

# Colorado Springs Utilities

*It's how we're all connected*

**City of Colorado Springs, Colorado**

**\$700,000,000**

**Utilities System Improvement  
Revenue Bonds  
Series 2025A**

**\$38,970,000**

**Utilities System Refunding  
Revenue Bonds  
Series 2025B**

**Investor Presentation – July 2025**

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# Transaction Overview

	Utilities System Improvement Revenue Bonds Series 2025A	Utilities System Refunding Revenue Bonds Series 2025B
Par Amount <sup>1</sup>	\$700,000,000	\$38,970,000
Credit Ratings	Aa2 (Moody's) / AA+ (S&P)	
Security	Payable from Net Pledged Revenues of the System	
Use of Proceeds	<ul style="list-style-type: none"> <li>— Capital improvements to the utility system;</li> <li>— Cost of issuance; and</li> <li>— Surety Bond Premium</li> </ul>	<ul style="list-style-type: none"> <li>— Refund the Utilities System Revenue Bonds, Series 2015A</li> <li>— Cost of issuance; and</li> <li>— Surety Bond Premium</li> </ul>
Amortization <sup>1</sup>	November 15, 2030 – 2055	November 15, 2026 – 2045
Tax Status (State and Federal)	Tax-Exempt	
Interest	Semiannually on May 15 and November 15, commencing November 15, 2025	
DSRF	Reserve requirement equal to sum of total bond interest divided by number of fiscal years beginning with the first fiscal year interest is paid and ending with the fiscal year the bonds mature; funded with BAM surety policy	
Optional Redemption <sup>1</sup>	November 15, 2035 at Par	
Pricing Date <sup>1</sup>	Wednesday, August 6, 2025	
Closing Date <sup>1</sup>	Tuesday, August 26, 2025	
Underwriter(s)	Goldman Sachs (Bookrunner) BofA Securities, Barclays, J.P. Morgan, Morgan Stanley (Co-Managers)	

<sup>1</sup> Preliminary, Subject to Change.

# Summary of Credit

The Utilities' strong credit profile is supported by:



**Strength and continuing growth of the service territory;**

— *Service area population growth of +1.5% / year since 2010 and 2%+ in recent past*



**Diversified enterprises with low historical revenue correlation between systems and varied customer base;**

— *Military installations served include Fort Carson, Peterson Space Force Base, and United States Air Force Academy*



**Active management of water supply;**

— *Comprehensive Drought Response Plan with goal of maintaining one year of customer demand in system-wide storage with estimates of sufficient water supply to meet growing needs of service area*



**Sound rate setting and Board policies result in stable financial metrics and strong liquidity; and**

— *Competitive rates with a history of adjusting rates as needed*

— *Fully recovered \$141mm of costs related to Winter Storm Uri in ~15 months*



**Consistently strong financial metrics**

— *Debt service coverage ratio above 2x and greater than 146 days cash-on-hand*

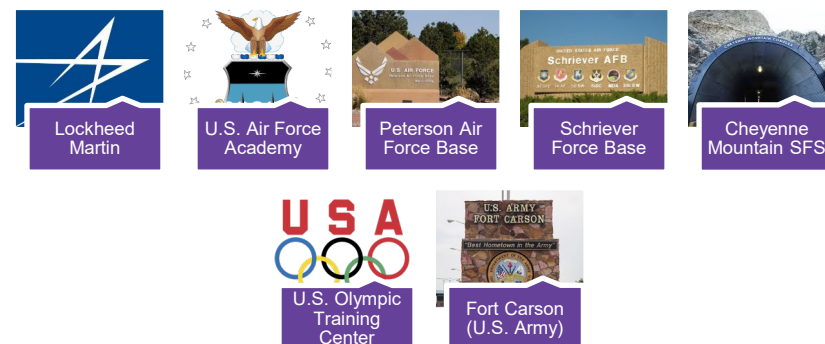


# Regional Economy Continues to Grow

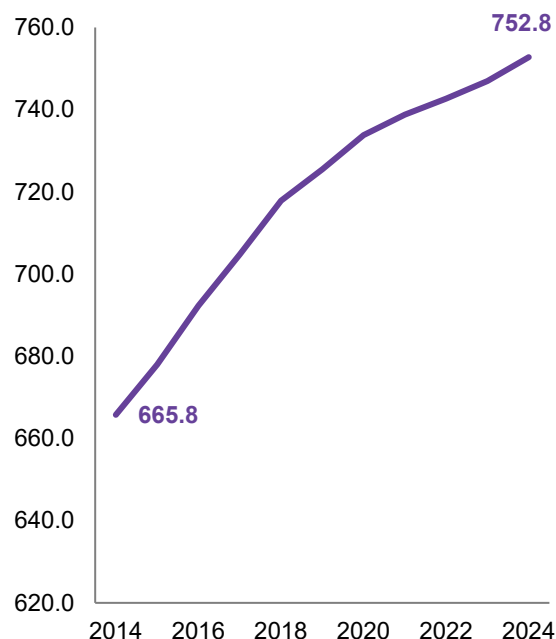
## Development

- The Colorado Springs Metro Area continues to see strong expansion:
  - Average annual population growth of 1.27% since 2012
- Colorado Springs has experienced lower unemployment than the national average for most of the last decade<sup>1</sup>

