Colorado Springs Utilities

It's how we're all connected

DRAFT

2027 ANNUAL OPERATING AND FINANCIAL PLAN

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Note: Immaterial differences may occur due to rounding.

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EXECUTIVE SUMMARY

ABOUT THE ANNUAL OPERATING AND FINANCIAL PLAN

The 2027 Proposed Budget was developed to achieve the outcomes most important to the Utilities Board and customers: competitive utility rates; safe, reliable service and outstanding customer experiences.

The budget supports the financial metrics necessary to maintain at least a "AA" credit rating that helps keep customer rates competitive.

INTRODUCTION

Colorado Springs Utilities (Springs Utilities), like energy and water providers across the country, is

- Facing a rapidly changing industry.
- Complying with increasing regulatory requirements.
- Experiencing increasing infrastructure needs.
- Maintaining competitive pay and benefits in a tight labor market.

To successfully meet current and future customer expectations, Springs Utilities will continue strategic, long-term planning efforts.

The Utilities Board is accountable for ensuring the benefits of local ownership and control for the citizens of Colorado Springs. Their strategic foundation of rates, reliability and relationships guides how the organization continues to uphold its mission of providing safe, reliable competitively-priced utility services for customers.



TOTAL BUDGET

The 2027 Proposed Budget is $2.0 billion, a **decrease** of $228.9 million, or 10.2 percent, from the 2026 Approved Budget. This **decrease** is primarily the result of lower Capital Projects and Fuel Operations & Maintenance. All increases and decreases are described in the detail that follows and are in comparison to the 2026 Approved Budget.

Capital Projects

Total Capital costs for 2027 are $777.1 million and represents 38.7 percent of the 2027 Approved Budget. Capital improvements are required to maintain and rehabilitate aging infrastructure, to provide safe and reliable services to existing customers, to prepare for future demand, and to meet environmental and regulatory requirements.
Total 2027 Capital expenditures **decreases** by $171.1 million, or 18.0 percent from the 2026 Approved Budget.

- Electric Capital **decreases** by $295.7 million, due to the Sustainable Energy Plan (SEP) Horizon Utility Campus site relocation and revised project timing.
- Natural Gas Capital **increases** by $33.7 million, due to the Natural Gas Gate Station at Clear Spring Ranch, Gas Management Reserve, the Distribution Integrity Management Program (DIMP) Accelerated Work, DIMP Gas Risk Based Projects, and SEP Williams Creek Generating Station Gas Infrastructure.
- Water Capital **increases** by $49.8 million, due to WOLF and UBGT Pressure Zone Interconnection - North Segment, Phase 1 of 2, Penrose Water Supply, Austin Bluffs Pump Station and Transmission, and Lowline Pressure Zone Level of Service Improvement.
- Wastewater Capital **increases** by $36.5 million, due to plant upgrades, for instance, the Las Vegas Street Water Resource Recovery Facility (LVSWRRF) Influent Junction Box Replacement, J.D. Phillips Water Resource Reclamation Facility (JDPWRRF) Biological Nutrient Removal (BNR) Upgrades - Phase 1, Clear Spring Ranch Resource Recovery Facility (CSRRRF) Boiler Replacement and Biogas Treatment System, and LVSWRRF Sludge Pump Replacement. Additionally, the Northern Monument Creek Interceptor (NMCI) project.
- Streetlighting Capital **increases** by $1.0 million, due to Streetlight Replacements (Inside City Limits).
- Common Capital to support all the services **increases** by $3.6 million, due to fleet purchases and Birdsall (BRDS02) Data Center Power Distribution Units (PDU) and Uninterruptible Power Supplies (UPS) Upgrade.

Fuel Operations & Maintenance
Total Fuel Operations & Maintenance costs for 2027 are $459.1 million and represents 22.8 percent of the 2027 Budget.

Total 2027 Fuel and Purchased Power expenditures **decreases** by $75.5 million, or 14.1 percent, from the 2026 Approved Budget due to a lower one Standard Deviation (SD), lower forecasted market pricing, and capacity charges.

- A one SD of $155.1 million added for contingency due to price volatility in the fuels market, this represents a $41.8 million **decrease** to the 2027 Budget.
- Natural gas expense for distribution **decreases** $27.8 million.
- Market pricing **decreases** $17.9 million.
- Capacity charges **increases** $12.0 million.

Non-Fuel Operations & Maintenance
Total Non-Fuel Operations & Maintenance costs for 2027 are $465.4 million and represents 23.1 percent of the 2027 Budget.

Total 2027 Non-Fuel Operations & Maintenance expenditures **increases** by $12.4 million, or 2.7 percent, from the 2026 Approved Budget, primarily due to retaining and attracting a skilled workforce.

- To maintain competitive compensation to attract and retain a skilled workforce, labor and benefits **increases** by $23.6 million, or 8.2 percent from the 2026 Approved Budget. Employee benefits increases 21.6 percent, standby/shift increases 10.8 percent, overtime increases 5.3 percent, and overall increase in base pay 4.3 percent.

Debt Service
Total Debt Service for 2027 is $271.1 million and represents 13.5 percent of the 2027 Budget.

Total 2027 Debt Service payments **increases** by $4.7 million or 1.8 percent from the 2026 Approved Budget primarily due to the 2026 bond issuance(s).

Surplus Payments to the City
Total Surplus Payments to the City for 2027 are $37.1 million and represent 1.8 percent of the 2027 Budget.

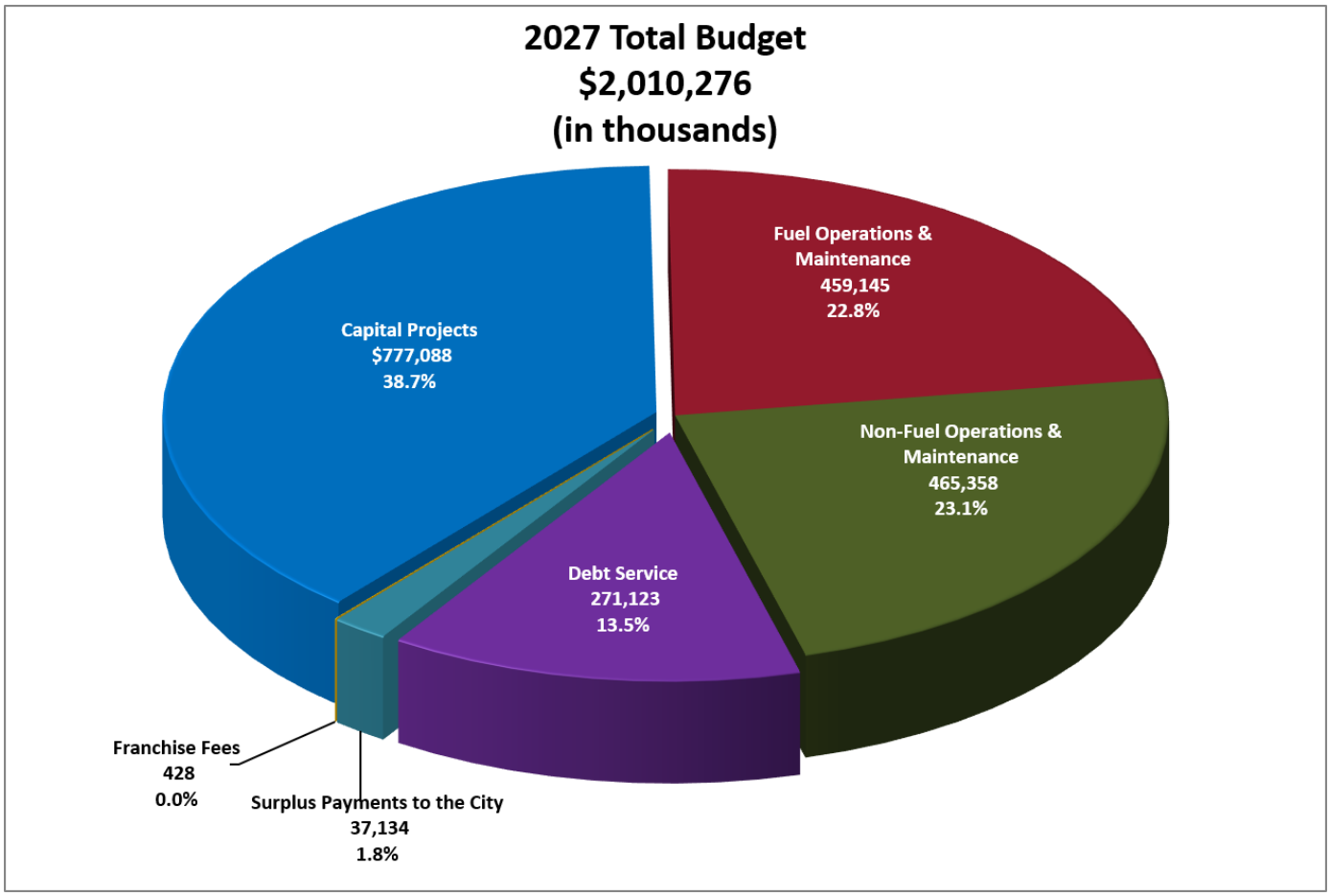
Total 2027 Surplus Payments to the City are planned to **increase** by 1.6 percent from the 2026 Approved Budget due to an increase in inside city sales.

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BUDGET SUMMARY

2027 BUDGET SUMMARY (in thousands)

	2027 Proposed Budget	2026 Approved Budget	Increase / (Decrease)	% Change
Capital Projects	$ 777,088	$ 948,201	$ (171,113)	-18.0%
Fuel Operations & Maintenance	459,145	534,693	(75,547)	-14.1%
Non-Fuel Operations & Maintenance	465,358	452,909	12,448	2.7%
Debt Service	271,123	266,425	4,698	1.8%
Surplus Payments to the City	37,134	36,543	591	1.6%
Franchise Fees	428	365	63	17.4%
TOTAL	**$ 2,010,276**	**$ 2,239,136**	**$ (228,860)**	**-10.2%**



CAPITAL PROJECTS (in thousands)

	2027 Proposed Budget	2026 Approved Budget	Increase / (Decrease)	% Change
Electric	$ 366,488	$ 662,226	$ (295,737)	-44.7%
Natural Gas	87,915	54,189	33,726	62.2%
Water	156,593	106,793	49,800	46.6%
Wastewater	138,131	101,610	36,520	35.9%
Streetlighting	2,582	1,626	956	58.8%
Common	25,379	21,757	3,623	16.7%
TOTAL	**$ 777,088**	**$ 948,201**	**$ (171,113)**	**-18.0%**

FUEL OPERATIONS & MAINTENANCE COSTS (in thousands)

	2027 Proposed Budget	2026 Approved Budget	Increase / (Decrease)	% Change
Purchased Power	$ 92,761	$ 80,664	$ 12,097	15.0%
Fuel for Territorial Generation	167,750	198,743	(30,993)	-15.6%
Natural Gas	178,149	228,558	(50,409)	-22.1%
Wholesale:				
Electric	25,373	24,713	660	2.7%
Natural Gas	-	5,904	(5,904)	-100.0%
Inter-Service Eliminations[1]	(4,889)	(3,890)	(999)	25.7%
TOTAL	**$ 459,145**	**$ 534,693**	**$ (75,548)**	**-14.1%**

[1] Inter-Service Eliminations are made to eliminate double counting of revenues and expenses provided from one utility service to another. Such revenues and expenses are eliminated on a consolidated enterprise basis.

NON-FUEL OPERATIONS & MAINTENANCE COSTS BY SERVICE (in thousands)

	2027 Proposed Budget	2026 Approved Budget	Increase / (Decrease)	% Change
Electric				
Labor & Benefits	$ 134,400	$ 122,802	$ 11,598	9.4%
Non-Labor	63,788	67,441	(3,652)	-5.4%
Total	**$ 198,189**	**$ 190,243**	**$ 7,946**	**4.2%**
Natural Gas				
Labor & Benefits	$ 43,871	$ 42,063	$ 1,808	4.3%
Non-Labor	20,203	21,046	(843)	-4.0%
Total	**$ 64,074**	**$ 63,109**	**$ 965**	**1.5%**
Water				
Labor & Benefits	$ 84,963	$ 78,112	$ 6,851	8.8%
Non-Labor	70,613	71,246	(633)	-0.9%
Total	**$ 155,576**	**$ 149,358**	**$ 6,218**	**4.2%**
Wastewater				
Labor & Benefits	$ 40,838	$ 38,584	$ 2,254	5.8%
Non-Labor	19,520	19,402	119	0.6%
Total	**$ 60,358**	**$ 57,986**	**$ 2,372**	**4.1%**
Streetlighting				
Labor & Benefits	$ 1,765	$ 1,645	$ 120	7.3%
Non-Labor	2,861	2,905	(44)	-1.5%
Total	**$ 4,625**	**$ 4,550**	**$ 75**	**1.6%**
Inter-Service Eliminations[1]	**$ (17,464)**	**$ (12,337)**	**$ (5,127)**	**-41.6%**
TOTAL	**$ 465,358**	**$ 452,909**	**$ 12,448**	**2.7%**

[1] Inter-Service Eliminations are made to eliminate double counting of revenues and expenses provided from one utility service to another. Such revenues and expenses are eliminated on a consolidated enterprise basis.

OPERATIONS & MAINTENANCE AND CAPITAL LABOR & BENEFIT COSTS (in thousands)

	2027 Proposed Budget	2026 Approved Budget	Increase / (Decrease)	% Change
Operations & Maintenance	$ 312,816	$ 289,240	$ 23,576	8.2%
Capital	57,583	60,054	(2,471)	-4.1%
TOTAL	**$ 370,399**	**$ 349,294**	**$ 21,105**	**6.0%**

LABOR & BENEFIT COSTS BY CATEGORY (in thousands)

	2027 Proposed Budget	2026 Approved Budget	Increase / (Decrease)	% Change
Regular Base Pay	$ 257,459	$ 250,299	$ 7,160	2.9%
Overtime	13,653	12,773	880	6.9%
Standby/Shift	3,730	3,371	360	10.7%
Other Compensation	591	591	-	0.0%
Total Labor	**$ 275,433**	**$ 267,034**	**$ 8,399**	**3.1%**
Employee Benefits	$ 93,900	$ 81,195	$ 12,705	15.6%
Post-Retirement Expenses	1,066	1,066	-	0.0%
Total Benefits	**$ 94,966**	**$ 82,261**	**$ 12,705**	**15.4%**
TOTAL	**$ 370,399**	**$ 349,294**	**$ 21,105**	**6.0%**

DEBT SERVICE (in thousands)

	2027 Proposed Budget	2026 Approved Budget	Increase / (Decrease)	% Change
Electric				
Interest Payments[1]	$ 84,152	$ 83,175	$ 977	1.2%
Principal Repayments	39,072	40,565	(1,493)	-3.7%
Total	**$ 123,224**	**$ 123,740**	**$ (516)**	**-0.4%**
Natural Gas				
Interest Payments[1]	$ 11,543	$ 11,695	$ (152)	-1.3%
Principal Repayments	7,953	7,726	227	2.9%
Total	**$ 19,496**	**$ 19,421**	**$ 75**	**0.4%**
Water				
Interest Payments[1]	$ 50,659	$ 50,681	$ (22)	0.0%
Principal Repayments	45,067	43,843	1,224	2.8%
Total	**$ 95,726**	**$ 94,525**	**$ 1,202**	**1.3%**
Wastewater				
Interest Payments[1]	$ 17,773	$ 16,864	$ 909	5.4%
Principal Repayments	14,375	11,394	2,981	26.2%
Total	**$ 32,149**	**$ 28,259**	**$ 3,890**	**13.8%**
Streetlighting				
Interest Payments[1]	$ 219	$ 212	$ 7	3.5%
Principal Repayments	309	270	40	14.7%
Total	**$ 528**	**$ 481**	**$ 47**	**9.7%**
Total				
Interest Payments[1]	$ 164,346	$ 162,627	$ 1,719	1.1%
Principal Repayments	106,777	103,798	2,979	2.9%
TOTAL	**$ 271,123**	**$ 266,425**	**$ 4,698**	**1.8%**

[1] Bonds are issued for the general system and not specific to service. For forecasting purposes bonds and debt service are allocated based on capital budgets and then recorded to actuals as the expense is incurred. Interest payments are net of subsidies received for Build America Bonds issued for the Southern Delivery System and Front Range Power.

INTER-SERVICE ELIMINATIONS[1] (in thousands)

Revenue	2027 Proposed Budget	2026 Approved Budget	Increase / (Decrease)	% Change
Electric Service	$ 13,628	$ 11,883	$ 1,746	14.7%
Natural Gas Service	6,271	2,056	4,215	205.0%
Water Service	2,365	2,206	159	7.2%
Wastewater Service	89	82	7	9.0%
TOTAL	**$ 22,353**	**$ 16,227**	**$ 6,126**	**27.4%**

Operations & Maintenance Expense	2027 Proposed Budget	2026 Approved Budget	Increase / (Decrease)	% Change
Fuel	$ 4,889	$ 3,890	$ 999	25.7%
Non-Fuel	17,464	12,337	5,127	41.6%
TOTAL	**$ 22,353**	**$ 16,227**	**$ 6,126**	**27.4%**

[1] Inter-Service Eliminations are made to eliminate double counting of revenues and expenses provided from one utility service to another. Such revenues and expenses are eliminated on a consolidated enterprise basis.

2027 ENTERPRISE FINANCIAL PLAN

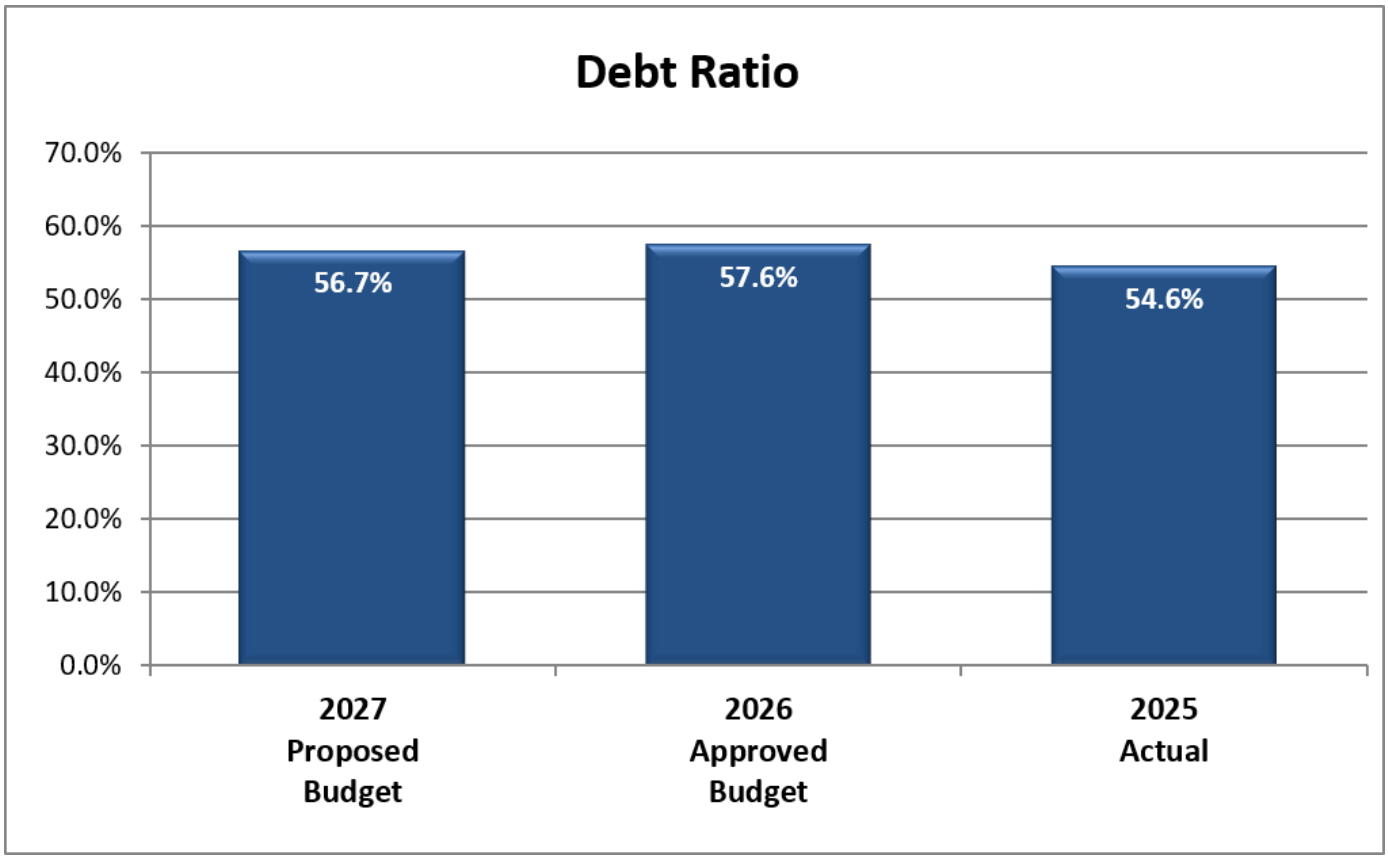
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION (in thousands)

	2027 Proposed Budget	2026 Approved Budget	2025 Actual	2027 Proposed Budget Increase/(Decrease) from: 2026 Budget		2025 Actual	
OPERATING REVENUES	**$ 1,424,161**	**$ 1,439,692**	**$ 1,127,435**	**$ (15,531)**	**-1.1%**	**$ 296,726**	**26.3%**
OPERATING EXPENSES							
Production & Treatment	$ 244,900	$ 276,903	$ 143,047	$ (32,003)	-11.6%	$ 101,853	71.2%
Purchased Power, Gas & Water	286,530	332,106	227,552	(45,576)	-13.7%	58,978	25.9%
Transmission & Distribution	67,546	66,208	67,307	1,338	2.0%	239	0.4%
Maintenance	74,381	78,865	89,249	(4,483)	-5.7%	(14,868)	-16.7%
Administration & General	206,721	188,536	167,437	18,185	9.6%	39,284	23.5%
Customer Accounting & Collection	33,083	34,323	36,650	(1,240)	-3.6%	(3,567)	-9.7%
Customer Service & Information	11,341	10,661	10,566	681	6.4%	776	7.3%
Franchise Fees	428	365	456	63	17.4%	(28)	-6.1%
Depreciation & Amortization [1]	228,555	228,435	208,380	120	0.1%	20,174	9.7%
Total Operating Expenses	**$ 1,153,486**	**$ 1,216,401**	**$ 950,645**	**$ (62,915)**	**-5.2%**	**$ 202,842**	**21.3%**
OPERATING INCOME	**$ 270,674**	**$ 223,291**	**$ 176,790**	**$ 47,384**	**21.2%**	**$ 93,884**	**53.1%**
NON-OPERATING REVENUES/(EXPENSES)							
Investment Income	$ 15,588	$ 11,651	$ 31,126	$ 3,937	33.8%	$ (15,538)	-49.9%
Other Revenue	5,659	5,805	7,501	(146)	-2.5%	(1,842)	-24.6%
Other Expense	(2,271)	(2,378)	(4,910)	107	-4.5%	2,639	-53.7%
Interest Expense & Bond Amortization	(142,369)	(153,030)	(109,519)	10,661	-7.0%	(32,850)	30.0%
Total Non-Operating Revenues/(Expenses)	**$ (123,393)**	**$ (137,952)**	**$ (75,802)**	**$ 14,560**	**-10.6%**	**$ (47,591)**	**62.8%**
INCOME/(LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	**$ 147,282**	**$ 85,338**	**$ 100,988**	**$ 61,943**	**72.6%**	**$ 46,294**	**45.8%**
Capital Contributions	$ 58,702	$ 99,962	$ 81,083	$ (41,260)	-41.3%	$ (22,382)	-27.6%
Surplus Payments to the City	(37,134)	(36,543)	(34,812)	(591)	1.6%	(2,322)	6.7%
INCREASE/(DECREASE) IN NET POSITION	**$ 168,850**	**$ 148,757**	**$ 147,260**	**$ 20,093**	**13.5%**	**$ 21,590**	**14.7%**

[1] GASB 68 and 75 are excluded in budgets and included in actuals for Depreciation and Amortization.

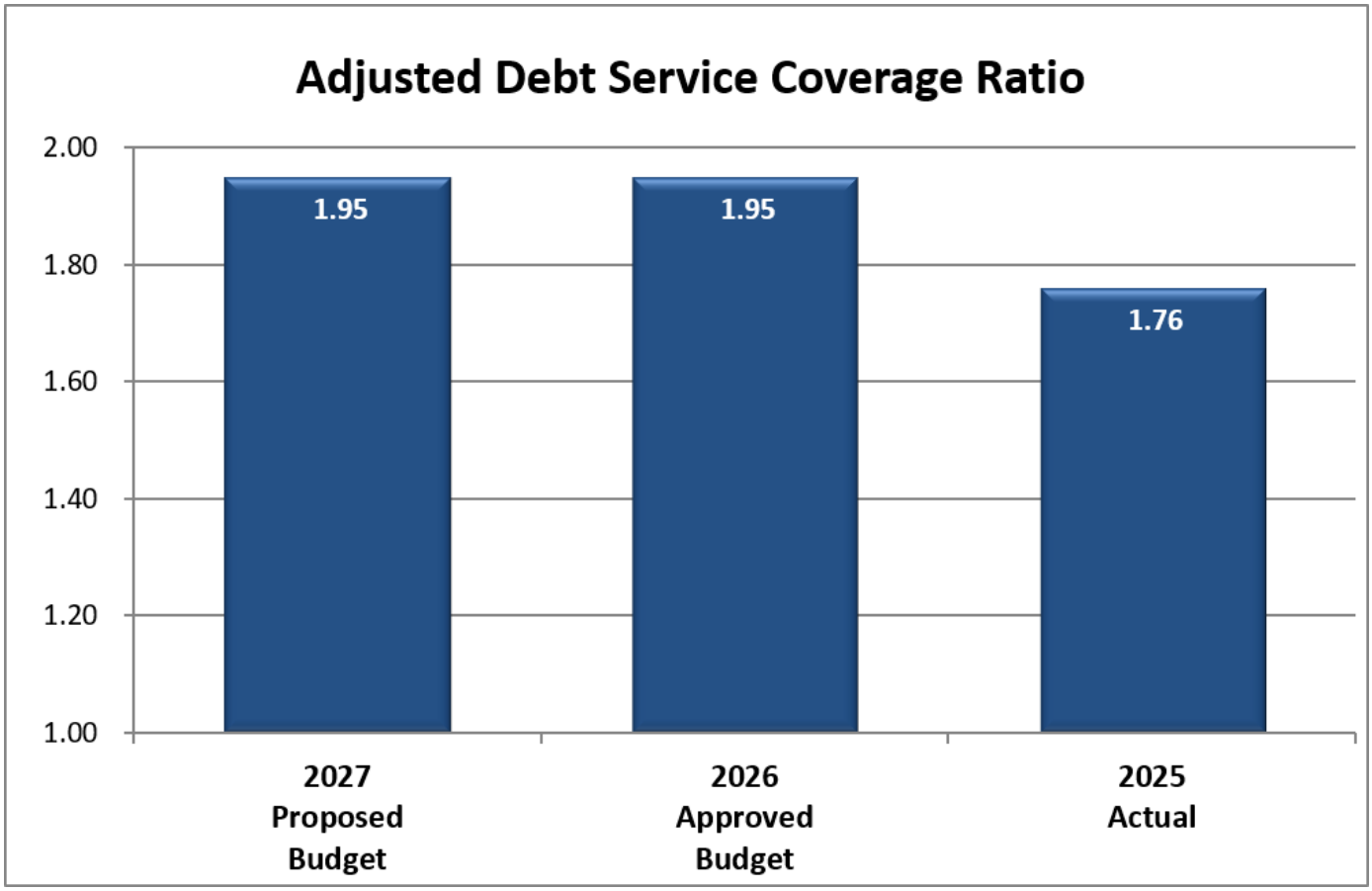
FINANCIAL MEASURES – DEBT RATIO (in thousands)

CALCULATION:	2027 Proposed Budget	2026 Approved Budget	2025 Actual	2027 Proposed Budget Increase/(Decrease) from: 2026 Budget		2025 Actual	
Current Maturities of Revenue Bonds	$ 133,561	$ 129,024	$ 103,135	$ 4,537	3.5%	$ 30,426	29.5%
Current Notes & Loans Payable	3,359	4,703	488	(1,343)	-28.6%	2,871	588.5%
Revenue Bonds, Net	3,963,991	3,772,558	3,218,959	191,433	5.1%	745,032	23.1%
Notes & Loans Payable	1,829	2,323	2,078	(494)	-21.3%	(249)	-12.0%
Net Gain/(Loss) Debt Refundings	34,456	30,318	34,743	4,138	13.6%	(287)	-0.8%
Net Funded Debt	**$ 4,137,196**	**$ 3,938,925**	**$ 3,359,403**	**$ 198,271**	**5.0%**	**$ 777,794**	**23.2%**
Current Maturities of Revenue Bonds	$ 133,561	$ 129,024	$ 103,135	$ 4,537	3.5%	$ 30,426	29.5%
Current Notes & Loans Payable	3,359	4,703	488	(1,343)	-28.6%	2,871	588.5%
Revenue Bonds, Net	3,963,991	3,772,558	3,218,959	191,433	5.1%	745,032	23.1%
Notes & Loans Payable	1,829	2,323	2,078	(494)	-21.3%	(249)	-12.0%
Net Gain/(Loss) Debt Refundings	34,456	30,318	34,743	4,138	13.6%	(287)	-0.8%
Net Position	3,158,167	2,896,191	2,797,553	261,976	9.0%	360,614	12.9%
Total Capitalization	**$ 7,295,364**	**$ 6,835,116**	**$ 6,156,956**	**$ 460,248**	**6.7%**	**$ 1,138,408**	**18.5%**
Debt Ratio	**56.7%**	**57.6%**	**54.6%**	**-0.9%**	**-1.6%**	**2.1%**	**3.8%**



