/ (Decrease)	% Change	Effective 11/21-01/22	Increase/ (Decrease) from Nov-21	% Change from Nov-21
(a)	(b)	(c)	(d)	(e) (d) - (c)	(f) (e) / (c)	(g)	(h) (d) - (g)	(i) (h) / (g)
1	**Residential**							
2	Electric	$ 98.12	$ 111.14	$ 13.02	13.3%	$ 105.82	$ 5.32	5.0%
3	Gas	53.58	69.63	16.05	30.0%	75.33	(5.70)	-7.6%
4	Water	74.93	74.93	-	0.0%	74.93	-	0.0%
5	Wastewater	33.38	33.38	-	0.0%	33.38	-	0.0%
6	**Total**	**$ 260.01**	**$ 289.08**	**$ 29.07**	**11.2%**	**$ 289.46**	**$ (0.38)**	**-0.1%**
7	**Commercial**							
8	Electric	$ 662.83	$ 775.63	$ 112.80	17.0%	$ 728.83	$ 46.80	6.4%
9	Gas	878.19	1,206.05	327.86	37.3%	1,327.69	(121.64)	-9.2%
10	Water	231.21	231.21	-	0.0%	231.21	-	0.0%
11	Wastewater	116.26	116.26	-	0.0%	116.26	-	0.0%
12	**Total**	**$ 1,888.49**	**$ 2,329.15**	**$ 440.66**	**23.3%**	**$ 2,403.99**	**$ (74.84)**	**-3.1%**
13	**Industrial**							
14	Electric	$ 38,419.34	$ 46,019.34	$ 7,600.00	19.8%	$ 42,819.34	$ 3,200.00	7.5%
15	Gas	8,569.66	11,848.22	3,278.56	38.3%	13,064.66	(1,216.44)	-9.3%
16	Water	3,027.71	3,027.71	-	0.0%	3,027.71	-	0.0%
17	Wastewater	1,455.76	1,455.76	-	0.0%	1,455.76	-	0.0%
18	**Total**	**$ 51,472.47**	**$ 62,351.03**	**$ 10,878.56**	**21.1%**	**$ 60,367.47**	**$ 1,983.56**	**3.3%**

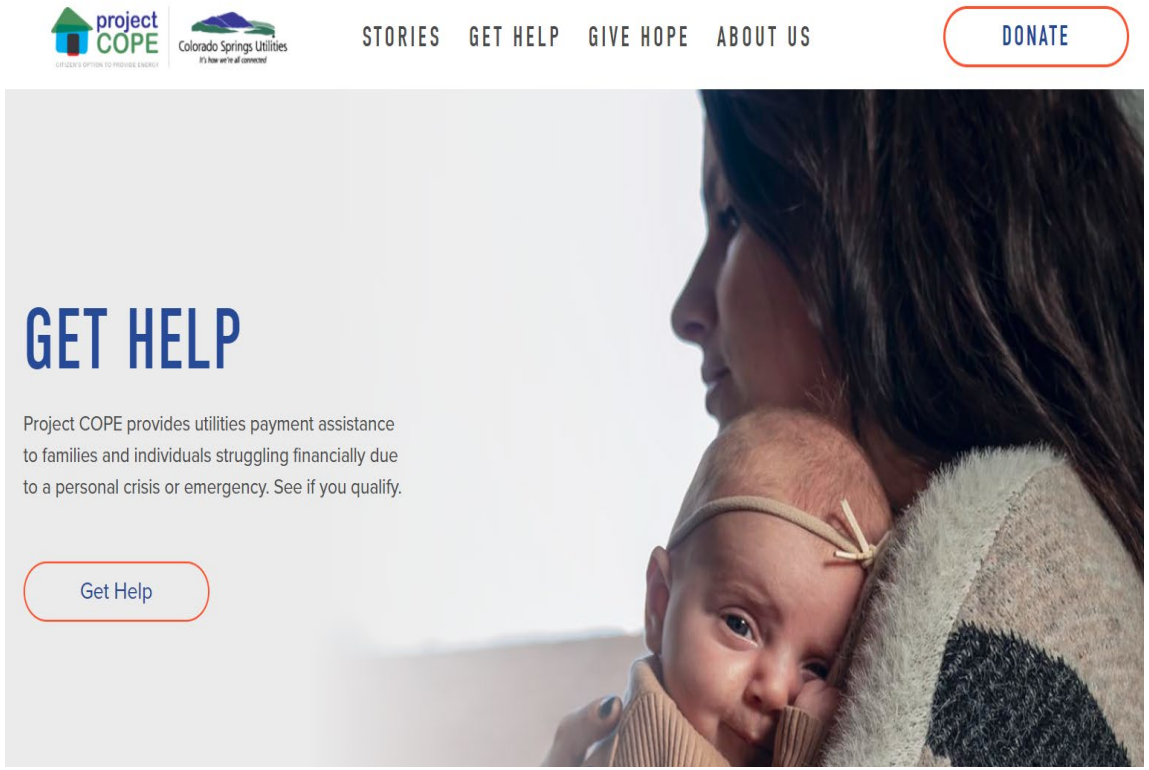
Note: Specific individual customer impact can be calculated by utilizing Utilities' Bill Calculator found at www.csu.org/bcalc/

Sample Total Monthly Bill Reference

- Sample Total Monthly Bill calculations for current and proposed rates assume:
  - Residential - 30 days, 700 kWh (Electric), 60 Ccf (Natural Gas), 1,100 cf (Water Inside City Limits), and 700 cf (Wastewater Inside City Limits)
  - Commercial - 30 days, 6,000 kWh (Electric), 1,240 Ccf (Natural Gas), 3,000 cf (Water Inside City Limits), and 3,000 cf (Wastewater Inside City Limits)
  - Industrial - 30 days, 400,000 kWh and 1,000 kW (Electric), 12,400 Ccf (Natural Gas), 50,000 cf (Water Inside City Limits), and 50,000 cf (Wastewater Inside City Limits)

Helping Customers Today

- Bill assistance
  - Low-Income Energy Assistance Program (LEAP) Nov – Apr
  - Project COPE
- Payment options
  - Payment plans
  - Pick my payment date
- Contact information
  - 2-1-1 for customer assistance
  - 719-448-4800 for billing questions



Long-term Assistance

- Free efficiency home upgrades
  - Home Efficiency Assistance Program (HEAP)
- Efficiency tips & education
  - Online at csu.org & changethecurrent.com
  - Conservation and Environmental Center
- Rebates
  - Clothes dryer
  - Water heater
  - Furnace
  - Smart thermostat

Colorado Springs Utilities

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Date: June 15, 2022

To: Utilities Board

From: Aram Benyamin, Chief Executive Officer

Subject: **2022AB Bond Ordinance Update**

Desired Action: Discussion

Previous Finance Committee Communications/Discussion: The 2022AB bond issuance was previously discussed at the March 2022 Finance Committee meeting as a part of the more comprehensive 2022 Plan of Finance. Additionally, this item was further reviewed at the June 2022 Finance Committee meeting.

Executive Summary: Colorado Springs Utilities ("Utilities") is presenting an informational update regarding a 2022 bond issuance.

Background Information: The Utilities Board discusses the Utilities' intended financing plans each year prior to City Council review and approval via ordinance.

In September, Utilities anticipates raising up to $210 million in new money debt to fund the debt-backed portion of the enterprise's upcoming capital plan from September 2022 until roughly August 2023.

Additionally, Utilities expects to issue refunding bonds for all or portions of the 2012B, 2012C-1, and 2012C-2 series ($151.9 million in total currently outstanding) at favorable net present value cost savings to the enterprise if market conditions are favorable at issuance.

Interest rates have risen significantly in 2022, and current market volatility is expected to remain up until the expected issuance date. Utilities staff is closely monitoring issuance economics as they become clearer closer to the intended issuance timeframe.

Options: The Utilities Board could recommend that Colorado Springs Utilities not pursue the bond ordinance review and approval from City Council.

Recommendation: Proceed with seeking City Council approval for the 2022AB.