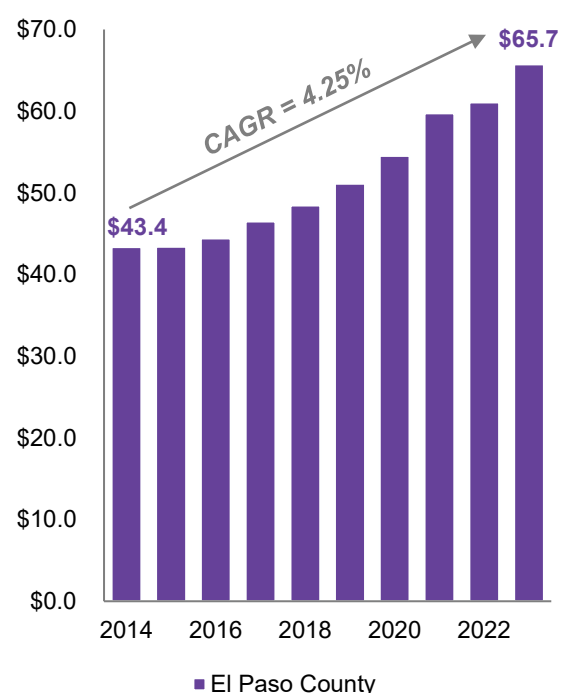
## The Utilities Benefits from Several Stable, Local Institutions



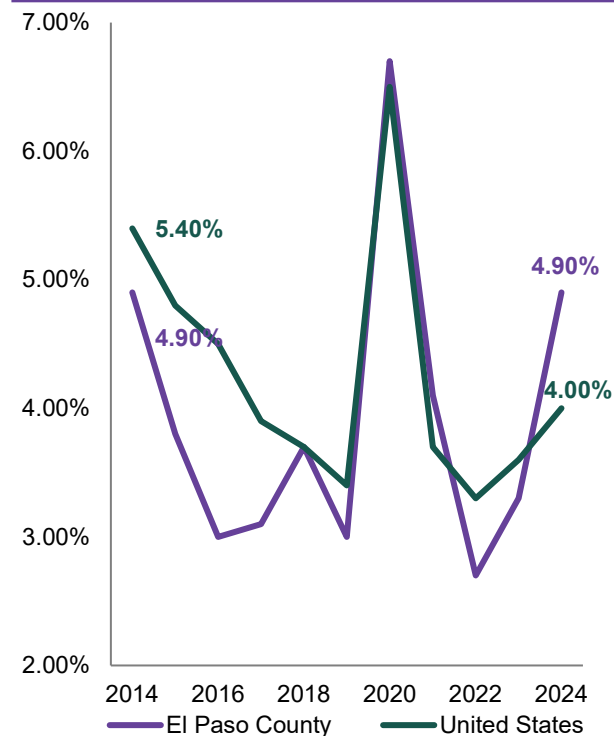
## Population of El Paso County (000)