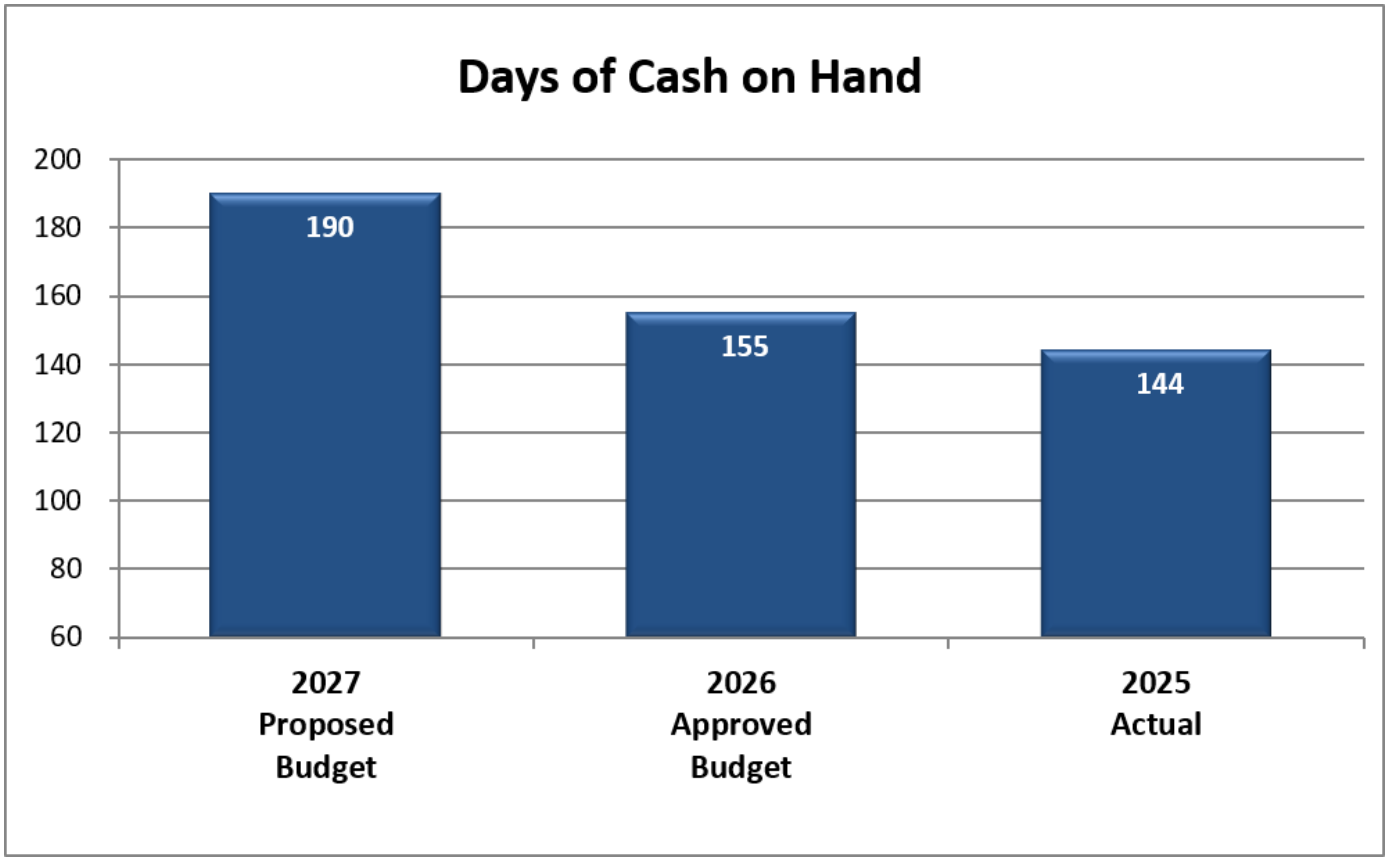
FINANCIAL MEASURES – ADJUSTED DEBT SERVICE COVERAGE RATIO (in thousands)

CALCULATION:	2027 Proposed Budget	2026 Approved Budget	2025 Actual	2027 Proposed Budget Increase/(Decrease) from: 2026 Budget		2025 Actual	
Operating Revenues	$ 1,424,161	$ 1,439,692	$ 1,127,435	$ (15,531)	-1.1%	$ 296,726	26.3%
Developer Fees	47,262	88,522	48,234	(41,260)	-46.6%	(972)	-2.0%
Interest Earnings (excl. Interest on Bonds)	15,481	11,545	4,714	3,937	34.1%	10,767	228.4%
Build America Bonds Subsidy	4,120	4,265	4,451	(145)	-3.4%	(331)	-7.4%
Total Revenue	$ 1,491,024	$ 1,544,023	$ 1,184,834	$ (52,999)	-3.4%	$ 306,190	25.8%
Total Operating Expenses	$ (1,153,486)	$ (1,216,401)	$ (950,645)	$ 62,915	-5.2%	$ (202,842)	21.3%
Depreciation & Amortization	228,555	228,435	208,380	120	0.1%	20,174	9.7%
Surplus Payments to the City	(37,134)	(36,543)	(34,812)	(591)	1.6%	(2,322)	6.7%
Net Revenues	**$ 528,959**	**$ 519,513**	**$ 407,758**	**$ 9,445**	**1.8%**	**$ 121,201**	**29.7%**
Bond Year Debt Service	**$ 271,123**	**$ 266,425**	**$ 231,358**	**$ 4,698**	**1.8%**	**$ 39,765**	**17.2%**
Adjusted Debt Service Coverage Ratio	**1.95**	**1.95**	**1.76**	**-**	**0.0%**	**0.19**	**10.8%**



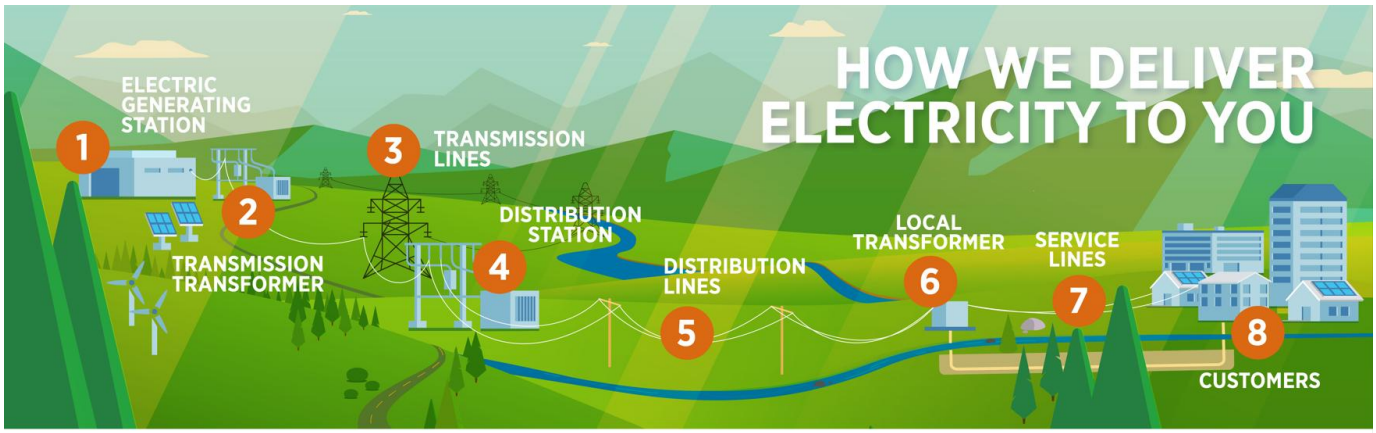
FINANCIAL MEASURES – DAYS OF CASH ON HAND (in thousands)

CALCULATION:	2027 Proposed Budget	2026 Approved Budget	2025 Actual	2027 Proposed Budget Increase/(Decrease) from: 2026 Budget		2025 Actual	
Cash and Cash Equivalents-Unrestricted	**$ 400,937**	**$ 336,426**	**$ 292,662**	**$ 64,511**	**19.2%**	**$ 108,275**	**37.0%**
Cash Expense per Day							
Total Operating Expenses	$ 1,153,486	$ 1,216,401	$ 950,645	$ (62,915)	-5.2%	$ 202,842	21.3%
Depreciation & Amortization	(228,555)	(228,435)	(208,380)	(120)	0.1%	(20,174)	9.7%
Fuel Comodity - Increased Cost	(155,099)	(196,918)	-	41,819	-21.2%	(155,099)	-
Net Cash Expense	$ 769,832	$ 791,048	$ 742,264	$ (21,216)	-2.7%	$ 27,568	3.7%
Number of Days in Period	365	365	366	-	0.0%	(1)	-0.3%
Net Cash Expense Per Day	**$ 2,109**	**$ 2,167**	**$ 2,028**	**$ (58)**	**-2.7%**	**$ 81**	**4.0%**
Days of Cash on Hand	**190**	**155**	**144**	**35**	**22.5%**	**46**	**31.9%**



ELECTRIC AND STREETLIGHT SERVICE OVERVIEW

SYSTEM HIGHLIGHTS



1 ELECTRICITY IS GENERATED A VARIETY OF WAYS, INCLUDING USING NATURAL GAS, COAL, SUN, WIND AND WATER
2 INCREASES THE POWER'S VOLTAGE FOR TRAVEL ACROSS LONG DISTANCES
3 232+ MILES OF UNDERGROUND AND OVERHEAD TRANSMISSION LINES TRANSPORT HIGH VOLTAGE ELECTRICITY ACROSS THE REGION
4 DECREASES THE POWER'S VOLTAGE FOR LOCAL DISTRIBUTION
5 3,900+ MILES OF UNDERGROUND AND OVERHEAD DISTRIBUTION LINES THAT DELIVER POWER TO NEIGHBORHOOD TRANSFORMERS
6 DECREASES THE POWER'S VOLTAGE FOR USE IN HOMES AND BUSINESSES
7 DELIVER ELECTRICITY TO CUSTOMERS EITHER UNDERGROUND OR OVERHEAD
8 FINALLY, THE ELECTRICITY IS DELIVERED TO YOU

STATISTICS

- Number of active electric meters: 264,106
- Annual electric use: 5.00 million MWh
- Record peak demand: 1,034 MW (July 2026)
- Net generating capability: 937 MW winter (2025-2026), 913 MW summer (2026)
- Power purchases (summer 2026):
  - Jackson Fuller Battery Energy Storage System 100 MW
  - Western Area Power Administration 76 MW
  - Spring Canyon II and III Wind Energy 60 MW
  - Palmer Solar Array 60 MW
  - Grazing Yak Solar Array 35 MW
  - Clear Spring Ranch Solar Array 10 MW
  - US Air Force Academy Solar 5 MW
  - Solar Gardens 4 MW
- Average System Availability Index (ASAI): 99.9922%
- System Average Interruption Duration Index (SAIDI): 40.76 minutes

	Electric Service Capital Projects	2027 Proposed Budget
1.	**Williams Creek Generating Station (194216)** ProEnergy, serving as EPC contractor, will develop a 400 MW fast-ramp, dispatchable generation facility at the Horizon Utility Campus using 10 simple-cycle combustion turbines. Kiewit will design and construct supporting utility infrastructure, including water, process water, generation tie-in to the substation, and fiber communications. Blackeagle will design and build new gas gate stations to deliver natural gas service to ProEnergy's facility boundary, enabling reliable plant operations.	$ 77,600,267
2.	**Operational Fiber Network (193952)** Construction and installation of a secure, city-wide, fiber optic telecommunications infrastructure system to enhance the existing Utilities network and future Colorado Springs Utilities operations.	73,151,230
3.	**SEP Midway (MW) - Kelker (KE) Transmission Line (193880)** Upgrade the existing 115kV transmission line to a double circuit 115kV/230kV transmission line to increase import capability into the system. The upgrade will replace all existing wooden poles with steel monopoles. Additionally, we will upgrade equipment within our Nixon, Fountain, Bradley and Kelker Substations to support this increased energy load. Construction began in 2026 and is outage dependent. Full completion anticipated by Q2 2028. Capital rebuild of the existing Midway-Nixon 230kV transmission line to increase load carrying capabilities and to address contingency loading issues.	29,457,391
4.	**SEP Kelker Substation Rebuild-Expansion (193874)** The project will double the size of the existing substation to support growing energy demand in southeastern Colorado Springs. The expanded facility will connect the new Kelker-South Plant and Midway-Kelker transmission lines, strengthening the regional grid. Supporting Colorado Springs Utilities' Sustainable Energy Plan goals, the project will improve reliability, increase operational flexibility, and meet future energy needs. Construction began in January 2023 and is expected to be completed in 2027.	18,995,775
5.	**SEP Kelker-South Plant New 115kV Transmission Line (193877)** Installation of a new 115 kV transmission line connecting the Kelker Substation to the South Plant Substation in downtown Colorado Springs, improving system reliability and providing additional transmission capacity to support future load growth. Land acquisition activities are scheduled to begin in Q4 2026. Construction of the overhead (OH) transmission line segment began in Q2 2026 and is expected to be completed by Q4 2026. Following evaluation and approval of the underground (UG) design option, construction of the underground segment is planned to begin in Q1 2027, with completion anticipated in Q3 2027.	15,709,802

6.	**Electric Management Reserve (100905)**	**$ 15,000,000**
7.	**APIP - Claremont Substation - Add Transformer, Switchgear, and Feeders (193884)** Install a new 150 MVA 230/34.5 kV power transformer and four 34.5 kV feeders to strengthen system capacity and reliability in the Airport Peak Innovation Park (APIP) area. The new feeders will connect to Powers Substation, Peterson Field Substation, Horizon Substation, and Peak Innovation Park (PIP), supporting economic development, load growth, and future energy demands in the southeastern Colorado Springs service area.	**10,561,988**
8.	**Briargate Substation - Add New Transformer, Switchgear, and Feeders (194107)** Add a new transformer, switchgear, breaker, and up to four new feeders at the Briargate Substation to increase system capacity and reliability. The project will alleviate existing load constraints, improve contingency support during outages and maintenance, and accommodate future customer growth in the area. Upon completion, the upgrades will enhance operational flexibility and strengthen service reliability for the growing Briargate region.	**6,500,000**
9.	**Underground 12.5kV Distribution to New Residential Customers (192296)** This annual development-driven program extends underground single-phase electric distribution service to new residential areas and funds system upgrades required to support load growth. Developers contribute through Contribution in Aid of Construction (CIAC) agreements in accordance with Utilities Rules and Regulations. The program fulfills Colorado Springs Utilities' obligation to provide electric service under Colorado Springs City Code Section 12.2.301 while supporting community growth and reliable electric service.	**6,312,133**
10.	**APIP - Horizon Substation - Add New (34.5kV) Transformer, Switchgear, and Feeders (194037)** The Airport Peak Innovation Park (APIP) Horizon Substation project will install a new 150 MVA 34.5 kV transformer, switchgear, and four distribution feeders to support anticipated large-customer growth and expanding energy demand in the area. The project will increase system capacity and reliability while establishing a source for future 34.5/13.2 kV substations, enabling continued economic development and long-term electric infrastructure expansion within APIP and surrounding areas.	**5,934,000**
11.	**Kelker-Rock Island 115kV Line Reconductor (194057)** This project will reconductor the existing Kelker-Rock Island and Kelker-Central Bluff 115 kV transmission lines to increase load-carrying capacity and improve system performance. The upgrades will address contingency loading concerns, enhance transmission reliability, and support growing energy demand across the service territory. By increasing transfer capability on these critical transmission corridors, the project will strengthen grid resilience and provide greater operational flexibility during peak load and outage conditions.	**5,600,000**

12. **Wildfire Mitigation System Hardening (194132)** **$ 5,448,947**

This project will modify existing overhead electric infrastructure to reduce wildfire risk and improve system resilience. Upgrades may include replacing aging equipment, increasing conductor clearances, hardening facilities, and implementing other mitigation measures in high-risk areas. These improvements will enhance public safety, reduce the likelihood of wildfire ignition from electric facilities, and support reliable electric service during severe weather and changing environmental conditions.

13. **Front Range General Electric Long Term Service Agreement (LTSA) (193407)** **5,154,425**

This project funds required payments under the long-term service agreement (LTSA) with GE for the two Frame 7FA combustion turbines at Front Range Power Plant. The agreement covers major Hot Gas Path components, including turbine blades, buckets, nozzles, and related replacement parts. Payments are based on turbine operating hours and support scheduled maintenance necessary to maintain reliability, performance, and long-term operation of these critical generation assets.

14. **Substations Power Transformer Purchases (194154)** **4,307,856**

This program funds the purchase of substation transformers needed for system expansion, equipment replacement, and spare inventory. Maintaining a strategic transformer inventory supports reliability, reduces outage risk, and ensures timely delivery of critical infrastructure projects. Because transformer manufacturers typically require deposits up to four years before delivery, this program provides advance funding to streamline procurement, address long lead times, and support future transmission and distribution system needs.

15. **Patty Jewett Substation - Add New Transformer, Switchgear, Feeders, and Retire Memorial Hospital Sub (194026)** **4,050,088**

Install a new 25 MVA 34.5/13.2 kV transformer, switchgear, and two distribution feeders at the Memorial Hospital Substation, while retiring aging equipment. The project will increase system capacity, improve reliability, and enhance operational flexibility to support existing and future electric demand. Replacing obsolete infrastructure will reduce maintenance needs, improve equipment performance, and strengthen service reliability for customers served by the substation.

16. **Electric Underground Infrastructure Preventative Maintenance (193224)** **3,850,000**

This program provides proactive replacement and rehabilitation of aging underground electric distribution assets, including cable, conduit, vaults, transformers, switches, and reclosers. Projects are prioritized using risk-based assessments, inspection findings, and operational data to address assets with a high likelihood or consequence of failure. The program also includes cable rejuvenation and infrastructure improvements that enhance safety, reduce system risk, improve reliability, and support long-term stewardship of the electric distribution system.

17. **Fontanero Substation - Add Second 115/12.5 kV Transformer, Switchgear, Feeders, and retire Yampa Sub (194045)** **$ 3,806,284**

Install a new 50 MVA, 115/12.47 kV transformer, associated switchgear, and four distribution feeders to support area growth and assume load currently served by the Yampa Substation. The project will improve system capacity, reliability, and operational flexibility while addressing risks associated with aging infrastructure. With the Yampa transformer having experienced a second failure and currently operating with a temporary replacement, this project will provide a long-term, reliable solution to meet customer demand and strengthen service continuity.

18. **Santa Fe Substation - Add New Transformer, Switchgear, and Feeders (194029)** **3,216,571**

Install a new 50 MVA, 115/13.2 kV transformer, switchgear, and up to four distribution feeders to improve system reliability and provide contingency support for the local area. The project will increase operational flexibility, enhance outage response capabilities, and strengthen service continuity during maintenance or unplanned equipment outages. Upon completion, the upgraded infrastructure will support future load growth and help ensure reliable electric service for customers in the surrounding area.

19. **Underground 12.5kV Commercial Distribution (192297)** **3,156,833**

This development-driven program installs new three-phase electric distribution infrastructure, including transformers and mainline facilities, to serve new commercial customers and support economic growth. The program ensures adequate capacity, reliability, and service availability for expanding business development within the service territory. As required by Colorado Springs City Code Section 12.2.301, the program fulfills Colorado Springs Utilities' obligation to provide electric service to eligible customers.

20. **Electric Underground Infrastructure Corrective Maintenance (180331)** **3,150,000**

This program provides reactive replacement of underground electric distribution assets, including cable, conduit, vaults, transformers, switches, and reclosers, damaged by third parties or affected by catastrophic, functional, or operational failures. Supporting approximately 3,000 circuit miles of underground distribution infrastructure, the program helps restore reliable service and maintain system performance. Annual funding levels are based on inspections, condition assessments, and risk analyses. Reimbursements from third-party damages are credited back to the Utilities general fund.

21. **System Additions for New Development (193974)** **3,038,873**

This development-driven program installs new three-phase electric mainline infrastructure to connect emerging development areas and provide system redundancy in accordance with utility design standards. The program supports reliable electric service, improves operational flexibility, and ensures adequate capacity for future growth. As required by Colorado Springs City Code Section 12.2.301, the program fulfills Colorado Springs Utilities' obligation to provide electric service to eligible customers and support continued community development.

22. **Underground 12.5kV Three Phase Mainline to New Residential and Commercial Customers (192298)** **$ 2,569,640**

This development-driven program installs underground three-phase electric distribution infrastructure to serve new residential and commercial developments and support system upgrades required by load growth. Developers fund eligible construction through Contribution in Aid of Construction (CIAC) agreements in accordance with Utilities Rules and Regulations. As required by Colorado Springs City Code Section 12.2.301, the program fulfills Colorado Springs Utilities' obligation to provide reliable electric service to new customers and growing communities.

23. **Central Bluffs Substation (193642)** **2,000,000**

This project will provide a new substation facility to accommodate future load growth and contingency needs around the North Nevada revitalization project and UCCS. Utilities will remove 2 substations and 1 switchstation from service which would otherwise require significant upgrades. The project scope includes construction of the new substation and associated distribution and transmission electric infrastructure. Site work commenced in 2025 with utility relocation, demolition, and site grading. Most of the construction took place in 2026 and is expected to be finished in 2027.

24. **Purchase and Store New 230/13.2kV Transformer (194033)** **1,900,000**

This project funds the purchase and temporary storage of a 50 MVA, 230/13.2 kV transformer to support future electric system needs. Procuring the transformer in advance helps address long equipment lead times, maintain project schedules, and ensure availability for future substation or system expansion projects. The transformer will remain in secure storage until it is deployed as part of a separate capital project, providing a strategic asset to support system reliability and growth.

25. **Powers Substation Transformer and Switchgear Replacement (194046)** **1,658,952**

This project will replace the highest-priority substation transformer in the electric system based on age, condition, operational history, and exposure to through-fault events. The replacement will improve reliability, reduce the risk of equipment failure, and support continued safe and efficient system operations. Transformer replacement priorities are established through Electric Planning's asset management and risk assessment process to ensure investment is focused on the most critical infrastructure needs.

26. **Public Improvements-Electric (180283)** **1,600,000**

This program funds the installation, relocation, and modification of electric facilities required to support Municipal Government Public Works projects, Pikes Peak Rural Transportation Authority initiatives, and Improvement District developments. The work ensures continued electric service, accommodates public infrastructure improvements, and maintains system reliability and safety. Funding is required under the 2001 Utilities Relocation Executive Agreement, which establishes responsibilities for utility relocations associated with qualifying public projects.

27. **Industrial Park #1 Transformer and Switchgear Replacement (194087)** **$ 1,518,000**
Replacement of this substation transformer and switchgear is critical due to asset age, equipment condition, and cumulative through-fault impacts that elevate the risk of failure and service interruptions.

28. **Electric Service Vehicles & Equipment (180333)** **1,500,000**
Replacement and purchase of vehicles and specialized equipment are essential to maintaining a safe, reliable, and cost-effective fleet that supports Electric Service operations, employee safety, system maintenance, emergency response, and the continued delivery of reliable electric service to customers.

29. **Electric Overhead Infrastructure Corrective Maintenance (180286)** **1,354,000**
This ongoing program replaces failed or damaged overhead distribution assets, including conductors, poles, transformers, switches, and reclosers, resulting from third-party impacts, catastrophic events, or operational failures. Supporting more than 800 circuit miles of distribution infrastructure with an average age of approximately 40 years, project scope is prioritized annually using inspections, testing, condition assessments, and risk analysis to maintain system reliability and safety. Reimbursements from third-party damages are credited back to Utilities.

30. **Flying Horse Substation - Add New Transformer & Switchgear (193780)** **1,300,000**
This project adds a new 115/13.2kV transformer, switchgear, breaker, and up to four distribution feeders to provide contingency support for the existing transformer and accommodate future load growth. Planned 2026 activities include completion of feeder planning, civil and structural design, electrical design, and procurement of remaining long-lead equipment. The project will improve system reliability, operational flexibility, and capacity to meet increasing customer demand.

31. **Green Mountain Substation Rebuild (193699)** **1,000,000**
The Green Mountain Substation replacement project will replace aging and obsolete equipment at this rural distribution substation to improve system reliability, safety, and operational performance. Modernization of substation assets will reduce maintenance requirements, address equipment end-of-life concerns, and ensure continued reliable electric service for customers served by the facility.

32. **SEP Horizon BESS (193978)** **948,612**
As a result of the All-Source Power Purchase Agreement Request for Proposals process, a 100 MW Battery Energy Storage System at the Horizon Utility Campus was selected to enhance grid reliability, support increasing electric demand, and advance Colorado's greenhouse gas reduction goals. The facility will provide operational flexibility, improve system resiliency, and help integrate renewable energy resources while supporting continued population and economic growth in the region.

33. **SEP Portfolio Management (193887)** **$ 850,000**

Portfolio-level program management and execution activities required to plan, coordinate, and deliver all projects within the Sustainable Energy Plan portfolio. This work includes project development, engineering, procurement, scheduling, stakeholder coordination, risk management, regulatory compliance, and performance oversight to ensure projects are completed safely, efficiently, on schedule, and aligned with strategic energy, reliability, and sustainability objectives.

34. **Electric Time and Material for Capital Work (192909)** **848,375**

This program funds customer-requested relocations of existing electric infrastructure throughout the year. Projects are designed and constructed in accordance with Electric Line Extension Service Standards and the National Electric Safety Code to ensure safe and reliable service. Colorado Springs Utilities recovers 95% of project costs from the requested customer, minimizing financial impact to the utility while accommodating customer development and infrastructure needs.

35. **Spare Transformer WT-07430 - 230/34.5 kV (194050)** **750,000**

Per Colorado Springs Utilities' spare transformer strategy, this project will procure a backup 230/34.5 kV transformer to mitigate the risk associated with extended transformer manufacturing and delivery lead times. The spare unit will provide contingency support for critical transformers at the Claremont, Kelker, and Horizon substations, improving system reliability, reducing outage duration, and ensuring continued service in the event of equipment failure.

36. **SIP - Skyway Elementary 600A Undergrounding (174220)** **700,000**

Using Colorado Springs Utilities' System Improvement Program (SIP), this project will convert existing overhead electric distribution lines at Skyway Park Elementary, located at 1100 Mercury Drive, to underground facilities. The conversion will improve system reliability, enhance public safety, reduce maintenance requirements, and minimize visual impacts while supporting the long-term resiliency of the electric distribution system serving the area.

37. **Electric Meters - Base Requirements (192347)** **660,000**

This growth-driven and lifecycle replacement program funds the purchase of electric meters and related materials required to serve new residential, commercial, and industrial customers. The program also supports replacement of damaged or defective meters and compliance with the Electric Measurement Accuracy Control (EMAC) Program. These investments are essential to meeting Colorado Springs Utilities' obligation to serve, ensuring accurate billing, reliable service, and continued system growth.

38. **Top Tier Substation Hardening (193775)** **$ 576,068**

Colorado Springs Utilities' Security Department established a standard for intrusion detection systems at top-tier substations, with initial deployments completed between 2014 and 2017. As these systems approach end of life, this project will replace aging equipment with current technology to maintain compliance with security standards, enhance physical security, improve system reliability, and support ongoing protection of critical electric infrastructure.

39. **System Reliability Improvements (180217)** **550,000**

This program funds projects that address electric system reliability concerns in areas that do not meet established performance criteria. Improvements support both overhead and underground distribution systems and may include upgrades to protection schemes, ring ties, distribution coordination, and other reliability enhancements. These investments strengthen system resiliency, reduce outage frequency and duration, and improve service reliability for customers across the electric distribution network.

40. **Advanced Distribution Management System (193695)** **550,000**

An Advanced Distribution Management System (ADMS) provides a comprehensive platform for monitoring, controlling, and optimizing electric distribution system operations. ADMS capabilities include real-time system modeling, outage management, fault location, isolation and service restoration, volt/VAR optimization, conservation voltage reduction, and peak demand management. The system enhances reliability, operational efficiency, and grid resiliency while supporting the integration of distributed energy resources, microgrids, electric vehicles, and other emerging technologies.

41. **CSR Dam Construction Upgrade (796741)** **429,000**

This project provides for the design and construction of repairs and upgrades at Clear Spring Ranch (CSR) to reduce groundwater losses from the site and improve long-term water resource management. Design activities are planned for 2027 and 2028, with the first phase of construction anticipated to begin in 2028. The improvements will enhance operational efficiency, support resource conservation objectives, and help maintain the long-term sustainability of the facility.

42. **Nixon 2&3 - GE HMI Upgrade Project (194198)** **370,000**

This project replaces the obsolete GE Mark VIe control system HMI hardware for the Nixon Combustion Turbines, which has reached end of life and is no longer fully supported for updates and cybersecurity patching. The upgrade will improve system reliability, maintain secure plant operations, reduce risks associated with aging control equipment, and ensure continued compliance with cybersecurity and operational requirements critical to reliable electric generation.

43. **Marksheffel 115kV Transmission Tower Relocation (194081)** **$ 325,000**

This project, driven by the City of Colorado Springs, relocates an electric transmission pole near Marksheffel Road and Barnes Road to accommodate planned roadway widening on Marksheffel Road. The relocation is necessary to avoid conflicts with future transportation infrastructure and maintain safe, reliable electric service. Planned 2027 work includes installation of permanent transmission structures and associated facilities to complete the relocation.

44. **Front Range - GE HMI Upgrade (194197)** **320,000**

This project replaces the Front Range Power Plant's obsolete GE Mark VIe control system HMI hardware, which has reached end of life and no longer receives full vendor support for hardware maintenance and cybersecurity patching. The upgrade will improve system reliability, enhance cybersecurity protections, reduce operational risk, and ensure continued safe and reliable plant operations while maintaining compliance with evolving security and performance requirements.

45. **ITOA Electric (194207)** **312,400**

CSU Electric currently operates the on-premises iTOA Version 1 platform to support outage coordination and interruption records management. Upgrading to iTOA Version 2 will enhance operational efficiency, cybersecurity, and system scalability through advanced analytics, improved visualization tools, and expanded integration capabilities. The upgraded platform will provide more accurate real-time monitoring, improved outage management, and predictive insights that support informed decision-making, reliability improvements, and efficient electric system operations.

46. **Front Range ACC Gearbox (193487)** **285,000**

This project replaces the gearbox on the Air-Cooled Condenser (ACC), a critical component of the plant's cooling system. The replacement addresses equipment aging and wear, helping to maintain reliable condenser performance, support efficient plant operations, and reduce the risk of unplanned outages. Completing this work will improve equipment reliability, extend asset life, and ensure continued operational readiness of the generating facility.

47. **Front Range ACC Blade Replacement (193631)** **275,000**

This multi-year project replaces aging aluminum fan blades on the Front Range Air Cooled Condenser (ACC) with fiberglass blades to improve durability, reliability, and service life. The upgrade will reduce maintenance requirements, lower the risk of equipment failures, and support efficient plant cooling system performance. Replacing ACC fan blades with more resilient fiberglass technology will enhance long-term operational reliability and extend the useful life of this critical generating plant asset.

48. **Downtown Network Upgrades (182536)** **$ 270,000**

This program funds critical Downtown Network improvements to enhance system safety, reliability, and asset resiliency over the next three to five years. Projects include installation of cable limiters on secondary connections, replacement of aging wishbone bus equipment, and targeted upgrades to network infrastructure. Additional funding supports the systematic rebuilding and replacement of underground cables and duct banks, typically covering one to two city blocks annually, to address aging assets and maintain reliable electric service in the downtown area.

49. **Electric Transmission Infrastructure Corrective Maintenance (193406)** **249,000**

This ongoing corrective maintenance program provides for the reactive replacement of electric transmission assets and related infrastructure, including conductors, structures, foundations, poles, cables, and vaults, damaged by third parties or impacted by catastrophic, functional, operational, safety, or reliability failures. Supporting more than 230 circuit miles of transmission infrastructure, project priorities are adjusted annually based on inspections, condition assessments, and engineering analysis. Reimbursements from third-party damages are credited back to Utilities.

50. **RIC Equipment Replacement (193225)** **237,778**

This program systematically replaces aging electromechanical transmission and distribution protection panels with modern microprocessor-based protection systems. The upgrades reduce operation and maintenance costs, improve protection system reliability, enhance fault detection and system monitoring capabilities, and provide greater operational flexibility. Modernizing these critical assets supports overall grid resiliency, improves equipment performance, and ensures the continued safe and reliable operation of the electric transmission and distribution system.

51. **Nixon Power Plant Conveyor Replacement Program (194206)** **226,372**

This project addresses the condition, reliability, and longevity of Nixon Power Plant's coal handling conveyor systems. Conveyor belts are critical assets that provide the continuous fuel supply necessary for 24/7 power plant operations. Replacing and upgrading aging conveyor components will reduce the risk of equipment failures, improve operational reliability, enhance maintainability, and help ensure an uninterrupted fuel delivery system that supports safe and reliable electric generation.

