

AGENDA

June 16, 2025

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9:00 a.m.	Call to Order Pursuant to the Colorado Open Meetings Law and the City Charter, since three or more members of the Utilities Board may be attending this public meeting, it is noticed and open to the public. Pursuant to the Utilities Board Bylaws, this Committee of the Utilities Board will not accept public comments at this meeting.	Board Chair Donelson
9:05 a.m.	Acceptance of Minutes May 19, 2025 Working Committee Minutes	Committee
9:10 a.m.	Safety Moment: National Safety Month	Somer Mese, Chief Operations Officer
9:15 a.m.	Compliance Reports: - I-2 Financial Condition and Activities (to include Contracts Over \$500K**) G-7 (Quarterly January-March) E-2 CEO/Board Partnership Responsibilities - Electric Cost Adjustment/Gas Cost Adjustment/Electric Capacity Charge/Gas Capacity Charge Adjustment	Tristan Gearhart, Chief Planning and Financial Officer Scott Shirola, Pricing and Rates Manager
10:00 a.m.	2025ABC Bond Ordinance	Adam Hegstrom, Treasury and Finance Manager
10:25 a.m.	2010C Liquidity Replacement Ordinance	Adam Hegstrom, Treasury and Finance Manager
10:40 a.m.	South Suburban Closure	Brian Wortinger, Water Wastewater Field Operations Manager Mike Cobb, Water Wastewater Field Operations Superintendent
11:00 a.m.	Adjournment	Board Chair Donelson

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MINUTES
Working Committee
May 19, 2025

Committee members present via Microsoft Teams or Rosemont Conference Room:

Board Chair Dave Donelson, Tom Bailey, Lynette Crow-Iverson, Kimberly Gold, Nancy Henjum, David Leinweber, Brian Risley and Vice Chair Brandy Williams

Committee members excused:

Roland Rainey

Staff members present via Microsoft Teams or Rosemont Conference Room:

Travas Deal, Renee Adams, Lisa Barbato, Mike Francolino, Tristan Gearhart, Somer Mese, Sara Akins, Jay Anderson, Joe Awad, Alex Baird, Pattie Benger, Andrew Colosimo, Jeff Courtright, David Dalton, Matt Dudden, Jennifer Franceschelli, Kim Gortz, Jason Green, Ginny Halvorson, Adam Hegstrom, Tyrone Johnson, Jennifer Jordan, Birgit Landin, David Longrie, Emily Magnuson, Nicole Means, Jason Messamer, Jared Miller, Danielle Nieves, Dan Norton, Christopher Olney, Abigail Ortega, David Padgett, Gail Pecoraro, Joseph Rasmussen, Jason Rigler, Bethany Schoemer, Mark Shea, Scott Shirola, Debbie Snyder, Timothy Shawn, Amy Trinidad, Lisa Walters, Natalie Watts, Al Wells and Justin Zeisler

City of Colorado Springs staff present via Microsoft Teams or Rosemont Conference Room:

David Beckett, Chris Bidlack, Victoria Classen, Renee Congdon and Matthew Vanlandingham

Citizens present via Microsoft Teams or in the Rosemont Conference Room:

Albert Badeau, Larry Barrett, Kate Danner, Chris Meyer and David Watson

1. Call to Order

Board Chair Dave Donelson called the meeting to order at 9:01 a.m. Ms. Gail Pecoraro, Utilities Board Administrator, read a statement regarding the Colorado Open Meetings Law and City Charter and stated that public comment would not be a part of the meeting.

Those present in the Rosemont Conference Room introduced themselves.

2. Review of Minutes

Board Member Leinweber made a motion to accept the March 17, 2025 Working Committee meeting minutes. Board Member Crow-Iverson seconded the motion, and the motion passed unanimously, with Board Member Rainey excused.

3. Safety Moment: National Mental Health Month

Ms. Renee Adams, Chief Human Resources Officer, said that May is National Mental Health month. She said that the Total Worker Health Committee focuses on safety, mental health, and inclusion. This committee has events for the organization during May planned in celebration of National Mental Health month.

4. Compliance Reports

I-2 Financial Condition and Activities (to include Contracts Over \$500k**) G-7 (Quarterly Oct.-Dec. 2024)

Mr. Tristan Gearhart, Chief Planning and Financial Officer, said the reporting period for this quarterly report is Oct. 1 through Dec. 31, 2024. This compliance report is to ensure that the organization's financial condition and activities and actual expenditures are consistent with Board Expected results. Mr. Gearhart announced the CEO is in compliance with this report.

A copy of this report was included in the meeting materials packet.