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2022AB Bond Ordinance

Adam Hegstrom
Treasury and Finance Manager
June 15, 2022

Plan of Finance Overview

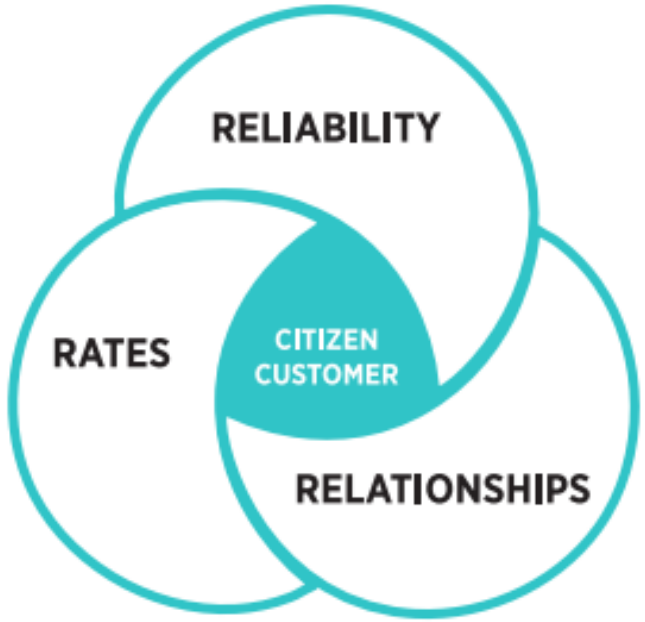
The Plan of Finance is an annual strategic effort to effectively obtain and manage debt obligations to support Colorado Springs Utilities' ("The Utilities") capital needs

- Critical to Utilities Board's Strategic Focus
- Core tenets:

Prudence - Efficiency - Flexibility

Collectively executed by:

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



RATES

- Financial sustainability
- Resources used responsibly
- Customer value

RELIABILITY

- On-demand energy and water service
- System resiliency
- Trusted community service provider

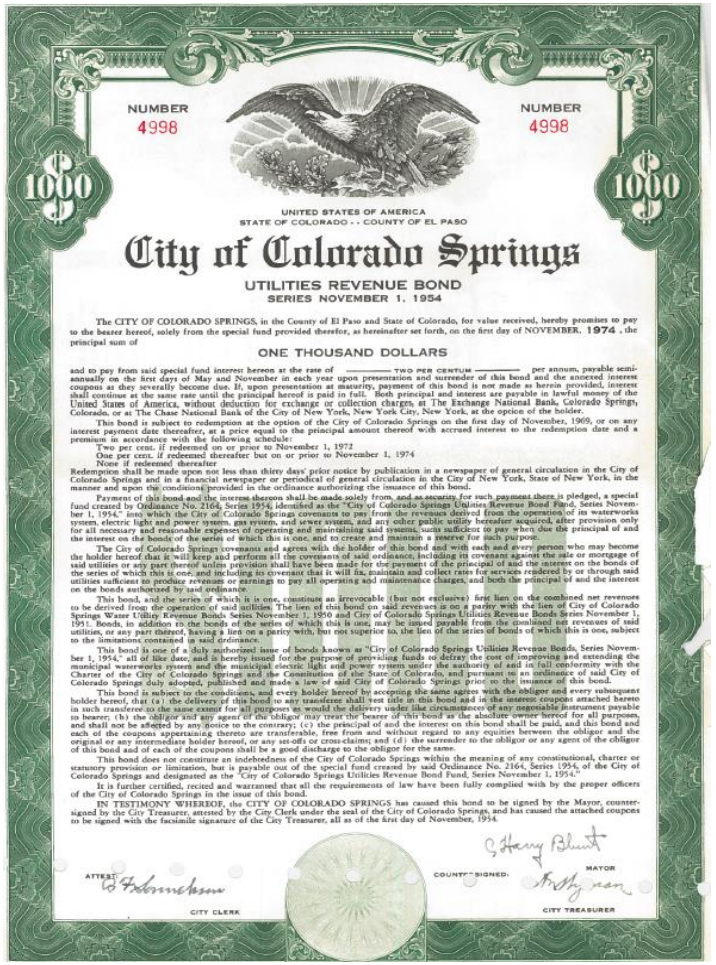
RELATIONSHIPS

- Safe, satisfied and loyal customers
- Safe, engaged, innovative and customer-focused employees
- Valued stakeholders
- Vibrant regional economy

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 credit rating agency relationships


NUMBER 4998

NUMBER 4998

$1000

$1000

UNITED STATES OF AMERICA
STATE OF COLORADO -- COUNTY OF EL PASO

City of Colorado Springs

UTILITIES REVENUE BOND
SERIES NOVEMBER 1, 1954

The CITY OF COLORADO SPRINGS, in the County of El Paso and State of Colorado, for value received, hereby promises to pay to the bearer hereof, solely from the special fund provided therefor, as hereinafter set forth, on the first day of NOVEMBER, 1974, the principal sum of

ONE THOUSAND DOLLARS

and to pay from said special fund interest hereon at the rate of ——— TWO PER CENTUM ——— per annum, payable semi-annually on the first days of May and November in each year upon presentation and surrender of this bond and the annexed interest coupons as they severally become due. If, upon presentation at maturity, payment of this bond is not made as herein provided, interest shall continue at the same rate until the principal hereof is paid in full. Both principal and interest are payable in lawful money of the United States of America, without deduction for exchange or collection charges, at The Exchange National Bank, Colorado Springs, Colorado, or at The Chase National Bank of the City of New York, New York City, New York, at the option of the holder.

This bond is subject to redemption at the option of the City of Colorado Springs on the first day of November, 1969, or on any interest payment date thereafter, at a price equal to the principal amount thereof with accrued interest to the redemption date and a premium in accordance with the following schedule:

Two per cent, if redeemed on or prior to November 1, 1972
One per cent, if redeemed thereafter but on or prior to November 1, 1974
None if redeemed thereafter

Redemption shall be made upon not less than thirty days' prior notice by publication in a newspaper of general circulation in the City of Colorado Springs and in a financial newspaper or periodical of general circulation in the City of New York, State of New York, in the manner and upon the conditions provided in the ordinance authorizing the issuance of this bond.

Payment of this bond and the interest thereon shall be made solely from, and as security for such payment there is pledged, a special fund created by Ordinance No. 2164, Series 1954, identified as the "City of Colorado Springs Utilities Revenue Bond Fund, Series November 1, 1954," into which the City of Colorado Springs covenants to pay from the revenues derived from the operation of its waterworks system, electric light and power system, gas system, and sewer system, and any other public utility hereafter acquired, after provision only for all necessary and reasonable expenses of operating and maintaining said systems, sums sufficient to pay when due the principal of and the interest on the bonds of the series of which this is one, and to create and maintain a reserve for such purpose.

The City of Colorado Springs covenants and agrees with the holder of this bond and with each and every person who may become the holder hereof that it will keep and perform all the covenants of said ordinance, including its covenant against the sale or mortgage of said utilities or any part thereof unless provision shall have been made for the payment of the principal of and the interest on the bonds of the series of which this is one, and including its covenant that it will fix, maintain and collect rates for services rendered by or through said utilities sufficient to produce revenues or earnings to pay all operating and maintenance charges, and both the principal of and the interest on the bonds authorized by said ordinance.

This bond, and the series of which it is one, constitute an irrevocable (but not exclusive) first lien on the combined net revenues to be derived from the operation of said utilities. The lien of this bond on said revenues is on a parity with the lien of City of Colorado Springs Water Utility Revenue Bonds Series November 1, 1950 and City of Colorado Springs Utilities Revenue Bonds Series November 1, 1951, bonds, in addition to the bonds of the series of which this is one, may be issued payable from the combined net revenues of said utilities, or any part thereof, having a lien on a parity with, but not superior to, the lien of the series of bonds of which this is one, subject to the limitations contained in said ordinance.

This bond is one of a duly authorized issue of bonds known as "City of Colorado Springs Utilities Revenue Bonds, Series November 1, 1954," all of like date, and is hereby issued for the purpose of providing funds to defray the cost of improving and extending the principal waterworks system and the municipal electric light and power system under the authority of and in full conformity with the Charter of the City of Colorado Springs and the Constitution of the State of Colorado, and pursuant to an ordinance of said City of Colorado Springs duly adopted, published and made a law of said City of Colorado Springs prior to the issuance of this bond.