52. **Templeton Gap Levee Electric Relocation (194215)** **200,000**

This project supports the relocation of electric utility infrastructure within the Templeton Gap Levee corridor as part of the City of Colorado Springs' effort to recertify the levee in accordance with U.S. Army Corps of Engineers requirements. Recertification requires removal of utility pole penetrations within the levee. Because the City's portion of the project is funded through SWENT funds without external support, Colorado Springs Utilities is responsible for 100% of the utility-related project costs.

53. **Arc Flash Mitigation (193079)** **$ 165,410**

This project designs and installs controls, protection settings, and equipment upgrades to reduce potential arc-flash exposure in substation switchgear and distribution feeder protection systems. The improvements will enhance employee and contractor safety, reduce incident energy levels, support compliance with applicable electrical safety standards, and improve protection system performance. By mitigating arc-flash risks, the project helps ensure safer maintenance activities and more reliable operation of critical electric system infrastructure.

54. **Fuller Substation - Add Two New Feeders (194028)** **135,000**

This project will add a third and fourth distribution feeder from the 230/13.2 kV transformer at Fuller Substation to support new customer load growth in the surrounding area. The additional feeders will increase distribution capacity, improve operational flexibility, and enhance system reliability by providing greater load-serving capability and redundancy. These improvements will help accommodate future development while maintaining reliable electric service for existing and new customers.

55. **Overhead Distribution Construction (192295)** **132,529**

This development-driven program funds the installation of new overhead electric service for residential and commercial customers in areas served by overhead distribution systems or located outside city limits. The program also supports upgrades to existing overhead distribution infrastructure required to accommodate load growth and maintain reliable service. These investments fulfill Colorado Springs Utilities' obligation to serve under Colorado Springs City Code Section 12.2.301 while supporting community growth and development.

56. **CSR Sitewide Stormwater Improvements (796742)** **128,700**

This project funds the implementation of stormwater control improvements at the Clear Spring Ranch Resource Recovery Facility and southern solid waste disposal units. The improvements are designed to manage runoff, protect existing infrastructure from erosion and storm-related damage, and prevent stormwater from co-mingling with waste materials. Design was completed in 2024, with construction and implementation activities planned from 2025 through 2031 to support regulatory compliance, environmental stewardship, and long-term facility reliability.

57. **Front Range ACC Fan Motor Replacement (194082)** **120,000**

This project provides for the systematic replacement of Air-Cooled Condenser (ACC) fan motors as they approach the end of their useful life. Replacing one row of motors annually helps maintain reliable cooling system performance, reduce the risk of unplanned equipment failures, and improve overall plant reliability. The phased replacement approach supports proactive asset management, extends the service life of the ACC system, and minimizes operational and maintenance impacts.

58. **Nixon Cooling Tower Transformer Replacement (194178)** **$ 100,000**

This project replaces Nixon Cooling Tower Transformers 1A and 1B, which have exhibited deteriorating condition and increased gas indicative of potential internal arcing and impending failure. Removal of Transformer 1A from service would result in an approximate 10 MW derate of Nixon Unit 1, as Transformer 1B cannot support the full cooling fan load and is also in poor condition. Replacing both transformers will maintain generating capacity, improve reliability, reduce operational risk, and ensure continued safe operation of the cooling system.

59. **Nixon 1 Pulverizer Major Component Replacement (192985)** **75,000**

This project supports the replacement of critical components within the coal pulverizer systems and the comprehensive overhaul of two pulverizers. These upgrades will improve equipment reliability, maintain efficient fuel processing and combustion performance, reduce the risk of unplanned outages, and extend the operational life of critical plant assets. The work is essential to sustaining reliable generating unit performance and ensuring continued safe and efficient plant operations.

60. **Nixon 1 Cooling Tower Fan Blades and Hubs (193189)** **50,000**

This project replaces fan blades and hubs on the Nixon Unit 1 cooling tower to address equipment aging and maintain reliable cooling system performance. The upgrades will reduce the risk of mechanical failures, improve equipment reliability, and support efficient plant operation. Replacing these critical components helps sustain generating unit availability, extend asset life, and ensure continued reliable electric generation.

61. **Substation Asset Management Software (193892)** **50,000**

This project supports compliance with FERC Order 881 through the development and maintenance of Ambient Adjusted Ratings, enabling more accurate and dynamic transmission asset ratings. Funding also provides for software acquisition and implementation to manage substation data, facility ratings, and asset information, while supporting risk analysis, planning, budgeting, and regulatory compliance. These capabilities will improve data management, operational decision-making, system visibility, and long-term asset management across the electric transmission system.

62. **Electric Tools & Equip (180332)** **50,000**

This program funds the replacement of tools and equipment used by Electric Construction and Maintenance crews to support safe, efficient, and reliable system operations. Keeping equipment current with evolving technology improves productivity, enhances employee safety, and ensures the capability to perform capital improvement projects and install new electric system assets. These investments support effective construction, maintenance, and expansion of Colorado Springs Utilities' electric infrastructure.

63.	**230kV Redundant Communications (193783)** Adding a second communication pathway on 230kV transmission lines. In the event of a fault with the transmission system, the second communication pathway would ensure breakers operate in a timely manner if the first communication path were to fail. This is critical to avoid cascading transmission outage due to communication failure.	**$ 40,000**
64.	**AMI Network New Growth & Replacement (796463)** Purchase additional Advanced Metering Infrastructure (AMI) network equipment to accommodate new growth in CSU service territory and on-going maintenance needs. The expansion and maintenance of the Network supports the ability to collect data for internal business purposes. This is an ongoing program which enables our obligation to serve, and therefore legal & regulatory scoring applies.	**32,400**
65.	**Nixon 1 Cooling Tower Fan Gearbox (193252)** Replace Nixon 1 Cooling Tower Fan Gearbox	**30,000**
66.	**Nixon ZD - Demister Pad Replacement (194069)** Replace evaporator #2 demister pads every 2 years.	**25,000**
67.	**Network Transport Service Relocation Project (194190)** The proposed fiber relocation is required due to mandated road or bridge expansion projects initiated by state or local transportation authorities. These projects impact existing fiber routes, necessitating relocation to maintain network integrity, comply with legal requirements, and avoid service disruptions.	**23,778**
68.	**CMD Streetlight Replacements (Outside City Limits) (192931)** Reactive replacement of existing capital assets and related infrastructure (including conductors, structures, poles, cable, luminaires) of the overhead and underground streetlight system outside of the City of Colorado Springs to include private roads within the city limits and all roads outside the city limits, but within the electric service territory, due to third-party damage or catastrophic, functional, or operational (e.g., safety, reliability, obsolescence) failures. This ongoing corrective maintenance program is adjusted annually based on inspections, testing, and condition assessment.	**9,900**

Subtotal Capital - Electric	**$ 331,503,377**
Capital Labor & Benefits	**$ 24,923,595**
Administration & General Expense	**$ 10,061,383**
2027 Total Capital - Electric with Allocated Components	**$ 366,488,355**

	Streetlight Service Capital Projects		2027 Proposed Budget
1.	**CMD Streetlight Replacements (Inside City Limits) (892930)** Reactive replacement of existing streetlight system assets and infrastructure, including conductors, poles, structures, cable, and luminaires, due to third-party damage or catastrophic, safety, reliability, operational, or obsolescence-related failures. This ongoing corrective maintenance program supports the overhead and underground streetlighting system throughout Colorado Springs and is adjusted annually in accordance with the service level agreement with the City of Colorado Springs.	**$**	**1,210,000**
2.	**Streetlights - New Construction (892346)** Installation of new streetlighting infrastructure to support new residential subdivisions and newly developed arterial roadways throughout Colorado Springs. This program provides for the design and construction of streetlights, poles, conductors, cable, and related infrastructure required for growth and development. The budget supports compliance with City Ordinance 02-187 and the requirements of Colorado Springs City Code 7.7.801 for public streetlighting.		**659,886**
3.	**Streetlights (892330)** This multi-year program funds the installation of residential and arterial roadway streetlighting in previously developed areas, as required under the May 2006 Transfer Agreement to the General Fund. The program improves public safety, mobility, and community service levels by expanding streetlight coverage in existing neighborhoods and along roadways. Funding also supports Public Safety Lighting requests from Colorado Springs Utilities customers, the Colorado Springs Police Department, and the City of Colorado Springs.		**235,000**
	Subtotal Capital - Streetlights	**$**	**2,104,886**
	Capital Labor & Benefits	**$**	**476,994**
	Administration & General Expense	**$**	**-**
	2027 Total Capital - Streetlights with Allocated Components	**$**	**2,581,880**

ELECTRIC EXPENDITURES SUMMARY (in thousands)

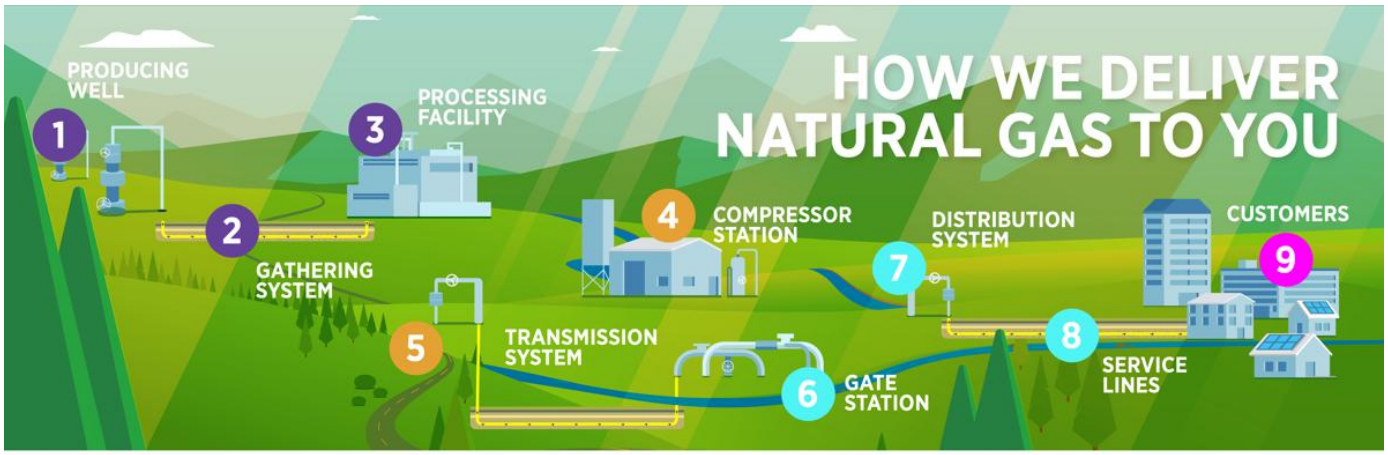
Account Group	2027 Proposed Budget	2026 Approved Budget	2025 Actual	2027 Proposed Budget Increase/ (Decrease) from: 2026 Budget		2025 Actual	
Fuel Operations and Maintenance	**$ 285,886**	**$ 304,121**	**$ 189,473**	**$ (18,235)**	**-6.0%**	**$ 96,412**	**50.9%**
Non-Labor Operations & Maintenance							
Production and Treatment	$ 6,181	$ 5,886	$ 3,097	$ 296	5.0%	$ 3,084	99.6%
Purchased Power	0	1,020	625	(1,020)	-100.0%	(625)	-100.0%
Transmission and Distribution	8,060	7,534	14,714	526	7.0%	(6,654)	-45.2%
Maintenance	17,707	20,485	26,433	(2,778)	-13.6%	(8,726)	-33.0%
Customer Service and Information	2,775	1,856	1,761	918	49.5%	1,013	57.5%
Administrative and General	25,022	25,381	20,305	(360)	-1.4%	4,716	23.2%
Customer Accounting and Collections	4,044	5,279	6,892	(1,235)	-23.4%	(2,848)	-41.3%
Total Non-Labor Operations & Maintenance	**$ 63,788**	**$ 67,441**	**$ 73,828**	**$ (3,652)**	**-5.4%**	**$ (10,040)**	**-13.6%**
Labor & Benefits							
Production and Treatment	$ 13,376	$ 10,604	$ 9,639	$ 2,771	26.1%	$ 3,737	38.8%
Transmission and Distribution	21,215	20,610	18,279	605	2.9%	2,935	16.1%
Maintenance	22,463	23,612	23,322	(1,148)	-4.9%	(859)	-3.7%
Customer Service and Information	1,096	1,431	1,217	(336)	-23.4%	(122)	-10.0%
Administrative and General	68,845	59,466	57,056	9,379	15.8%	11,788	20.7%
Customer Accounting and Collections	7,406	7,080	6,975	326	4.6%	431	6.2%
Total Labor & Benefits	**$ 134,400**	**$ 122,802**	**$ 116,489**	**$ 11,598**	**9.4%**	**$ 17,911**	**15.4%**
Total Non-Fuel Operations & Maintenance [1]	**$ 198,189**	**$ 190,243**	**$ 190,317**	**$ 7,946**	**4.2%**	**$ 7,872**	**4.1%**
Streetlight	$ 4,625	$ 4,550	$ 4,361	$ 75	1.6%	$ 264	6.1%
Transfers to City- Surplus	26,403	26,004	24,621	400	1.5%	1,782	7.2%
Debt Service	123,752	124,221	97,979	(469)	-0.4%	25,773	26.3%
Direct Capital	369,070	663,852	427,660	(294,782)	-44.4%	(58,590)	-13.7%
Allocated Capital [2]	10,228	8,361	8,966	1,867	22.3%	1,262	14.1%
Total	**$ 1,018,153**	**$ 1,321,351**	**$ 943,377**	**$(303,199)**	**-22.9%**	**$ 74,776**	**7.9%**

[1] Non-Fuel O&M does not include inter-service eliminations, GASB 68 and 75 pension and OPEB expense.

[2] Common Capital allocated to Electric Service.

NATURAL GAS SERVICE OVERVIEW

SERVICE HIGHLIGHTS



OIL AND GAS COMPANIES

1 EXTRACT NATURAL GAS FROM THE GROUND.
2 TRANSPORT NATURAL GAS TO PROCESSING FACILITY.
3 REMOVE IMPURITIES THAT CORRODE PIPELINES AND REDUCE ENERGY VALUE OF GAS.

PIPELINE COMPANIES

4 BOOST PRESSURE OF NATURAL GAS TO MOVE THROUGH TRANSMISSION SYSTEM.
5 TRANSPORT NATURAL GAS HUNDREDS OF MILES UNDERGROUND FROM PRODUCING REGIONS.

COLORADO SPRINGS UTILITIES

6 REDUCES PRESSURE FOR SAFE DISTRIBUTION LOCALLY; MERCAPTAN (ROTTEN EGG SMELL) IS ADDED.
7 MOVES NATURAL GAS UNDERGROUND FROM GATE STATIONS THROUGH THE CITY.
8 DISTRIBUTES NATURAL GAS TO HOMES AND BUSINESSES.

CUSTOMERS

9 RECEIVE SAFE, RELIABLE NATURAL GAS.

Call or click co811.org at least three days before beginning any digging project to have your utility lines marked for free.

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

STATISTICS

- Number of active natural gas meters: 229,917
- Total net throughput volume: 22,588,905 Mcf at 14.65 psia
- Peak demand: 266,786 Mcf at 14.73 psia (February 2011)
- Miles of main: 2,800

	Natural Gas Service Projects	2027 Proposed Budget
1.	**DIMP Accelerated Work (293220)** This budget addresses compliance with a Notice of Proposed Safety Order issued by the Pipeline and Hazardous Materials Safety Administration (PHMSA), requiring the removal, replacement, or protection of unprotected steel natural gas infrastructure throughout the system. Funding supports the multi-year Bill Rider program from 2026 through 2029, including engineering, construction, asset replacement, and system upgrades necessary to improve pipeline safety, reliability, and regulatory compliance.	$ 19,000,000
2.	**Natural Gas Gate Station at Clear Spring Ranch (293223)** Design, construct, and install a natural gas gate station at Clear Spring Ranch to connect two natural gas supply pipelines serving the Front Range Power Plant. The project will provide fuel supply redundancy for plant generators, improving system reliability, operational flexibility, and resilience during pipeline outages or disruptions. The new infrastructure will enhance the security of gas delivery and support continued dependable electric generation for customers.	10,200,000
3.	**Gas Management Reserve (200905)**	7,500,000
4.	**DIMP - Gas Projects (293182)** This program funds projects required under federal Gas Distribution Integrity Management (DIMP) regulations, which require natural gas utilities to identify, evaluate, and mitigate risks to the distribution system. Investments address risks identified through the Integrity Management Program and may include replacement of bare steel, coated steel, and vintage plastic gas mains and services. The program improves system safety, reliability, regulatory compliance, and long-term operational performance.	5,608,000
5.	**SEP - Downtown and Military Gas Supply Resiliency Project (293207)** Improve natural gas supply reliability for the entire LDC system, including Fort Carson, Pikes Peak Community College, and the SPAGS. The project includes construction of two gate stations at the Horizon site, a new 10-mile 20-inch pipeline, and four district regulators. During 2026 and early 2027, activities include design, material procurement, easement acquisition, and permitting. Construction begins in April 2027, with Fountain Valley School gas infrastructure work completed in summer 2027 to support pipeline installation and system integration.	4,725,000

6. **SEP - Williams Creek Generating Station Gas Infrastructure (293232)** **$ 3,950,000**

This project will provide the natural gas fuel supply required for Williams Creek Generating Station. Gas will be delivered by a single supplier, TIGT, and the facility will include pressure regulation, flow control, and metering equipment to ensure safe and reliable delivery to the generating station. A regulating skid with odorization equipment will also be installed to supply gas to the control building. The project supports reliable plant operations and compliance with gas quality and safety requirements.

7. **New Construction Billable (293041)** **3,931,736**

This development-driven program funds installation of new gas mains, service stubs, and related infrastructure to serve residential and commercial growth in areas not currently served by the gas system. The program also supports extensions of 150 psig gas mains required to meet increasing customer demand. Customers fund eligible costs through Contributions in Aid of Construction in accordance with Utilities Rules and Regulations. The program fulfills Colorado Springs Utilities' obligation to serve under Colorado Springs City Code Section 12.3.201.

8. **30060 Gas FY 2023 PHMSA Grant (293218)** **3,651,970**

This project replaces 314 to 399 bare steel gas service lines using FY 2023 grant funding awarded by the Pipeline and Hazardous Materials Safety Administration (PHMSA). Replacing aging bare steel infrastructure improves system safety, reliability, and regulatory compliance while reducing the risk of corrosion-related failures. All eligible project costs are fully reimbursed through the federal grant program, with reimbursement received quarterly, minimizing the financial impact on utility customers while accelerating infrastructure modernization.

9. **Loch Fyne, Phase II (293221)** **3,216,000**

Phase 2 of the Loch Fyne Line Upgrade will replace and upsize approximately 4.2 miles of existing 16-inch, 150 psig gas main between the McClintock City Gate and Northgate pressure district with a new 20-inch pipeline operating at 275 psig. The project addresses MAOP verification and record deficiencies, enhances regulatory compliance, and strengthens system reliability. The upgrade will also provide critical capacity reinforcement to support future load growth and improve operational flexibility across the gas distribution network.

10. **Gas Unplanned Maintenance (293183)** **2,268,747**

This program funds emergent gas distribution projects that cannot be anticipated during the normal budget cycle. Work includes replacement of facilities impacted by leaks, excavation damage, cathodic protection failures, regulatory compliance deficiencies, and other conditions identified through planned and opportunistic inspections. The program also supports responses to city improvement projects when required. Funding is based on historical activity levels and ensures timely corrective action to maintain system safety, reliability, and compliance with federal regulations.

11. **Gas Service Vehicles & Equipment (280021)** **$ 2,167,497**

This program funds the replacement and acquisition of vehicles and specialized equipment for Colorado Springs Utilities Gas Service. Maintaining a modern fleet supports safe, reliable, and efficient operation of the gas distribution system while reducing maintenance costs, improving employee safety, and enhancing regulatory compliance. Investments in fleet and equipment ensure crews have the tools needed to perform system maintenance, emergency response, inspections, and construction activities that support dependable service to customers.

12. **Gas Meters - Base Requirements (293043)** **1,894,260**

This growth-driven and lifecycle replacement program funds the purchase of gas meters, communication modules, temperature and pressure instrumentation, regulators, connection materials, and related components. The program supports new residential, commercial, and industrial customer connections and provides capital replacements for damaged, defective, and end-of-life meters, including those replaced through the Gas Measurement Accuracy Control (GMAC) Program. These investments ensure accurate measurement, system reliability, regulatory compliance, and fulfillment of Colorado Springs Utilities' obligation to serve customers.

13. **New Construction Non-Billable (293042)** **1,299,030**

This program funds gas main extensions required to serve new customers when mainline oversizing is needed to accommodate forecasted growth and future development. These capacity improvements are identified through gas system modeling and are not recoverable through developer advance payments. The program also funds installation of scattered service stubs in infill development areas and inspection costs for new services. These investments support system expansion, ensure reliable service, and help meet Colorado Springs Utilities' obligation to serve growing customer demand.

14. **DIMP - Gas High-Pressure Distribution System Renewals (293179)** **1,170,000**

This program supports compliance with gas distribution integrity management regulations by identifying and replacing high-risk segments of the high-pressure gas distribution system. Because these mains operate at the highest pressures in the distribution network, failures can have greater safety and reliability consequences. The program prioritizes replacement of aging or higher-risk pipeline segments with modern coated steel pipe, reducing risk, improving system integrity, enhancing public safety, and ensuring reliable natural gas service for customers.

15. **Gas HPD Project: Sinton Rd to Nevada Ave Replacement (293229)** **1,000,000**

This project will replace approximately one mile of 10-inch high-pressure gas distribution main installed in the 1960s. The existing pipeline has experienced declining cathodic protection performance, increasing the risk of corrosion and potential system integrity concerns. Replacing the aging main with modern pipeline materials will improve system reliability, enhance safety, reduce maintenance requirements, and support continued compliance with integrity management and regulatory standards for high-pressure gas infrastructure.

16. **Gas Distribution System Improvements (293044)** **$ 889,240**

This program funds the installation of new gas main infrastructure and replacement of existing gas mains to increase system capacity, improve reliability, and support service to current and future customers. Projects may include system reinforcements, pressure uprates, main extensions, new telemetry installations, and the replacement or construction of regulator stations. These investments enhance operational flexibility, strengthen system performance, and ensure the gas distribution network can safely and reliably meet growing customer demand.

17. **Gas Time and Material for Capital Work (293122)** **689,644**

This program funds customer-requested relocations of existing gas infrastructure through Gas Third-Party Billing projects. Work is performed to accommodate private development, construction, and other customer needs while maintaining compliance with Gas Line Extension Service Standards and Public Utility Commission Part 192 requirements. Colorado Springs Utilities manages the design, construction, and relocation of affected facilities and recovers 95% of project costs from the requesting customer. The program ensures safe, reliable service while supporting customer and community development activities.

18. **Gas Tools & Equip (280019)** **414,847**

This program funds the replacement and acquisition of tools and equipment used by Gas Construction and Maintenance crews. Maintaining current technology and modern equipment improves safety, efficiency, productivity, and operational reliability. These assets support the installation, replacement, and maintenance of gas infrastructure, enabling capital improvements and system expansions across the gas distribution network. The program ensures field personnel have the equipment necessary to safely perform construction, maintenance, inspections, and emergency response activities.

19. **Gas Maximum Allowable Operating Pressure (MAOP) (293205)** **400,000**

The MAOP Program supports compliance with CFR 192.611 by verifying and validating operating pressures, pipeline materials, and system components within the gas distribution network. This program funds installation of fittings and facilities required for pipeline pigging and in-line inspections, as well as remediation activities identified through testing and analysis. The work improves system integrity, enhances regulatory compliance, reduces operational risk, and supports the safe and reliable operation of the gas distribution system.

20. **Public Improvements-Gas (280024)** **360,000**

This program funds the installation, relocation, or modification of gas facilities required to accommodate Municipal Government Public Works projects, Pikes Peak Rural Transportation Authority projects, and Improvement District developments. Work is performed to prevent conflicts with public infrastructure improvements while maintaining safe and reliable gas service. Funding is required under the 2001 Utilities Relocation Executive Agreement and ensures timely coordination of utility infrastructure with community transportation and public improvement projects.

21. **Gas Operations Tools & Equipment (293206)** **$ 287,180**

This program funds the replacement and acquisition of tools and equipment for the Gas Leak Search, Gas Distribution Operations, and Gas Instrument Control teams. Maintaining current technology improves safety, efficiency, accuracy, and regulatory compliance while supporting capital improvements and system expansion projects. These investments provide field personnel with the specialized equipment needed for leak detection, system monitoring, pipeline operations, instrumentation, maintenance, inspections, and emergency response, helping ensure reliable and safe natural gas service for customers.

22. **DIMP - Emergency Valve Replacement (280005)** **150,000**

This program funds the replacement of gas emergency valves that exhibit functionality issues identified during required annual inspections, maintenance, and operational testing. The program may also include installation of new valves where existing isolation capabilities are inadequate. Emergency valves are critical system components designed to quickly stop gas flow in key locations during emergencies or maintenance activities. Replacing and upgrading these accessible, ground-level valves improves system reliability, operational flexibility, regulatory compliance, and public safety.

23. **GPAP UPS Replacement (293211)** **140,000**

This project will improve plant reliability and resiliency by upgrading critical power and communication infrastructure. Funding in 2027 will increase UPS capacity to provide extended runtime during site power outages, reducing the risk of operational disruptions. The project will also address networking deficiencies identified through the Failure Modes, Effects, and Criticality Analysis (FMECA) process, enhancing system performance, reliability, and overall plant availability.

24. **High-Pressure Gas Time and Materials Capital Projects (293213)** **100,000**

This program funds High Pressure Gas Third-Party Billing projects requested by customers to extend, relocate, or modify existing high-pressure gas infrastructure. All work is completed in compliance with Gas Line Extension Service Standards and Federal Pipeline Safety Regulations (49 CFR Part 192). Colorado Springs Utilities recovers the full cost of customer-driven projects through third-party billing. When a project includes system reliability improvements that provide broader utility benefits, those costs may be funded through Colorado Springs Utilities' reliability budget.

25. **DIMP - Distribution Regulator Station Replacement (280011)** **74,263**

This project replaces aging district regulator stations that are in poor condition and at increased risk of reliability or maintenance issues. Each station contains a control regulator for normal gas flow and a monitor regulator that provides overpressure protection if the control regulator fails. Many of the existing regulators are custom-fabricated or obsolete, with replacement parts no longer available from manufacturers. Replacing these stations improves system reliability, safety, maintainability, and regulatory compliance while ensuring continued delivery of natural gas to customers.

26.	**DIMP - Gas Distribution System Improvements (280034)** This budget is to complete gas distribution system improvements driven by regulatory compliance with the Pipeline and Hazardous Materials Safety Administration, Part 192. Projects include installation of new gas infrastructure such as metering and regulating equipment, emergency valves, and telemetry monitor points.	**$**	**3,114**
27.	**AMI Network New Growth & Replacement (796463)** Purchase additional Advanced Metering Infrastructure (AMI) network equipment to accommodate new growth in CSU service territory and on-going maintenance needs. The expansion and maintenance of the Network supports the ability to collect data for internal business purposes. This is an ongoing program which enables our obligation to serve, and therefore legal & regulatory scoring applies.		**28,350**
28.	**Gas Instrumentation & Control (GIC) Meter Station Improve/Upgrades (293184)** This activity will be utilized to upgrade aging gas meter station equipment. There are currently 5-meter stations in our system; Drennan, North, South, McClintock, and Security. These stations are where Colorado Springs Utilities takes possession of the Natural Gas from Kinder Morgan. This is also where CSU odorizes the gas to be distributed to our customers		**10,000**
	Subtotal Capital - Gas	**$**	**5,158,878**
	Capital Labor & Benefits	**$**	**12,047,443**
	Administration & General Expense	**$**	**708,548**
	2027 Total Capital - Gas with Allocated Components	**$**	**87,914,869**

NATURAL GAS EXPENDITURES SUMMARY (in thousands)

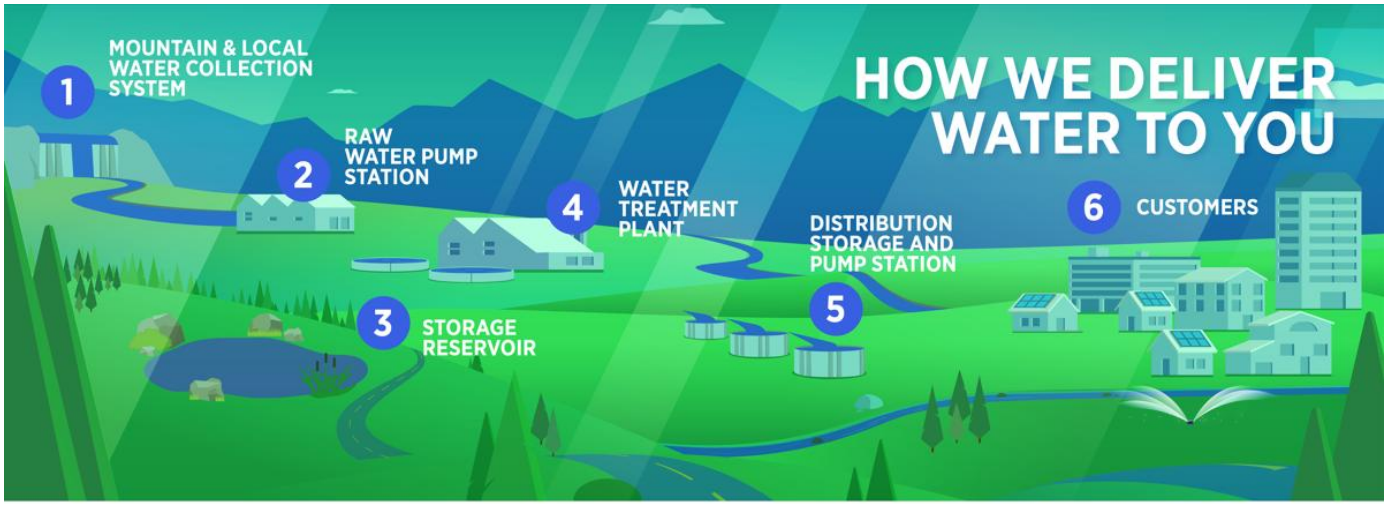
Account Group	2027 Proposed Budget	2026 Approved Budget	2025 Actual	2027 Proposed Budget Increase/ (Decrease) from: 2026 Budget		2025 Actual	
Fuel Operations & Maintenance	**$ 178,149**	**$ 234,462**	**$ 118,893**	**$ (56,313)**	**-24.0%**	**$ 59,256**	**49.8%**
Non-Labor Operations & Maintenance							
Transmission and Distribution	$ 4,473	$ 3,908	$ 3,782	$ 564	14.4%	$ 691	18.3%
Maintenance	906	1,765	3,115	(859)	-48.7%	(2,209)	-70.9%
Customer Service and Information	4,223	3,811	4,119	411	10.8%	104	2.5%
Administrative and General	7,947	8,542	6,507	(595)	-7.0%	1,440	22.1%
Customer Accounting and Collections	2,654	3,018	3,443	(365)	-12.1%	(790)	-22.9%
Total Non-Labor Operations & Maintenance	**$ 20,203**	**$ 21,046**	**$ 20,966**	**$ (843)**	**-4.0%**	**$ (764)**	**-3.6%**
Labor & Benefits							
Transmission and Distribution	$ 10,622	$ 11,607	$ 10,212	$ (985)	-8.5%	$ 410	4.0%
Maintenance	4,439	4,891	4,226	(452)	-9.2%	213	5.0%
Customer Service and Information	416	543	433	(127)	-23.3%	(17)	-3.8%
Administrative and General	21,758	18,679	18,121	3,079	16.5%	3,637	20.1%
Customer Accounting and Collections	6,636	6,344	6,250	292	4.6%	386	6.2%
Total Labor & Benefits	**$ 43,871**	**$ 42,063**	**$ 39,243**	**$ 1,808**	**4.3%**	**$ 4,629**	**11.8%**
Total Non-Fuel Operations & Maintenance [1]	**$ 64,074**	**$ 63,109**	**$ 60,209**	**$ 965**	**1.5%**	**$ 3,865**	**6.4%**
Transfers to City- Surplus	$ 8,289	$ 8,137	$ 7,756	$ 152	1.9%	$ 533	6.9%
Debt Service	19,496	19,421	18,846	75	0.4%	650	3.5%
Direct Capital	87,915	54,189	50,089	33,726	62.2%	37,826	75.5%
Allocated Capital [2]	2,018	1,725	1,850	292	16.9%	168	9.1%
Total	**$ 359,941**	**$ 381,043**	**$ 257,643**	**$ (21,102)**	**-5.5%**	**$ 102,298**	**39.7%**

[1] Non-Fuel O&M does not include inter-service eliminations, GASB 68 and 75 pension and OPEB expense.