Board Member Leinweber asked if any adjustments have been necessary because of tariffs. Mr. Mike Francolino, Chief Customer and Enterprise Services Officer, said that these are being tracked, but no actual adjustments have been necessary. Mr. Travas Deal, Chief Executive Officer, said that there is a contingency built into the budget for this. Current projects have not been affected, but future projects may be affected due to tariffs being imposed.

Board Member Henjum asked about the debt service coverage. Mr. Gearhart said that 2024 ended in a 20.9% debt ratio. Mr. Gearhart said that the biggest factor that drove these numbers was an outage at the Front Range Power Plant.

I-2 Financial Condition and Activities – Annual City Auditors Report G-7 and I-8 Asset Protection – Annual City Auditor's Report

Mr. Gearhart reviewed the I-2 Financial Condition and Activities – Annual City Auditors Report G-7 and I-8 Asset Protection – Annual City Auditor's Report, which concluded that Springs Utilities and the Chief Executive Officer were in compliance with the Utilities Board instructions.

A copy of this report was included in the meeting materials packet, and no questions were asked.

E-2 CEO / Board Partnership Responsibilities
Electric Cost Adjustment / Gas Cost Adjustment Update
Electric Cost Adjustment (ECA)

Mr. Scott Shirola, Manager of Pricing and Rates, stated that the ECA/GCA is reviewed at the Working Committee monthly, and a presentation is made quarterly for rate adjustments. Mr. Shirola said that it is important for the organization to have a flexible structure for ECA/GCA quarterly adjustments, since base rates were set through 2029 with the five-year rate case approved in 2024.

On Sept. 24, 2024, City Council approved the ECA rate of \$0.0301 per kWh effective Oct. 1, 2024. As of April 30, 2025, the ECA under collection balance was \$3.8 million. The under-collection balance changed by \$2 million from the \$5.8 million under-collection balance reported last month. Utilities will continue to provide regular updates to the Utilities Board as appropriate.

Gas Cost Adjustment (GCA)

On March 25, 2025, City Council approved the GCA rate of \$0.2804 per Ccf effective April 1, 2025. As of April 30, 2025, the GCA under collection balance was \$5.3 million. The under-collection balance changed by \$3.6 million from the \$8.9 million under collection balance reported last month. Utilities will continue to provide regular updates to the Utilities Board as appropriate.

Mr. Alex Baird, General Manager of Fuels and Purchase Power, said the natural gas market is a very nervous market. It adjusts on a weekly basis based on production and storage.

Board Chair Donelson asked what would need to occur in October if a summer rate increase is not implemented. Mr. Shirola said that he would need to research this question, and bring this information back at a future meeting.

5. Integrated Resource Planning (IRP)

Mr. Justin Zeisler, Water Resource Planning Supervisor, said that integrated resource planning is needed to help the organization responsibly plan for the future of our community considering resource constraints. The purpose of IRPs is to provide long-term strategies, guidance and policy direction, and to address supply and demand portfolio to develop system reliability and performance.

Each service line's IRP is different based on the planning horizon, regulatory requirements, and other factors.

Board Member Henjum asked what is included in the "Develop Foundation for IRPs" step of the Resource Planning Process. Mr. Zeisler said that many factors are included in this step including policies to determine they are appropriate. Mr. Deal said that many of these metrics are included in the Enterprise Scorecard such as reliability and costs.

Water

Mr. Zeisler described the planning considerations involved in the Water IRP. The conservative potential study is to achieve savings of 7,900-acre fee (AF) through 2070 and significant demand hardening after 2040. State regulations are on the rise for water loss control and turf prohibition.

Board Member Henjum asked what "significant demand hardening after 2040" refers to. This refers to optimizing new conservation opportunities in the future.

Board Member Leinweber asked how risk such as non-annexed residents having well water is factored in. Ms. Abigail Ortega, Infrastructure and Planning General Manager, said that these are taken into consideration when developing IRPs. The amount of water involved in these enclaves is not super impactful.

Board Chair Donelson asked how the 300 years of water in the enclave is determined. Mr. Zeisler said that El Paso County's land use regulations mandate that developers seeking approvals for new subdivisions demonstrate a 300-year water supply. This means the developer must prove they have enough water rights or water access to meet the projected water needs of the proposed development for 300 years. This is more stringent than the state's standard of 100 years and is intended to address concerns about groundwater depletion of the local confined aquifers amid rapid population growth in the metro area of northern El Paso County.

Board Member Henjum asked how engagement occurs with smaller water districts. Ms. Ortega said this occurs through Pikes Peak Regional Water Authority.