This bond is subject to the conditions, and every holder hereof by accepting the same agrees with the obligor and every subsequent holder hereof, that (a) the delivery of this bond to any transferee shall vest title in this bond and in the interest coupons attached hereto in such transferee to the same extent for all purposes as would the delivery under like circumstances of any negotiable instrument payable to bearer; (b) the obligor and any agent of the obligor may treat the bearer of this bond as the absolute owner hereof for all purposes, and shall not be affected by any notice to the contrary; (c) the principal of and the interest on this bond shall be paid, and this bond and each of the coupons appertaining thereto are transferable, free from and without regard to any equities between the obligor and the original or any intermediate holder hereof, or any set-offs or cross-claims; and (d) the surrender to the obligor or any agent of the obligor of this bond and of each of the coupons shall be a good discharge to the obligor for the same.

This bond does not constitute an indebtedness of the City of Colorado Springs within the meaning of any constitutional, charter or statutory provision or limitation, but is payable out of the special fund created by said Ordinance No. 2164, Series 1954, of the City of Colorado Springs and designated as the "City of Colorado Springs Utilities Revenue Bond Fund, Series November 1, 1954."

It is further certified, recited and warranted that all the requirements of law have been fully complied with by the proper officers of the City of Colorado Springs in the issue of this bond.

IN TESTIMONY WHEREOF, the CITY OF COLORADO SPRINGS has caused this bond to be signed by the Mayor, countersigned by the City Treasurer, attested by the City Clerk under the seal of the City of Colorado Springs, and has caused the attached coupons to be signed with the facsimile signature of the City Treasurer, all as of the first day of November, 1954.

S. Harry Blunt
MAYOR

ATTEST:
CITY CLERK

COUNTERSIGNED:
CITY TREASURER

2022 New Money Issuance

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

Enterprise Need:

- Estimated $400 million in total capital spend between September 2022 and August 2023
- Support the continued financial recovery from Winter Storm Uri
- Flexibility for potential future capital plan changes

Anticipated Actions:

- Issue new money debt in September 2022

New Money Debt Issuance

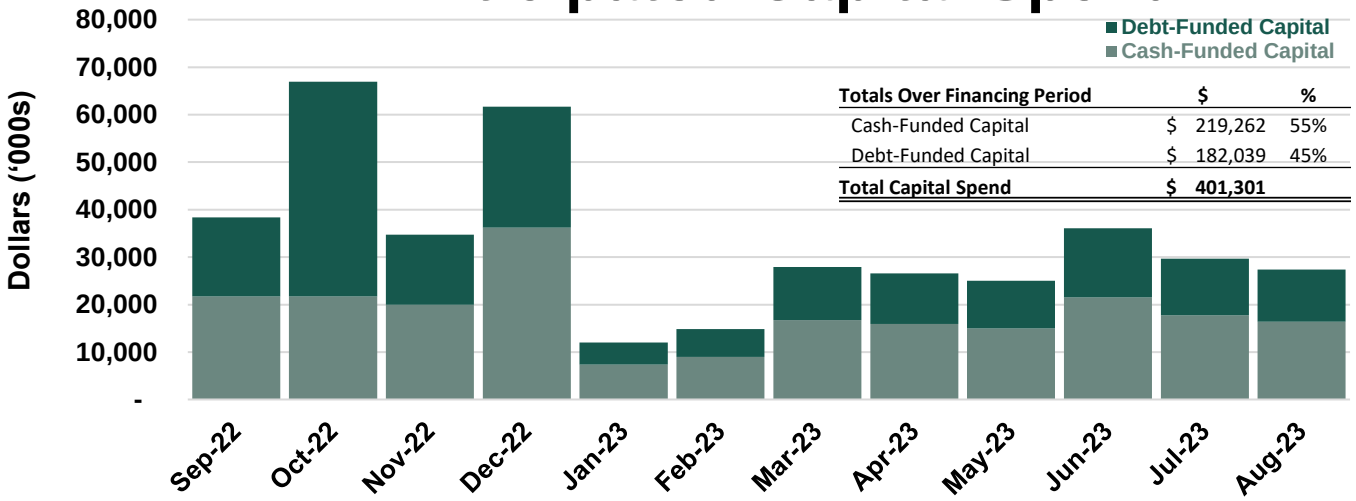
Anticipated Issuance Details:

- Current Estimated - $180 million
- Ordinance Ceiling - $210 million
- More clarity in coming months surrounding 2023 AOP/Capital Plan
- Effective balance between cash and debt to optimize financial metric performance

Structure:

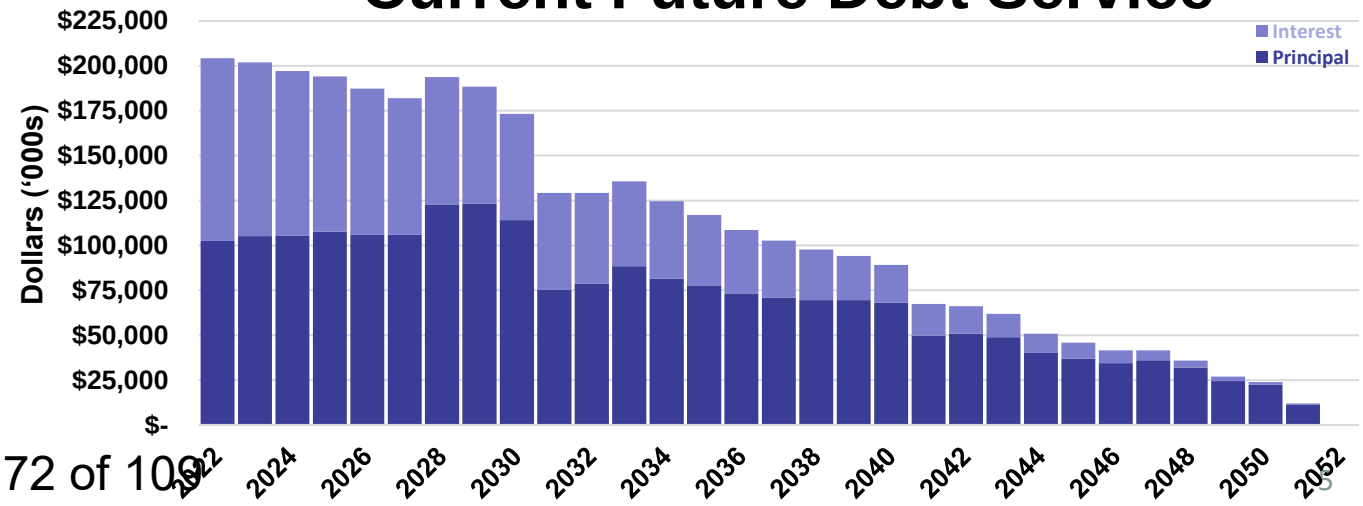
- Traditional tax exempt fixed-rate debt
- Maturity-by-maturity optimization near issuance date

Anticipated Capital Spend



Totals Over Financing Period	$	%
Cash-Funded Capital	$ 219,262	55%
Debt-Funded Capital	$ 182,039	45%
Total Capital Spend	$ 401,301	