[2] Common Capital allocated to Natural Gas Service.

WATER SERVICE OVERVIEW

SERVICE HIGHLIGHTS



1 COLLECTS ROCKY MOUNTAIN SNOWMELT FROM UP TO 100+ MILES AWAY
2 MOVES COLLECTED WATER TO STORAGE RESERVOIRS
3 CAN HOLD UP TO 3.5 YEARS OF SUPPLY AND SUPPORT RECREATION
4 6 PLANTS TREAT WATER TO MEET OR EXCEED DRINKING STANDARDS
5 TREATED WATER IS PUMPED ACROSS THE CITY
6 WATER IS AVAILABLE AT YOUR TAP

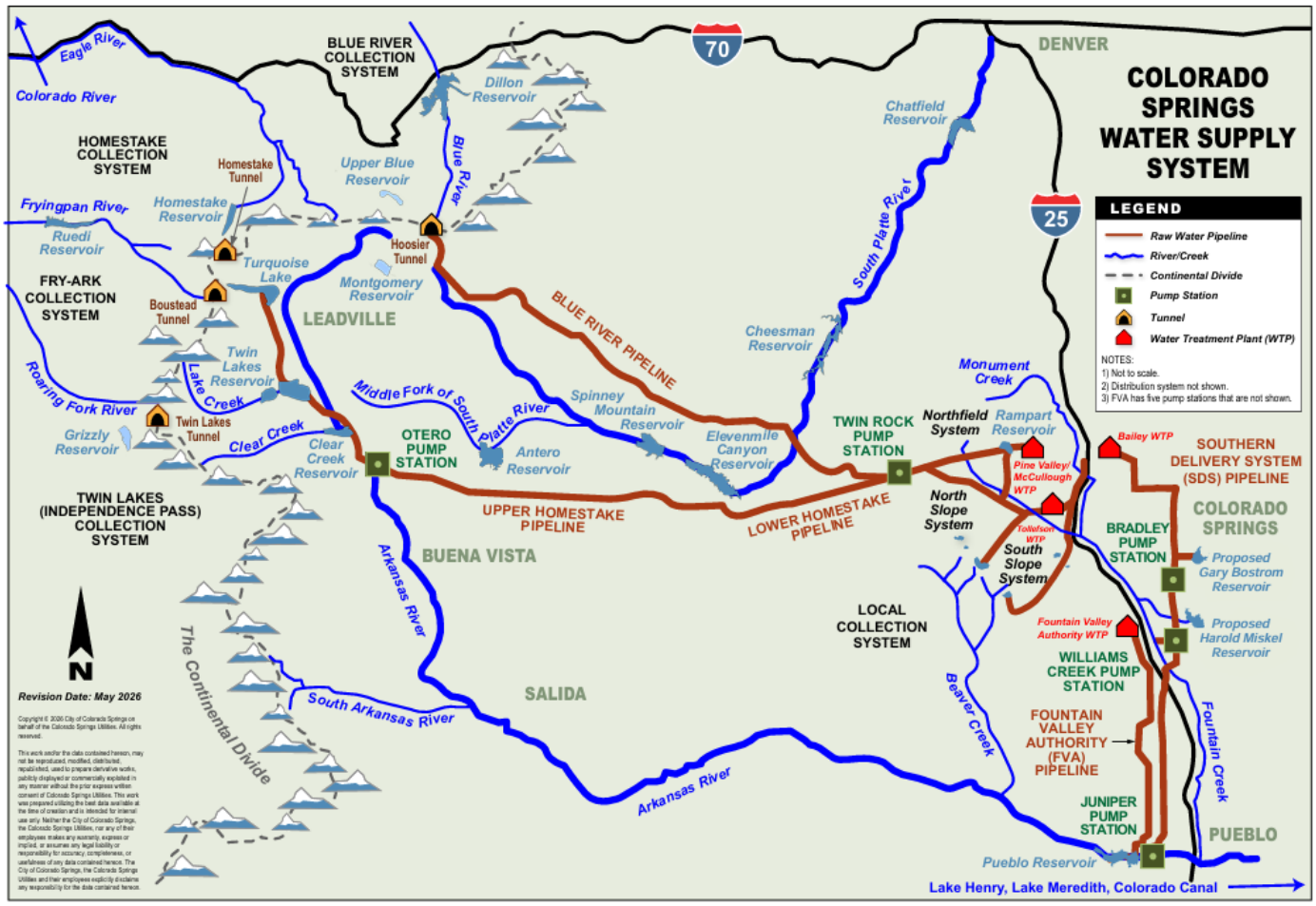
DID YOU KNOW?

- Our water is collected from 3 river basins (Arkansas, Colorado and South Platte) and travels through 4 transmission pipelines and stored in our 25 reservoirs.
- We provide treated water to more than 500 million people through 2,555 miles of water distribution mains.
- A typical Colorado Springs home uses about 100,000 gallons of water each year, 60% indoors and 40% outdoors.

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

STATISTICS

- Number of active water meters: 161,205
- Annual potable water deliveries: 67,007 AF (21.8 billion gallons)
- Total nonpotable output (all sources): 6,775 AF
- Total Arkansas River and Local Exchange: 39,399 AF
- Treatment capacity: 273 mgd (peak), 234 mgd (sustained)
- Record peak demand: 182 mgd (July 2001)
- Water System includes:
  - 4 trans mountain diversion systems that carry water from over 100 miles away
  - 2,283 miles of potable water mains
  - 25 raw water storage reservoirs
  - 11 raw water pump stations (including 2 Fountain Valley Authority)
  - 6 water treatment plants (including 1 Fountain Valley Authority)


COLORADO SPRINGS WATER SUPPLY SYSTEM
LEGEND
Raw Water Pipeline
River/Creek
Continental Divide
Pump Station
Tunnel
Water Treatment Plant (WTP)
NOTES:
1) Not to scale.
2) Distribution system not shown.
3) FVA has five pump stations that are not shown.
Eagle River
Colorado River
BLUE RIVER COLLECTION SYSTEM
Dillon Reservoir
Blue River
Upper Blue Reservoir
HOMESTAKE COLLECTION SYSTEM
Homestake Tunnel
Homestake Reservoir
Fryingpan River
Ruedi Reservoir
Hoosier Tunnel
Turquoise Lake
Montgomery Reservoir
FRY-ARK COLLECTION SYSTEM
Boustead Tunnel
LEADVILLE
BLUE RIVER PIPELINE
Twin Lakes Reservoir
Lake Creek
Roaring Fork River
Twin Lakes Tunnel
Grizzly Reservoir
Clear Creek
Clear Creek Reservoir
Middle Fork of South Platte River
OTERO PUMP STATION
Antero Reservoir
Spinney Mountain Reservoir
Elevenmile Canyon Reservoir
TWIN LAKES (INDEPENDENCE PASS) COLLECTION SYSTEM
UPPER HOMESTAKE PIPELINE
LOWER HOMESTAKE PIPELINE
BUENA VISTA
Arkansas River
The Continental Divide
South Arkansas River
SALIDA
Arkansas River
Revision Date: May 2026
Cheesman Reservoir
Chatfield Reservoir
South Platte River
DENVER
70
25
TWIN ROCK PUMP STATION
Northfield System
Rampart Reservoir
Monument Creek
North Slope System
South Slope System
Pine Valley/ McCullough WTP
Tollefson WTP
Bailey WTP
LOCAL COLLECTION SYSTEM
Fountain Valley Authority WTP
WILLIAMS CREEK PUMP STATION
FOUNTAIN VALLEY AUTHORITY (FVA) PIPELINE
Beaver Creek
Fountain Creek
JUNIPER PUMP STATION
Pueblo Reservoir
SOUTHERN DELIVERY SYSTEM (SDS) PIPELINE
COLORADO SPRINGS
BRADLEY PUMP STATION
Proposed Gary Bostrom Reservoir
Proposed Harold Miskel Reservoir
PUEBLO
Lake Henry, Lake Meredith, Colorado Canal

	Water Service Projects	2027 Proposed Budget
1.	**Penrose Water Supply (394787)** This project replaces the existing terminal storage facilities at Penrose Dam/Reservoir with new tank storage infrastructure to meet current and future customer water demand. The upgrade will improve system reliability, operational flexibility, and storage capacity while reducing ongoing operation and maintenance requirements. Replacing aging infrastructure with modern tank storage enhances efficiency, supports long-term asset management objectives, and ensures continued delivery of reliable water service to customers.	$ 32,000,000
2.	**WOLF and UBGT Pressure Zone Interconnection - North Segment, Phase 1 of 2 (394652)** This project funds the design and construction of a water pipeline from Old Ranch Road and Powers Boulevard to the Highway 83 Pump Station. The pipeline will improve system reliability, reduce pumping requirements, and provide an emergency connection between the two Briargate Pressure Zones. Work in 2027 will focus on completing final design, securing required permits and easements, and initiating construction. The project enhances operational flexibility, strengthens system resiliency, and supports reliable water service for existing and future customers.	29,872,222
3.	**Austin Bluffs Pump Station and Transmission (2021 FWSP) (394779)** This project funds the design and construction of a pump station and transmission mains near the Austin Bluffs tanks to transfer water from the Northfield Pressure Zone to the Templeton Pressure Zone. The project will improve system flexibility, reliability, and capacity while supporting current and future customer demand. Construction scheduled for 2027 through 2029. Upon completion, the project will enhance pressure zone connectivity and strengthen overall water system resilience.	13,000,000
4.	**Finished Water Linear Asset Program (394744)** Colorado Springs Utilities maintains more than 2,100 miles of transmission and distribution water mains. The Finished Water Linear Asset Program (FWLAP) is a long-term capital program focused on renewing aging and degraded water infrastructure to reduce system failures and provide safe, reliable drinking water and fire protection. From 2027 through 2041, the program is planned to rehabilitate approximately 50 miles of pipeline annually through condition assessments, cathodic protection, design, lining, and replacement projects to improve system reliability and asset performance.	12,693,296

5. **Continental-Hoosier System Project (394345)** **$ 8,347,373**

This project funds permitting, design, and construction to expand storage capacity at Montgomery Reservoir by 8,100 acre-feet. The expansion will improve water collection and conveyance management while increasing the average annual yield delivered through the Blue River Pipeline by approximately 4,000 acre-feet. As a critical water supply project, it will enhance drought resiliency, strengthen system reliability, and support long-term water demands for existing customers and future growth within the City's service area.

6. **Potable Pumping Station Replacement Program (394587)** **6,500,000**

This program funds the rehabilitation and replacement of water pump stations, equipment, and related systems to maintain safe, reliable water service. Planned work for 2027 and 2028 includes completing design, demolishing the existing Moreno Pump Station, and constructing a new pump station and associated pipeline infrastructure. These improvements will enhance system reliability, operational efficiency, and long-term asset performance while supporting continued water service to existing and future customers.

7. **Public Improvement Projects - Water (380083)** **5,280,000**

This capital program funds Colorado Springs Utilities' share of water main relocations, lowering's, betterments, and infrastructure improvements required to support public improvement projects led by Pikes Peak Rural Transportation Authority (PPRTA), City Capital Improvements, El Paso County, and the Colorado Department of Transportation (CDOT). Planned 2027 work includes Academy Boulevard Reconstruction Phase 2, Fontanero and 31st Street Roundabout, Fontanero Railroad Bridge, Water Street over Camp Creek, Colorado Avenue Reconstruction, North Nevada Corridor Reconstruction, and other identified projects.

8. **Water Service Vehicles & Equipment (380109)** **3,349,809**

This program funds the replacement and acquisition of vehicles and equipment for Colorado Springs Utilities Water Services. Maintaining a modern fleet supports safe, reliable, and cost-effective operations while reducing maintenance costs and improving workforce efficiency. These assets are essential for construction, maintenance, inspections, emergency response, and infrastructure renewal activities across the water system. The program ensures crews have the equipment needed to provide dependable water service and support long-term system reliability and operational performance.

9. **Lowline Pressure Zone Level of Service Improvement (2021 FWSP) (394816)** **3,336,707**

This project, identified and prioritized in the 2021 Finished Water System Plan, funds the design and construction of approximately 5,200 linear feet of 24-inch water main along Highway 115. The new main will connect existing 24-inch pipelines in Cheyenne Mountain Boulevard and Star Ranch Road, improving system connectivity, operational flexibility, and reliability. The project will strengthen water delivery capabilities, support future growth, and enhance resiliency within the finished water distribution system.

10. **Las Animas Consolidated Company Shares Acquisition (394846)** **$ 3,330,000**

This program develops innovative water-sharing partnerships with agricultural stakeholders to secure new water supplies and strengthen long-term resource planning. By working collaboratively with agriculture, Colorado Springs Utilities can acquire additional water resources, diversify its supply portfolio, and reduce risks associated with drought, climate variability, and future demand growth. These projects support the Integrated Water Resource Plan by enhancing system resilience, improving supply reliability, and helping meet the water needs of existing and future customers.

11. **FLCC Shares Acquisition (394807)** **3,000,000**

This program funds the infrastructure, water rights decrees, engineering, permitting, and associated services required to fully develop Colorado Springs Utilities' Fort Lyon Canal Company (FLCC) shares from agricultural to municipal use. The project supports conversion of existing water resources into a reliable municipal supply, increasing system resiliency and long-term water availability. These investments help diversify water resources, maximize the value of acquired water rights, and support future customer demand in accordance with Colorado Springs Utilities' long-range water supply strategy.

12. **Specialty Valves Rehabilitation and Replacement Program (394651)** **2,544,026**

This program funds the rehabilitation and replacement of specialty valves throughout the water system to maintain safe, reliable water service and improve system performance. Planned 2027 activities include construction of the FLYR5 Vault and Pressure Reducing Valve Project and the NNSL5 project. These improvements will enhance pressure management, operational flexibility, system reliability, and asset performance while reducing maintenance needs and supporting long-term delivery of dependable water service to customers.

13. **Potable Water Tank Refurbishment/Replacement Program (394575)** **2,382,720**

This program funds the condition assessment, evaluation, prioritization, design, rehabilitation, and replacement of potable water storage tanks to maintain finished water system reliability and long-term asset performance. The program addresses aging infrastructure, improves operational flexibility, and ensures adequate storage capacity to meet customer demand and fire protection requirements. Planned 2027 activities include completion of the Austin Bluffs 5-million-gallon water storage tank, enhancing system resiliency, reliability, and service to existing and future customers.

14. **Raw Water System Improvements Program (394684)** **2,200,000**

This program implements prioritized infrastructure improvements identified in the Raw Water System Plans. Colorado Springs Utilities' raw water system includes a diverse portfolio of assets such as pipelines, intakes, diversions, tunnels, dams, and other conveyance facilities. Projects are selected based on condition, risk, operational needs, and system performance. Infrastructure priorities are reviewed annually and updated every 5 to 10 years, depending on asset class and system requirements, to maintain reliability, resiliency, and long-term delivery of raw water supplies.

15. **Pine Valley & McCullough DOVE Disinfection Improvements (394722)** **$ 2,000,000**
This project funds alternative evaluation, design, and construction of Disinfection Outreach and Verification Effort (DOVE) improvements at the Pine Valley and McCullough Water Treatment Plants. The upgrades are required to ensure compliance with current and future disinfection regulations, maintain drinking water quality, and support reliable treatment operations. Project activities include selecting preferred treatment alternatives, completing design, and constructing facility improvements. Design and construction are planned to occur during in 2027.

16. **Water Meters - Base Requirements (394204)** **1,516,949**
This growth-driven program funds the purchase of water meters, communication modules, and related equipment required to connect new residential, commercial, and industrial customers to Colorado Springs Utilities' water system. The program also provides funding for the replacement of damaged, defective, or failed meters to maintain accurate water measurement and billing. These investments support customer growth, system reliability, and operational efficiency while ensuring Colorado Springs Utilities can meet its obligation to serve and provide dependable water service.

17. **Homestake Collection System Pipeline Repair and Rehabilitation (394711)** **1,500,000**
This multi-year project funds preparation and interior relining of the above-grade reaches of the Homestake Collection System to preserve infrastructure, improve reliability, and extend asset life. The work includes surface preparation, coating removal, repairs as needed, and application of new protective linings to reduce corrosion and maintain system performance. Construction is ongoing and will continue through 2027. These improvements support the long-term integrity of the collection system and help ensure reliable raw water conveyance operations.

18. **Centennial Boulevard Pump Station and Transmission (394798)** **1,000,000**
This project funds the design and construction of a pump station and transmission mains to transport water from the Highline Pressure Zone to the Northfield Pressure Zone. As the second phase of the PV/MC Reliability Program, it will provide the capability to deliver water from the Tollefson and Bailey Water Treatment Plants to the northern pressure zones, including Northfield, Templeton, and Briargate, during emergency conditions. The project will enhance system reliability, operational flexibility, and resiliency while improving the ability to maintain service during outages or other disruptions.

19. **Homestake Discharge Pipeline Replacement (394731)** **1,000,000**
This multi-year project provides for the proactive replacement of critical sections of the Homestake Discharge Pipeline to maintain the reliable delivery of water supplies from the Homestake system. The work will address aging infrastructure, reduce the risk of failures, and improve long-term system reliability and operational resiliency. Project activities include engineering, material procurement, and phased construction. Construction is scheduled to begin in 2027 and will continue over multiple years to support dependable raw water conveyance and water supply operations.

20. **Rosemont Pipeline Replacement (394476)** **$ 1,000,000**

This multi-year project initiates Design-Build services to replace Segment 2 of the 14-mile Rosemont Pipeline along a new alignment near Emerald Valley, utilizing existing access routes near the Broadmoor Range. Previous condition assessments identified this segment as having the highest leakage rate in the system. The project will improve reliability, increase conveyance capacity to at least 1.8 million gallons per day, and restore CB2 to its original configuration. Work includes design, permitting, and phased construction to support long-term system performance and resiliency.

21. **Tollefson/Mesa WTP Upgrades Program Ph 2 and 3 (394761)** **1,000,000**

This project implements Phase 2 and 3 improvements identified in the Tollefson Water Treatment Plant Facility Plan to enhance treatment capacity, reliability, and regulatory compliance. Facility Plan evaluations, including SAA and SIX pilot testing, will continue through 2026. Phase 2 design for new filtration and ultraviolet (UV) treatment facilities will begin in 2027 and continue into 2028. Construction of Phase 2 improvements is expected to begin in fall 2029, supporting long-term water quality, operational resiliency, and future system needs.

22. **LAWMA Shares Acquisition (394672)** **650,000**

This program supports the legal, engineering, and administrative activities required to change the use and place of use of LAWMA water shares acquired in 2018. Approval through water court is necessary to fully develop, operate, and realize the municipal value of these water rights. Funding provides reimbursement to LAWMA for costs associated with the change case, including engineering studies, legal representation, and administrative support. The project advances long-term water supply reliability, resource diversification, and implementation of Colorado Springs Utilities' water resource strategy.

23. **Water Infrastructure Corrosion Program-Raw Water (394678)** **633,031**

The Water Infrastructure Corrosion Program - Raw Water (WICP-RW) identifies, evaluates, monitors, prioritizes, and implements repairs or replacements of deteriorated cathodic protection systems to maintain the safety, reliability, and integrity of raw water infrastructure. The 2027 capital program includes cataloging and condition assessments of critical asset groups, with a focus on identifying cathodic protection deficiencies and completing necessary repair and replacement projects. These efforts help extend asset life, reduce corrosion risk, and ensure reliable water delivery.

24. **Kissing Camels Pressure Zone Expansion (2021 FWSP) (394772)** **600,000**

This project will construct approximately 200 feet of 8-inch water main and two pressure-reducing valve (PRV) vaults to expand the Kissing Camels Pressure Zone and address localized low-pressure conditions. The project was identified, recommended, and prioritized in the 2021 Finished Water System Plan. Construction began in the fourth quarter of 2025 and is scheduled for completion in the first half of 2027. The improvements will enhance system reliability, pressure management, and water service for customers within the affected area.

25. **Water System Infrastructure Continuity (380096)** **$ 396,000**

The Water System Infrastructure Continuity Program funds capital water infrastructure additions and replacements that exceed the $5,000 O&M threshold and are not covered by the water main replacement program. Budgeted annually, the program addresses critical infrastructure needs that arise throughout the year and do not fit within other capital programs. These investments help maintain system reliability, operational performance, and service continuity by providing a flexible funding source for essential water system improvements and asset replacements.

26. **SDS Pump Station Improvements (394812)** **374,040**

This program funds the condition assessment, evaluation, prioritization, design, rehabilitation, and improvement of Southern Delivery System (SDS) pump stations to maintain reliable water delivery and system performance. Projects address aging infrastructure, equipment condition, operational efficiency, and capacity needs to support long-term asset reliability. Through targeted upgrades and rehabilitation efforts, the program enhances system resiliency, reduces operational risks, and helps ensure the continued safe and dependable delivery of water to customers.

27. **Homestake Vehicles & Equipment (380124)** **281,377**

The Homestake Water Project fleet consists of 49 vehicles and equipment units that support operations, maintenance, construction, and emergency response activities. This program funds the scheduled replacement of fleet assets to maintain a safe, reliable, and cost-effective operation. Replacing aging vehicles and equipment improves operational efficiency, reduces maintenance costs and downtime, enhances employee safety, and ensures field crews have the resources needed to support reliable water delivery and infrastructure management throughout the Homestake system.

28. **Stetson Hills and Marksheffel 36 Water Main Gap (2021 FWSP) (394784)** **251,327**

This project, identified as a Phase 2 priority in the 2021 Finished Water System Plan, funds the design and construction of approximately 2,600 linear feet of 36-inch water main to close a gap between existing 36-inch mains along Stetson Hills Boulevard. Completing this connection will improve system reliability, operational flexibility, and water delivery capacity. The project may become a higher priority if development and customer growth in the area accelerate, increasing demand on the finished water distribution system.

29. **Finished Water System Improvements Program (394859)** **250,000**

The finished water system includes approximately 2,300 miles of water mains, 23 pump stations, and 43 storage tanks. This program provides funding for smaller capital projects identified through facility planning efforts or operational needs that do not warrant standalone projects. Typical work includes replacement of pumps, valves, and other capital assets identified in the Unit of Property program. The program provides a flexible funding source to maintain system reliability, support asset renewal, and ensure continued delivery of safe and dependable water service to customers.

30. **MCTP01 Boiler 1 and 2 Complete Replacement (394857)** **$ 250,000**

This project will replace two existing cast iron boilers at the McCullough Water Treatment Plant. One boiler experienced a catastrophic failure during the MCTP01 HVAC Controls Upgrade Project, while the second boiler has reached the end of its useful life. Replacing both units will improve facility reliability, operational efficiency, and system resiliency while reducing the risk of heating system failures that could impact plant operations. The project supports continued treatment plant performance and reliable delivery of water to customers.

31. **Homestake 66 Insulated Flange Installation (394850)** **250,000**

This project will install a 66-inch insulated flange on the Homestake suction pipeline to support implementation of a new cathodic protection system. The insulated flange is required to electrically isolate the pipeline, allowing the cathodic protection system to function effectively and reduce corrosion risk. The project will enhance pipeline integrity, extend asset life, improve reliability, and help protect critical raw water infrastructure that supports the delivery of water supplies from the Homestake system.

32. **Lab Capital Equipment - Water (380082)** **242,000**

The Colorado Springs Utilities laboratory operates more than 30 analytical instruments and supporting equipment essential for water quality testing and regulatory compliance. This program funds the replacement of laboratory instruments and equipment that have reached the end of their useful life or require upgrading to support evolving technologies and analytical methods. These investments ensure continued compliance with the Safe Drinking Water Act (SDWA), maintain testing accuracy and reliability, and support the delivery of safe, high-quality drinking water to customers.

33. **Water Tools & Equip (380101)** **235,200**

This project funds the purchase of large tools and equipment exceeding $5,000 for the Construction and Maintenance Group (CMG). Planned acquisitions may include trench shoring systems, large pumps, and other specialized equipment required for construction, maintenance, and emergency response activities. These investments improve safety, operational efficiency, and workforce productivity while providing crews with the equipment necessary to support capital improvements, infrastructure rehabilitation, and reliable operation of the utility system.

34. **Fire Hydrant Installation (380099)** **220,000**

This program funds the replacement of fire hydrants that are non-operational, damaged, or obsolete due to unavailable replacement parts. Hydrants are identified through the Operations and Maintenance preventive maintenance program, inspections, and notifications from internal and external stakeholders. Replacing aging or failed hydrants helps maintain system reliability, supports public safety and fire protection capabilities, reduces maintenance costs, and ensures the water distribution system continues to provide dependable service to customers and emergency responders.

35. **Distribution System Instrumentation and Control Improvement Program (394613)** **$ 200,000**

This program funds installation of instrumentation, telemetry, and SCADA-related equipment to improve monitoring and control of the water distribution system and wastewater lift stations. Many pressure zones and sub-zones currently have limited operational visibility, reducing the ability to proactively manage system conditions. Enhanced monitoring of pressures and flows will improve operational decision-making, reduce the risk of main breaks, increase system reliability, and support safe, dependable service. The program also helps Colorado Springs Utilities meet its obligation to serve customers.

36. **ROY Storage (394419)** **200,000**

Under a 2004 intergovernmental agreement among multiple regional water providers, the Recovery of Yield (ROY) participants acquired property near Boone, Colorado, to recapture up to 5,000 acre-feet of foregone exchanges and enhance long-term water supply reliability. In 2024, the participants agreed to establish the ROY Water Authority to develop, manage, and operate the Boone Reservoir Project. This program funds Colorado Springs Utilities' participation in the project, supporting future water resource development, regional cooperation, and supply resiliency.

37. **Water Valve Replacement (394703)** **176,000**

The Water Valve Replacement Program funds the replacement and rehabilitation of water valves that are not addressed through the water main replacement program. Typical projects include large valve replacements, small pipe replacement projects, Water System Continuity improvements, and infrastructure needs not covered by the City's Paving Initiative. Budgeted annually, the program provides a flexible funding source for critical system improvements that support reliable operations, improve maintenance capabilities, enhance system resiliency, and address infrastructure needs not funded through other capital programs.

38. **Caretaker House Improvement Program (394794)** **150,000**

Colorado Springs Utilities owns and maintains six caretaker homes located across seven watersheds and six counties. These residences support the Dam Safety Monitoring Program by ensuring watershed caretakers are available on-site 24 hours a day, seven days a week to monitor critical water infrastructure. Caretakers conduct daily visual inspections of dams and related facilities, helping identify potential issues, support regulatory compliance, and ensure the safe and reliable operation of the water supply system. The program supports asset protection, public safety, and water system reliability.

39. **Homestake Pipeline Replacement for Leak Remediation (394715)** **$ 140,689**

This project funds the repair and replacement of critical sections of pipeline serving the Otero Pump Station to maintain reliable water delivery operations. Pipeline failures can interrupt pumping for two to six weeks, resulting in the loss of approximately 1.6 to 5.2 billion gallons of pumping capacity. Work includes the purchase and installation of pipe replacement kits and specialized internal carbon fiber repairs performed by contractors. These improvements will reduce outage risks, improve system reliability, and protect the operational capability of this critical water supply infrastructure.

40. **Ute Pass WTP Improvements Program (394691)** **88,000**

This program funds long-term capital improvements at the Ute Pass Water Treatment Plant to maintain reliable operations, improve asset condition, and support regulatory compliance. Planned 2027 work includes asphalt replacement and effluent valve replacement at the facility. Additional infrastructure needs have been identified through the Ute Pass Facility Plan and will be implemented over the coming years. These improvements will enhance system reliability, operational efficiency, and the plant's ability to provide safe and dependable water service to customers.

41. **Homestake Surge Chamber Epoxy Coating (394634)** **78,786**

This project funds the inspection, surface preparation, and relining of surge chambers at the Otero Pump Station, which protect the discharge pipeline from damaging pressure surges. The chambers were epoxy lined in 2000 and 2001 and re-lined in 2017. Because protective coatings in this environment typically have a service life of 10 to 15 years, relining is recommended around 2027 to prevent corrosion, extend asset life, and maintain the reliability and integrity of this critical water conveyance infrastructure.

42. **Homestake Fire Alarm System Upgrade (394837)** **60,000**

This project will replace the 20-year-old fire alarm system at the Otero Pump Station to improve facility safety, reliability, and compliance with current codes and standards. The existing system is approaching the end of its useful life and may not provide the reliability or supportability required for critical infrastructure. Upgrading the fire alarm system will enhance fire detection, monitoring, and notification capabilities, reduce operational risk, and help protect personnel, equipment, and uninterrupted operation of this essential water supply facility.

43. **Homestake Microwave & Radio Infrastructure Improvements (394488)** **50,000**

This project funds the maintenance and upgrade of voice and data communication systems that support Supervisory Control and Data Acquisition (SCADA) operations throughout the Homestake Watershed. Through a partnership among Colorado Springs Utilities, Aurora Water, and federal agencies, the project will establish a fully redundant communications network for SCADA, voice communications, and data backhaul. These improvements will enhance system reliability, operational resiliency, and real-time monitoring capabilities, ensuring continued operation of critical water supply infrastructure and watershed assets.

44. **Wtr Tap Install - New Cust (380108)** **$ 50,000**

This program funds the inspection and installation of water taps for new residential and commercial customers connected to Colorado Springs Utilities-owned water mains. The work includes reviewing service requests, inspecting installations, and constructing new service connections to support customer growth and development. By providing reliable and timely access to the water distribution system, the program helps meet Colorado Springs Utilities' obligation to serve, supports economic development, and ensures new customers receive safe and dependable water service.