## Per Capita Personal Income (\$000)



## Unemployment Rate

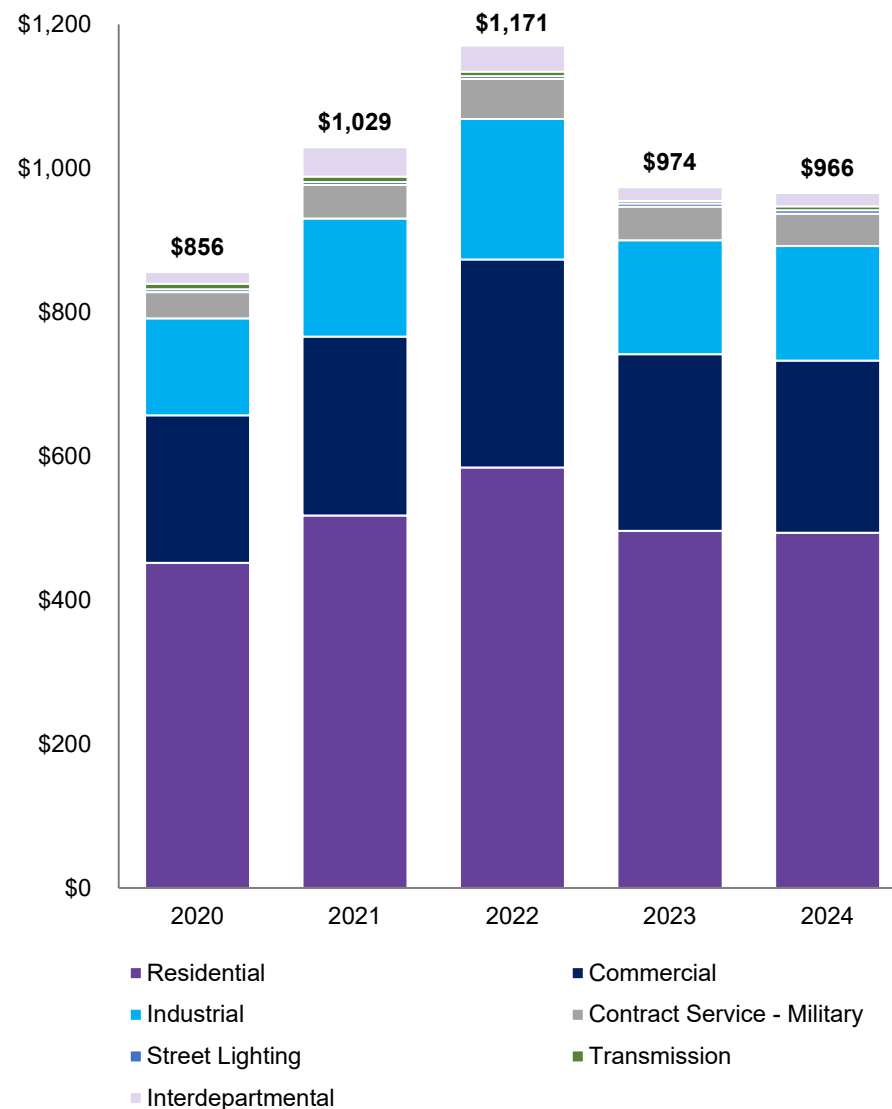


# The Utilities is Diversified

- The Utilities enjoys a diversified customer base with five system services
- Low correlation between revenues across systems

Service	% of Utilities Revenue (FY24)	Number of Customer Accounts / Active Meters
Electric System	53.5%	259,471
Water System	22.8	159,626
Gas System	15.8	227,603
Wastewater System	7.4	153,827
Streetlight System	0.5	1 (City of Colorado Springs)

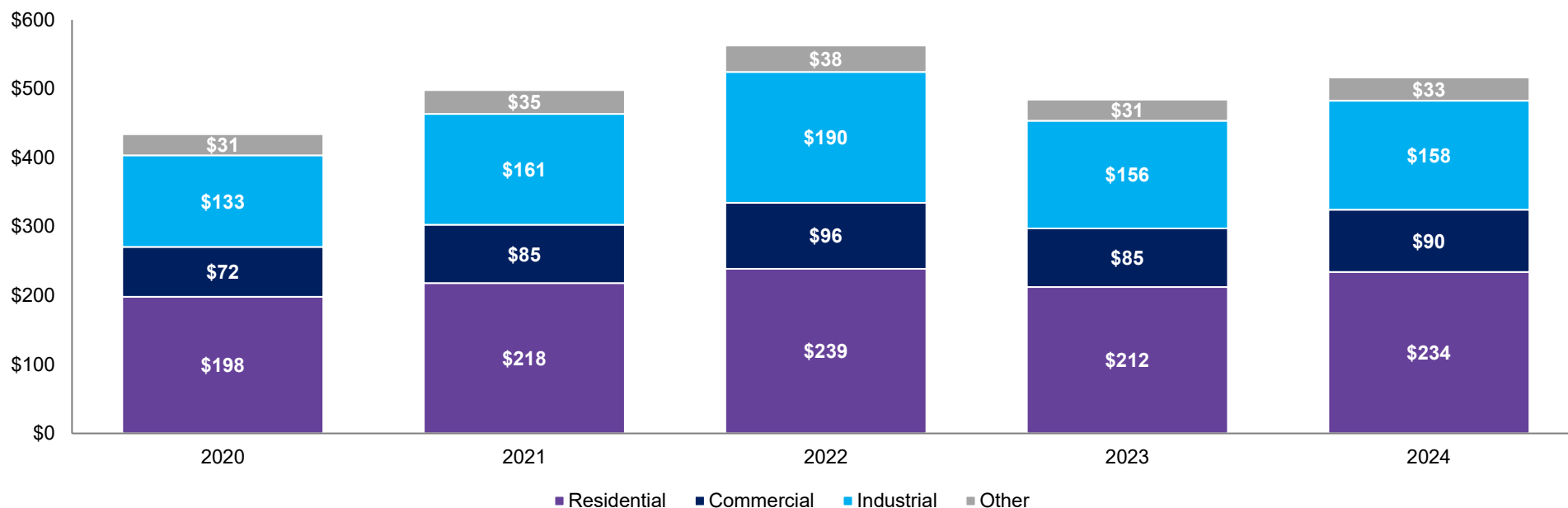
Total System Revenue by Customer Class (\$mm)



# Electric System

- 2024 net sales revenue of \$545.6 million
  - 42% residential and 45% commercial / industrial by revenue
  - Residential rates are 11% below the Front Range average residential electric rate<sup>1</sup>
- Ten largest electric customers account for only 9.4% of 2024 system revenue
- Evolving energy mix with the Utilities anticipating incorporating additional electric generation resources into its portfolio by 2030
- Capital projects planned to meet growth in Colorado Springs, replace aging infrastructure, and assist in the Utilities' regulatory requirements goals

Electric System Annual Revenues (\$mm)<sup>2</sup>



Source: Preliminary Official Statement, "The Electric System".