Current Future Debt Service



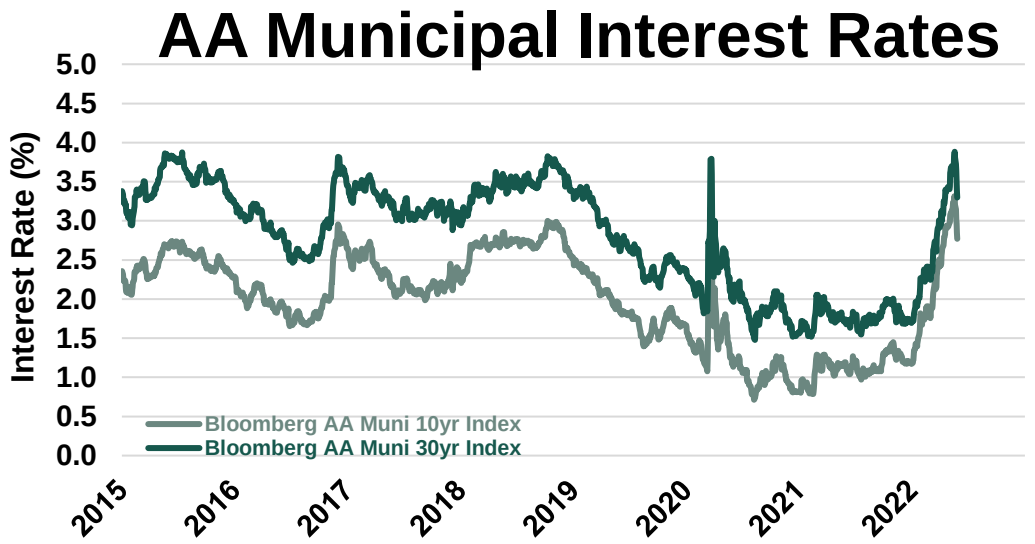
Source: CSU preliminary 4+8 forecast

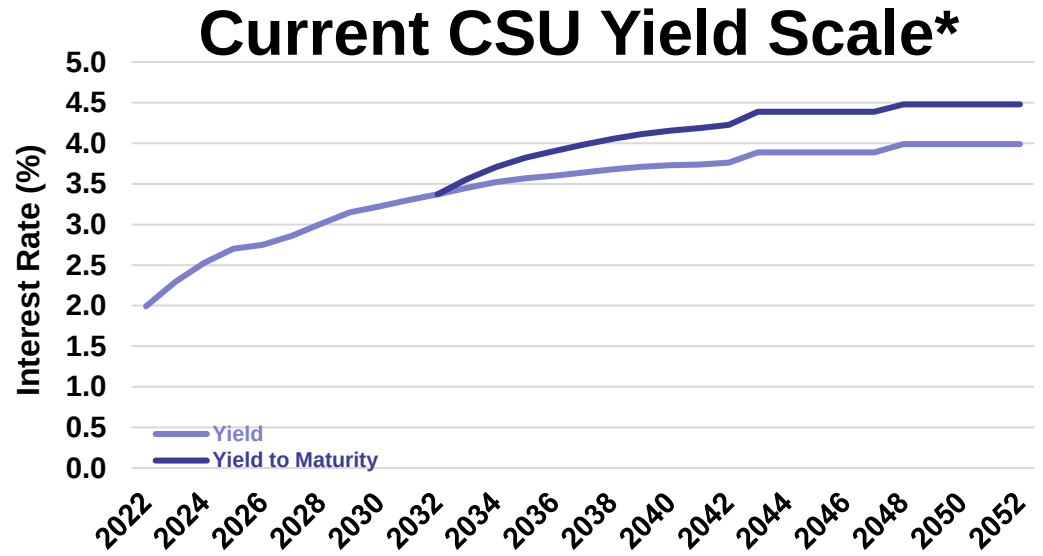
New Money Debt Issuance

Market Update:

- Interest rates have risen dramatically so far in 2022
- Current inflation is +8.26%
- Federal Reserve projected to raise rates to 2.5% by year end, as well as engage in significant quantitative tightening
- Municipal supply is down -5.5% in 2022
- Investors have pulled over $57 billion from municipal bond funds year-to-date

Current market environment is when an AA/Aa2/AA+ rating is so important





*Indicative pricing scale as of 5/23/2022 – Source: Stifel Nicholas

2022 Refunding Issuance

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

- $1.78 billion in outstanding fixed rate bonds
- Vast majority can be refinanced 10 years after issuance if interest rate economics are favorable

Anticipated Actions:

- Issue a current refunding transaction in September to refinance all/parts of the following:

Current Estimated Refunding Results

	2012B	2012C-1	2012C-2	Total
Remaining Par	$79.29 million	$44.94 million	$27.69 million	**$151.9 million**
Cashflow Savings	$3.27 million	$2.50 million	$3.40 million	**$9.17 million**
NPV Savings ($)	$2.20 million	$2.04 million	$2.59 million	**$6.83 million**
NPV Savings (%)	2.78%	4.54%	9.36%	**4.50%**

NOTE: market-based estimates as of 5/23/2022

Credit Ratings

Objective 4: Successfully manage credit rating agency relationships

- Currently preparing messaging materials for upcoming rating agency visits
- Anticipated topics of interest to address:
  - Recovery from Winter Storm Uri
  - Major project highlights
  - Inflation and supply chain impacts
  - Fuel price volatility
  - Short- and long-term financial planning processes
  - Environmental, Social, and Governance Factors (“ESG”)

	Moody's	S&P	Fitch
Investment Grade	Aaa	AAA	AAA
	Aa1	AA+	AA+
	Aa2	AA	AA
	Aa3	AA–	AA–
	A1	A+	A+
	A2	A	A
	A3	A–	A–
	Baa1	BBB+	BBB+
	Baa2	BBB	BBB
	Baa3	BBB–	BBB–
Non-Investment Grade *High Yield “Junk”*	Ba1	BB+	BB+
	Ba2	BB	BB
	Ba3	BB–	BB–
	B1	B+	B+
	B2	B	B
	B3	B–	B–
	Caa	CCC	CCC
	Ca	CC	CC
	C	C	C
Default	C	D	D

Debt Issuance Working Timetable

Date	Event
Friday, March 11, 2022	*Plan of Finance Presentation to Finance Committee*
Wednesday, March 30, 2022	*JP Morgan Investor Conference*
Friday, April 29, 2022	*Underwriter Selection (JP Morgan and BAML)*
Friday, June 10, 2022	*Finance Committee Presentation*
Wednesday, June 15, 2022	**Utilities Board Presentation**
Monday, July 18, 2022	Document Review with Underwriters
Tuesday, July 26, 2022	First Reading of Ordinance - City Council
Tuesday, August 2, 2022	Rating Agency Presentations
Tuesday, August 9, 2022	2nd Reading of Ordinance & Ordinance Approval – City Council
Tuesday, September 13, 2022	Bond Pricing
Wednesday, September 28, 2022	Issuance Closing

Colorado Springs Utilities

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Date: June 15, 2022

To: Utilities Board

From: Aram Benyamin, Chief Executive Officer

Subject: **Utilities Policy Advisory Committee (UPAC) Water Acquisition Funding Assignment Recommendation**

Desired Action: Discussion

Previous Board Communications/Discussion: The Utilities Board approved the UPAC Water Acquisition Funding Assignment at the December 15, 2021 Utilities Board meeting. Assignment updates were provided at the March 10, 2022 Utilities Board Strategic Planning Committee meeting and the May 13, 2022 Finance Committee meeting. The Strategic Planning Committee reviewed UPAC's assignment recommendation at the June 10, 2022 meeting.

Executive Summary: The purpose of the Water Acquisition Funding Strategy Assignment is to evaluate options for funding the acquisition of additional water resources in a timely and proactive manner to meet water system reliability and level of service goals.

Background Information: UPAC is a fact-finding body whose mission is to review, analyze and, when appropriate, provide recommendations to the Utilities Board regarding the various overall strategic operating and financial policies for Colorado Springs Utilities.

Options: N/A

Recommendations: UPAC will provide an assignment recommendation regarding Water Acquisition Funding at the June 15, 2022 Utilities Board meeting.