45. **Bailey Treatment Plant Improvements (394811)** **50,000**

This program provides funding for the purchase and installation of replacement equipment that has reached the end of its useful life or fails unexpectedly and meets capitalization criteria. The program supports timely replacement of critical assets needed for reliable utility operations, reducing the risk of service disruptions and equipment-related failures. By maintaining essential infrastructure and operational equipment, the program improves system reliability, operational efficiency, safety, and long-term asset performance across utility facilities and operations.

46. **Homestake Structure Improvements (380094)** **45,020**

This Homestake Structure Improvement project is for construction of an equipment storage building to prolong the useful life and protect equipment that is exposed to harsh, high-altitude environment. This structure will allow equipment that is currently stored on the pipeline ROW be stored on Homestake property.

47. **Homestake Mass Asset Valve Purchases (394753)** **28,138**

This project provides for the purchase and installation of specialized shutoff valves and air valves. Pipeline failures can prevent the Otero Pump Station from pumping for two to six weeks. This amounts to between 1.6 billion and 5.2 billion gallons of lost pumping opportunity. To maintain the operational capability of this critical infrastructure, it is imperative that shutoff valves and air valves be replaced on a rotating schedule. Homestake personnel are experienced in the replacement of these type of valves.

48. **AMI Network New Growth & Replacement (796463)** **20,250**

Purchase additional Advanced Metering Infrastructure (AMI) network equipment to accommodate new growth in CSU service territory and on-going maintenance needs. The expansion and maintenance of the Network supports the ability to collect data for internal business purposes. This is an ongoing program which enables our obligation to serve, and therefore legal & regulatory scoring applies.

49. **Homestake SCADA System Upgrades (380125)** **16,883**

The Homestake Supervisory Control and Data Acquisition (SCADA) system upgrades include replacing and upgrading equipment that is essential for reliable operation of the Otero Pump Station.

50.	**Water System Design Review, Inspection and Acceptance (394132)** Water system extension design review, inspection, and documentation for developers and contractors to ensure compliance with City Code and Colorado Springs Utilities' current Line Extension & Service Standards, and to protect system integrity.	**$**	**12,000**
51.	**Homestake Suction Pipeline Replacement (394477)** Continuing site restoration observation, weed spraying, and revegetation until adequate percent ground cover required by the Chaffee County 1041 is achieved.		**10,000**
52.	**Developer Initiated and Unserved Area Projects - Water (394114)** Enables Colorado Springs Utilities' cost participation in qualifying developer-initiated or other customer projects to promote the extension and development of an integrated water distribution system and provide service capability to previously unserved areas within the water service territory.		**10,000**
	Subtotal Capital - Water	**$**	**142,871,843**
	Capital Labor & Benefits	**$**	**12,303,956**
	Administration & General Expense	**$**	**1,417,097**
	2027 Total Capital - Water with Allocated Components	**$**	**156,592,896**

WATER EXPENDITURES SUMMARY (in thousands)

Account Group	2027 Proposed Budget	2026 Approved Budget	2025 Actual	2027 Proposed Budget Increase/ (Decrease) from: 2026 Budget		2027 Proposed Budget Increase/ (Decrease) from: 2025 Actual	
Non-Labor Operations & Maintenance							
Production and Treatment	$ 30,094	$ 30,036	$ 29,025	$ 58	0.2%	$ 1,069	3.7%
Purchased Water	8,676	9,351	9,033	(675)	-7.2%	(357)	-4.0%
Transmission and Distribution	2,677	2,136	1,969	541	25.3%	707	35.9%
Maintenance	8,759	8,487	9,999	272	3.2%	(1,240)	-12.4%
Customer Service and Information	2,021	1,944	2,141	77	3.9%	(120)	-5.6%
Administrative and General	16,186	16,580	14,108	(395)	-2.4%	2,078	14.7%
Customer Accounting and Collections	2,201	2,711	3,180	(510)	-18.8%	(979)	-30.8%
Total Non-Labor Operations & Maintenance	**$ 70,613**	**$ 71,246**	**$ 69,455**	**$ (633)**	**-0.9%**	**$ 1,158**	**1.7%**
Labor & Benefits							
Production and Treatment	$ 14,299	$ 14,081	$ 13,929	$ 218	1.5%	$ 370	2.7%
Transmission and Distribution	7,541	8,942	6,786	(1,400)	-15.7%	756	11.1%
Maintenance	12,756	10,953	12,170	1,803	16.5%	586	4.8%
Customer Service and Information	318	458	315	(140)	-30.6%	3	1.0%
Administrative and General	45,376	39,212	37,592	6,164	15.7%	7,783	20.7%
Customer Accounting and Collections	4,673	4,467	4,401	206	4.6%	272	6.2%
Total Labor & Benefits	**$ 84,963**	**$ 78,112**	**$ 75,192**	**$ 6,851**	**8.8%**	**$ 9,770**	**13.0%**
Total Non-Fuel Operations & Maintenance [1]	**$ 155,576**	**$ 149,358**	**$ 144,648**	**$ 6,218**	**4.2%**	**$ 10,928**	**7.6%**
Transfers to City- Surplus	$ 2,442	$ 2,403	$ -	$ 39	1.6%	$ 2,442	- %
Debt Service	95,726	94,525	89,178	1,202	1.3%	6,548	7.3%
Direct Capital	156,593	106,793	103,346	49,800	46.6%	53,247	51.5%
Allocated Capital [2]	9,662	8,570	9,190	1,092	12.7%	472	5.1%
Total	**$ 419,999**	**$ 361,649**	**$ 346,362**	**$ 58,350**	**16.1%**	**$ 73,637**	**21.3%**

[1] Non-Fuel O&M does not include inter-service eliminations, GASB 68 and 75 pension and OPEB expense.

[2] Common Capital allocated to Water Service.

WASTEWATER SERVICE OVERVIEW

SERVICE HIGHLIGHTS



1 WASTEWATER GOES DOWN YOUR DRAINS
2 TAKES WASTEWATER FROM HOMES AND BUSINESSES TO LIFT STATIONS
3 MOVES WASTEWATER FROM LOW TO HIGH ELEVATIONS
4 MOVES WASTEWATER TO RESOURCE RECOVERY FACILITY
5 3 RECOVERY FACILITIES TREAT WASTEWATER THROUGH MULTI-STEP PROCESS
6 THE RECLAIMED WATER IS RELEASED TO FOUNTAIN CREEK WHERE WE'RE ABLE TO REUSE IT THROUGH WATER EXCHANGES

DID YOU KNOW?

- We operate one of Colorado's largest water resource recovery systems, collecting wastewater from more than 152,000 service points through 1,800 miles of pipe.
- Our recovery facilities process 36 million gallons of wastewater daily.
- We use state-of-the-art ultraviolet disinfection processes for treatment.
- Reclaimed water (treated wastewater) is returned to streams or reused for irrigation, augmentation and in utilities' operations.
- Between 2025 - 2030, we'll invest $428 million in our wastewater system to meet growing city demand.

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

STATISTICS

- Number of active accounts: 155,659
- Wastewater treated: average of 38 million gpd
- Combined permitted capacity: 95 million gpd
- Miles of sewer main pipe: 1,821 miles
- Wastewater System includes:
  - 2 water resource recovery facilities
  - 1 solid handling facility
  - 21 lift stations

	Wastewater Service Projects	2027 Proposed Budget
1.	**Northern Monument Creek Interceptor (495356)** Design and construction of the Northern Monument Creek Interceptor (NMCI), an 8.5-mile, 30-inch wastewater pipeline from the southern boundary of the U.S. Air Force Academy to the Upper Monument Creek Wastewater Treatment Facility. The project will reduce reliance on lift stations by eliminating at least one in the near term and providing the flexibility to remove additional stations in the future. NMCI will also convey wastewater from two sanitation districts north of Colorado Springs. Construction is underway and will continue through 2028.	**$ 39,800,000**
2.	**LVSWRRF Influent Junction Box Replacement (495363)** Design and construction for the rehabilitation and replacement of critical influent infrastructure at the Las Vegas Street Water Resource Recovery Facility (LVSWRRF), including pipes, manholes, gates, junction boxes, a new diversion structure, and odor control systems. The project will improve reliability, operational efficiency, and long-term performance of the facility's influent system. Work in 2025 includes final design completion and the start of construction, with construction activities continuing through 2027.	**25,118,000**
3.	**EWSE Phase 1 - Upper and Lower Crosstown Interceptor (495435)** Design and construction of a gravity interceptor to convey wastewater flows from the northeastern and eastern areas of Colorado Springs to the Las Vegas Street Water Resource Recovery Facility (LVSWRRF). The approximately 41,000-linear-foot pipeline, ranging from 30 to 54 inches in diameter, will increase conveyance capacity, support future growth, and improve system reliability. Permitting and design began in 2025 and are expected to be completed in 2028. Construction is planned from 2027 through 2034.	**11,429,852**
4.	**JDPWRRF BNR Upgrades - Phase 1 (495426)** Study, design, and construction of process improvements at the JD Phillips Water Resource Recovery Facility to enhance treatment stability, increase operational reliability, and achieve compliance with upcoming nutrient regulations. The planning study was completed in early 2026, and design efforts began in 2026 with completion anticipated in 2027. Construction is planned for 2028 through 2032 and will modernize treatment processes to support long-term regulatory requirements and continued system performance.	**7,595,303**

5. **LVSWRRF Sludge Pump Replacement (495309)** **$ 6,998,000**

Design and replacement of the blended sludge pumps that convey solids from the Las Vegas Street Water Resource Recovery Facility (LVSWRRF) to the Clear Spring Ranch Resource Recovery Facility. The project will improve reliability, operational efficiency, and long-term performance of the biosolids transfer system. Design was completed in 2026, and construction began in 2026 with completion anticipated in 2027. The replacement pumps will support continued treatment operations and ensure dependable solids conveyance between facilities.

6. **CSRRRF Boiler Replacement and Biogas Treatment System (495467)** **6,157,244**

Assessment, design, and rehabilitation of the digester heating system at the Clear Springs Ranch Resource Recovery Facility (CSRRRF) to improve reliability, efficiency, and compliance with permit requirements. The project includes a condition assessment, evaluation of existing system layout and design, and development of recommended improvements. Upgrades may include equipment replacement or rehabilitation, design enhancements to extend asset life, reduce operations and maintenance costs, and increase system performance to support reliable digester operations.

7. **SSCC Collection System Rehabilitation/Replacement Program (495253)** **3,930,000**

The Sanitary Sewer Creek Crossing (SSCC) Rehabilitation/Replacement Program evaluates, protects, and rehabilitates sanitary sewer pipelines that cross creeks and drainageways throughout Utilities' service area. The program improves system reliability, reduces environmental risks, and maintains critical wastewater infrastructure. Funding is provided in accordance with the 2016 Intergovernmental Agreement (IGA) and related Executive Agreement, with annual reporting to the City of Colorado Springs. In 2027, two major construction projects are planned, along with collaborative design efforts with the City's Stormwater Enterprise to fulfill Utilities' $3.6 million Stormwater IGA commitment.

8. **EWSE Airport Business Park Lift Station Upgrade - Windmill Gulch (495483)** **3,250,000**

Design and construction of an upgraded wastewater lift station and collection system to replace and expand the existing Airport Business Park Lift Station. The project will increase wastewater capacity, improve system reliability, and support planned growth and development within Peak Innovation Park and the Airport Spectrum area. Upgrades will provide the infrastructure necessary to accommodate future commercial and industrial development while ensuring continued wastewater service to the area.

9. **Operations Pipeline Rehabilitation Program (formerly LCERP) (495121)** **3,190,000**

The Local Collectors Evaluation and Rehabilitation Program (LCERP) is a multi-year capital program that assesses the condition of sanitary sewer pipelines smaller than 10 inches in diameter and prioritizes assets for re-inspection, rehabilitation, or replacement. The program improves system reliability, extends asset life, and reduces the risk of wastewater system failures. In 2027, LCERP is scheduled to rehabilitate approximately 25,000 feet of sanitary sewer pipe to maintain the integrity and performance of the collection system.

10. **WW Lift Station and Force Main NMCI Related Infrastructure Improvement Program (495401)** **$ 2,300,000**

Condition assessment, evaluation, prioritization, design, rehabilitation, and construction of wastewater lift stations and force mains associated with the Northern Monument Creek Interceptor (NMCI) to improve wastewater system reliability and operational efficiency. The Middle Tributary Interconnect project reached 90% design in 2025 and was completed in 2026. Construction began in late 2026 and is scheduled for completion and operation in 2028. The project supports the transition of flows to NMCI and reduces long-term reliance on aging lift station infrastructure.

11. **LVSWRRF RAS Pump Replacement (495402)** **2,000,000**

Design and construction of replacement Recycled Activated Sludge (RAS) pumps at the Las Vegas Street Water Resource Recovery Facility (LVSWRRF). The project will improve process reliability, operational efficiency, and the performance of the activated sludge treatment system by replacing aging pumping equipment. Design is scheduled for 2027, with construction planned from 2027 through 2028. The upgrades will support continued regulatory compliance and reliable wastewater treatment operations.

12. **Kettle Creek Lift Station Rehabilitation (495422)** **2,000,000**

Design and construction of pump and valve replacements at the Kettle Creek Lift Station to address aging infrastructure and improve system reliability, operational efficiency, and long-term performance. The project will replace critical equipment that has reached the end of its useful life, reduced maintenance needs and supporting dependable wastewater conveyance. Design was completed in 2026, with construction scheduled for 2027.

13. **EWSE Phase 1 - Pressure System (LS/FM) (495436)** **1,864,409**

Design and construction of new wastewater lift stations and force mains extending from the vicinity of Jimmy Camp Creek and the southern City limits to the future Milton Proby Interceptor. The project will provide wastewater service to the southeastern region of Colorado Springs and support future growth and development. Facilities will be constructed in phases as flows increase, with the initial phase designed to convey up to 2 million gallons per day. Permitting and design began in 2025 and will continue through 2028. Construction is planned from 2030 through 2033.

14. **EWSE Phase 1 - Milton Proby Interceptor (495437)** **1,864,409**

Design and construction of a gravity interceptor to convey wastewater flows from the southeastern region of Colorado Springs to the Las Vegas Street Water Resource Recovery Facility (LVSWRRF). The approximately 18,500-linear-foot, 48-inch-diameter interceptor will extend from the Milton Proby and Powers Boulevard area to the Sand Creek Lift Station, increasing system capacity and supporting future growth. Permitting and design began in 2025 and are expected to be completed in 2028. Construction is planned from 2029 through 2030.

15. **Wastewater Service Vehicles & Equipment (480017)** **$ 1,684,387**

Replacement and purchase of vehicles and equipment for the Colorado Springs Utilities Wastewater Service to maintain a safe, reliable, and cost-effective fleet. The program funds the replacement of aging vehicles and equipment that have reached the end of their useful life, improving operational efficiency, reducing maintenance costs, and supporting dependable wastewater operations. Investments in fleet assets help ensure the continued delivery of essential wastewater services and provide staff with the tools necessary to safely maintain and operate critical infrastructure.

16. **LVSWRRF I&C Improvements (495371)** **1,530,000**

Upgrade and replacement of the control system at the Las Vegas Street Water Resource Recovery Facility (LVSWRRF) as critical equipment reaches the end of its useful life. The project will improve system reliability, operational efficiency, cybersecurity, and long-term maintainability of facility operations. Design and procurement of long-lead equipment are scheduled for 2027 and 2028, with construction beginning in 2029. The upgraded control system will support continued regulatory compliance and reliable wastewater treatment performance.

17. **LVSWRRF Grit Pump Replacement (495376)** **1,514,000**

Design and construction to replace the grit pumps at the Las Vegas Street Water Resource Recovery Facility (LVSWRRF) that convey abrasive grit-laden flow from the grit removal basins to the grit cyclones for separation and disposal. The existing pumps have experienced significant wear due to the abrasive nature of the material and are nearing the end of their useful life. Replacing the pumps will improve system reliability, reduce maintenance requirements, and ensure continued effective removal of grit to protect downstream treatment processes and equipment.

18. **Public Improvement Projects - Wastewater (480015)** **1,200,000**

Capital funding for Colorado Springs Utilities' share of wastewater relocations, lowering's, betterments, and infrastructure improvements required to accommodate transportation and public improvement projects led by PPRTA, the City of Colorado Springs, El Paso County, and CDOT. The program ensures wastewater infrastructure is coordinated with roadway and public works projects while maintaining reliable service. Planned 2027 projects include Fontanero and 31st Street Roundabout, Lake Avenue Intersection Improvements, Fillmore Bridges, Platte Avenue Reconstruction, and Brookside Realignment.

19. **Developer Initiated and Unserved Area Projects - Wastewater (495106)** **1,059,053**

Enables Colorado Springs Utilities' cost participation in qualifying developer-funded and customer-driven wastewater infrastructure projects that support the expansion of an integrated wastewater collection system. The program helps extend service to previously unserved areas within the wastewater service territory, promotes orderly system growth, and leverages partnerships to improve infrastructure cost-effectiveness. Funding supports the construction of collection facilities that provide new service capability while aligning with Utilities' long-term wastewater system planning objectives.

20. **CSR Dam Construction Upgrade (796741)** **$ 1,001,000**

This project provides for the design and construction of repairs and upgrades at Clear Spring Ranch (CSR) to reduce groundwater losses from the site and improve long-term water resource management. Design activities are planned for 2027 and 2028, with the first phase of construction anticipated to begin in 2028. The improvements will enhance operational efficiency, support resource conservation objectives, and help maintain the long-term sustainability of the facility.

21. **Wastewater Management Reserve (400905)** **1,000,000**

22. **LVSWRRF UV Disinfection Electrical System Improvements (495410)** **725,000**

Design and installation of upgrades to the ultraviolet (UV) disinfection electrical system at the Las Vegas Street Water Resource Recovery Facility (LVSWRRF) to maintain regulatory compliance, improve reliability, and support continued wastewater treatment operations. The project will replace and modernize aging electrical infrastructure serving the UV disinfection process, helping ensure consistent system performance and operational resiliency. Design is scheduled for 2027, with construction planned for 2028.

23. **Wastewater Lift Station and Force Main Evaluation and Rehabilitation Program (495281)** **690,612**

Condition assessment, evaluation, prioritization, design, rehabilitation, and construction of wastewater lift stations and force mains to maintain reliable wastewater collection and conveyance service throughout the Utilities system. The program addresses aging infrastructure, operational deficiencies, and capacity needs through targeted upgrades and asset renewal. Improvements enhance system reliability, reduce maintenance requirements, extend asset life, and support continued compliance with operational and regulatory requirements while ensuring dependable service for customers.

24. **Chapel Hills Lift Station Upgrade (495487)** **600,000**

Design and construction of the Chapel Hills Lift Station Upgrade to address capacity constraints, aging infrastructure, and safe access challenges at the existing facility. The project will improve system reliability, operational efficiency, and the ability to serve future wastewater demands in the area. Design is scheduled for 2027, with construction planned from 2028 through 2029. Originally developed under the Lift Station Program, the project was advanced as a standalone effort following completion of the System Assessment Analysis due to its expanded scope and budget requirements.

25. **LVSWRRF PEPS Improvements (495409)** **500,000**

Design and construction of upgrades to the Primary Effluent Pump Station (PEPS) at the Las Vegas Street Water Resource Recovery Facility (LVSWRRF), including improvements to the electrical system and replacement of natural-gas-driven pumps. The project will enhance safety, reliability, and resiliency of critical pumping operations during power outages, helping maintain continuous wastewater treatment and regulatory compliance. Design is scheduled for 2027 through 2028, with construction planned for 2030 through 2031.

26. **WRRF Improvements Program (495338)** **$ 427,500**

The Water Resource Recovery Facilities Small Projects Program provides funding for capital improvements at Colorado Springs Utilities' three major wastewater treatment facilities. The program supports smaller-scale projects identified through facility planning efforts or operational needs that are not large enough to warrant standalone capital projects. Typical improvements include the replacement or rehabilitation of pumps, valves, and other capital assets. The program helps maintain reliable operations, extend asset life, improve efficiency, and support continued regulatory compliance across the wastewater treatment system.

27. **Wastewater System Improvements Program (495484)** **400,000**

The Wastewater Small Projects Program provides funding for capital improvements across Colorado Springs Utilities' wastewater collection and conveyance system, including approximately 2,000 miles of sewer pipeline and 22 lift stations. The program supports smaller-scale projects identified through system planning efforts and operational needs that are not large enough to justify standalone capital projects. Typical improvements include replacement or rehabilitation of pumps, valves, and other critical assets. The program helps maintain system reliability, extend asset life, improve operational efficiency, and support continued wastewater service.

28. **WRRF Control System Upgrade Program (495328)** **396,900**

Design and installation of control system, variable frequency drive (VFD), and instrumentation upgrades at the Las Vegas Street, JD Phillips, and Clear Spring Ranch Water Resource Recovery Facilities. The project will replace aging and obsolete controls, VFDs, instrumentation, and control systems to improve treatment plant reliability, operational efficiency, and maintainability. These upgrades will enhance process performance, reduce equipment failures, support regulatory compliance, and help ensure the long-term reliability of critical wastewater treatment operations.

29. **Lab Equipment Capital - Wastewater (480003)** **323,700**

Replacement and procurement of laboratory analytical instruments and supporting equipment necessary to maintain reliable testing capabilities and regulatory compliance. Colorado Springs Utilities' laboratory operates more than 30 analytical instruments and ancillary systems that require periodic replacement as assets reach the end of their useful life or as advances in technology and analytical methods necessitate upgrades. This program supports continued Clean Water Act compliance, improves testing accuracy and efficiency, and ensures dependable laboratory services for wastewater treatment operations.

30. **CSR Sitewide Stormwater Improvements (796742)** **300,300**

This project funds the implementation of stormwater control improvements at the Clear Spring Ranch Resource Recovery Facility and southern solid waste disposal units. The improvements are designed to manage runoff, protect existing infrastructure from erosion and storm-related damage, and prevent stormwater from co-mingling with waste materials. Design was completed in 2024, with construction and implementation activities planned from 2025 through 2031 to support regulatory compliance, environmental stewardship, and long-term facility reliability.

31. **LVSWRRF Sky Flume Odor Control Media Replacement (495323)** **$ 276,000**

Replacement of odor control media at the Las Vegas Street Water Resource Recovery Facility (LVSWRRF) to maintain effective treatment of hydrogen sulfide and other odor-causing compounds generated by the primary sedimentation and sky flume processes. The project helps protect facility infrastructure from corrosion, reduce odor emissions, and support environmental compliance. Because the media becomes depleted over time, replacement is required approximately every three years to ensure continued odor control performance and reliable operation of the treatment facility.

32. **JDPWRRF HVAC Upgrades (495456)** **250,000**

Design and construction to replace air handling units in critical areas of the J.D. Phillips Water Resource Recovery Facility identified as being in the poorest condition during the 2021 Facility Plan assessment. The project addresses aging infrastructure by replacing deteriorated HVAC equipment to improve reliability, maintain appropriate environmental conditions for facility operations, and support the long-term performance of treatment processes and equipment. Upgrades will reduce maintenance needs, improve energy efficiency, and help ensure dependable facility operations.

33. **CSRRRF Replace Sludge Piping at Wall in ERB and Digesters (495351)** **250,000**

Design and construction to replace corroded process piping at the Clear Spring Ranch Resource Recovery Facility (CSRRRF). The project addresses significant corrosion at critical wall penetrations, including feed piping and digester feed piping, to improve reliability, reduce maintenance requirements, and extend asset life. Replacing deteriorated piping will help ensure continued treatment performance and operational efficiency. Design was completed in 2026, construction began in 2026, and project completion is scheduled for 2027.

34. **LVSWRRF Headworks Odor Control Media Replacement (495310)** **230,000**

Replacement of odor control media at the Las Vegas Street Water Resource Recovery Facility (LVSWRRF) headworks odor control system. The media removes nuisance odors and hazardous gases generated by the step screens, screenings building, and grit chambers, helping maintain a safe working environment and reduce odor emissions. As the media becomes depleted over time, replacement is required approximately every five years to ensure continued odor control performance, protect facility operations, and support environmental compliance.

35. **LVSWRRF Replace Treated Effluent UV bulbs (495333)** **206,000**

This program provides funding for the planned replacement of ultraviolet (UV) disinfection bulbs as they reach the end of their useful life. UV bulbs have a limited lifespan and gradually lose effectiveness based on operating hours and intensity. Timely replacement is essential to maintain disinfection performance, support regulatory compliance, and ensure reliable wastewater treatment operations. The program enables the efficient, large-scale replacement of bulbs to sustain treatment plant performance and protect public health and environmental quality.

36. **Wastewater Infrastructure Corrosion Program (495322)** **$ 175,000**

The Wastewater Infrastructure Corrosion Program (WWICP) identifies, evaluates, monitors, prioritizes, and rehabilitates failing cathodic protection systems to help ensure safe, reliable wastewater service. The program focuses on protecting critical infrastructure from corrosion, extending asset life, reducing maintenance costs, and minimizing the risk of system failures. The 2027 program includes cataloging and condition assessments of prioritized asset groups, with targeted repairs and replacements of cathodic protection systems identified through the evaluation process.

37. **CSRRRF Replace Electrical Equipment in Mechanical Room (495357)** **168,000**

Full replacement of motor starters, electrical panels, and associated power distribution equipment serving the main mechanical room of the Energy Recovery Building at the Clear Spring Ranch Solids Handling and Disposal Facility. The existing equipment was installed in the 1980s and has reached the end of its useful life. The project will improve electrical system reliability, safety, maintainability, and operational performance while supporting continued energy recovery and solids processing operations at the facility.

38. **JDPWRRF Odor Control and Chemical Improvements (495447)** **164,000**

Design and construction of odor control and chemical system improvements at the J.D. Phillips Water Resource Recovery Facility (JDPWRRF). The project includes inspection of carbon adsorber tank walls, replacement of scrubber recirculation pumps that have reached the end of their useful life, anchoring of chemical storage tanks, and repair of chemical feed and overflow piping. The primary driver is the replacement of aging infrastructure, with additional benefits including improved reliability, safety, and long-term operational performance of critical facility systems.

39. **Replacement of CCTV Equipment (480004)** **124,000**

Replacement of software, computers, and related technology systems for Colorado Springs Utilities' wastewater CCTV inspection fleet. The project supports deployment of new CCTV vans ordered to replace the existing fleet, which experienced reliability issues due to overweight conditions and axle failures. Upgraded hardware and software will enhance sewer inspection capabilities, improve data collection and asset management, and support the efficient evaluation and maintenance of wastewater infrastructure throughout the collection system.

40. **LVSWRRF Blower Vibration Monitoring Replacement (495490)** **103,000**

Design and replacement of the blower vibration monitoring system at the Las Vegas Street Water Resource Recovery Facility (LVSWRRF). The existing system has failed and requires replacement to provide continuous monitoring and protection of critical blower equipment. The project will improve reliability, support predictive maintenance practices, reduce the risk of equipment failure, and help ensure uninterrupted operation of the facility's aeration system, a key component of the wastewater treatment process.

41. **Wastewater Tools and Equipment (495321)** **$ 96,000**

Purchase of large tools and equipment for the Distribution, Collection & Treatment Department's Wastewater Collections Section. This program provides funding for specialized equipment needed to inspect, maintain, repair, and operate the wastewater collection system safely and efficiently. Investments in large tools and equipment improve workforce productivity, enhance system reliability, support regulatory compliance, and enable timely response to maintenance and emergency service needs across the wastewater collection network.

42. **LVSWRRF Roof Replacement Program (495330)** **72,000**

The Las Vegas Street Water Resource Recovery Facility (LVSWRRF) Roofing Replacement Program provides funding to systematically repair and replace aging roofing systems across the facility's 25 buildings. The project addresses deteriorated roofs that have reached the end of their useful life, helping protect critical treatment equipment and facility infrastructure from water intrusion and weather-related damage. The program improves facility reliability, reduces maintenance costs, extends building life, and supports the continued safe and efficient operation of wastewater treatment processes.

43. **LVSWRRF Aquadisk Filter Replacement (495367)** **52,000**

This project provides funding to replace Aquadisk filter cloths at the end of their useful life. The Aquadisk filters remove fine particulate matter from treated water before it is conveyed to the non-potable water system, helping ensure compliance with state reuse water quality standards. Replacing worn filter cloths maintains filtration performance, supports reliable production of non-potable water, and helps ensure continued regulatory compliance and efficient operation of the water reuse process.

44. **JDPWRRF Aquadisk Filter Replacement (495316)** **40,000**

The Aquadisk filters are a mechanical filter, with limited life, used to filter out small particulates that remain in the water after it leaves the secondary clarifiers at the JD Phillips Water Resource Recovery Facility (WRRF). This filtering allows the plant to produce non-potable water that meets the current state limits for reuse water quality. This project provides funding to replace the filter cloths at the end of their usable life.

45. **Wastewater System Design Review, Inspection and Acceptance (495062)** **12,000**

Wastewater pipeline design review, inspection, and documentation for developers and contractors to ensure compliance with City Code and Colorado Springs Utilities' current Line Extension & Service Standards, and to protect system integrity.

46. **Ft Carson IGSA Tools and Equipment - Wastewater (495493)** **10**

Purchase wastewater service capital CSU materials or equipment in support of the IGSA (Intergovernmental Service Agreement) with Ft Carson. Items procured with this activity will be covered by credits from monthly billing sent to Ft Carson.

Subtotal Capital - Wastewater	**$**	**133,067,679**
Capital Labor & Benefits	**$**	**3,362,633**
Administration & General Expense	**$**	**1,700,515**
2027 Total Capital - Wastewater with Allocated Components	**$**	**138,130,827**

WASTEWATER EXPENDITURES SUMMARY (in thousands)

Account Group	2027 Proposed Budget	2026 Approved Budget	2025 Actual	2027 Proposed Budget Increase/ (Decrease) from: 2026 Budget		2025 Actual	
Non-Labor Operations & Maintenance							
Production and Treatment	$ 5,587	$ 5,806	$ 4,889	$ (219)	-3.8%	$ 698	14.3%
Transmission and Distribution	3,865	2,186	3,535	1,680	76.9%	330	9.3%
Maintenance	1,809	2,464	3,893	(655)	-26.6%	(2,083)	-53.5%
Customer Service and Information	268	324	389	(55)	-17.1%	(121)	-31.0%
Administrative and General	7,079	7,567	6,060	(489)	-6.5%	1,019	16.8%
Customer Accounting and Collections	912	1,055	1,207	(143)	-13.6%	(295)	-24.5%
Total Non-Labor Operations & Maintenance	**$ 19,520**	**$ 19,402**	**$ 19,972**	**$ 119**	**0.6%**	**$ (452)**	**-2.3%**
Labor & Benefits							
Production and Treatment	$ 4,790	$ 4,688	$ 4,724	$ 103	2.2%	$ 66	1.4%
Transmission and Distribution	7,589	7,760	7,249	(171)	-2.2%	340	4.7%
Maintenance	4,920	5,370	4,772	(449)	-8.4%	148	3.1%
Customer Service and Information	225	293	226	(68)	-23.3%	(2)	-0.7%
Administrative and General	18,771	16,130	15,621	2,640	16.4%	3,150	20.2%
Customer Accounting and Collections	4,543	4,344	4,279	199	4.6%	264	6.2%
Total Labor & Benefits	**$ 40,838**	**$ 38,584**	**$ 36,871**	**$ 2,254**	**5.8%**	**$ 3,967**	**10.8%**
Total Non-Fuel Operations & Maintenance [1]	**$ 60,358**	**$ 57,986**	**$ 56,843**	**$ 2,372**	**4.1%**	**$ 3,515**	**6.2%**
Debt Service	$ 32,149	$ 28,259	$ 25,355	$ 3,890	13.8%	$ 6,794	26.8%
Direct Capital	138,131	101,610	49,166	36,520	35.9%	88,965	180.9%
Allocated Capital [2]	3,472	3,100	3,325	372	12.0%	147	4.4%
Total	**$ 234,110**	**$ 190,955**	**$ 134,689**	**$ 43,155**	**22.6%**	**$ 99,421**	**73.8%**

[1] Non-Fuel O&M does not include inter-service eliminations, GASB 68 and 75 pension and OPEB expense.