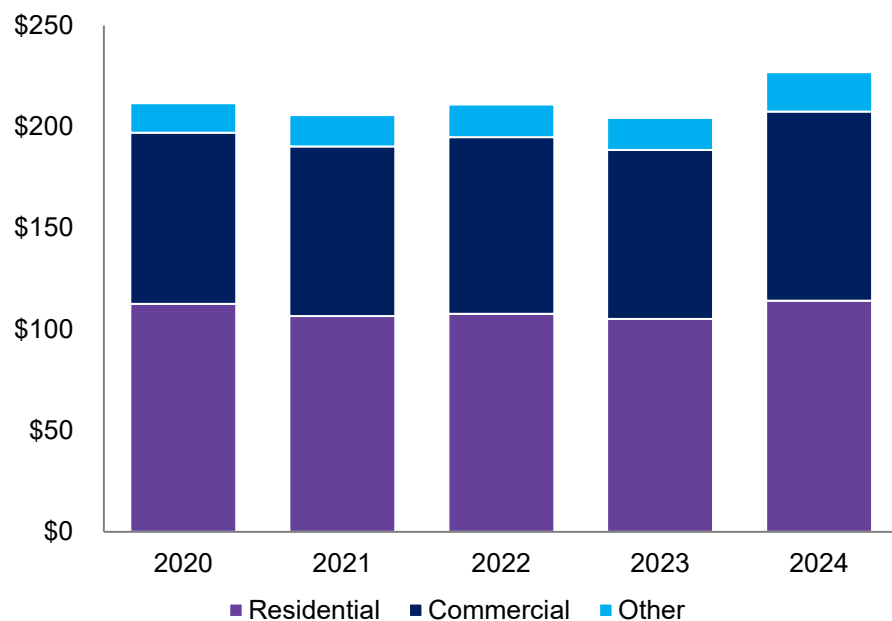
<sup>1</sup> Computations are estimated using assumed billing determinates, tariff rates publicly available on websites effective July 11, 2025, and Utilities rates effective July 1, 2025.

<sup>2</sup> Other includes military contract and miscellaneous revenues. Excludes interdepartmental revenues.

# Water System

- 2024 sales revenue of \$222.8 million<sup>1</sup>
  - 51% residential and 42% commercial
- Diversified customer base with ten largest water customers by sales volume accounting for 16.4% of 2024 system revenue<sup>2</sup>
- Utilities estimate sufficient water to meet growing needs of area served by Water System
- Comprehensive Drought Response Plan with goal of maintaining greater than one year of customer demand in system-wide storage
- Snowpack in the Utilities' mountain watersheds trending near historical averages and April 2025 yield forecast predicts 99% of total system average yield in 2025, sufficient to keep water storage well above 1.5 years of demand

**Water System Annual Revenues (\$mm)<sup>3</sup>**



**Water Storage**

Storage Capacity	Acre Feet	% of Total
Owned Storage (25 Reservoirs)	236,300	89.3%
Contracted Storage (Fryingpan-Arkansas Project)	28,000	10.6
Covered Treated Water Storage	362	0.1
<b>Total</b>	<b>264,662</b>	<b>100.0%</b>

Source: Preliminary Official Statement p. 45, 48 "The Water System".

<sup>1</sup> Other includes Military Contract Sales, Nonpotable revenues and miscellaneous revenues. Excludes interdepartmental revenues.

<sup>2</sup> Excluding interdepartmental, and miscellaneous revenues.

<sup>3</sup> Excluding interdepartmental, non-potable and miscellaneous revenues.



# Water Outlook

The Utilities is taking proactive steps to provide a safe and reliable water supply to the community for the next 50 years

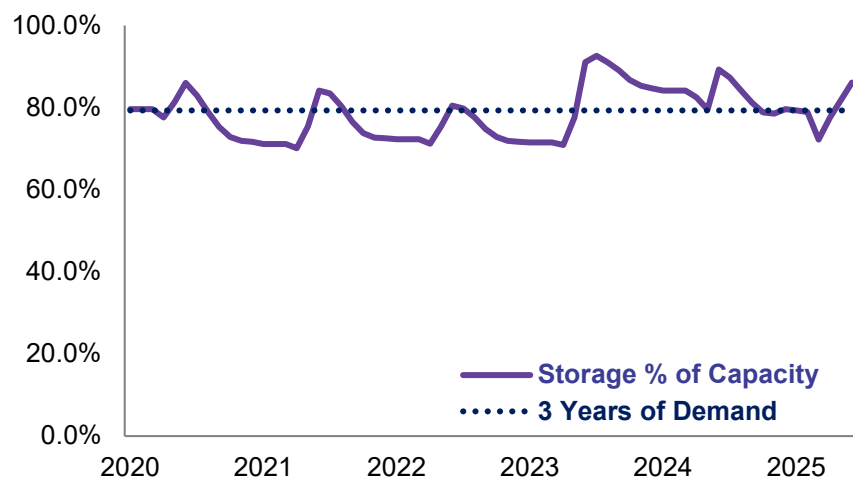
## Water System Outlook

- In 2024, inflows into Lake Powell were 83% of the 30-year historical average
- Current projections as of May 2025 indicate that inflows into Lake Powell will be approximately 62% of the 30-year historical average
- Total reservoir storage levels above average
- System-wide storage is 86.1% of capacity, or 6.3% higher than long-term average<sup>1</sup>
- Approximately 3 years of demand currently in storage
- National Oceanic and Atmospheric Administration (“NOAA”) projects above average temperatures and below average precipitation during the summer months

