

MINUTES

Colorado Springs Utilities Board and Utilities Policy Advisory Committee Joint Meeting Tuesday, Jan. 16, 2024

Utilities Board members present via Microsoft Teams or Blue River Conference Room:

Chair Dave Donelson, Vice Chair Yolanda Avila, Randy Helms, Nancy Henjum, Lynette Crow-Iverson, Brian Risley and David Leinweber

Utilities Policy Advisory Committee members present in the boardroom or via Microsoft

Teams: Chair Larry Barrett, Vice Chair Hilary Dussing, Gary Burghart, Michael Borden, Katherine Danner, Scott Smith, David Watson and Chris Meyer

Utilities Board Members Excused: Mike O'Malley and Michelle Talarico

Staff members present via Microsoft Teams or Blue River Conference Room:

Travas Deal, Renee Adams, Somer Mese, Mike Francolino, Tristan Gearhart, Lisa Barbato, Scott Shirola, Leslie Smith, Bethany Schoemer and Nicole Means

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

Renee Congdon and Chris Bidlack

Citizens present via Microsoft Teams or Blue River Conference Room: Kevin Walker, Marla Novak and Joe Loidolt

1. Call to Order

Utilities Board Chair Donelson called the joint Utilities Board and Utilities Policy Advisory Committee (UPAC) meeting to order at 1:02 p.m.

2. Introductions and Purpose

Board Chair Donelson welcomed everyone to the meeting and proceeded with introductions. Utilities Board Members and UPAC members took turns introducing themselves.

Board Chair Donelson explained the purpose of the joint meeting is to share additional materials in support of the Cost Recovery Assignment and use the discussion to provide information for the Utilities Board to conclude the assignment. Board Chair Donelson explained at the end of the meeting the Utilities Board can

accept UPAC's recommendations and take it under advisement in the 2025 ratemaking process or make an alternative recommendation.

3. Assignment Overview

UPAC Chair Larry Barrett presented an overview of the Cost Recovery Assignment. He explained the need for the assignment as continued changes within and outside City limits require investment in new Colorado Springs Utilities resources and infrastructure. Additionally, UPAC Chair Barrett summarized the work of the committee throughout the assignment. He reviewed the current cost recovery mechanisms: system extension fees, capacity fees for existing systems and capacity fees for planned additions, as well as the current impact of growth on rates. Lastly, Mr. Barrett reviewed the committee's recommendations for cost recovery for electric, gas, water and wastewater.

4. Industry Workshop Feedback

Ms. Leslie Smith, Customer Insights Supervisor, presented this item. She gave an overview of the industry workshop hosted by Springs Utilities on Nov. 1, 2023, which collected feedback on the four pillar questions of the Cost Recovery Assignment from industry members including the Colorado Springs Housing and Building Association (HBA), the Colorado Springs Chamber and EDC, the Pikes Peak Association of Realtors and the Apartment Association of Southern Colorado.

Ms. Smith summarized the industry feedback from the meeting including capacity and resource concerns, understanding what benefits the community, building to peak vs. building to load, assets considered in growth, incentives for efficiency and conservation and decreasing marginal revenue.

5. Residential Customer Survey Results

Ms. Smith discussed the results of the residential customer survey regarding questions about growth, housing and rates. The results were collected from September-October 2023 from the Springs Utilities' customer panel and include 492 complete surveys, 2,200+ customer comments and quota sampling to match demographics. Ms. Smith explained the considerations for the customer panel including differing generations, education, income and home ownership or renter status.

The key takeaways from the survey are as follows: most customers support community growth; growth is more accepted when viewed as "smart" or "planned" and attainable housing has strong support among customers. Additionally, customers are not supportive of increasing rates to support community growth or attainable housing; customers believe the obligation to recover costs belongs to developers or as a shared expense and customer segmentation shows differing motivations and beliefs on community growth.

Board Member Crow-Iverson asked a clarifying question regarding the statement that there is more interest in using rates to support attainable housing than community growth. Ms. Smith explained the reason for this question was to introduce the idea of attainable housing to see if customers thought this cost should go into rates. Board Member Henjum added input that this question shows there is a need to explain to customers the connection between growth impacting attainable housing. Ms. Smith agreed and referred to a previous question that customers also do not understand what goes into their rates. UPAC Member Scott Smith asked whether customers understand the current cost recovery mechanisms or if they think it's an all or nothing.

Ms. Smith review the final question of the survey which seeks to determine how customers' opinions on growth influence their opinions for cost recovery. For individuals in support of growth, the majority (58%) desire to share the costs. For individuals against growth, the majority (57%) desire to charge developers for the costs.

6. Group Discussion

Board Chair Donelson opened the floor for a group discussion. Board Member Leinweber made a comment regarding the affordable housing crisis and informing residents and customers of the crisis. Ms. Smith explained the method for all surveys, in particular avoiding bias and polarization when asking questions.

Board Member Henjum asked a question about including the HBA in the survey. Ms. Smith explained the HBA gave input into the assignment but not the survey in order to keep the survey unbiased. In response to a question from Board Member Henjum, Mr. Tristan Gearhart, Chief Planning and Finance Officer, explained the results of this survey point to a need for customers to understand what is in their bill. He expressed reliability is the highest concern of customers, especially considering the most recent cold snap, but Springs Utilities must always consider rates and relationships as well.

Mr. Kevin Walker, Housing and Building Association of Colorado Springs (HBA), shared that the HBA has sent a letter sharing their feedback regarding the Cost Recovery Assignment. Mr. Walker expressed the organization does not believe the recommendation goes far enough or is in the best interest of Springs Utilities and the community. Mr. Walker stated Springs Utilities staff have done a good job communicating, and he believes they will get to the point of agreement. Mr. Walker expressed there was not enough conversation about how investments we make today will benefit future ratepayers and the costs they pay.

UPAC Member Mr. Gary Burghart asked Mr. Walker which UPAC recommendation the HBA disagrees with. Mr. Walker stated the changes to electric and gas cost recovery are the most impactful for their organization. Mr. Walker explained adding costs to housing development is too simple of an answer.

7. Next Steps

Board Chair Donelson directed the Utilities Board to consider two options. The first option is the Utilities Board can accept the recommendation put forward by UPAC. Accepting the recommendation means the Board will take UPAC's recommendation under advisement and evaluate its application in the 2025 ratemaking process. The second option is the Utilities Board can decide to go through each line item and approve or disapprove implementation of UPAC's recommendation.

The Utilities Board Members unanimously supported accepting the recommendation and to evaluate it during the 2025 ratemaking process.

Board Member Leinweber expressed that he would like more information regarding data on the amount of housing needed in Colorado Springs. Ms. Lisa Barbato, System Planning and Projects Officer, proposed the request is done through the City of Colorado Springs rather than Springs Utilities.

Board Member Helms clarified that their acceptance means they will evaluate UPAC's recommendation later, but the Utilities Board is not specifically implementing UPAC's recommendation.

8. Closing Remarks

Board Chair Donelson thanked the members of UPAC for their time and effort on the Cost Recovery Assignment.

Board Member Henjum commented that the UPAC assignment was slowed down and revised in response to feedback from the HBA. She expressed Springs Utilities and the HBA have everything in common and want the same thing for the City and will work together to compromise moving forward.

9. Adjournment

The meeting adjourned at 2:44 p.m.