[2] Common Capital allocated to Wastewater Service.

ENTERPRISE-WIDE

	Common Service Projects		2027 Proposed Budget
1.	**MAXimize (596710)** CMMS/Maximo Upgrade will modernize Colorado Springs Utilities' Computerized Maintenance Management System (CMMS) by upgrading to a fully supported version of Maximo. The project will improve maintenance management, asset tracking, work order processes, and integration with critical business applications supporting utility operations. Phase 1 includes hiring a consultant to develop a Statement of Work (SOW) defining upgrade and integration requirements. Phase 2 will procure a system integrator through a competitive RFP process to execute the upgrade and implement the SOW recommendations.	**$**	**4,000,000**
2.	**Common Service Vehicles & Equipment (580175)** Replacement and purchase of vehicles and equipment for Colorado Springs Utilities Common Services to maintain a safe, reliable, and cost-effective fleet. The program funds the replacement of aging vehicles and equipment that have reached the end of their useful life, helping reduce maintenance costs, improve operational efficiency, and enhance workforce safety. Investments in fleet assets support utility operations across multiple services by ensuring employees have dependable equipment to maintain critical infrastructure and deliver essential services to customers.		**3,338,206**
3.	**BRDS02 Data Center PDU/UPS Upgrade (596758)** Engineering services will be procured to assess, design, and develop upgrade plans for the Power Distribution Units (PDUs) and Uninterruptible Power Supply (UPS) systems at the BRDS02 (SECC) data center. The project will improve power reliability, resiliency, and supportability for critical information technology infrastructure. Funding will also support the procurement and installation of new hardware by a qualified vendor. These upgrades will help ensure continuous operation of essential systems and reduce risks associated with aging electrical infrastructure.		**2,200,000**
4.	**GIS Technology Modernization Program (596651)** Design and implementation of the Esri Utility Network to replace the legacy ArcGIS Geometric Network, which is being retired by the end of 2028. The new platform will provide an advanced framework for modeling, managing, and analyzing Colorado Springs Utilities' multi-service utility infrastructure within the Geographic Information System (GIS). This multi-year capital project includes system design, data migration, application integration, and process improvements necessary to modernize utility asset management, improve data quality, and support long-term operational efficiency and planning.		**1,950,000**

5. **East Service Center (ESSC) Roof Top Unit Upgrade and Replacement (596630)** **$ 1,296,749**
Life cycle replacement and upgrades of the ESSC01 rooftop HVAC unit serving the two-story portion of the facility. The project will replace aging equipment that has reached the end of its useful life to improve reliability, energy efficiency, and building comfort. Upgrades will reduce maintenance requirements, support continued facility operations, and ensure dependable heating, ventilation, and air conditioning performance for staff and critical business functions.

6. **Infrastructure Platform Program (596535)** **1,100,000**
Ongoing system upgrades and lifecycle replacements of data center and operational technology infrastructure to maintain reliability, security, and performance. The program supports compliance with cybersecurity requirements while deploying next-generation hardware and technology platforms. Investments improve system resiliency, capacity, and operational efficiency, ensuring critical business and utility systems remain secure and dependable. The program also addresses evolving performance demands and future growth requirements across Colorado Springs Utilities' enterprise and operational environments.

7. **Network Enterprise Services Program (596544)** **1,000,000**
Continue the annual lifecycle replacement and upgrade of network security, switching, and routing infrastructure to maintain reliable, secure, and resilient communications systems. The program prioritizes hardware approaching end-of-support status and equipment that can benefit from advanced technology enhancements. Capital and operating funds support the procurement and deployment of replacement hardware, improving network performance, cybersecurity, operational reliability, and scalability while meeting the growing needs of Colorado Springs Utilities' business and operational environments.

8. **Data Analytics and Strategy - Storage & Access (596712)** **1,000,000**
Ensure the reliable, secure, and accessible exchange of data across the enterprise through standardized integration platforms and interfaces. The program supports timely analytics, business intelligence, reporting, and system interoperability by connecting critical business and operational applications. Leveraging both cloud-based and on-premises technologies, these investments improve data quality, enhance decision-making capabilities, strengthen security, and provide the scalable infrastructure needed to support enterprise objectives, operational efficiency, and future growth.

9. **JPSC01 Roof Upgrade and Replacement (596750)** **865,000**
Life cycle replacement and upgrades of the roof system at the John Pinkerton Service Center (JPSC01). The project will replace the aging roof with a modern roofing system and includes replacement of existing skylights and two rooftop HVAC units (RTUs). These improvements will enhance building reliability, energy efficiency, and weather protection while reducing maintenance requirements and extending the useful life of the facility. The upgrades will support continued safe and efficient operations at the service center.

10. **Pinkerton Lay Down Yard Expansion (596765)** **$ 661,487**

Expansion of the John Pinkerton Service Center (JPSC) yard to increase storage capacity for fiber optic materials and other utility inventory required to support ongoing operations. The project will provide additional space for the safe and efficient storage, staging, and management of critical materials needed for construction, maintenance, and utility services. Expanding the yard will improve operational efficiency, support system growth, and ensure Colorado Springs Utilities can continue to meet the infrastructure and service needs of the Colorado Springs community.

11. **Enterprise iSTAR Pro to Ultra Upgrades (596804)** **500,000**

Complete replacement of legacy iSTAR Pro controllers with iSTAR Ultra controllers across the access control system. The project is required because Software House has discontinued support and manufacturing of iSTAR Pro GCM boards, increasing the risk of equipment failures and maintenance challenges. Upgrading to iSTAR Ultra controllers will improve system reliability, security, maintainability, and long-term vendor support while ensuring continued operation of critical access control infrastructure.

12. **Customer Self Service E Portal Enhancements (596792)** **389,435**

Enhancements to the Customer Self-Service (CSS) platform to support Colorado Springs Utilities' strategic goals of improving customer experience, increasing digital engagement, and reducing operational costs. The project will modernize customer interactions, expand self-service capabilities, streamline internal business processes, and improve operational efficiency. Investments will enhance the digital customer experience, reduce manual workloads, strengthen system functionality, and mitigate financial and operational risks while supporting evolving customer expectations and long-term business objectives.

13. **OT DMZ - Operational Technology Demilitarized Zone (596766)** **310,000**

Implementation of an Operational Technology Demilitarized Zone (OT DMZ) to provide secure, controlled connectivity between operational technology (OT) and information technology (IT) networks. The OT DMZ will incorporate cybersecurity infrastructure such as firewalls, data historians, and secure gateways to monitor and manage data exchange while protecting critical utility systems from cyber threats. The project will strengthen cybersecurity, improve network resiliency, support regulatory compliance, and provide a secure foundation for integrating business and operational systems across Colorado Springs Utilities.

14. **Enterprise Network Rebuild (596748)** **300,000**

The Enterprise Network Rebuild will create a modern, greenfield network architecture to improve performance, reliability, security, and operational efficiency across Colorado Springs Utilities. The project will replace aging network infrastructure with next-generation technologies that enhance connectivity, increase resiliency, simplify management, and support future growth. The upgraded network will provide a scalable foundation for critical business and operational systems, enabling improved user experiences, stronger cybersecurity, and more efficient delivery of utility services.

15. **ESSC01 Elevator Upgrades (596755)** **$ 300,000**

Renovation of the elevator systems serving the East Service Center Facility (ESSC01) to address aging infrastructure and extend asset life. The project includes installation of new digital control systems and refurbishment of critical elevator equipment to improve reliability, safety, and maintainability. Upgrades will enhance operational performance, reduce maintenance requirements, and ensure dependable vertical transportation for facility staff and visitors while supporting continued building operations.

16. **Multi-Facility Asphalt and Concrete Project Portfolio (596763)** **200,000**

The Utilities Facilities Pavement and Concrete Replacement Program provides funding to replace large sections of deteriorated asphalt and concrete across Utilities facilities. Projects may include full parking lots, driveways, sidewalks, stairways, ramps, and other site infrastructure that have reached the end of their useful life. The program improves safety, accessibility, operational efficiency, and facility appearance while reducing maintenance costs and supporting reliable access to critical utility assets, buildings, and operational areas.

17. **Data Center and Services Firewall Replacement (596787)** **150,000**

Upgrade of perimeter security infrastructure by replacing existing Cisco FPM2140 firewalls with Palo Alto Networks 5420 Next Generation Firewalls. The project includes migration of all security policies, configurations, and routing to the new platform using a like-for-like approach to minimize operational risk and service disruption. The project will improve cybersecurity, network reliability, and long-term supportability. Additionally, the Palo Alto Panorama management platform will be migrated to an on-premises appliance to align with industry best practices and enhance security and resiliency.

18. **Communication Site Infrastructure Replacement (596785)** **150,000**

Capital funding for the replacement and rehabilitation of Colorado Springs Utilities communication site and building infrastructure. The program supports lifecycle replacement of critical assets, including HVAC systems, roofing, buildings, communications towers, fencing, and related facility components. These investments improve reliability, safety, security, and operational resiliency at communication sites that support utility operations. The program also provides flexibility to address unforeseen infrastructure needs and maintain the long-term performance of critical communications facilities.

19. **FONT01 East side Elevator Upgrade (596781)** **140,000**

Design and construction to replace the elevator equipment serving the east side of the FONT01 facility. The existing elevator system has reached the end of its useful life and is no longer operational. The project includes installation of new elevator mechanical components, controls, and associated equipment to improve reliability, safety, and maintainability. The upgrades will restore elevator service, support continued facility operations, reduce maintenance requirements, and extend the useful life of this critical building asset.

20. **Procurement System Implementation (596806)** **$ 105,000**

The Procurement System Implementation project will modernize Colorado Springs Utilities' procurement processes through the deployment of ServiceNow and SOVRA's BidNet platforms. The new systems will improve usability, reliability, supplier engagement, and integration with existing business applications. By streamlining procurement workflows, enhancing vendor communications, and increasing process automation, the project will improve operational efficiency, strengthen transparency and compliance, and support more effective sourcing and contract management across the organization.

21. **Microwave Radio Lifecycle Replacement (596717)** **103,990**

Upgrade and replacement of the microwave radio communication system to address equipment that has reached the end of its useful life and is no longer supported by the manufacturer. The microwave network provides critical communications infrastructure that transports Colorado Springs Utilities network traffic throughout the metropolitan area and mountain communications sites. The project will improve reliability, capacity, cybersecurity, and long-term maintainability while ensuring continued support for utility operations, system monitoring, and communications across the service territory.

22. **Cyber Operations and Resiliency Program (596545)** **100,000**

Annual improvements to Operational Technology (OT) cybersecurity monitoring, alerting, and auditing systems that protect critical utility infrastructure and operational networks. The program funds enhancements to cybersecurity tools, threat detection capabilities, security monitoring platforms, and compliance reporting processes. These investments strengthen the security posture of operational systems, improve visibility into potential cyber threats, support regulatory and industry requirements, and enhance the reliability and resiliency of utility operations through continuous monitoring and proactive risk management.

23. **Cybersecurity OT Monitoring Hardware Lifecycle (596809)** **80,000**

Improvements and lifecycle replacement of hardware and systems that support Operational Technology (OT) cybersecurity monitoring, alerting, and auditing functions. The program funds upgrades to critical cybersecurity infrastructure, replacement of aging equipment, and deployment of enhanced monitoring and threat detection capabilities to protect utility operational systems. These investments improve security visibility, strengthen system resiliency, support regulatory and industry compliance requirements, and help ensure the reliable and secure operation of critical utility infrastructure.

24. **Ft Carson IGSA Tools and Equipment (596729)** **75,000**

Purchase of common service capital materials and equipment to support Colorado Springs Utilities' obligations under the Intergovernmental Service Agreement (IGSA) with Fort Carson. The program funds the acquisition of equipment and materials necessary to provide services and support infrastructure needs covered by the agreement. Costs associated with these purchases are offset through credits applied to monthly billings submitted to Fort Carson, ensuring efficient delivery of services while maintaining compliance with the terms of the IGSA.

25. **Technology Services and Support Program (596533)** **$ 55,000**

Replacement of large-format printers and plotters that have reached the end of their useful life. These devices support critical engineering, design, mapping, and operational functions by producing high-quality drawings, plans, maps, and technical documents. The project will improve reliability, reduce maintenance costs, enhance print performance, and ensure continued support for business and utility operations. Upgraded equipment will provide modern functionality, improved efficiency, and ongoing compatibility with current software and workflow requirements.

26. **ADG Remote Sensing Equipment (596645)** **55,000**

This ongoing program funds the purchase and upgrade of remote sensing equipment used to support utility operations, infrastructure inspections, and data collection. Investments may include unmanned aerial systems (UAS), unmanned surface vehicles (USV), and associated payloads such as lidar, sonar, thermal, multispectral, photogrammetry, and inspection cameras. The program provides flexibility to acquire new technologies and enhance existing equipment as operational needs evolve, improving data quality, safety, efficiency, and decision-making across Colorado Springs Utilities' service areas.

27. **NERC CIP-015/ORI-6 Compliance Hardware and Software (596810)** **50,000**

This project provides funding for the hardware, software, and training required to comply with NERC CIP-015 Internal Network Security Monitoring requirements and address FERC 2024 Audit ORI-6 Vulnerability Management findings. The initiative will implement enhanced cybersecurity monitoring, threat detection, and vulnerability management capabilities to strengthen the security of critical utility systems. These investments will improve regulatory compliance, increase visibility into cybersecurity risks, and support the reliable and secure operation of Colorado Springs Utilities' operational and information technology environments.

28. **ADG Survey Equipment (596646)** **40,000**

This ongoing project is for the purchase of Land Surveying Equipment of various types for the Advanced Geomatics team. This covers both new equipment as organizational needs are identified and upgrades to existing equipment as it wears out and/or technology progresses.

29. **Communication Site Battery Replacement (596716)** **37,411**

Battery backup systems replacement for communication sites. These provide battery backup for uninterrupted network communications in the event of a power outage.

30. **ESSC01 Roof Upgrade and Replacement (596626)** **35,000**

Life cycle replacement and upgrades to the East Service Center (ESSC01) roof.

31. **CMN Tools & Equip (580141)** **30,000**

Replacement of tools & equipment for the Construction and Maintenance common service to stay current with technology, regulations, and safety requirements while utilizing the tooling to make capital improvements or add capital equipment to our system.

32.	**SCADA (580216)** The SCADA (Supervisory Control and Data Acquisition) team currently budgets $10K per year for emergency purchases of the various technology hardware that could fail. The SCADA technology hardware (servers, firewalls, switches, all electric transmission/distribution/gas/water workstations, and monitors) are scheduled for lifecycle replacement every 3-5 years which is standard for technology equipment. Due to the purchase of higher-end hardware, we plan the replacement of this hardware every 5 years as opposed to every 3 years. The 5-year replacement budget is estimated at $1.3 million.	**$**	**10,000**

Subtotal Capital - Common	**$**	**20,627,278**
Capital Labor & Benefits	**$**	**4,468,766**
Administration & General Expense	**$**	**283,420**
2027 Total Capital - Common with Allocated Components	**$**	**25,379,464**

ADMINISTRATIVE AND GENERAL (in thousands)

Account Group	Service	2027 Proposed Budget	2026 Approved Budget	2025 Actual	2027 Proposed Budget Increase/ (Decrease) from: 2026 Budget		2025 Actual	
Non-Labor Administrative and General								
Customer Service and Information	Electric	$ 2,775	$ 1,856	$ 1,761	$ 918	49.5%	$ 1,013	57.5%
	Natural Gas	4,223	3,811	4,119	411	10.8%	104	2.5%
	Water	2,021	1,944	2,141	77	3.9%	(120)	-5.6%
	Wastewater	268	324	389	(55)	-17.1%	(121)	-31.0%
	Sub-Total	**$ 9,287**	**$ 7,936**	**$ 8,410**	**$ 1,351**	**17.0%**	**$ 876**	**10.4%**
Administrative and General	Electric	$ 25,022	$ 25,381	$ 20,305	$ (360)	-1.4%	$ 4,716	23.2%
	Natural Gas	7,947	8,542	6,507	(595)	-7.0%	1,440	22.1%
	Water	16,186	16,580	14,108	(395)	-2.4%	2,078	14.7%
	Wastewater	7,079	7,567	6,060	(489)	-6.5%	1,019	16.8%
	Streetlight	311	298	281	12	4.2%	30	10.6%
	Sub-Total	**$ 56,544**	**$ 58,369**	**$ 47,260**	**$ (1,826)**	**-3.1%**	**$ 9,283**	**19.6%**
Customer Accounting and Collections	Electric	$ 4,044	$ 5,279	$ 6,892	$ (1,235)	-23.4%	$ (2,848)	-41.3%
	Natural Gas	2,654	3,018	3,443	(365)	-12.1%	(790)	-22.9%
	Water	2,201	2,711	3,180	(510)	-18.8%	(979)	-30.8%
	Wastewater	912	1,055	1,207	(143)	-13.6%	(295)	-24.5%
	Streetlight	15	26	43	(11)	-42.8%	(28)	-65.0%
	Sub-Total	**$ 9,825**	**$ 12,089**	**$ 14,765**	**$ (2,264)**	**-18.7%**	**$ (4,939)**	**-33.5%**
Total Non-Labor Administrative and General	**Total**	**$ 75,656**	**$ 78,394**	**$ 70,435**	**$ (2,738)**	**-3.5%**	**$ 5,220**	**7.4%**
Labor & Benefits Administrative & General								
Customer Service and Information	Electric	$ 1,096	$ 1,431	$ 1,217	$ (336)	-23.4%	$ (122)	-10.0%
	Natural Gas	416	543	433	(127)	-23.3%	(17)	-3.8%
	Water	318	458	315	(140)	-30.6%	3	1.0%
	Wastewater	225	293	226	(68)	-23.3%	(2)	-0.7%
	Sub-Total	**$ 2,055**	**$ 2,725**	**$ 2,191**	**$ (670)**	**-24.6%**	**$ (137)**	**-6.2%**
Administrative and General	Electric	$ 68,845	$ 59,466	$ 57,056	$ 9,379	15.8%	$ 11,788	20.7%
	Natural Gas	21,758	18,679	18,121	3,079	16.5%	3,637	20.1%
	Water	45,376	39,212	37,592	6,164	15.7%	7,783	20.7%
	Wastewater	18,771	16,130	15,621	2,640	16.4%	3,150	20.2%
	Streetlight	969	840	801	129	15.4%	168	21.0%
	Sub-Total	**$155,718**	**$134,326**	**$129,191**	**$21,392**	**15.9%**	**$ 26,527**	**20.5%**
Customer Accounting and Collections	Electric	$ 7,406	$ 7,080	$ 6,975	$ 326	4.6%	$ 431	6.2%
	Natural Gas	6,636	6,344	6,250	292	4.6%	386	6.2%
	Water	4,673	4,467	4,401	206	4.6%	272	6.2%
	Wastewater	4,543	4,344	4,279	199	4.6%	264	6.2%
	Sub-Total	**$ 23,258**	**$ 22,234**	**$ 21,905**	**$ 1,024**	**4.6%**	**$ 1,352**	**6.2%**
Total Labor & Benefits Administrative and General	**Total**	**$181,030**	**$159,285**	**$153,288**	**$21,745**	**13.7%**	**$ 27,742**	**18.1%**
Total Administrative and General[1]		**$256,686**	**$237,679**	**$223,723**	**$19,006**	**8.0%**	**$ 32,962**	**14.7%**

[1] Total Administrative and General does not include inter-service eliminations, GASB 68 and 75 pension and OPEB expense.

TOTAL LABOR AND NON-FUEL OPERATIONS & MAINTENANCE

By Account Group (in thousands)

Account Group	FY27 Proposed Budget	FY26 Approved Budget	FY25 Actuals	FY27 Proposed Budget Increase/ (Decrease) from:			
				FY26 Budget		FY25 Actuals	
Labor	$ 275,433	$ 267,034	$ 242,236	$ 8,400	3.1%	$ 33,197	13.7%
Benefits	94,966	82,261	82,911	12,705	15.4%	12,055	14.5%
Outside Professional Services	56,943	59,330	70,006	(2,386)	-4.0%	(13,063)	-18.7%
Equipment Lease & Maintenance	37,759	36,609	27,998	1,151	3.1%	9,761	34.9%
Buildings & Utilities	27,081	26,434	28,548	647	2.4%	(1,467)	-5.1%
Office Expenses, Materials & Supplies	42,151	40,186	40,487	1,965	4.9%	1,664	4.1%
Travel, Education & Employee Expenses	4,665	5,137	3,756	(472)	-9.2%	909	24.2%
Conserve, Safety, Customer Assist & Financial Info	6,072	5,565	5,510	507	9.1%	561	10.2%
Professional/Industry Memberships & Publications	1,632	2,295	2,012	(663)	-28.9%	(381)	-18.9%
Misc. Accounting General	14,853	19,354	19,559	(4,501)	-23.3%	(4,706)	-24.1%
Total [1]	**$ 561,555**	**$ 544,203**	**$ 523,024**	**$ 17,352**	**3.2%**	**$ 38,531**	**7.4%**

By Division (in thousands)

Division	FY27 Proposed Budget	FY26 Approved Budget	FY25 Actuals	FY27 Proposed Budget Increase/ (Decrease) from:			
				FY26 Budget		FY25 Actuals	
Corporate	$ 11,911	$ 13,484	$ 15,283	$ (1,573)	-11.7%	$ (3,372)	-22.1%
CEO Direct Reports (Division 1)	4,567	5,232	3,090	(665)	-12.7%	1,477	47.8%
Admin and Human Resources (Division 2)	137,300	123,045	99,479	14,255	11.6%	37,821	38.0%
Planning and Finance (Division 4)	22,341	22,439	22,452	(98)	-0.4%	(111)	-0.5%
Customer & Enterprise Services (Division 5)	81,222	82,439	79,284	(1,217)	-1.5%	1,938	2.4%
Operations Division (Division 7)	247,927	240,154	242,599	7,773	3.2%	5,329	2.2%
System Planning and Projects (Division 9)	56,287	57,410	60,837	(1,124)	-2.0%	(4,550)	-7.5%
Total [1]	**$ 561,555**	**$ 544,203**	**$ 523,024**	**$ 17,352**	**3.2%**	**$ 38,531**	**7.4%**

[1] Totals exclude inter-service eliminations, Administration & General overhead, GASB 68 and 75 pension, and OPEB expense.

By Division (in thousands)

Account Group	FY27 Proposed Budget	FY26 Approved Budget	FY25 Actuals	FY27 Proposed Budget Increase/ (Decrease) from:			
				FY26 Budget		FY25 Actuals	
Corporate							
Labor	$ 725	$ 653	$ 639	$ 72	11.0%	$ 86	13.4%
Outside Professional Services	521	544	1,101	(23)	-4.2%	(580)	-52.7%
Equipment Lease & Maintenance	44	14	(4,756)	30	218.9%	4,800	-100.9%
Office Expenses, Materials & Supplies	896	721	546	175	24.3%	350	64.2%
Travel, Education & Employee Expenses	143	138	117	5	3.8%	26	22.5%
Conserve, Safety, Customer Assist & Financial Info	267	183	15	84	45.8%	252	1625.1%
Professional/Industry Memberships & Publications	1,632	-	-	1,632	- %	1,632	0.0%
Misc. Accounting General	7,682	11,231	17,621	(3,549)	-31.6%	(9,938)	-56.4%
Sub-Total [1]	**$ 11,911**	**$ 13,484**	**$ 15,283**	**$ (1,573)**	**-11.7%**	**$ (3,372)**	**-22.1%**

[1] Totals exclude inter-service eliminations, Administration & General overhead, GASB 68 and 75 pension, and OPEB expense.

CORPORATE SIGNIFICANT FINANCIAL CHANGES

2026 to 2027

- **$72 thousand Increase in Labor** – Increases/(Decreases) most significantly influenced by the following
  - $78 thousand Pay Changes - Actual pay changes from 2025 and 2026 are budgeted in a base pay adjustment pool within Employee Corporate Expenses, however once pay changes, it is accounted for in the area in which the employee works.
  - ($6 thousand) Change in Turnover calculation methodology.
- **($23 thousand) Decrease in Outside Professional Services** – No Significant Change.
- **$30 thousand Increase in Equipment Lease & Maintenance** – New 2027 budget item: Pitch Jam (gas outage reporting button).
- **$175 thousand Increase in Office Expenses, Materials & Supplies** – New 2027 budget item: Pitch Jam (landscape transformation for CSU facilities).
- **$5 thousand Increase in Travel, Education & Employee Expenses** – No Significant Change.
- **$84 thousand Increase in Conserve, Safety, Customer Assist & Financial Info** – New 2027 budget item: Pitch Jam (placeholder).
- **$1,632 thousand Increase in Professional/Industry Memberships & Publications** – Centralized this line item. Overall decrease is ($663 thousand).
- **($3,549 thousand) Decrease in Misc. Accounting General** – Increases/(Decreases) most significantly influenced by the following
  - ($4,750 thousand) Non-fuel management reserve.
  - ($2,461 thousand) Bad debt write-offs.
  - ($781 thousand) SDS regulatory asset amortization payment.
  - $3,575 thousand Governmental Accounting Standards Board (GASB) 96: Subscription-based information technology arrangements (SBITAs) amortization.
  - $723 thousand Martin Drake Power Plant demolition regulatory asset amortization payment.
  - $145 thousand General O&M undesignated.

2025 to 2027

- **$86 thousand Increase in Labor** – Increases/(Decreases) most significantly influenced by the following
  - $78 thousand Pay Changes - Actual pay changes from 2025 and 2026 are budgeted in a base pay adjustment pool within Employee Corporate Expenses, however once pay changes, it is accounted for in the area in which the employee works.
  - ($8 thousand) Change in Turnover calculation methodology.
- **($580 thousand) Decrease in Outside Professional Services** – (Decreases) most significantly influenced by the following
  - ($386 thousand) Schedule A Colorado Springs Utilities Transfers, the most significant in the City Council transfer.
  - ($194 thousand) GASB 96: SBITAs amortization.
- **$4,800 thousand Increase in Equipment Lease & Maintenance** – GASB 96: SBITAs amortization.
- **$350 thousand Increase in Office Expenses, Materials & Supplies** – Increases/(Decreases) most significantly influenced by the following
  - $189 thousand Obsolete Inventory write-offs.
  - ($22 thousand) net Decreases in Schedule A Colorado Springs Utilities Transfers, the most significant Office Services transfer.
- **$26 thousand Increase in Travel, Education & Employee Expenses** – CEO travel, seminars/conferences, and parking fees.
- **$252 thousand Increase in Conserve, Safety, Customer Assist & Financial Info** – New 2027 budget item: Pitch Jam (placeholder).
- **$1,632 thousand Increase in Professional/Industry Memberships & Publications** – Centralized this line item. Overall decrease is ($381 thousand).
- **($9,938 thousand) Misc. Accounting General** – Increases/(Decreases) most significantly influenced by the following
  - ($6,274 thousand) Bad debt write-offs.
  - ($2,687 thousand) GASB 96: SBITAs amortization.
  - ($1,363 thousand) SDS regulatory asset amortization payment.
  - ($40 thousand) General O&M undesignated.
  - $250 thousand Non-fuel management reserve.
  - $176 thousand Martin Drake Power Plant demolition regulatory asset amortization payment.

By Division (in thousands)

Account Group	FY27 Proposed Budget	FY26 Approved Budget	FY25 Actuals	FY27 Proposed Budget Increase/ (Decrease) from:			
				FY26 Budget		FY25 Actuals	
CEO Direct Reports (Division 1)							
Labor	$ 4,330	$ 4,496	$ 4,275	$ (166)	-3.7%	$ 55	1.3%
Outside Professional Services	$ 175	$ 185	$ 281	(10)	-5.4%	(106)	-37.8%
Equipment Lease & Maintenance	$ -	$ -	$ (21)	-	- %	21	-100.0%
Office Expenses, Materials & Supplies	$ 0	$ 1	$ (1,974)	(1)	-64.9%	1,975	-100.0%
Travel, Education & Employee Expenses	$ 61	$ 67	$ 53	(5)	-8.2%	9	16.6%
Professional/Industry Memberships & Publications	$ -	$ 483	$ 477	(483)	-100.0%	(477)	-100.0%
Sub-Total [1]	**$ 4,567**	**$ 5,232**	**$ 3,090**	**$ (665)**	**-12.7%**	**$ 1,477**	**47.8%**

[1] Totals exclude inter-service eliminations, Administration & General overhead, GASB 68 and 75 pension, and OPEB expense.

CEO DIRECT REPORTS (DIVISION 1) SIGNIFICANT FINANCIAL CHANGES

2026 to 2027

- **($166 thousand) Decrease in Labor** – No Significant Change.
- **($10 thousand) Decrease in Outside Professional Services** – Less Federal/State Lobbying and Grants Management consulting.
- **Equipment Lease & Maintenance** – No Change.
- **($1 thousand) Decrease in Office Expenses, Materials & Supplies** – No Significant Change.
- **($5 thousand) Decrease in Travel, Education & Employee Expenses** – Less travel to attend industry events and policy formation activities with regional, state, and federal partners.
- **($483 thousand) Decrease in Professional/Industry Memberships & Publications** – Centralized this line item in Corporate. Overall decrease is ($663 thousand).

2025 to 2027

- **$55 thousand Increase in Labor** – No Significant Change.
- **($106 thousand) Decrease in Outside Professional Services** – Less Federal/State Lobbying and Grants Management consulting.
- **$21 thousand Increase in Equipment Lease & Maintenance** – 2025 credit reflects an expense reclassification to Fuel O&M.
- **$1,974 thousand Increase in Office Expenses, Materials & Supplies** – 2025 credit reflects an expense reclassification to Fuel O&M.
- **$9 thousand Increase in Travel, Education & Employee Expenses** – More travel to attend industry events and participate in policy formation activities with regional, state, and federal partners.
- **($477 thousand) Decrease in Professional/Industry Memberships & Publications** – Centralized this line item in Corporate. Overall decrease is ($381 thousand).