The Water IRP has a 50-year planning window: We have an integrated plan because we have a complex system, risk-based planning, climate and hydrology uncertainty and must account for buildout versus population growth.

The plan is adapted through a diverse portfolio of options. Less of one means more of another. The plan is developed through a 5-, 10- and 20-year Capital Improvement Plan and roadmap.

Items included in the plan are water sharing with agriculture, storage projects – different functional storage options, conservation and water efficiency and reuse.

Major items addressed in the IRP include Continental Hoosier System permitting, the water sharing program, storage, water reuse and conservation.

Electric

Mr. David Longrie, Energy Resource Planning and Innovation Manager, said the Electric IRP is aligned to the enterprise strategic objectives which are operational excellence, focus on the customer, financial accountability and support of the community. These objectives are taken into the public engagement phase. The output is a balanced capital plan, system strategies, and an action plan.

Planning steps include resource modeling, location optimization, balanced system plan integration and Request for Proposal (RFP) for generation, storage, infrastructure, and deliverability.

Board Member Risley asked where the request for 600 mw at the Peak Innovation Park began. Mr. Deal said that it came through the initial request from the City of Colorado Springs.

Board Member Crow-Iverson asked when this agreement may be finalized. Mr. Deal said that a meeting is scheduled for May 20, 2025.

Gas

Mr. Longrie said the gas planning policies and drivers include load growth, policy and regulation, reliability, capacity, and technological innovation.

The Gas Resource Forecast shows a new gas supply pipeline. This chart reflects a sufficient plan to have enough capacity in the future.

The Clean Heat Plan requires gas utilities to adopt programs to reduce greenhouse gas emissions with a 4% carbon emission reduction by 2025 with a 2% cost cap and 22% carbon emission reduction by 2030 with a 2.5% cost cap of retail sales.

The Demand Side Management (DSM) programs for the Clean Heat Plan (CHP) include:

- Increased rebate values for gas savings programs to promote customer adoption
- Added heat pump and heat pump water heaters to rebate offerings
- Launched a successful marketing campaign
- Hosted an inaugural Trade Ally event
- CHP funding for low-income housing through the Home Energy Assistance Program (HEAP).

Wastewater

Ms. Emily Magnuson, Wastewater Construction Planning Supervisor, said that monitoring future regulations when planning and executing projects is part of the planning considerations used in developing the wastewater IRP.

The Eastern Wastewater System Expansion Design will provide for the significant demand projected from eastern expansion and has a 50-year planning horizon.

The J.D. Phillips Water Resource Recovery Facility will undergo facility upgrades to include biological nutrient removal infrastructure upgrades and hydrocyclone design.

Board Member Henjum asked if the biogas project is still included in the plan. Ms. Magnuson said that this is being considered, although it is not part of the plan at this time due to costs.

The Northern Monument Creek Interceptor is a project that is currently in the design phase and contracted to 90% design and cost estimation. This project includes regional partnerships.

Mr. Deal stated there are two major wastewater projects that utilize current treatment assets. These are in different parts of town – the Eastern Wastewater System Expansion to the east and the Northern Monument Creek Intercept at the north end of the city.

6. North Slope Recreation Area Overview

Ms. Lisa Walters, Watershed Planning Project Manager, said the South Catamount Dam Rehabilitation project, which began in 2023, will require area trail closures through the spring of 2026.

The project scope includes:

- Analysis of existing public access and recreation activities on the North Slope Recreation Area
- Recommendations regarding the current recreation access and trails
- Addressing infrastructure protection and security, public safety and sustainability
- Developing alternatives for improved public access and recreational use of the North Slope Recreation Area
- Minimizing impacts of recreational activities on utilities-related operations and infrastructure, drinking water sources, and natural resources.

The public engagement schedule includes surveys scheduled to be sent to customers and a general recreation survey starting in May 2025. The schedule also includes initial public input in June 2025, and a report out on the results in October 2025. These include four in-person public meetings. The first public stakeholder meeting is scheduled June 10 with a follow-up virtual meeting scheduled June 12. The project is currently on schedule.

Board Member Leinweber asked if other revenue sources such as picnic pavilions have been considered to enhance this region. Board Member Leinweber asked where these ideas would be advanced. Ms. Walters said that these are being considered in the initial survey as well as the public stakeholder touch points.

Board Member Henjum asked if ideas will be elicited, and Ms. Walters said that the team is focused on the public experience with good access and trail plans. Ms. Kim Gortz, Water

Resources Management Manager, said that previous ideas are being considered and weighed with safety, with key criteria being met.

Another presentation on this item is planned for the Utilities Board in early fourth quarter 2025.