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UPAC Assignment
Water Acquisition Fund Recommendation to the Utilities Board

Gary Burghart
UPAC Chair

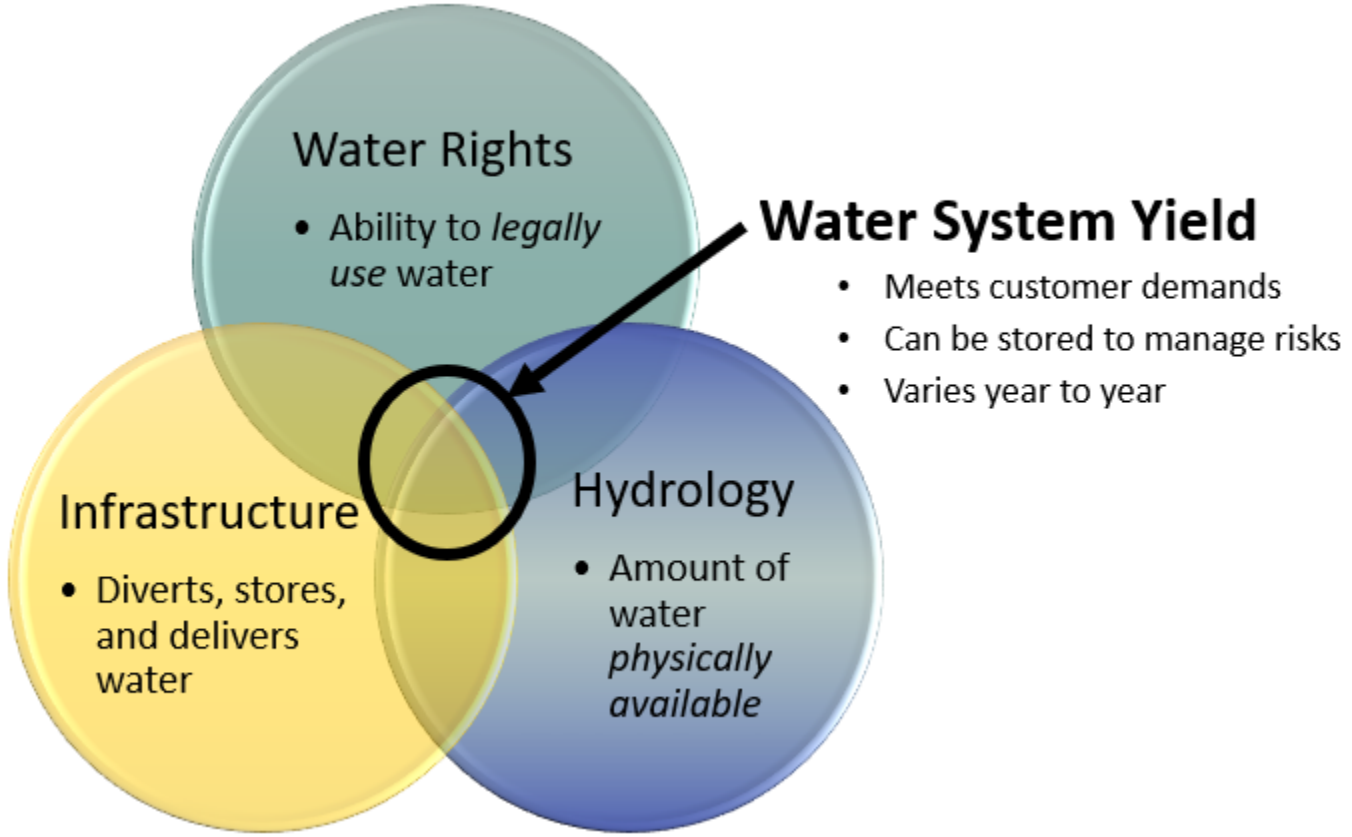
June 15, 2022

Agenda

1. Assignment Scope and Overview
2. UPAC Recommendation
3. Discussion

Assignment Scope

Evaluate options for funding the acquisition of additional water resources in a timely and proactive manner to meet water system reliability and level of service goals.



Assignment Overview – Water System

Water System Overview

IWRP Review

Water Planning Fundamentals

Risks and Planning Factors

Water Market Situation Assessment

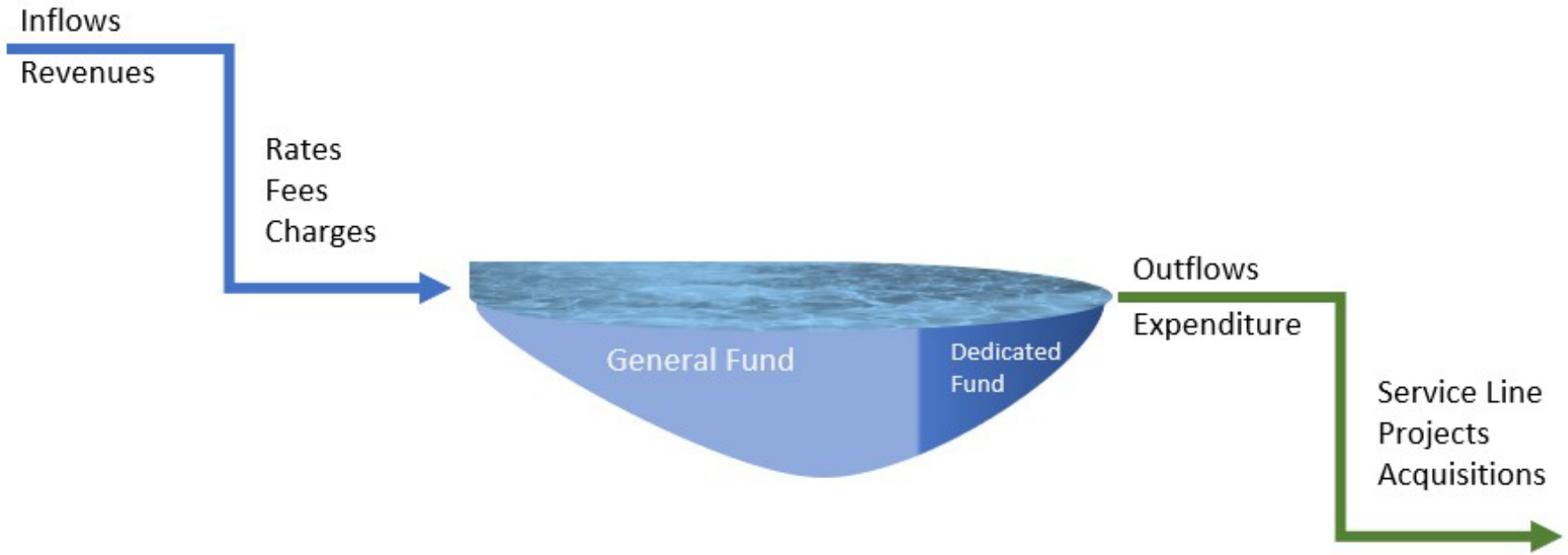
Springs Utilities Current Practices

Guiding Principles

Peer Utilities Approaches

Assignment Overview -- Funding

- Approaches to Funding Acquisitions
- Aligning Funding and Rate Making Principles and Processes
- Fund Framework (thresholds, process)
- Policy Review and Potential Updates



UPAC Recommendation

Immediate implementation of a *dedicated* water acquisition fund.

- Enables timely and proactive water resource acquisitions.
- Consistent with 2017 IWRP recommendation.
- Consistent with Board Instruction I-7 (Water Supply Management).

UPAC Recommendation

Update Utilities Board policies to outline a framework for funding water acquisitions:

- Board Instruction I-3 (Financial Planning and Budgeting)
- Board Instruction I-7 (Water Supply Management)
- Guideline G-8 (Water Reserve Account) under I-3
- New Guideline under I-3

Use the following considerations:

- Starting value of the fund
- Scope of water acquisitions
- Resourcing of the fund
- Management of the fund

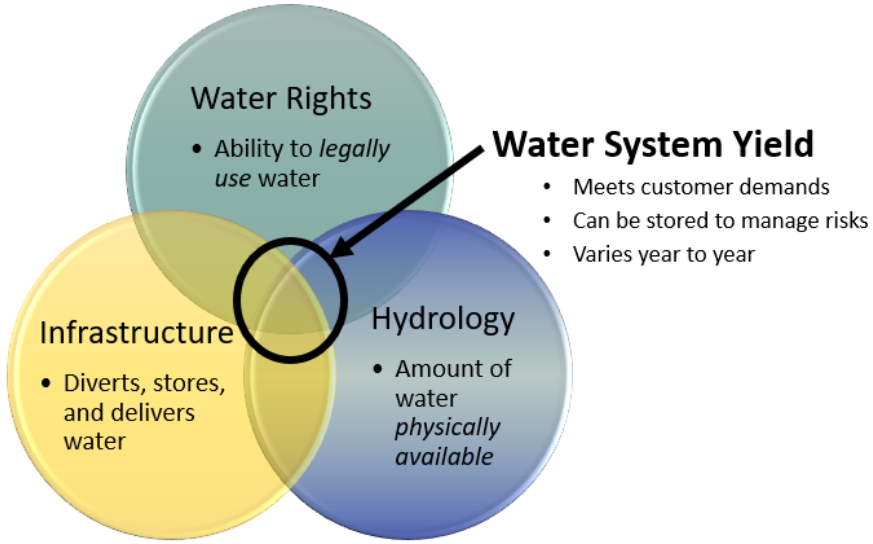
UPAC Recommendation

Thresholds – establish a baseline value for the fund.