By Division (in thousands)

Account Group	FY27 Proposed Budget	FY26 Approved Budget	FY25 Actuals	FY27 Proposed Budget Increase/ (Decrease) from:			
				FY26 Budget		FY25 Actuals	
Admin and Human Resources (Division 2)							
Labor	$ 36,513	$ 35,080	$ 11,195	$ 1,434	4.1%	$ 25,318	226.2%
Benefits	94,966	82,261	82,911	12,705	15.4%	12,055	14.5%
Outside Professional Services	1,816	1,311	1,420	506	38.6%	396	27.9%
Equipment Lease & Maintenance	960	941	825	19	2.0%	136	16.4%
Office Expenses, Materials & Supplies	690	592	584	98	16.6%	106	18.2%
Travel, Education & Employee Expenses	831	920	751	(90)	-9.8%	80	10.7%
Conserve, Safety, Customer Assist & Financial Info	1,517	1,695	1,745	(178)	-10.5%	(228)	-13.1%
Professional/Industry Memberships & Publications	-	239	187	(239)	-100.0%	(187)	-100.0%
Misc. Accounting General	6	6	(139)	(0)	-6.8%	145	-104.3%
Sub-Total [1]	**$ 137,300**	**$ 123,045**	**$ 99,479**	**$ 14,255**	**11.6%**	**$ 37,821**	**38.0%**

[1] Totals exclude inter-service eliminations, Administration & General overhead, GASB 68 and 75 pension, and OPEB expense.

ADMIN AND HUMAN RESOURCES (DIVISION 2) SIGNIFICANT FINANCIAL CHANGES

2026 to 2027

- **$1,434 thousand Increase in Labor** – Increases/(Decreases) most significantly influenced by the following
  - $839 thousand Pay Changes - Actual pay changes from 2025 and 2026 are budgeted in a base pay adjustment pool within Employee Corporate Expenses, however once pay changes, it is accounted for in the area in which the employee works.
  - $715 thousand Base Pay Adjustment Pool - As in 2025 and 2026, base pay adjustment dollars will be distributed for operational adjustments and performance, and market-based adjustments. Due to the timing of budgeting, 2026 adjustments for the second half of the year are compounded into the 2027 adjustment pool.
  - $603 thousand Organizational entity changes resulted in shifts in costs and responsibilities between divisions
    - $357 thousand Four positions transferred from Operations Division (Division 7).
    - $246 thousand Three positions transferred from System Planning and Projects (Division 9).
  - $83 thousand Standby/Shift Time Pay – New 2027 budget item: Regulatory and Compliance.
  - ($722 thousand) Change in Turnover calculation methodology.
  - ($84 thousand) Position Classification changes net downward.
- **$12,705 thousand Increase in Benefits** – Increases/(Decreases) most significantly influenced by the following
  - $6,825 thousand 2027 PERA Employer Contribution Rate increase.
  - $5,880 thousand Rising health care cost trends.
- **$506 thousand Increase in Outside Professional Services** – Increases/(Decreases) most significantly influenced by the following
  - $183 thousand Safety, Regulatory and Obligatory Compliance for Landfills, Impoundments, & Groundwater, Petroleum Tanks, Pollution Prevention.
  - $172 thousand State required Air and Water Quality Permit fees.
  - $122 thousand Industrial Pretreatment program costs for regulatory mailings and process server services related to the backflow compliance program. These costs were previously funded through Operations.
  - $87 thousand New 2027 budget items
    - $35 thousand Contracted services with Epipheo to produce educational videos in English and Spanish.

        - $20 thousand Certified process server services to deliver enforceable Notice of Violation letters to responsible companies and locators, as required by City Code Section 12.10.
        - $20 thousand Large-format printing for signs, banners, and posters used in marketing campaigns, including downtown banner programs and community events such as Labor Day Lift Off.
        - $12 thousand Seasonal contract support for field audits and Near Miss Program activities during peak dig season (June–October).
    - $72 thousand HR Advisory & Consulting Services.
    - $24 thousand Third-party HR investigation services for employee relations, workplace complaints, and compliance matters.
    - ($108 thousand) Termination of a third-party contract supporting PHMSA requirements.
    - ($39 thousand) Summer Celebration shift to Employee Communication (net decrease $13 thousand).
- **$19 thousand Increase in Equipment Lease & Maintenance** – No Significant Change
- **$98 thousand Increase in Office Expenses, Materials & Supplies** – Increases most significantly influenced by the following
    - $45 thousand Outreach and educational materials for the Colorado Springs Underground Damage Prevention Safety Program to promote safe excavation practices and prevent utility damages.
    - $28 thousand University of Springs Utilities (USU) Training Supplies.
    - $26 thousand AED replacements in 2027.
- **($90 thousand) Decrease in Travel, Education & Employee Expenses** – Lower employee relocation expenses resulting from fewer new-hire relocations.
- **($178 thousand) Decrease in Conserve, Safety, Customer Assist & Financial Info** – Increases/(Decreases) most significantly influenced by the following
    - ($199 thousand) Creative Services advertising and content production costs as services are brought in-house, reducing expenditures with VJ for advertising.
    - ($15 thousand) Foundation/Audit/COPE administration and fundraising.
    - $26 thousand Summer Celebration shift from Consultants (net decrease $13 thousand).
    - $6 thousand Employee Communication.
- **($239 thousand) Decrease in Professional/Industry Memberships & Publications** – Centralized this line item. Overall decrease is ($663 thousand).
- **Misc. Accounting General** – No Change.

2025 to 2027

- **$25,318 thousand Increase in Labor** – Increases/(Decreases) most significantly influenced by the following
    - $13,223 thousand Base Pay Adjustment Pool - As in 2025 and 2026, base pay adjustment dollars will be distributed for operational adjustments and performance, and market-based adjustments. Due to the timing of budgeting, 2026 adjustments for the second half of the year are compounded into the 2027 adjustment pool.
    - $8,102 thousand A one-time credit of ($5,143 thousand) correction of Sick Leave Conversion and Retiree Sick Leave liabilities associated with the Infor implementation.
    - $2,746 thousand Paid Time Off (PTO) accruals for vacation and sick leave.
    - $839 thousand Pay Changes - Actual pay changes from 2025 and 2026 are budgeted in a base pay adjustment pool within Employee Corporate Expenses, however once pay changes, it is accounted for in the area in which the employee works.
    - $754 thousand New Positions (added in 2026) to support Reliability/Growth, Fiber, and Regulatory (DIMP).
    - $132 thousand Employee Incentives.
    - $76 thousand Standby/Shift Time Pay - New 2027 budget item: Regulatory and Compliance.
    - ($554 thousand) Change in Turnover calculation methodology.

- **$12,055 thousand Increase in Benefits** – Increases/(Decreases) most significantly influenced by the following
  - $6,825 thousand 2027 PERA Employer Contribution Rate increase
  - $5,230 thousand Rising health care cost trends
- **$396 thousand Increase in Outside Professional** – Increases/(Decreases) most significantly influenced by the following
  - $208 thousand Safety, Regulatory and Obligatory Compliance for Landfills, Impoundments, & Groundwater, Petroleum Tanks, Pollution Prevention.
  - $165 thousand State required Air and Water Quality Permit fees.
  - $81 thousand Industrial Pretreatment program costs for regulatory mailings and process server services related to the backflow compliance program. These costs were previously funded through Operations.
  - $30 thousand Clean Air Act compliance activities, including permitting coordination, air quality monitoring, and required emissions testing. Contracted services with Ramboll and Mostardi Platt help ensure compliance with federal air quality regulations and permit requirements.
  - $20 thousand New 2027 budget item: Large-format printing for signs, banners, and posters used in marketing campaigns, including downtown banner programs and community events such as Labor Day Lift Off.
  - $15 thousand Clean Water Act compliance through participation in AFCURE and the Colorado Water Quality Forum, including water quality assessments required for CDPS permit renewals and modifications.
  - $13 thousand Safety and Health industrial hygiene sampling and out-of-state POPP medical examinations, including reimbursable services provided by Dr. Centi.
  - $9 thousand External HR Investigations.
  - ($110 thousand) Termination of a third-party contract supporting PHMSA requirements.
  - ($36 thousand) Summer Celebration shift to Employee Communication (net decrease $10 thousand).
- **$136 thousand Increase in Equipment Lease & Maintenance** – Increases/(Decreases) most significantly influenced by the following
  - $150 thousand New 2027 budget item: Implementation of a new e-communications platform, website enhancements, and design software to improve digital engagement, content management, and creative production capabilities.
  - $37 thousand EWN software licensing transferred from Gas Construction & Maintenance to support compliance with 49 CFR 192 Subpart N requirements.
  - $26 thousand Instructional Design software costs for learning management and employee training platforms.
  - ($62 thousand) Termination of the Cornerstone contract and associated software licensing expenses.
  - ($14 thousand) Software costs for ISNetworld, Cority, and Sphera platforms supporting contractor management, occupational health, and chemical compliance.
- **$106 thousand Increase in Office Expenses, Materials & Supplies** – Increases most significantly influenced by the following
  - $53 thousand University of Springs Utilities (USU) Materials and supplies for apprentice, CPR, confined space, and winter survival training programs. Additionally, Training materials for instructor-led leadership development courses provided by Organizational and Professional Development.
  - $24 thousand Outreach and educational materials for the Colorado Springs Underground Damage Prevention Safety Program to promote safe excavation practices and prevent utility damages.
  - $18 thousand Annual upgrades and replacement of cameras and studio equipment to support content production and communications activities.
  - $11 thousand Office supplies, business cards, flyers, promotional items, paper products, and personal protective equipment (PPE) necessary to support daily operations, employee safety, customer outreach, and business communications.

- **$80 thousand Increase in Travel, Education & Employee Expenses Supplies** – Increases/(Decreases) most significantly influenced by the following
    - $42 thousand Employee relocation expenses of new hires.
    - $35 thousand Service Awards Banquet.
    - ($139 thousand) Employee expenses shift to Employee recruitment (net no change).
- **($228 thousand) Decrease in Conserve, Safety, Customer Assist & Financial Info** – Increases/(Decreases) most significantly influenced by the following
    - ($512 thousand) Creative Services advertising and content production costs as services are brought in-house, reducing expenditures with VJ for advertising.
    - $139 thousand Employee recruitment shift from Employee expenses (net no change).
    - $83 thousand Expenses related to CEO-directed community tours, Foundation, Audit, and COPE administration, and fundraising activities.
    - $26 thousand Summer Celebration shift from Consultants (net decrease $10 thousand).
    - $25 thousand Venue, catering, and promotional costs for the annual State of the Utility stakeholder outreach event.
    - $8 thousand Customer Incentives: Gift card rewards for customer participation in surveys and focus groups to support customer research and engagement.
- **($187 thousand) Decrease in Professional/Industry Memberships & Publications** – Centralized this line item in Corporate. Overall decrease is ($381 thousand).
- **$145 thousand Misc. Accounting General** – One-time 2025 Administration & General overhead correction credit not expected in 2027.

By Division (in thousands)

Account Group	FY27 Proposed Budget	FY26 Approved Budget	FY25 Actuals	FY27 Proposed Budget Increase/ (Decrease) from:			
				FY26 Budget		FY25 Actuals	
Planning and Finance (Division 4)							
Labor	$ 7,899	$ 7,125	$ 7,129	$ 774	10.9%	$ 770	10.8%
Outside Professional Services	6,007	5,872	5,999	135	2.3%	8	0.1%
Equipment Lease & Maintenance	60	-	-	60	- %	60	- %
Office Expenses, Materials & Supplies	36	50	46	(14)	-27.5%	(10)	-21.5%
Travel, Education & Employee Expenses	42	36	32	6	16.5%	11	33.4%
Professional/Industry Memberships & Publications	-	253	234	(253)	-100.0%	(234)	-100.0%
Misc. Accounting General	8,297	9,103	9,013	(806)	-8.9%	(716)	-7.9%
Sub-Total [1]	**$ 22,341**	**$ 22,439**	**$ 22,452**	**$ (98)**	**-0.4%**	**$ (111)**	**-0.5%**

[1] Totals exclude inter-service eliminations, Administration & General overhead, GASB 68 and 75 pension, and OPEB expense.

PLANNING AND FINANCE (DIVISION 4) SIGNIFICANT FINANCIAL CHANGES

2026 to 2027

- **$774 thousand Increase in Labor** – Increases most significantly influenced by the following
  - $324 thousand Pay Changes - Actual pay changes from 2025 and 2026 are budgeted in a base pay adjustment pool within Employee Corporate Expenses, however once pay changes, it is accounted for in the area in which the employee works.
  - $308 thousand Three positions transferred from CEO Direct Reports (Division 1).
  - $142 thousand Change in Turnover calculation methodology.
- **$135 thousand Increase in Outside Professional Services** – No Significant Change.
- **$60 thousand Increase in Equipment Lease & Maintenance** – New 2027 budget item: Visual Lease software license fees for lease accounting and compliance.
- **($14 thousand) Decrease in Office Expenses, Materials & Supplies** – Reduced spending on office/computer supplies, postage, and materials and supplies in 2027.
- **$6 thousand Increase in Travel, Education & Employee Expenses** – Participation in APPA, LPPC, Infor User Group, and other utility industry conferences for training, networking, and industry engagement.
- **($253 thousand) Decrease in Professional/Industry Memberships & Publications** – Centralized this line item in Corporate. Overall decrease is ($663 thousand).
- **($806 thousand) Decrease Misc. Accounting General** – Increases/(Decreases) most significantly influenced by the following
  - ($606 thousand) Lower insurance premiums resulting from renegotiated policy renewals.
  - ($251 thousand) Treasury and financing expenses related to liquidity facilities, gas capacity LOCs, rating agency services, investment advisory support, and unused LOC commitments.
  - $47 thousand Claims and liability expenses arising from damages attributed to utility operations.

2025 to 2027

- **$770 thousand Increase in Labor** – Increases most significantly influenced by the following
  - $324 thousand Pay Changes - Actual pay changes from 2025 and 2026 are budgeted in a base pay adjustment pool within Employee Corporate Expenses, however once pay changes, it is accounted for in the area in which the employee works.
  - $308 thousand Three positions transferred from CEO Direct Reports (Division 1).
  - $138 thousand Change in Turnover calculation methodology.
- **$8 thousand Increase in Outside Professional Services** – No Significant Change.
- **$60 thousand Increase in Equipment Lease & Maintenance** – New 2027 budget item: Visual Lease software license fees for lease accounting and compliance.
- **($10 thousand) Decrease in Office Expenses, Materials & Supplies** – Reduced spending on office/computer supplies, postage, and materials and supplies in 2027.
- **$11 thousand Increase in Travel, Education & Employee Expenses** – Higher participation in APPA, LPPC, Infor User Group, and other utility industry conferences for training, networking, and industry engagement.
- **($234 thousand) Decrease in Professional/Industry Memberships & Publications** – Centralized this line item in Corporate. Overall decrease is ($381 thousand).
- **($716 thousand) Decrease Misc. Accounting General** – (Decreases) most significantly influenced by the following
  - ($395 thousand) Lower insurance premiums resulting from renegotiated policy renewals.
  - ($299 thousand) Treasury and financing expenses related to liquidity facilities, gas capacity LOCs, rating agency services, investment advisory support, and unused LOC commitments.
  - ($23 thousand) Favorable variance due to lower damage claim activity and related liability costs.

By Division (in thousands)

Account Group	FY27 Proposed Budget	FY26 Approved Budget	FY25 Actuals	FY27 Proposed Budget Increase/ (Decrease) from:			
				FY26 Budget		FY25 Actuals	
Customer & Enterprise Services (Division 5)							
Labor	$ 44,808	$ 43,842	$ 43,792	$ 966	2.2%	$ 1,015	2.3%
Outside Professional Services	3,024	3,279	3,282	(255)	-7.8%	(259)	-7.9%
Equipment Lease & Maintenance	28,838	28,511	25,376	327	1.1%	3,462	13.6%
Buildings & Utilities	1,417	1,576	1,571	(159)	-10.1%	(154)	-9.8%
Office Expenses, Materials & Supplies	2,440	4,416	4,997	(1,976)	-44.8%	(2,558)	-51.2%
Travel, Education & Employee Expenses	654	672	557	(18)	-2.6%	97	17.4%
Conserve, Safety, Customer Assist & Financial Info	42	40	26	2	3.8%	16	61.3%
Professional/Industry Memberships & Publications	-	103	107	(103)	-100.0%	(107)	-100.0%
Misc. Accounting General	-	-	(425)	-	- %	425	-100.0%
Sub-Total [1]	**$ 81,222**	**$ 82,439**	**$ 79,284**	**$ (1,217)**	**-1.5%**	**$ 1,938**	**2.4%**

[1] Totals exclude inter-service eliminations, Administration & General overhead, GASB 68 and 75 pension, and OPEB expense.

CUSTOMER & ENTERPRISE SERVICES (DIVISION 5) SIGNIFICANT FINANCIAL CHANGES

2026 to 2027

- **$966 thousand Increase in Labor** – Increases/(Decreases) most significantly influenced by the following
  - $1,735 thousand Pay Changes - Actual pay changes from 2025 and 2026 are budgeted in a base pay adjustment pool within Employee Corporate Expenses, however once pay changes, it is accounted for in the area in which the employee works.
  - $309 thousand Organizational entity changes resulted in shifts in costs and responsibilities between divisions
    - $202 thousand One position transferred from Operations Division (Division 7).
    - $107 thousand One position transferred from CEO Direct Reports (Division 1).
  - $159 thousand New positions to support Reliability/Growth.
  - ($942 thousand) Change in Turnover calculation methodology.
  - ($127 thousand) Reduced spending in Standby/Shift Time Pay.
  - ($110 thousand) Reduced spending in Overtime.
  - ($58 thousand) Position Classification changes net downward.
- **($255 thousand) Decrease in Outside Professional Services** – Increases/(Decreases) most significantly influenced by the following
  - ($186 thousand) Termination of the Community Intersections contract.
  - ($137 thousand) Arisant Managed Services expenses were eliminated as internal resources now perform all database administration and patching activities; no funding is required in 2027.
  - ($56 thousand) Agency temporary labor to offset staffing costs associated with Customer Service Representative (CSR) positions added in 2026.
  - ($38 thousand) Completion of the C2M project implementation consulting fees.
  - $150 thousand Third-party collection activities resumed in Q3 2026 after resolving data-sharing issues with collection agencies.
  - $12 thousand net Increases in External consulting services for contract and procurement support.
- **$327 thousand Increase in Equipment Lease & Maintenance** – No Significant Change.

- **($159 thousand) Decrease in Buildings & Utilities** – Increases/(Decreases) most significantly influenced by the following
    - ($289 thousand) The Stone Avenue Warehouse lease was reallocated to the Facilities function Operations Division (Division 7).
    - $130 thousand net Increases in Asphalt repairs in the Leon Young Service Center (LYSC) laydown yard, racking inspection and replacement, concrete repairs, and installation of an additional access gate.
- **($1,976 thousand) Decrease in Office Expenses, Materials & Supplies** – Increases/(Decreases) most significantly influenced by
    - ($2,142 thousand) Transfer of minor materials expenses to Operations Division (Division 7).
    - $166 thousand net Increases in Postage expense for mailed customer bills.
- **($18 thousand) Decrease in Travel, Education & Employee** – No Significant Change.
- **$2 thousand Increase in Conserve, Safety, Customer Assist & Financial Info** – No Significant Change.
- **($103 thousand) Decrease in Professional/Industry Memberships & Publications** – Centralized this line item in Corporate. Overall decrease is ($663 thousand).
- **Misc. Accounting General** – No Change.

2025 to 2027

- **$1,015 thousand Increase in Labor** – Increases/(Decreases) most significantly influenced by the following
    - $1,735 thousand Pay Changes - Actual pay changes from 2025 and 2026 are budgeted in a base pay adjustment pool within Employee Corporate Expenses, however once pay changes, it is accounted for in the area in which the employee works.
    - $194 thousand One position transferred from Operations Division (Division 7).
    - $73 thousand Increased spending in Overtime.
    - ($836 thousand) Change in Turnover calculation methodology.
    - ($151 thousand) Reduced spending in Standby/Shift Time Pay.
- **($259 thousand) Decrease in Outside Professional Services** – Increases/(Decreases) most significantly influenced by the following
    - ($864 thousand) Consulting and agency temporary labor costs associated with the Energy Wise project will not continue into 2027.
    - ($194 thousand) Agency temporary labor costs supporting Maximo have been discontinued.
    - ($183 thousand) The discontinuation of AWS (Amazon Web Services) for offsite VMware and Windows cloud backup storage.
    - ($60 thousand) Termination of the Community Intersections contract.
    - ($22 thousand) Decrease in Agency Temporary Labor to offset increases in Customer Service Representatives (CSR) positions added in 2026.
    - ($20 thousand) Warehouse reductions.
    - $411 thousand Third-party collection activities resumed in Q3 2026 after resolving data-sharing issues with collection agencies.
    - $335 thousand Ongoing support for cybersecurity infrastructure that manages and monitors connectivity between OT and IT networks.
    - $150 thousand Cybersecurity initiative to improve governance and reduce complexity within perimeter firewall policy management.
    - $121 thousand External consulting services for contract and procurement support.
    - $67 thousand net Increases in Lifecycle replacement and software upgrades for F5 infrastructure supporting web application security.

- **$3,462 thousand Increase in Equipment Lease & Maintenance** – Increases/(Decreases) most significantly influenced by the following
    - $2,246 thousand Software maintenance and subscription costs
        - $394 thousand License growth under the Microsoft Enterprise Agreement
        - $336 thousand Subscription costs for the Infor platform
        - $330 thousand The full-year cost of a three-year Palo Alto subscription purchased in 2024
        - $323 thousand The transfer of the PLEXOS power system modeling and market simulation software from System Planning and Projects (Division 9) to ITS in December 2025.
        - $300 thousand The renewal of the VMware vSphere Foundation subscription originally purchased in 2024 under a three-year term, scheduled for renewal in 2027.
        - $178 thousand Higher licensing costs resulting from increased user demand and changes to the software licensing model.
        - $155 thousand CCaaS (Contact Center as a Service) purchase of additional Genesys licenses in 2026 to support call recording for all customer-facing interactions, enhancing quality assurance, compliance, training, and customer service capabilities.
        - $126 thousand Annual ServiceNow subscription price adjustments, a significant expansion of ITIL fulfiller licenses to enable additional users to utilize the ServiceNow platform, and the addition of encryption capabilities to enhance data security and compliance.
        - $104 thousand The full-year recognition of IPS sensor maintenance and licensing costs, as the 2024 renewal was not amortized and only three months of expense (October-December) were recorded in 2025.
    - $751 thousand Lifecycle hardware expenditures, including desktops, laptops, monitors, and related end-user computing equipment, from Warehouse operations beginning in April 2025. The increase is offset by corresponding reductions in Office Expenses and Materials & Supplies.
    - $592 thousand New 2027 budget items
        - $492 thousand Oracle multi-model Database Management System (DBMS) supporting the Exadata platform, including Data Guard, Partitioning, Advanced Security, Compression, and database management software required to provide enterprise-class data availability, security, performance, and administration capabilities.
        - $100 thousand Enhanced Phishing Message Filtering to help reduce credential theft, ransomware risk, operational outages, regulatory exposure, and protects OT/IT continuity and public trust.
    - $99 thousand U.S. Department of Energy (DOE) 2025 grant funding that supported storage expansion expenditures.
    - $84 thousand DOE grant funding received in 2025 that supported FireMon cybersecurity monitoring and firewall management capabilities.
    - ($310 thousand) net Decreases in Utilities Fleet Operations primarily in reduced Aerial Truck Maintenance.
- **($154 thousand) Decrease in Buildings & Utilities** – Increases/(Decreases) most significantly influenced by the following
    - ($347 thousand) The Stone Avenue Warehouse lease was reallocated to the Facilities function Operations Division (Division 7).
    - ($95 thousand) Warehouse reductions.
    - $147 thousand Cellular services and mobile devices.
    - $141 thousand Asphalt repairs in the Leon LYSC laydown yard, racking inspection and replacement, concrete repairs, and installation of an additional access gate.

- **($2,558 thousand) Decrease in Office Expenses, Materials & Supplies** – Increases/(Decreases) most significantly influenced by
    - ($2,218 thousand) Transfer of minor materials expenses to Operations Division (Division 7).
    - ($696 thousand) Lifecycle hardware expenditures, including desktops, laptops, monitors, and related end-user computing equipment, from Warehouse operations beginning in April 2025. The decrease is offset by corresponding increases in Equipment Lease & Maintenance.
    - $294 thousand Postage expense for mailed customer bills.
    - $62 thousand Envelope and paper costs associated with printed customer bills.
- **$97 thousand Increase in Travel, Education & Employee Expenses** – Ongoing employee training is essential to prevent skill gaps, improve operational efficiency, strengthen cybersecurity, and support innovation.
- **$16 thousand Increase in Conserve, Safety, Customer Assist & Financial Info** – Increases most significantly influenced by the following
    - $12 thousand New 2027 budget item: Contract advertising required newspaper advertisements for public bidding and procurement notices. Historically, approximately 60 contracts are advertised annually, with each posting published twice at an average cost of $100 per advertisement.
    - $4 thousand net Increases in Spring and Fall customer meetings.
- **($107 thousand) Decrease in Professional/Industry Memberships & Publications** – Centralized this line item in Corporate. Overall decrease is ($381 thousand).
- **$425 thousand Misc. Accounting General** – One-time Infor adjustment credit recognized in 2025 that is not expected to recur in 2027.

By Division (in thousands)

Account Group	FY27 Proposed Budget	FY26 Approved Budget	FY25 Actuals	FY27 Proposed Budget Increase/ (Decrease) from:			
				FY26 Budget		FY25 Actuals	
Operations Division (Division 7)							
Labor	$ 146,661	$ 142,057	$ 143,107	$ 4,605	3.2%	$ 3,555	2.5%
Outside Professional Services	35,912	35,443	38,690	470	1.3%	(2,777)	-7.2%
Equipment Lease & Maintenance	7,127	6,998	5,997	129	1.8%	1,130	18.8%
Buildings & Utilities	25,625	24,838	26,944	787	3.2%	(1,319)	-4.9%
Office Expenses, Materials & Supplies	31,221	28,087	31,695	3,134	11.2%	(474)	-1.5%
Travel, Education & Employee Expenses	2,512	2,796	1,897	(284)	-10.2%	615	32.4%
Conserve, Safety, Customer Assist & Financial Info	-	-	5	-	- %	(5)	-100.0%
Professional/Industry Memberships & Publications	-	921	775	(921)	-100.0%	(775)	-100.0%
Misc. Accounting General	(1,133)	(987)	(6,511)	(146)	14.8%	5,379	-82.6%
Sub-Total [1]	**$ 247,927**	**$ 240,154**	**$ 242,599**	**$ 7,773**	**3.2%**	**$ 5,329**	**2.2%**

[1] Totals exclude inter-service eliminations, Administration & General overhead, GASB 68 and 75 pension, and OPEB expense.

OPERATIONS DIVISION (DIVISION 7) SIGNIFICANT FINANCIAL CHANGES

2026 to 2027

- **$4,605 thousand Increase in Labor** – Increases/(Decreases) most significantly influenced by the following
  - $4,589 thousand Pay Changes - Actual pay changes from 2025 and 2026 are budgeted in a base pay adjustment pool within Employee Corporate Expenses, however once pay changes, it is accounted for in the area in which the employee works.
  - $1,000 thousand Overtime required for emergency response, outage restoration, service level agreement coverage for craft personnel, wastewater treatment plant projects, generation plant projects, planned and unplanned outages, and related support services necessary to maintain safe and reliable utility operations.
  - $451 thousand Standby/Shift Time Pay new standby policy that was implemented in mid-2026.
  - ($790 thousand) Position Classification changes net downward.
  - ($412 thousand) Organizational entity changes resulted in shifts in costs and responsibilities between divisions
    - ($357 thousand) Four positions transferred to Admin and Human Resources (Division 2).
    - ($202 thousand) One position transferred to Customer & Enterprise Services (Division 5).
    - $147 thousand One position transferred from CEO Direct Reports (Division 1).
  - ($233 thousand) Change in Turnover calculation methodology.
- **$470 thousand Increase in Outside Professional Services** – No Significant Change.
- **$129 thousand Increase in Equipment Lease & Maintenance** – No Significant Change.
- **$787 thousand Increase in Buildings & Utilities** – Increases most significantly influenced by the following
  - $466 thousand Annual rate escalations from Colorado Springs Utilities and Black Hills Energy, as well as higher power consumption associated with increased water treatment and pumping operations at SDS, Las Vegas, and JD Phillips facilities.
  - $289 thousand The Stone Avenue Warehouse lease was reallocated to the Facilities function from Customer & Enterprise Services (Division 5).
  - $32 thousand net Increase in Building maintenance to include elevator maintenance, sewer lines work, HVAC repairs, fire protection, and paint coatings.
- **$3,134 thousand Increase in Office Expenses, Materials & Supplies** – Increases/(Decreases) most significantly influenced by the following
  - $2,142 thousand Transfer of minor materials expenses to Customer & Enterprise Services (Division 5).

- $1,206 thousand Materials and Supplies associated with Fort Carson projects. Costs are fully reimbursable and offset by corresponding project revenue.
- $250 thousand New 2027 budget item: 2C2 structure work.
- $232 thousand Hydrant Program to maintain service level agreements.
- $127 thousand Vault lid replacements & repairs.
- ($823 thousand) net Decrease in Front Range power plant and Nixon power plant outage costs, pulverizer repairs, and chemical expenses incurred in 2026 that are not anticipated in 2027.

- **($284 thousand) Decrease in Travel, Education & Employee Expenses** – Increases/(Decreases) most significantly influenced by the following
  - ($439 thousand) Less planned travel and reduced attendance at conferences, training events, and other business-related travel activities.
  - $155 thousand net Increases in Employee safety clothing required personal protective equipment (PPE), including safety boots, safety glasses, winter weather gear, and fall protection equipment necessary for safe field operations and regulatory compliance.
- **Conserve, Safety, Customer Assist & Financial Info** – No change.
- **($921 thousand) Decrease in Professional/Industry Memberships & Publications** – Centralized this line item in Corporate. Overall decrease is ($663 thousand).
- **($146 thousand) Decrease Misc. Accounting General** – Operations and maintenance services for the Homestake, Fountain Valley, and Southern Delivery System partnerships less project work planned in 2027 vs 2026.

2025 to 2027

- **$3,555 thousand Increase in Labor** – Increases/(Decreases) most significantly influenced by the following
  - $4,589 thousand Pay Changes - Actual pay changes from 2025 and 2026 are budgeted in a base pay adjustment pool within Employee Corporate Expenses, however once pay changes, it is accounted for in the area in which the employee works.
  - $3,524 thousand New Positions (added in 2026) to support Reliability/Growth, DIMP, Maximize (Technology), Fiber, and Fort Carson.
  - $317 thousand Standby/Shift Time Pay new standby policy that was implemented in mid-2026.
  - ($3,296 thousand) Change in Turnover calculation methodology.
  - ($790 thousand) Position Classification changes net downward.
  - ($521 thousand) Overtime costs incurred in 2025 for outages and maintenance activities at Front Range, Nixon, and remote generation plants that are not anticipated in 2027.
  - ($268 thousand) Organizational entity changes resulted in shifts in costs and responsibilities between divisions
    - ($357 thousand) Four positions transferred to Admin and Human Resources (Division 2).
    - ($194 thousand) One position transferred to Customer & Enterprise Services (Division 5).
    - $147 thousand One position transferred from CEO Direct Reports (Division 1).
    - $136 thousand One position transferred from System Planning and Projects (Division 9).
- **($2,777 thousand) Decrease in Outside Professional Services** – Increases/(Decreases) most significantly influenced by the following
  - ($2,659 thousand) Front Range power plant and Nixon power plant outage costs, pulverizer repairs, and chemical expenses incurred in 2025 that are not anticipated in 2027.
  - ($1,361 thousand) Facility projects partially offsets Buildings & Utilities.
  - ($1,180 thousand) Operations and maintenance services for the Homestake, Fountain Valley, and Southern Delivery System partnerships. Budgeted under Miscellaneous Accounting General and supports ongoing operation, maintenance, and administration of shared water infrastructure systems.
  - ($994 thousand) Fewer planned gas pipeline inspection activities compared to 2025.
  - ($789 thousand) Asphalt restoration work.
  - ($646 thousand) Fiber operations and maintenance costs being capitalized in 2027 rather than expense.