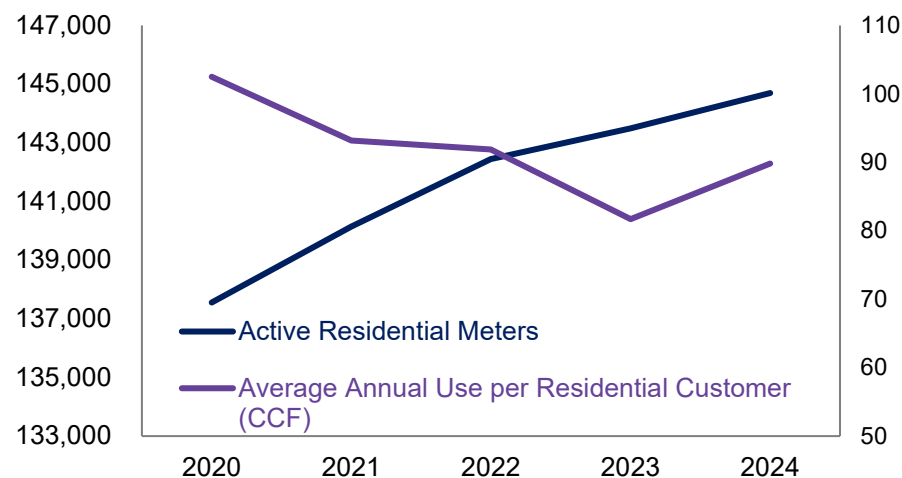
## Demand-Side Management & Planning

- Direct potable reuse technology
- Continued focus on efficiency incentivization
- Customers have decreased per capita consumption by 40% since 2001
- Investments to improve existing reservoirs and dams ensures adequate storage
- Remain active in regional market
- Diversify across Colorado’s 7 basins
- Innovative water sharing agreements

## Storage Percent of Capacity



## Average Water Use per Residential Customer

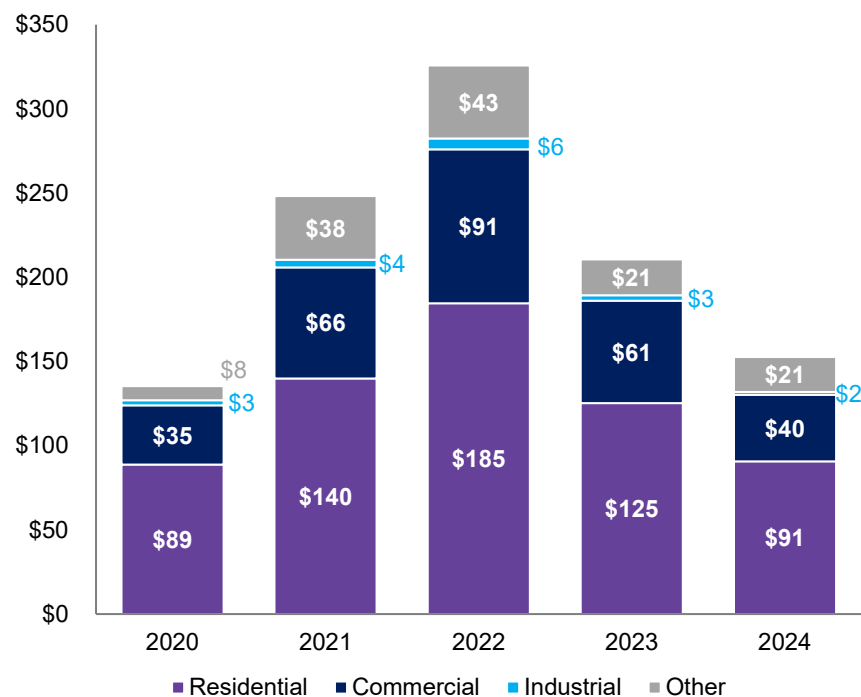


# Gas & Wastewater System Overview

## Gas System Highlights

- Gas System customer revenue base is split 56% residential and 37% commercial / industrial revenue, which excludes interdepartmental and other revenues
- Maintain diversified portfolio of contracted supplies and assets, actively pursue opportunities to reduce costs and realize value from its gas supply assets
- 227,603 active meters as of year end 2024

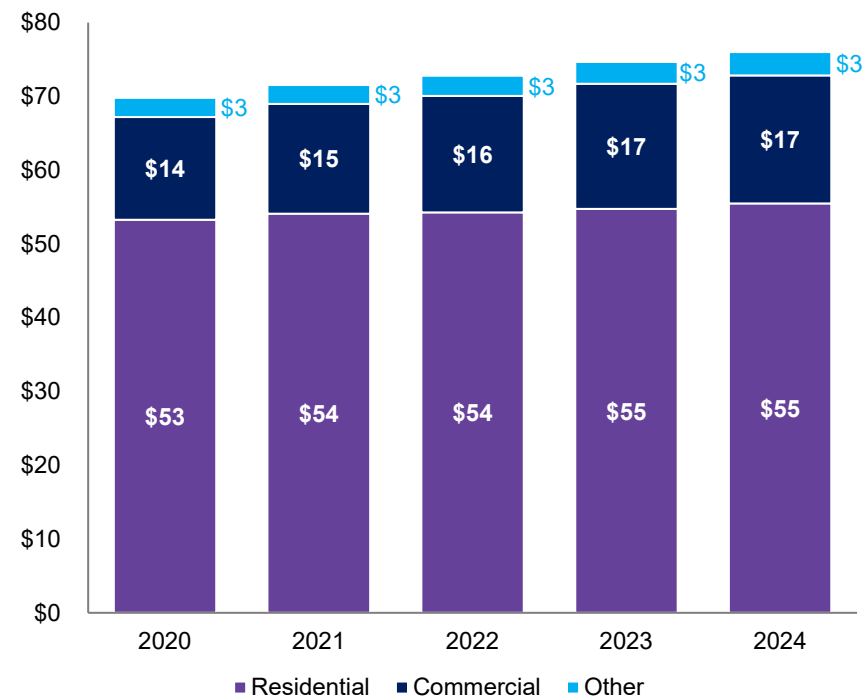
## Gas Annual Revenues (\$mm)<sup>1</sup>