- $40 Million

Scope – what the fund can be used for.

- Water system yield
  - Water rights acquisitions
  - Infrastructure



UPAC Recommendation – Resourcing

Fund will be established using

- Revenue from Water Resource Fees.
- Water Reserve Account.
- Revenue from water rates.

Management of the fund

- A dedicated fund will streamline and improve the approval process for disbursements.
- Funding to be augmented with debt as needed.

UPAC Recommendation

UPAC recommends the Utilities Board directs staff to draft policy using the UPAC considerations to include:

1. Immediate establishment of a dedicated fund in associated Board Instructions and Guidelines.
2. Set a fund value of $40 Million as a targeted baseline.
3. Set scope to include water rights and infrastructure that increase water system yield.
4. Resource fund using revenue from Water Resource Fees, Water Reserve Account, revenue from water rates and augmented with debt as needed.
5. Use the fund in a proactively and timely manner.

Next Steps

July15 Finance Committee

July 20 Utilities Board Meeting

- Draft policy language and Board Instruction changes (provided by staff)

Colorado Springs Utilities

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Date: June 15, 2022

To: Utilities Board

From: Aram Benyamin, Chief Executive Officer

Subject: **December 2021 Windstorm After-Action Report and Improvement Plan**

Desired Action: Discussion

Previous Board Communications/Discussion: The 2021 Windstorm Response and Recovery was discussed at the January 19, 2022 Utilities Board meeting.

Executive Summary: Following discussion at the January 2022 Utilities Board meeting, the Operations Division facilitated four after-action/improvement planning meetings to discuss lessons learned after the December 2021 windstorm. Nine enterprise-wide recommendations have been made and approved by Springs Utilities' Executive Leadership.

Background Information: On December 15, 2021, extraordinary winds tore through the Pikes Peak Region creating extensive damage that resulted in downed power lines and caused widespread power outages for Colorado Springs Utilities customers that spanned several days. This windstorm created the most damage to Colorado Springs Utilities' electric system in more than 30 years.

Following the windstorm, after-action reviews were conducted to document improvement opportunities learned during the event. After-action reviews (AARs) are a structured approach for reviewing the work of a group and identifying strengths, weaknesses, and areas for improvement. Reviews focus internally on answering questions to describe: 1) what happened; 2) what went well and why; and 3) what can be improved and how. Once an after-action report is completed, the results of the review are shared with the entire workgroup to assist in learning.

Four meetings were held in January 2022 to discuss lessons learned. An after-action report was compiled, along with an Improvement Plan, detailing recommendations and associated tasks required to attain the recommendations.

The nine, enterprise-wise recommendations are as follows:

1. Outage Map Functionality and Usefulness to the Customer
   Recommendation: Make additional information available for the customer to assist in restoration awareness.

2. Community Outreach/Expanding Partnerships with Local Centers of Influence
   Recommendation: Solicit and strengthen the network of community partners to assist information sharing and collaboration within communities.

3. ICS (Incident Command Structure) and Process Standardization
   Recommendation: Establish standardized ICS structures and processes for most likely major incidents to improve speed of response and efficiency.

4. Incident Scalability
   Recommendation: Improve Incident Scalability through augmentation sourcing solutions as part of the ICS structures for all major events; revise contract agreements for essential services; and build an onboarding process that enables the arrival, assembly, and onward tactical deployment of augmentation resources.

5. Logistics Improvement Opportunities
   Recommendation: Improve depth of contracted services and material distributors, adjust on-hand quantities of materials as needed, and conduct more efficient crew supply and sustainment operations to improve crew efficiency.

6. Enterprise Command Center (ECC) Renovation
   Recommendation: Evaluate two options for a permanent ECC to improve operational efficiency and improve functionality during crisis incidents.

7. Outage Response and Work Management Improvements
   Recommendation: Conduct a comprehensive review and revision of the electric outage restoration process and supporting technologies to improve overall response efficiency.

8. System Resiliency Improvements
   Recommendation: Conduct comprehensive review of the electric transmission and distribution infrastructure to identify and prioritize opportunities for improving system resiliency.

9. Building and Sustaining an ICS-Proficient Workforce
   Recommendation: Add ICS specific roles and responsibilities to employee job descriptions and training matrices to ensure the knowledge and skill attainment is enabled.

Assignments are included in the Improvement Plan, along with suspense dates for completion.

Options: N/A

Recommendations: N/A

Colorado Springs Utilities
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December 2021 Windstorm After-Action Report and Improvement Plan

Charlie Cassidy, General Manager Energy Construction, Operations and Maintenance Department

Erin Duran, Emergency Management Program Manager

June 15, 2022

Incident Timeline December 14-22

Pre-Incident
12/14-12/15

- National Weather Service Notifications/Conference Call
- Level IV Activation
- Public Messaging and Community Coordination
- Electric and Support Groups Preparing

Response
12/15-12/22

- Response and System Restoration
- Level IV Activation → Level III → Level II
- Public Messaging and Community Coordination
- Utilities Board and Employee Updates

Recovery
12/22-present

- System Restoration Continues
- After Action Reviews
- Implement Improvement Plan

December 15, 2021 Windstorm

Historical Comparison

Windstorm Incident	Customers Impacted (approx.)
Nov 3 -4, 2005	42,000
Oct 17-18, 2006	1,000
April 3-4, 2011	8,000
Jan 9-12, 2017	40,000
Dec 15-21, 2021	47,000