- $2,069 thousand Watershed Planning expenses transferred from System Planning and Projects (Division 9).
  - $1,391 thousand USFS Rocky Mountain Watershed Partnership.
  - $678 thousand Pikes Peak Forest Management Plan Colorado State Forest Service (CSFS).
- $1,263 thousand Permits to include City fees, emission permits, drinking water fee, and Tesla FERC capacity charges.
- $564 thousand Asset Management Implementation: Contracted engineering services supporting the Raw Water Infrastructure Improvement Program (RWIIP), annual tank condition assessments, specialty valve evaluations, pump station assessments, lift station assessments, non-potable system assessments, and Sanitary Sewer Creek Crossing (SSCC) inspections.
- $522 thousand Pikes Peak Forest Management Plan CSFS contractual increase.
- $397 thousand Landis+Gyr contractual increase.
- $37 thousand net Increase in New 2026 budget item: Direct contract wildfire mitigation in priority watersheds and Utilities properties.

- **$1,130 thousand Increase in Equipment Lease & Maintenance** – Increases most significantly influenced by the following
  - $504 thousand Annual user fees paid to the Pikes Peak Regional Communications Network (PPRCN) for radios, dispatch consoles, and Motorola SUA+ maintenance utilized on the regional communications system.
  - $343 thousand Supervisory Control and Data Acquisition (SCADA) / Advanced Distribution Management System (ADMS) Software Portfolio driven by three-year contract renewal agreements.
  - $161 thousand Annual rate escalations for E-Logger, Emerson, Rockwell, Nisoft, and DeltaV software maintenance, support, and licensing agreements that support utility operations and system reliability.
  - $122 thousand net Increases New 2027 budget item: Wastewater system inspection services provided by ITPIPES OPCO LLC.
- **($1,319 thousand) Decrease in Buildings & Utilities** – Increases/(Decreases) most significantly influenced by the following
  - ($2,531 thousand) Operations and maintenance services for the Homestake, Fountain Valley, and Southern Delivery System partnerships. Budgeted under Miscellaneous Accounting General supports power costs associated with pumping and delivery of water through shared infrastructure systems.
  - $972 thousand Facility projects partially offsets Outside Professional Services.
  - $240 thousand net Increase in The Stone Avenue Warehouse lease was reallocated to the Facilities function from Customer & Enterprise Services (Division 5).
- **($474 thousand) Decrease in Office Expenses, Materials & Supplies** – No Significant Change.
- **$615 thousand Increase in Travel, Education & Employee Expenses** – Increases most significantly influenced by the following
  - $272 thousand Training and Travel expenses: Supports employee training, certifications, and industry conferences, including APPA Lineman Rodeo, Snow-Cat Operations, Mesa Hotline School, Eaton Network Protector training, ENSC Network Conference, Fiber Certification, Rockwell, DeltaV, E-Logger, and Method 9 training to maintain technical proficiency, safety, and operational reliability.
  - $190 thousand Operations Technical Services Department has more than doubled in size over the past two years through the addition of new positions and the consolidation of other Colorado Springs Utilities functions into the organization.
  - $121 thousand Employee safety clothing required personal protective equipment (PPE), including safety boots, safety glasses, winter weather gear, and fall protection equipment necessary for safe field operations and regulatory compliance.
  - $32 thousand net Increase in Seminars/Conferences.
- **($5 thousand) Decrease in Conserve, Safety, Customer Assist & Financial Info** – No Significant Change.

- **($775 thousand) Decrease in Professional/Industry Memberships & Publications** – Centralized this line item in Corporate. Overall decrease is ($381 thousand).
- **$5,379 thousand Increase in Misc. Accounting General** – Operations and maintenance services for the Homestake, Fountain Valley, and Southern Delivery System partnerships offset in Outside Professional Services and Buildings & Utilities.

By Division (in thousands)

Account Group	FY27 Proposed Budget	FY26 Approved Budget	FY25 Actuals	FY27 Proposed Budget Increase/ (Decrease) from:			
				FY26 Budget		FY25 Actuals	
System Planning and Projects (Division 9)							
Labor	$ 34,496	$ 33,781	$ 32,099	$ 715	2.1%	$ 2,397	7.5%
Outside Professional Services	9,487	12,696	19,232	(3,209)	-25.3%	(9,745)	-50.7%
Equipment Lease & Maintenance	730	145	577	586	404.7%	153	26.5%
Buildings & Utilities	38	20	33	19	95.0%	6	17.3%
Office Expenses, Materials & Supplies	6,867	6,319	4,593	548	8.7%	2,273	49.5%
Travel, Education & Employee Expenses	422	508	351	(86)	-16.9%	71	20.3%
Conserve, Safety, Customer Assist & Financial Info	4,246	3,647	3,718	599	16.4%	528	14.2%
Professional/Industry Memberships & Publications	-	295	233	(295)	-100.0%	(233)	-100.0%
Sub-Total [1]	**$ 56,287**	**$ 57,410**	**$ 60,837**	**$ (1,124)**	**-2.0%**	**$ (4,550)**	**-7.5%**

[1] Totals exclude inter-service eliminations, Administration & General overhead, GASB 68 and 75 pension, and OPEB expense.

SYSTEM PLANNING AND PROJECTS (DIVISION 9) SIGNIFICANT FINANCIAL CHANGES

2026 to 2027

- **$715 thousand Increase in Labor** – Increases/(Decreases) most significantly influenced by the following
  - $1,153 thousand Pay Changes - Actual pay changes from 2025 and 2026 are budgeted in a base pay adjustment pool within Employee Corporate Expenses, however once pay changes, it is accounted for in the area in which the employee works.
  - $158 thousand Change in Turnover calculation methodology.
  - ($280 thousand) Position Classification changes net downward.
  - ($246 thousand) Organizational entity changes resulted in shifts in costs and responsibilities between divisions; Three position transferred to Admin and Human Resources (Division 2).
  - ($70 thousand) Standby/Shift Time Pay.
- **($3,209 thousand) Decrease in Outside Professional Services** – Increases/(Decreases) most significantly influenced by the following
  - ($2,392 thousand) Watershed Planning expenses transferred to Operations Division (Division 7)
    - ($1,375 thousand) USFS Rocky Mountain Watershed Partnership.
    - ($1,017 thousand) Pikes Peak Forest Management Plan Colorado State Forest Service (CSFS).
  - ($1,092 thousand) Engineering programs, studies, and analysis activities completed in 2026, with no corresponding work planned in 2027
    - ($819 thousand) Raw Water System SAA.
    - ($204 thousand) Finished Water SAA.
    - ($89 thousand) Finished Water Facility Plan.
  - ($243 thousand) Wastewater condition assessments.
  - ($223 thousand) Finished Water Linear Asset Program.
  - ($200 thousand) Utilize less agency temporary labor.
  - ($151 thousand) The closeout of North Slope Pikes Peak Resiliency/Restoration Grant in 2026, with no corresponding expenditures planned in 2027.
  - ($80 thousand) CSU Local Raw Water & Distribution Infrastructure Protection program.
  - $600 thousand New 2027 Budget Water Infrastructure Planning Consulting item: the Pine Valley/MCC Water Treatment Plant (WTP) Facility Plan.
  - $329 thousand net Increase in New 2027 Budget Water Infrastructure Planning Consulting item: Variable Cost of Water Report.

- **$586 thousand Increase in Equipment Lease & Maintenance** – New 2027 Budget Software Maintenance Fee: Procore project management tool.
- **$19 thousand Increase in Buildings & Utilities** – Field office leases.
- **$548 thousand Increase in Office Expenses, Materials & Supplies** – Long-term water lease agreements, short-term water leasing opportunities, and operational costs associated with short-term storage contracts in Pueblo Reservoir for leased and newly acquired Lower Arkansas (L Ark) water supplies. Funding also supports activities related to the recapture and management of return flows to maximize water resource availability and system reliability.
- **($86 thousand) Decrease in Travel, Education & Employee Expenses** – Less planned spending on training, seminars, conferences, and business-related travel in 2027.
- **$599 thousand Increase in Conserve, Safety, Customer Assist & Financial Info** – Increases/(Decreases) most significantly influenced by the following
    - $502 thousand Clean Heat Plan
    - $400 thousand New 2027 Budget item: Colorado Water Conservation Board (CWCB) Large Landscape Transformation grant-funded program expenditures in 2027.
    - ($303 thousand) net Decreases in Commercial Turf to Native Conversion program, reflecting reduced participation levels and associated rebate or incentive payments.
- **($295 thousand) Decrease in Professional/Industry Memberships & Publications** – Centralized this line item in Corporate. Overall decrease is ($663 thousand).

2025 to 2027

- **$2,397 thousand Increase in Labor** – Increases/(Decreases) most significantly influenced by the following
    - $1,669 thousand New Positions (added in 2026) to support Reliability/Growth.
    - $1,153 thousand Pay Changes - Actual pay changes from 2025 and 2026 are budgeted in a base pay adjustment pool within Employee Corporate Expenses, however once pay changes, it is accounted for in the area in which the employee works.
    - ($280 thousand) Position Classification changes net downward.
    - ($136 thousand) Organizational entity changes resulted in shifts in costs and responsibilities between divisions; Three position transferred to Admin and Human Resources (Division 2).
- **($9,745 thousand) Decrease in Outside Professional Services** – Increases/(Decreases) most significantly influenced by the following
    - ($2,987 thousand) Decrease in GASB 96: SBITAs amortization
    - ($2,807 thousand) Expenses that were reclassified from Capital to O&M in 2025 and are not anticipated to recur in 2027
        - ($1,235 thousand) Biogas project cancelled.
        - ($737 thousand) REGAL project cancelled.
        - ($650 thousand) PSCo Interconnection Study.
        - ($185 thousand) Electric Transmission Infrastructure Corrective Maintenance.
    - ($2,069 thousand) Watershed Planning expenses transferred to Operations Division (Division 7)
        - ($1,391 thousand) USFS Rocky Mountain Watershed Partnership.
        - ($678 thousand) Pikes Peak Forest Management Plan Colorado State Forest Service (CSFS).
    - ($662 thousand) The closeout of North Slope Pikes Peak Resiliency/Restoration Grant in 2026, with no corresponding expenditures planned in 2027.
    - ($639 thousand) 2025 Wilson tank demolition.
    - ($461 thousand) Tolleson WTP Program Improvement.
    - ($255 thousand) Wastewater condition assessments.

    - ($178 thousand) Engineering programs, studies, and analysis activities completed in 2026, with no corresponding work planned in 2027
        - ($98 thousand) Raw Water Linear Asset Program.
        - ($80 thousand) Electric Distribution Planning Program.
    - ($234 thousand) Raw Water Linear Asset Program.
    - ($157 thousand) Utilize less agency temporary labor.
    - $600 thousand New 2027 Budget Water Infrastructure Planning Consulting item: the Pine Valley/MCC Water Treatment Plant (WTP) Facility Plan.
    - $104 thousand net Increase in New 2027 Budget Water Infrastructure Planning Consulting item: Variable Cost of Water Report.
- **$153 thousand Increase in Equipment Lease & Maintenance** – Increases/(Decreases) most significantly influenced by the following
    - $725 thousand New 2027 Budget Software Maintenance Fee: Procore project management tool.
    - ($572 thousand) Organizational entity changes resulted in shifts in costs and responsibilities between divisions
        - ($307 thousand) 2024 Plexos payment recorded in 2025, beginning in 2026 the payment was transferred to Customer & Enterprise Services (Division 5).
        - ($188 thousand) Southwire software maintenance agreement was transferred to the Operations Division (Division 7) beginning in 2026.
        - ($77 thousand) net Decreases in multiple smaller software maintenance agreements transferred to the Customer & Enterprise Services (Division 5) beginning in 2026.
- **$6 thousand Increase in Buildings & Utilities** – Field office leases.
- **$2,273 thousand Increase in Office Expenses, Materials & Supplies** – Increases/(Decreases) most significantly influenced by the following
    - $2,589 thousand A change in the accounting treatment for the Arkansas River Exchange Leasing agreement with the Board of Water Works of Pueblo. In 2025, costs were amortized over the service period, while beginning in 2026 the full-lump-sum payment is expensed when incurred, increasing annual expense recognition.
    - ($185 thousand) Purchased Water associated with Navigators.
    - ($131 thousand) net Decrease in production and treatment materials and supplies, driven by lower spending across various smaller water operations and treatment-related supply categories.
- **$71 thousand Increase in Travel, Education & Employee Expenses** – Southwest Power Pool (SPP) participation, industry meetings, conferences, and training activities.
- **$528 thousand Increase in Conserve, Safety, Customer Assist & Financial Info** – Increases/(Decreases) most significantly influenced by the following
    - $400 thousand New 2027 Budget item: Colorado Water Conservation Board (CWCB) Large Landscape Transformation grant-funded program expenditures in 2027.
    - $210 thousand Clean Heat Plan
    - ($82 thousand) net Decreases in Water Audits & Retrofits.
- **($233 thousand) Decrease in Professional/Industry Memberships & Publications** – Centralized this line item in Corporate. Overall decrease is ($381 thousand).

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GLOSSARY OF TERMS

Acre-feet (AF) – The volume (as of irrigation water) that will cover one acre to a depth of one foot.

Adjusted debt service coverage ratio – Adjusted debt service coverage is a measure of an organization's ability to pay its debt service obligations. The ratio is calculated as follows: (Net revenues/ Debt Service). Springs Utilities reduces net revenues by surplus funds transferred to the City in this calculation.

Advanced Metering Infrastructure (AMI) – An integrated communications and data network of advanced metering, automation, and sensing devices, which enable improved operating efficiencies and end user consumption information.

Airport Peak Innovation Park (**APIP)** – Planned commercial and industrial development area within the Colorado Springs Airport property.

Annual Operating and Financial Plan (**AOFP)** – The annual plan that financially moves Springs Utilities toward achieving our strategic destination. The AOFP provides financial data based on analysis of the current budget.

Appropriation – Sources and Uses of Funds approved through ordinance by City Council.

Authorities – A legal entity of two or more participants organized to accomplish a mutually advantageous goal. Springs Utilities currently participates in several Authorities created for the acquisition, collection, and/or storage of water.

Authority debt service – Off balance sheet principal and interest obligations related to the Authorities Springs Utilities currently participates in, such as the Fountain Valley Authority.

Automated Meter Reading (AMR) – Using wireless radio transmitters, AMR remotely reads customer meters and then transfers the data into the billing system. Springs Utilities utilizes AMR for meter reads for all services.

Bond amortization expenses – The recognition of bond expenses over the life of the issue.

Bond interest – Interest on bonds issued.

Bond proceeds – Monies that Springs Utilities receives when it sells bonds to fund major capital projects. The proceeds are normally net of bond issuance expenses.

Bond proceeds applied – Funds that are spent in an accounting period, such as a budget year, which are obtained through bond financing.

Bond ratings – A measure of the quality and safety of a bond, based on the issuer's financial condition; more specifically, an evaluation from a rating agency indicating the likelihood that a debt issuer will be able to meet scheduled interest and principal repayments. Springs Utilities maintains a "Aa2" as rated by Moody's, a "AA" as rated by Standard & Poor's, and a "AA" as rated by Fitch Ratings.

Capital expenditures – Capital expenditures are those investments in property, plant, and equipment that have a useful life that is greater than one year (depreciable assets) and an expenditure threshold equal to or greater than $5,000. They can be comprised of either constructed or purchased assets and are distinguished from Operation and Maintenance expense.

Capital outlay – Capital outlay is the amount used during a period to acquire or improve long-term assets such as property, plant, or equipment.

Capitalized interest – Interest payments on bonds that are capitalized over the life of a project rather than expensed in the current year. This applies primarily to the Southern Delivery System.

CCF / ccf – 100 cubic feet

CF / cf – Cubic feet

Change in cash on hand – A change in total cash position during a specific reporting period. As used in the sources and uses statement, this will define cash used as a source of funds or cash additions as a use of sources.

City – City of Colorado Springs

City Charter – The City of Colorado Springs is a Colorado home rule municipality operating under its City Charter. The Charter defines the basic legal requirements and process for approval of the budget, along with the annual appropriation ordinance, annual sources ordinance and any supplemental appropriations.

City Code – The Colorado Springs City Code encompasses any regulation or provision required and/or enforced within the City of Colorado Springs (coloradosprings.gov).

City gate – Point at which a local utility distribution system connects to the interstate pipeline. This facility reduces the pressure of the natural gas from its transmission rate (from 200 to 1,500 pounds per square inch) down to a rate more appropriate to consumer usage (as low as 3 psi). The city gate also adds sour-smelling Mercaptan to the naturally odorless gas to make it easier to quickly sniff out a natural gas leak.

Colorado Renewable Energy Standard – legislation signed on March 22, 2010, by Governor Bill Ritter (HB 1001) requiring that 30 percent of Colorado's electricity come from renewable energy sources by 2020. (c2es.org)

Common bond reserve fund – Classified as a restricted investment, this fund is derived from a mixture of bond proceeds and customer revenues. This fund was established for the benefit of bondholders to prevent deficiencies in the payment of principal and interest on outstanding Senior Lien debt. Deposits are not required if the fund is not less than a minimum reserve as prescribed by the Bond Ordinance. Any excess may be transferred to the unrestricted fund (Income Fund).

Construction funds applied – These are unspent construction funds borrowed in previous time periods or use of fund balance (reserve to meet contingencies and unforeseen events). Funds applied are carried forward into the new budget year.

Contribution in Aid of Construction (CIAC) – These are tariff-based fees, fees that offset construction costs and developer contributed plant. These can also be cash and non-cash contributions from developers for specific projects. A primary example is the development charge on new water and wastewater connections to Springs Utilities' system. A development charge is assessed for connection to the water and wastewater systems to compensate existing customers for the costs of developing the current system and to help pay for the growth of the system caused by new customers.

Critical Infrastructure Protection (CIP) – Coordinated efforts to improve and sustain physical and cyber security especially regarding the bulk power system of North America and reliability, i.e., standards development, compliance enforcement, assessments of risk and preparedness, disseminating critical information via alerts to industry, and raising awareness of key issues. (nerc.com)

Customer rebates – Springs Utilities offers several rebates for energy and water efficiency updates to customers to help them conserve resources and save money, including but not limited to windows, furnace, and irrigation controllers.

Days of cash on hand – This metric is an indication of Springs Utilities' ability to fund Operations & Maintenance expenditures at any given time. It is calculated as follows: Unrestricted cash and cash equivalents/ (Average Annual Net Cash Expense /# of days in the year).

Debt – To raise cash for a portion of capital improvements, Springs Utilities sells bonds to investors. The timing and the size of the bond issue is determined by the amount of capital spending identified in financial forecasts, for the following budget year. Debt service includes both the principal and interest payments to investors.

Depreciation – Depreciation represents the use of capital assets over their expected useful life. Eventually all physical assets wear out or become obsolete. Depreciation recognizes this fact but does not represent either an actual cash outflow or cash inflow.

Derivatives – Contracts which derive their value from underlying assets, such as commodities and bonds. Buyers and sellers often hedge against uncertainty about future price by making a contract for future trading at a specified price. The contract is a financial instrument called a derivative. An interest rate swap contract is a current example of a Utilities derivative instrument.

Distribution Integrity Management Regulations (DIMP) – Integrity management regulation to identify, prioritize and mitigate risks to the gas distribution system.

Electric Cost Adjustment (ECA) – Mechanism that tracks and passes through to customers the actual cost of purchased fuel or purchased electricity. Adjustments can be decreases or increases.

Electric Integrated Resource Plan (EIRP) – Long-term strategic plan which establishes the planning goals and principles and identifies the preferred future electric resource portfolio.

Federal Energy Regulatory Commission (FERC) – An independent agency which regulates the interstate transmission of electricity, natural gas, and oil. (ferc.gov)

Financial metrics – Springs Utilities sets financial targets to measure performance in specific areas which enable the organization to financially sustain a "AA" bond rating.

Fixed cost coverage ratio – Total fixed costs coverage is the ratio of net pledged revenues to debt service on long-term debt including fixed Operations & Maintenance contracts and fixed capacity payments. Fixed cost coverage ratio is calculated as: (Net pledged revenues available for Debt Service + Authority Debt Service + Electric Capacity Payment)/(Springs Utilities' Debt Service + Authority Debt Service + Electric Capacity Payments).

Franchise fees (taxes) – Springs Utilities pays a franchise fee to other cities to provide electric and natural gas service within their municipal boundaries**.**

Gallons per day (gpd) – Measurement of fluids.

GASB – Governmental Accounting Standards Board. Springs Utilities financial statements are prepared in accordance with accepted accounting principles in the United States of America as applied to units of local government, which are promulgated by GASB.

Gas Cost Adjustment (GCA) – Mechanism that tracks and passes through to customers the actual cost of the purchased natural gas. Adjustments can be decreases or increases.

Gas Integrated Resource Plan (GIRP) - Long-term strategic plan which establishes the planning goals and principles and identifies the preferred future gas resource portfolio.

Green Mountain Falls – A community located west of Colorado Springs.

Heating degree days – The number of days times the number of degrees that the average temperature is below 65 degrees Fahrenheit.

Hedging (or price hedging) – Method to reduce the risk of loss caused by price fluctuation. It consists of the purchase or sale of equal quantities of the same or similar commodities in two different markets at the same time, with the expectation that a future change in price in one market will be offset by an opposite change in the other market.

Inter-service eliminations – Deduction of revenue and operating expense generated internally and between services. These amounts are reflected when each service is reported, but "eliminated" when consolidated results are reported to prevent double counting of internal revenues and their corresponding operating and maintenance expense.

Integrated resource plan – A long-term strategic plan that combines technical analysis and public participation for business development in the various services.

Interest expense – Interest expense is the cost of borrowing funds. It is shown as a financial expense item within the income statement.

Interest income – Springs Utilities invests certain cash assets to receive interest earnings until that cash is needed. All interest earned is recorded as interest income.

Joint venture – A contractual agreement that joins two or more parties for the purpose of executing a business undertaking. All parties agree to share in the profits and losses of the enterprise.

Kilovolt (kV / KV) – A unit of potential equal to 1,000 volts.

Kilowatt (KW) – A unit of potential equal to 1,000 watts.

Kilowatt hour (kWh) – The work performed by one kilowatt of electric power in one hour. A kWh is the unit on which the price of electrical energy is based. Example: a 1000-watt light bulb operating for one hour will use one kWh.

Liquidity – Liquidity refers to how quickly an asset can be turned into cash, used up, or expires; used in reference to assets, which are listed on the balance sheet in the order of their liquidity.

Mcf – 1,000 cubic feet

Manitou Springs – A community located four miles west of Colorado Springs.

Mark-to-Market valuations – An accounting procedure by which assets are "marked," or recorded, at their current market value, which may be higher or lower than their purchase price or book value.

Measure – Statement of how success in achieving an objective will be measured and tracked. Measures are written statements of what we will track and trend over time, not the actual targets such as direction and speed.

Megawatt (MW) – 1,000 watts

Megawatt hour (MWh) – A unit of energy, especially electrical energy, equal to the work done by one watt acting for one hour and equivalent to 3,600 joules.

mgd – Millions of gallons per day

Mission – A statement that defines the reason an organization exists. Springs Utilities' mission is to provide safe, reliable, competitively priced electric, natural gas, water, and wastewater services to our citizen-owners and customers.

Non-Fuel, Non-Labor Operations & Maintenance – See Operations & Maintenance expense.

Nonpotable – Water not suited for drinking.

North American Electric Reliability Corporation (**NERC)** – The electric reliability organization (ERO) certified by the Federal Energy Regulatory Commission to establish and enforce reliability standards for the bulk power system. (nerc.com)

Off-system sales – Electric sales outside of the system.

OPEB – Other Postemployment Benefits.

Operating cash – Operating cash, classified as unrestricted cash, is derived from customer revenues and excess earnings from restricted funds. These funds are used to pay for operating and maintenance expenses and the portion of capital activities not covered by bond proceeds. The major accounts included are the operating checking, savings, petty cash, and excess cash in deposit accounts linked to an investment safekeeping institution.

Operating income – Operating revenues less operating expense.

Operations & Maintenance expense – Day-to-day expenses that Springs Utilities incurs to produce and deliver electricity, natural gas, water, and wastewater treatment. The major categories of Operations & Maintenance expenses are (1) labor, (2) purchased fuel, power, and gas, and (3) operating and maintenance expense (all other Non-Fuel and Non-Fuel expenses).

Operating revenue – Revenue which Springs Utilities receives from customers for the sale of electricity, natural gas, water, wastewater, and streetlight use. Miscellaneous revenues are also included in this category.

Other reserve funds – Typically classified as restricted cash and investments, these funds are derived from bond proceeds. They are also established for the benefit of bondholders to prevent deficiencies in the payment of principal and interest on outstanding debt but are established for Subordinate Lien Bondholders when a Surety Bond has not been purchased for the same purpose.

Overhead (OH) – Electric distribution lines located above ground.

Principal and interest funds – Principal and interest funds, classified as restricted investment, are derived from operating or income funds and are used to pay debt service.

PSIA – Pounds per square inch (absolute pressure)

Purchased fuel, power, and gas – Springs Utilities purchases coal, natural gas, and other fuels for electric generation, natural gas for gas system distribution, and electricity from other suppliers. These expenses comprise purchased fuel, power, and natural gas.

Public Utilities Commission (PUC) – Operated in each state, the Colorado PUC is a Colorado entity which has full economic and quality of service regulatory authority over intrastate telecommunication services, and investor-owned electric, natural gas, and water utilities, as well as partial regulatory control over municipal utilities and electric associations.

Purchased Power – Electricity purchased by Springs Utilities from other suppliers; a component of purchased fuel, power, and natural gas.

Purchased Power Agreement (PPA) – A long-term contract between an electricity generator and a customer, usually a utility, government, or company. PPAs may last anywhere between 5 and 20 years, during which time the power purchaser buys energy at a pre-negotiated price.

Rebate funds –Typically classified as restricted investments, these funds are derived from customer revenues and excess earnings from restricted funds. They are subject to First Lien Bond provisions and may be required to be remitted to the U.S. Treasury because of arbitrage calculations.

Regional Haze Rules – In 1999, the U.S. Environmental Protection Agency finalized the Regional Haze Rule which calls for state, tribal and Federal agencies to work together to improve visibility in 156 national parks and wilderness areas; including the 21 Class I Wilderness areas managed by the U.S. Fish and Wildlife Service.

Regional Transmission Organization (RTO) – The United States is an electric power transmission system operator (TSO) that coordinates, controls, and monitors a multi-state electric grid. The transfer of electricity between states is considered interstate commerce, and electric grids spanning multiple states are therefore regulated by the Federal Energy Regulatory Commission (FERC).[1]

Remarketing, liquidity, and other financing fees – Various fees including those paid to a Remarketing Agent for computing rates applicable to variable rate bonds, and for arranging the remarketing (re-selling) of any variable rate bonds tendered for purchase by the bond owners and fees paid to a Liquidity Provider (usually a bank) for agreeing to purchase any variable rate bonds tendered. It also includes the costs for the line of credit, rating agency annual review costs, arbitrage expenses, the cost of swap valuations, disclosure expenses, and miscellaneous financing costs.

Restricted cash and investments – A distinction are made between restricted and unrestricted funds when managing cash and investments. Restricted cash and investments consist of acquisition funds, principal and interest funds, common bond reserve funds, other reserve funds, and rebate funds.

Sedimentation – The process of depositing sediment (matter that settles to the bottom of a liquid), settling.

Single Family Equivalent (SFE) – Single family household.

Sources of funds – The origination of cash received by Springs Utilities to pay for various activities of the organization. There are three major categories of cash sources: operations, financing and investments/other. The primary source of cash is from operations; customers paying for the utility services provided to them. The second largest source is from financing. As needed, Springs Utilities generates cash from selling bonds to investors to pay for capital improvements of the system. The remaining cash receipts include cash from interest on investments, contributions-in-aid, and customer deposits.

Southwest Power Pool (SPP) – A nonprofit corporation mandated by the Federal Energy Regulatory Commission to ensure reliable supplies of power, adequate transmission infrastructure and competitive wholesale electricity prices on behalf of its members.

Supervisory Control and Data Acquisition (SCADA) – A process control system that is used in myriad applications, including manufacturing, communications, distribution (water, gas, power) and heating, cooling, and security in buildings. A SCADA system collects data from sensors in local and remote locations and sends them to central computers to control local machinery.

Surplus Payments to the City – Springs Utilities provides for surplus payments to the City based on a fixed rate per kWh of electricity, Mcf at 14.65 psi of natural gas delivered and cf water delivered within the City limits, without exclusion for interdepartmental deliveries.

Sustainable Energy Plan (SEP) – A set of projects necessary to achieve the Utilities Board's direction as set forth in the 2020 Electric and Gas Integrated Resource Plans.

Territorial generation – Electric generation within Springs Utilities' certificated service territory.

Third-Party Billing – A form of billing where an intermediary manages the invoicing and payment between a purchaser and a vendor.

Time and materials – Time and materials accounts include revenues and expenses applicable to operations which are non-utility in character but nevertheless constitute a distinct operating activity. Specifically, damages to utility equipment by third parties and Springs Utilities subsequent billing to those third parties for reimbursement of repair work are recorded to time and materials accounts.

Underground (UG) – Electric transmission, distribution lines located below/under the ground.

Use of funds – Springs Utilities budgeted expenditure for cash received. The use of cash is reported using the same major categories: operations, financing and investments/other. The largest use of cash is for operational expenses; labor, fuel, and other expenses related to the day-to-day operation and maintenance of Springs Utilities' systems. The amount of operating cash used to pay for capital projects is also identified. Financing costs represent the principal and interest payments for the outstanding bond issues. Investments/other include purchase of investments, payments for joint ventures, and other cash expenses.

WRRF – Water Resource Recovery Facility

Watershed – A region or area bounded peripherally by a divide, and draining ultimately to a particular watercourse or body of water.

Watt – The absolute meter-kilogram-second unit of power equal to the work done at the rate of one joule per second or to the power produced by a current of one ampere across a potential difference of one volt**:** $^{1}/_{746}$ horsepower.

Western Area Power Administration (WAPA) – One of four power marketing administrations within the U.S. Department of Energy whose role is to market and transmit electricity from multi-use water projects. WAPA's mission is to market and deliver reliable, renewable, cost-based hydroelectric power and related services within a 15-state region of the central and western United States.

Wheeling – Refers to the ability of an energy consumer to select their own energy supplier, or "wheel in" energy from one of two or more different suppliers. Springs Utilities primarily wheels electricity from WAPA to local military bases and charges for the use of the transmission system.

Working capital – Current assets minus inventories minus prepaids minus current liabilities.

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APPENDIX

Hold for 2027 Annual Budget Ordinance.

Hold for 2027 Annual Budget Ordinance.

Hold for 2027 Annual Budget Ordinance.

Hold for 2027 Source of Funds Ordinance.

Hold for 2027 Source of Funds Ordinance.

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