## Wastewater System Highlights

- Owns and operates over 1,820 miles of sanitary sewer pipelines throughout thirty separate basins in Colorado Springs
- Revenue stability maintained despite decrease in per capita flow due to improvements in collection system, increased drought awareness and greater usage of water efficient appliances
- Capital needs forecasted ~\$619 million from 2025-2029

## Wastewater Annual Revenues (\$mm)<sup>1</sup>



Source: Preliminary Official Statement, "The Wastewater System," and "The Gas System"

<sup>1</sup> Other includes Military Contract Sales and miscellaneous revenues. Excludes interdepartmental revenues. Increase in gas revenue in 2021 and 2022 due primarily to an increase in fuel prices passes on to customers through the Utilities' Gas Cost Adjustments.

***Utilities has demonstrated an ability and willingness to pass through costs to maintain financial metrics, providing affordable rates and efficient cost recovery without significant customer burden***

## Governance

- City Council has all rate making authority and the Mayor does not have any veto authority over rate decisions

## Base Rate Adjustments

- The Utilities' rates continue to provide efficient cost recovery without significant customer burden
- Base rate adjustments on a percentage basis from 2025 to 2029 are shown in the table below

Service	2025	2026	2027	2028	2029	Cumulative Increase
<b>Electric</b>	6.5%	6.5%	6.5%	6.5%	6.5%	37.0%
<b>Gas</b>	4.0%	4.0%	4.0%	4.0%	4.0%	21.7%
<b>Water</b>	6.5%	6.5%	6.5%	6.5%	6.5%	37.0%
<b>Wastewater</b>	9.0%	9.0%	9.0%	9.0%	9.0%	53.9%

## ECA/GCA Fuel Rates

- As a municipal, community-owned utility, the Utilities are targeting a net collection balance of zero, in regards to the increases and decreases of fuel costs
- In addition to base electric and natural gas rates, the Utilities charges customers an electric cost adjustment ("ECA") and gas cost adjustment ("GCA")
- Electric cost adjustments and gas cost adjustments may be changed as frequently as monthly to pass actual costs to customers on a timely basis

# Rate Setting Abilities and Affordability

## Electric Rate Competitiveness

Residential	Electric
Front Range Average	\$124.8
Colorado Springs	105.2
Percent <b>Above</b> (- Below)	<b>-15.6%</b>

*Based on 30-day billing period and 700 kWh (electric).*

Small Commercial	Electric
Front Range Average	\$298.2
Colorado Springs	249.7
Percent <b>Above</b> (- Below)	<b>-16.3%</b>

*Based on 30-day billing period and 2,000 kWh (electric).*

Large Commercial	Electric
Front Range Average	\$5,867.6
Colorado Springs	4,938.9
Percent <b>Above</b> (- Below)	<b>-15.8%</b>

*Based on 30-day billing period and 45,000 kWh (electric).*

Industrial Electric - Intensive	Electric
Front Range Average	\$177,360.2
Colorado Springs	138,138.9
Percent <b>Above</b> (- Below)	<b>-22.1%</b>

*Based on 30-day billing period, 1,900,000 kWh and 3,000 kW.*

## The Utilities' Rates Are Lower...

- 1 Against regional/state/national comparisons
- 2 Across customer classes
- 3 And in terms of local income adjustments

*Even during winter storm Uri recovery period, the Utilities' electric rates were **5% below** the state average<sup>1</sup>*

**The Utilities' rates continue to provide efficient cost recovery without significant customer burden**

<sup>1</sup>Source: EIA.

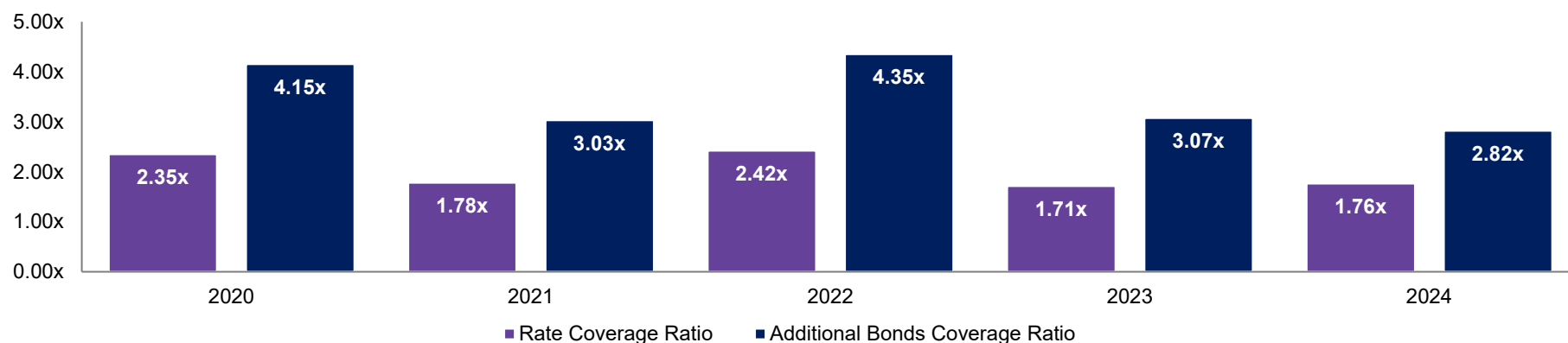
Note: Front Range communities include Aurora, Denver, Fort Collins, Fountain, Monument, and Pueblo. Computations are estimated using assumed billing determinates, tariff rates publicly available on websites effective April 1, 2025.