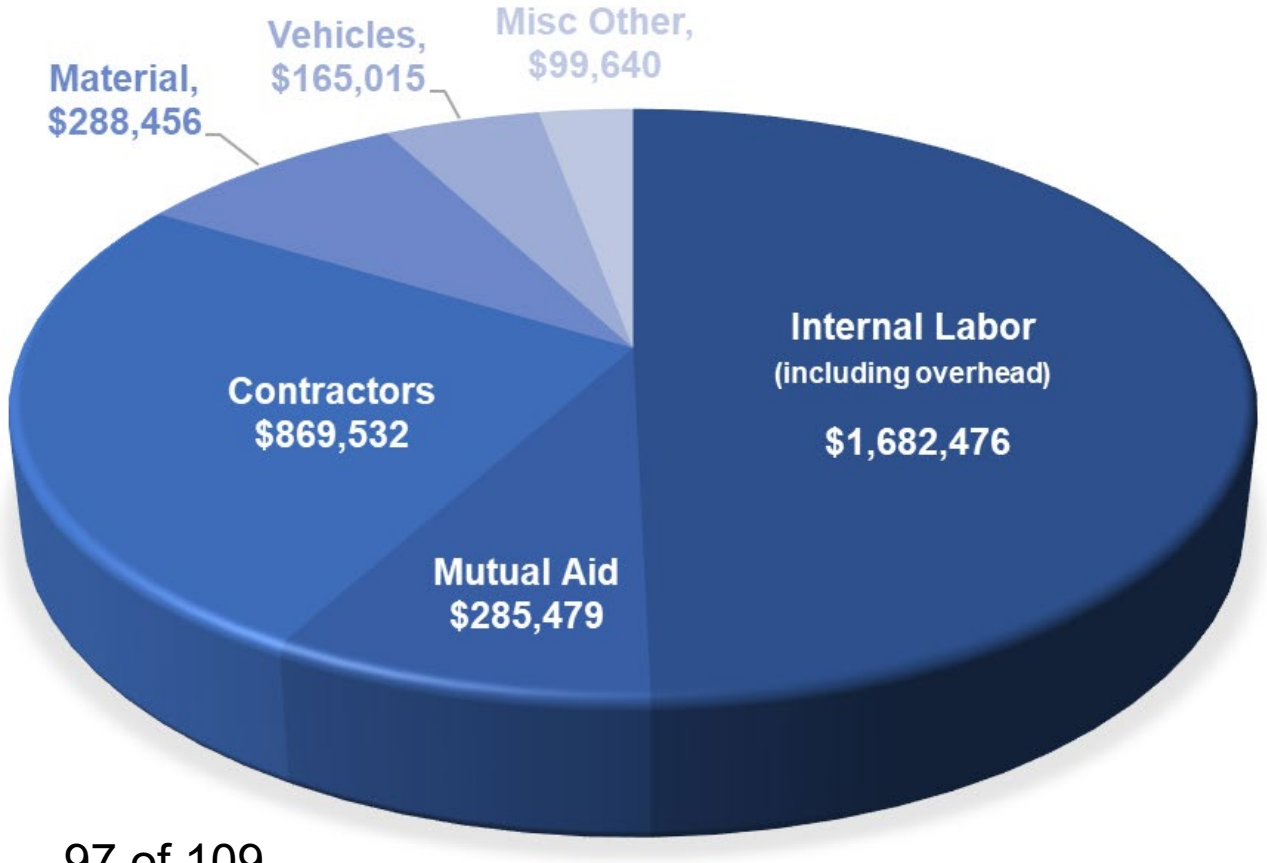
Windspeeds

Wind Speed	Time	Closest Major Intersection/ Landmark
91 MPH	1043 AM	Air Force Airfield
92 MPH	1046 AM	Rusina/W Garden of the Gods Road
94 MPH	1051 AM	Eagle's Peak
84 MPH	1100 AM	Cheyenne Mountain
100 MPH	1118AM	Air Force Airfield
92 MPH	1131 AM	Cheyenne Mountain
101 MPH	1156 AM	Manitou Avenue/El Paso Boulevard
93 MPH	1210 PM	Allegheny/Oak Valley Lane
85 MPH	1210 PM	Briargate/Union
93 MPH	1219 PM	Vindicator/South Rockrimmon
86 MPH	1220 PM	Allegheny/Oak Valley Lane
91 MPH	1225 PM	Colorado Springs Airport
92 MPH	1254 PM	Colorado Springs Airport
92 MPH	1401 PM	Cheyenne Mountain

Cost Analysis

Total Restoration Costs – $3,390,598

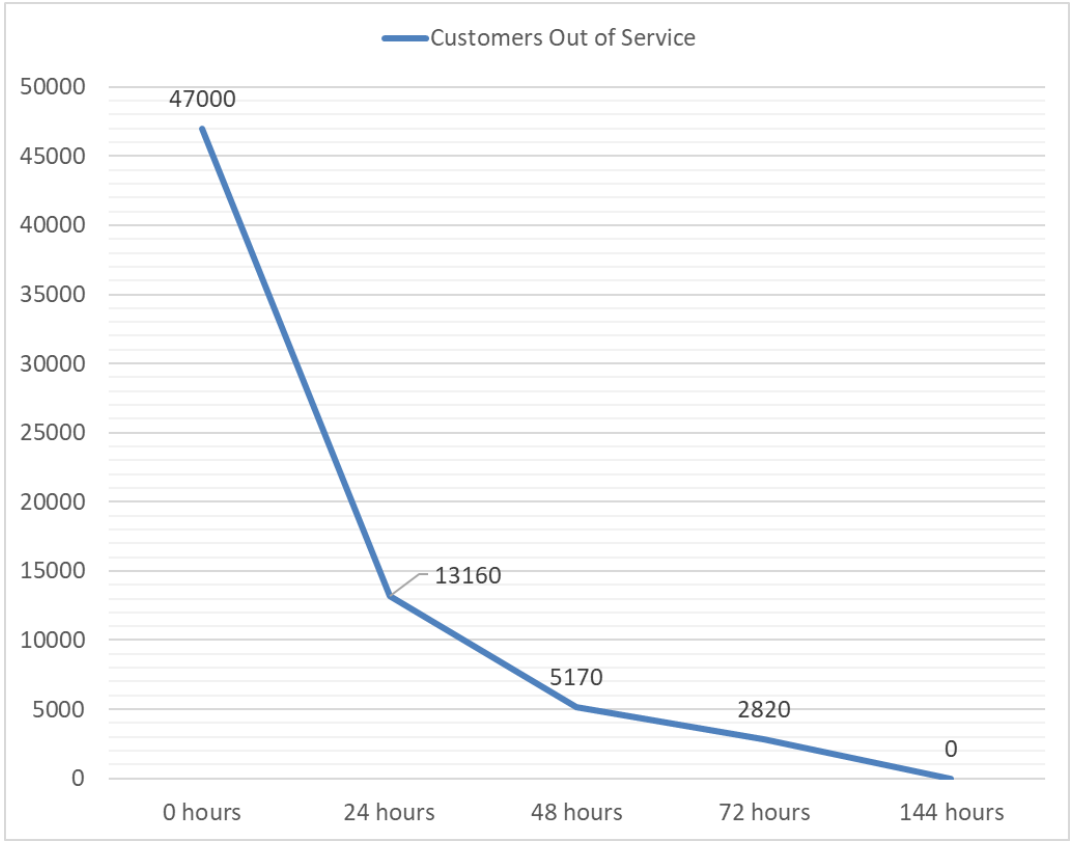
- 84% of the total restoration costs are attributed to Internal Labor (including overhead), Mutual Aid, and Contractors
  - Over 600 internal employees and contractors
  - Personnel who worked 66,000 hours
  - 2 Mutual Aid entities
    - City of Fountain
    - Xcel Energy
- 9% of the total restoration costs are attributed to Material
  - 248 wires down (6.2 miles)
  - 101 wood distribution poles
  - 5 wood transmission poles
  - 33 overhead transformers
  - 182 cross arms



Customer Restoration

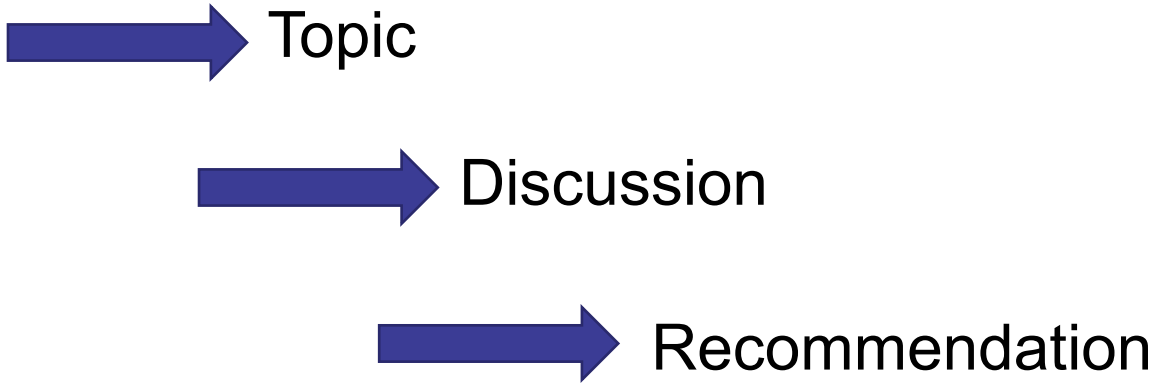
- Total number of customers out of service and percentage of restoration attained:

	Customers out of Service	Percent of Customers Restored
0 hours	47,000	
24 hours	13,160	72%
48 hours	5,170	89%
72 hours	2,820	94%
144 hours	0	100%



December 2021 Windstorm After Action

- Four Improvement Planning Meetings
- Teams Provided Feedback

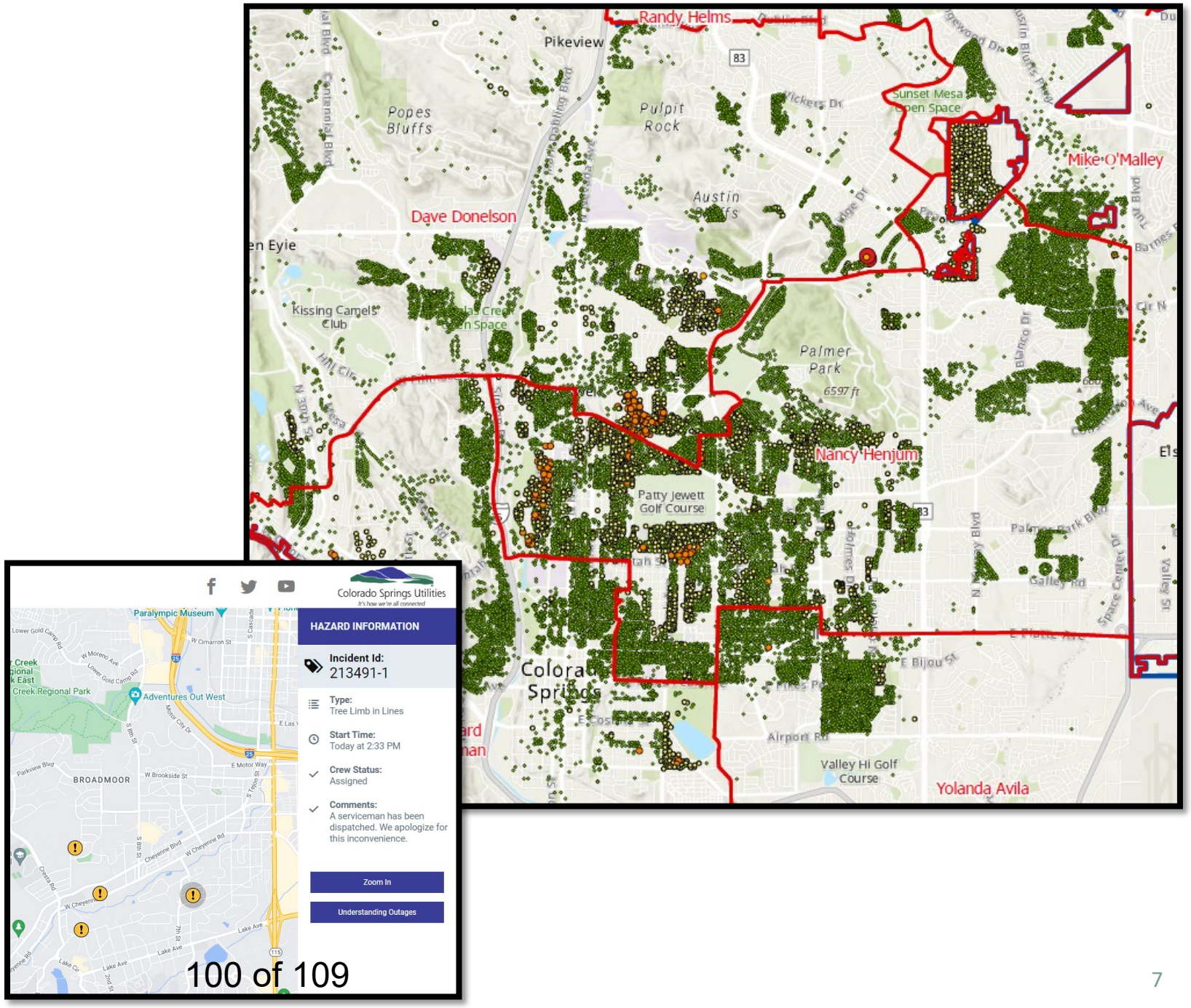


- Nine Enterprise Topics and Recommendations

Topic 1: Outage Map Functionality and Usefulness to the Customer

Recommendation

Make additional information available for the customer to assist in restoration awareness through outage map functionality improvements, to include the customer interface.



Topic 2: Community Outreach/Expanding Partnerships with Local Centers of Influence

Recommendation

Springs Utilities will solicit and strengthen the network of community partners to assist information sharing and collaboration within communities.

Topic 3: Incident Command System (ICS) and Process Standardization

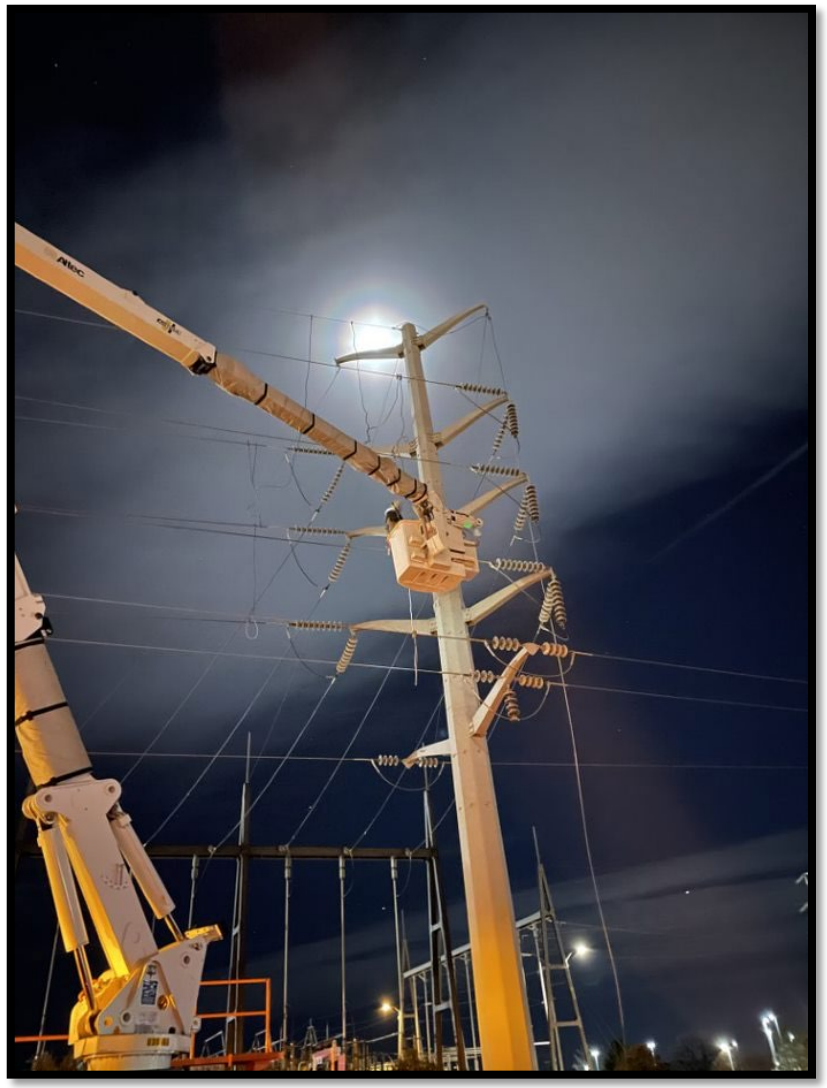
Recommendation

Establish standardized ICS structures and processes for most likely major incidents to improve speed of response and efficiency.

Topic 4: Incident Scalability

Recommendation

Improve Incident Scalability through augmentation sourcing solutions as part of the ICS structures; revise mutual aid agreements; and build an onboarding process that enables the tactical deployment of augmentation resources.



Topic 5: Logistics Improvement Opportunities

Recommendation
Improve depth of contracted services and material distributors, adjust on-hand quantities of materials as needed, and conduct more efficient crew supply and sustainment operations to improve crew efficiency.

Topic 6: Enterprise Command Center (ECC) Renovation

Recommendation

Evaluate two options for a permanent ECC to improve operational efficiency and improve functionality during crisis incidents. Review adequacy of Tactical Operations Center (TOC) locations.

Topic 7: Outage Response and Work Management Improvements

Recommendation

Conduct a comprehensive review and revision of the electric outage restoration process, including damage assessment and downed wires, and supporting technologies to improve overall response efficiency.

Topic 8: System Resiliency Improvements

Recommendation

Conduct comprehensive review of the electric transmission and distribution infrastructure to identify and prioritize opportunities for improving system resiliency. Options for undergrounding and hardening will be explored.

Topic 9: Building and Sustaining an ICS-Proficient Workforce

Recommendation

Add ICS specific roles and responsibilities to employee job descriptions and training matrices. Develop position-specific training. Designate a week-long emergency preparedness week.


Colorado Springs Utilities
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