# Debt & Capital Expenditures

- **Debt Service Coverage:** The Utilities has historically maintained a strong debt service coverage ratio greater than the required rate coverage ratio of 1.30
- **Liquidity:** The Utilities has achieved robust liquidity with approximately 185.8 adjusted days liquidity on hand at the end of FY2024<sup>1</sup>

	Actuals (000's)				
	2020	2021	2022	2023	2024
Operating Revenues	\$884,352	\$1,065,754	\$1,234,497	\$1,005,708	\$1,012,680
Operating Expense	648,836	925,538	872,239	853,133	855,839
Noncash pension and OPEB expense	(18,261)	(21,372)	(78,836)	(15,873)	(35,392)
Depreciation and Amortization	161,258	163,748	168,235	181,917	202,416
<b>Operating Revenues Available For Debt Service</b>	<b>\$378,514</b>	<b>\$282,592</b>	<b>\$451,657</b>	<b>\$318,619</b>	<b>\$323,864</b>
Interest Earnings (excl. interest on bonds)	10,230	6,266	9,165	16,019	15,589
Development Fees	52,988	47,174	36,456	32,609	32,717
<b>Net Pledged Revenues</b>	<b>\$441,731</b>	<b>\$336,032</b>	<b>\$497,278</b>	<b>\$367,248</b>	<b>\$372,171</b>
Average Annual Principal and Interest Requirements	106,354	110,797	114,315	119,688	131,906
Additional Bonds Coverage Ratio	4.15x	3.03x	4.35x	3.07x	2.82x
<b>Fiscal Year Debt Service</b>	<b>\$187,700</b>	<b>\$188,729</b>	<b>\$205,752</b>	<b>\$214,473</b>	<b>\$211,389</b>
<b>Rate Coverage Ratio</b>	<b>2.35x</b>	<b>1.78x</b>	<b>2.42x</b>	<b>1.71x</b>	<b>1.76x</b>

## Coverage Ratios

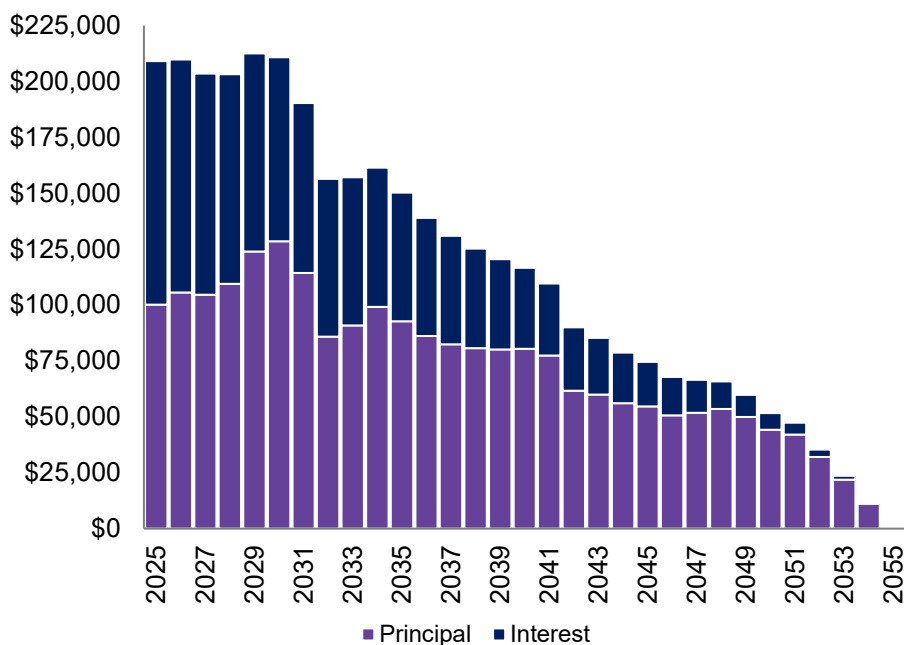


# Debt & Capital Expenditures

## Debt (2025-2029)

- \$568.8 million of principal to be paid off in the next five years
- Yearly opportunities to refinance for potential P&I savings
- Current yield curve promotes more efficient carry of bond proceeds
- Average life of principal is 12.4 years

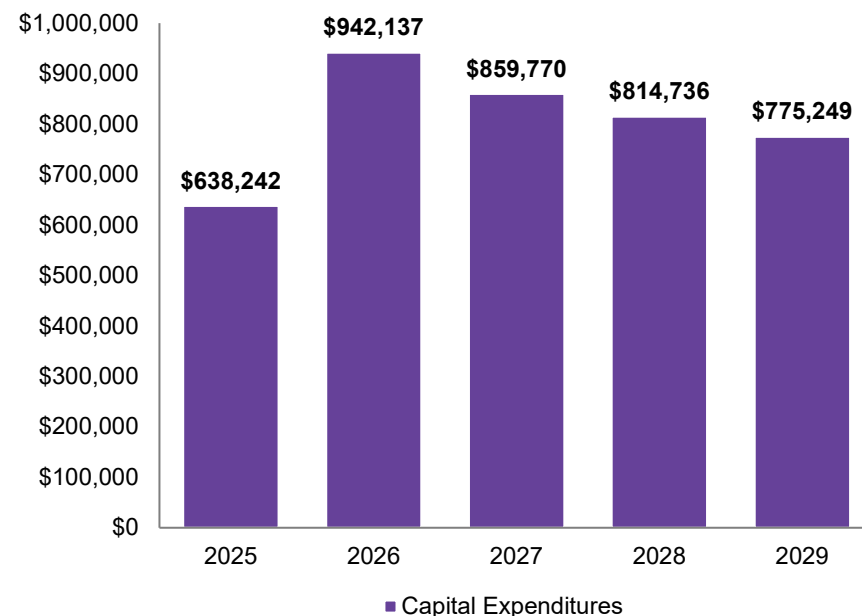
## Current Debt Service (\$000's)<sup>1</sup>



## Debt Ratio (2025-2029)

- Expecting 55% to 78% debt funding of capital projects
- Average forecasted debt ratio of 57.3%
- Maximum forecasted debt ratio of 58.2%

## Forecasted Capital Spend (\$000's)





# 2025 Plan of Finance<sup>1</sup>

## Summary of Structure

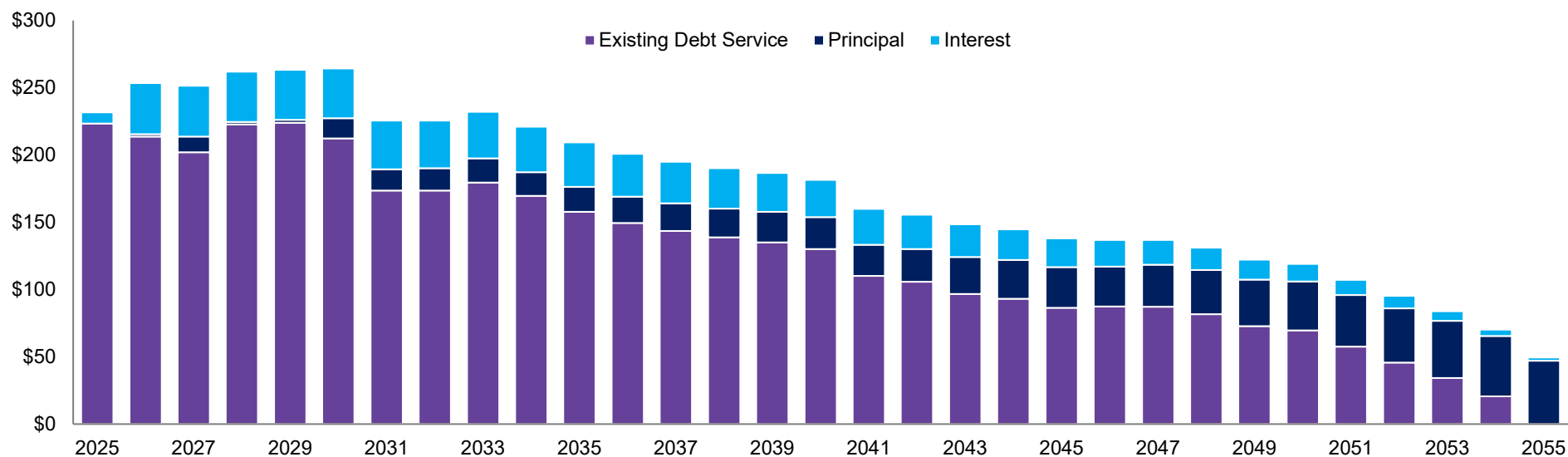
### Series 2025A

- Finance a portion of the costs of a number of general capital improvements to the System
- Pay certain costs of issuing the Series 2025A Bonds
- Pay the premium for the Surety Bond
- \$700,000,000
- Maturities from November 15, 2030, through November 15, 2055
- Callable at par on or after November 15, 2035

### Series 2025B

- Refund all or a portion of the City's outstanding City of Colorado Springs, Colorado, Utilities System Refunding Revenue Bonds, Series 2015A
- Pay certain costs of issuing the Series 2025B Bonds
- Pay the premium for the Surety Bond
- \$38,970,000
- Maturities from November 15, 2026, through November 15, 2045
- Callable at par on or after November 15, 2035

## Existing Debt Service Profile and Projected Series 2025AB Debt Service (\$mm)



# Financing Timeline and Key Contacts

## Anticipated Financing Schedule

■ Tuesday, July 29 <sup>th</sup>
— <i>Post POS and Investor Roadshow</i>
■ Wednesday, August 6 <sup>th</sup>
— <i>Bond Pricing</i>
■ Tuesday, August 26 <sup>th</sup>
— <i>Bond Closing</i>

## August 2025

S	M	T	W	T	F	S
27	28	29	30	31	1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31	1	2	3	4	5	6

## Senior Managing Underwriter

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