Board Member Crow-Iverson asked if the survey QR code for the survey can be sent to Board Members. Ms. Walters said that she can provide this code, but there is also a webpage being developed for this project.

7. Economic Development Update

Mr. Jared Miller, Strategic Customer Relations Manager, reviewed the Economic Development Program Dashboard. Mr. Miller said that his group collaborates with many different stakeholders on economic development prospects.

Vice Chair Williams asked if the revenue projection is tracked by service type. Mr. Mike Francolino, Customer and Enterprise Services Officer, said that it is tracked individually.

Board Member Risley asked if the Peak Innovation Park data is tracked separately and how the proportional measurements are made. Mr. Miller said it is tracked separately but it is not reflected on slides presented.

Year to date, there have been 27 prospects, with 2,780 estimated job impacts. The estimated capital investment is \$3.157 billion.

8. Brainstorm Topics for Next Utilities Policy Advisory Committee (UPAC) Assignment

The Utilities Board Members brainstormed topics for the next UPAC assignment. Suggestions included integrating Artificial Intelligence (AI) into the organization; alternative energy sources (biogas and geothermal); cost of decarbonization; and cost of regulatory mandates.

Mr. Deal told board members the purpose of UPAC is to look outside of what the organization is currently doing. He advised the Board to look at the measured outcome. Mr. Deal said that the assignment needs to be a self-contained assignment within UPAC, providing new information to the organization. Board Chair Donelson said that the scope of the project needs to be limited so that it can meet the deadline.

After discussion, the next UPAC assignment will be delayed until June 2025. Once the topic is determined at that time, the scope will need to be determined and voted on.

9. Adjournment

The meeting adjourned at 11:19 a.m.



Date: June 18, 2025

To: Utilities Board

From: Travas Deal, Chief Executive Officer

Subject: **Excellence in Governance Monitoring Report
Financial Condition and Activities (I-2)**

Desired Action: Monitoring

Compliance: The CEO reports compliance with the instructions.

INSTRUCTIONS			
Category:	Utilities Board Instructions to the Chief Executive Officer	Reporting Timeframe:	January 1, 2025 – March 31, 2025
Policy Title (Number):	Financial Condition and Activities (I-2)	Reviewing Committees:	Finance; Program Management Review
Monitoring Type:	Internal; City Auditor	Monitoring Frequency:	Quarterly, Annually
Guidelines:	Local Vendor (G-7)		

The Chief Executive Officer shall direct that financial condition and activities, and actual expenditures are consistent with Board Expected Results. Accordingly, the CEO shall:

1. *Operate within total appropriations for the fiscal year and inform the Utilities Board of:*
 - a. *Significant financial variances*
 - 2025 Total Use of Funds are projected to be \$1.7 billion a decrease of \$(157.6) million or (8.6)% from the 2025 Approved Budget of \$1.8 billion.
 - Fuel expenses are projected to be \$(165.1) million or (33)% under the approved budget primarily due to lower actual 2025 natural gas prices than those projected at the time of the 2025 budget appropriation.
 - Operating revenues are projected to be \$(52.5) million or (15.7)% under the approved budget due to a decrease in fuel costs that are being reflected in lower ECA/GCA revenue.
 - Capital expenses are projected to be \$2.1 million or <1% under the approved budget, primarily related to the Operational Fiber Network.
 - Non-fuel operating expenses are projected to be \$9.9 million or 2% over approved budget, most significantly influenced by emergency power plant outage and maintenance work, Bad Debt write-offs trending high, and Information Technology increases.

- Debt Service, Surplus Transfers, and Franchise Fees are projected to be \$(4.4) million or (1.7)% under the approved budget.

b. *Expenditures that exceed the Federal Energy Regulatory Commission capital and operating and maintenance budget classifications in electric, natural gas, water, wastewater and common.*

As of the end of the first quarter of 2025:

- Operating and maintenance expenses are projected to exceed the approved budget by \$0.4 million or 1% in Wastewater and \$4.1 million or 2% in Administrative and General
- Capital expenditures are projected to exceed the approved budget by \$24.5 million or 8% in Electric, and \$1.7 million or 4% in Gas

c. *Budget transfers and canceled major capital projects over \$500,000 in the Approved Budget or new major capital projects not funded in the Approved Budget.*

In the first quarter of 2025, there were 12 canceled capital projects, six in Electric, one in Gas, four in Water and one in Common:

- Sustainable Energy Plan Energy Integrated Resource Plan (EIRP) Implementation (193784) - \$42,120,000
- Sustainable Energy Plan Energy Integrated Resource Plan (EIRP) Implementation - Transmission (194133) - \$25,000,000
- Front Range CT 2 Rotor Replacement (193898) - \$6,750,000
- Management Reserve (100905,200905,300905,400905,500905) - \$6,368,395
- Ruxton 24" and 30" Raw Water Main Replacement/Rehabilitation (394790) - \$3,500,000
- Fuller Substation - Add Two New Feeders (194028) - \$2,385,000
- Pine Valley & McCullough DOVE Disinfection Improvements (394722) - \$2,250,000
- Reduced Briargate Tank (394771) - \$1,186,086
- Front Range HRSG1 Duct Burner (194109) - \$950,000
- Tollefson/Mesa Water Treatment Plant Upgrades Program Phase 2 and 3 (394761) - \$800,000
- Front Range CT1 Generator Rotor Rewind (194094) - \$600,000
- GPAP Cathodic Protection System (293212) - \$500,000

In the first quarter of 2025, there were 12 new capital projects, five in Electric, one in Gas, three in Water, one in Wastewater and two in Common:

- Sustainable Energy Plan - Horizon Power Plant (194144) - \$68,033,248
- Front Range High Energy Piping Insulation Replacement (194147) - \$7,993,039
- South Suburban Reservoir Emergency Repairs (394802) - \$5,051,331
- Penrose Dam Rehabilitation (394787) - \$4,900,000
- United States Air Force Academy - 34kV OH to UG - Oak Valley Tap to Tesla (194136) - \$1,719,771
- Las Vegas Complete Interior Renovation Project (495475) - \$1,500,000
- Fort Lyon Canal Company Shares Acquisition (394807) - \$1,007,000
- 30060 Gas FY 2023 PHMSA Grant (293218) - \$1,000,000
- Fontanero Mechanical Units Replacement Project (596734) - \$734,127

- Nixon 3 Combustion Inspection (194151) - \$684,477
- Clear Spring Ranch (GWUDI) Potable Water Project (194167) - \$675,000
- Pinkerton Lay Down Yard Expansion (596765) - \$540,000

2. Inform the Utilities Board of contracts that have been issued over \$500,000.

In the first quarter of 2025, there were 22 new contracts initiated over \$500,000.

Service	Description	Type	Contract Amount
Waste Water Service	Eastern Wastewater System Expansion Portfolio Owner's Engineer and Management	STANDARD	\$19,791,508
Water Service	South Suburban Reservoir Emergency Repair Project	STANDARD	\$5,621,595
Water Service	Austin Bluffs Pump Station and Transmission Pipeline and Austin Bluffs Tank Design and Engineering S	RELEASE	\$5,362,350
Multi Service	2025 Brokerage Fees	RELEASE	\$3,100,200
Multi Service	Fuel Agreement w/ City of Colorado Springs	RELEASE	\$2,500,000
Electric Service	Mobilization Fee	RELEASE	\$2,040,000
Electric Service	Electric Transmission & Distribution Light Detection and Ranging Survey (LiDAR) PHASE II	RELEASE	\$2,000,000
Multi Service	Customer Payment Options and Kiosk Pilot	RELEASE	\$1,800,000
Electric Service	LM2500 NGG Spare Parts- Font.wh	RELEASE	\$1,515,228
Multi Service	HEAP Program (Previous PO# 201619059)	RELEASE	\$1,319,617
Multi Service	F5 Big IP Hardware Support Service Renewal	RELEASE	\$1,090,314
Electric Service	Cable & Wire Alliance Jan 2025 Forecast	RELEASE	\$1,059,384
Electric Service	Cable & Wire Alliance march forecast	RELEASE	\$988,932
Electric Service	Apparatus Shop Materials	STANDARD	\$824,246
Waste Water Service	Concrete Drop Structures Cheyenne Creek	RELEASE	\$721,718
Multi Service	2025 Renewal - Oracle Utilities CC&B Licenses and Support	RELEASE	\$686,581
Electric Service	High Efficiency Cooling 2022 Midstream Program	RELEASE	\$680,762
Water Service	Badger Water Meters large order for meter exchange	RELEASE	\$619,499
Electric Service	S&C Pad Mounted Switches	RELEASE	\$610,230
Water Service	SDS Utility Bill payments - Acct 8202931472	RELEASE	\$600,000
Multi Service	Mass Customer Education Campaign	RELEASE	\$534,414
Multi Service	2025 Ford F550's for Barricades	RELEASE	\$517,160

In the first quarter of 2025, there were no existing contracts increasing to over \$500,000.

3. *Invest funds in accordance with Bond Ordinance requirements and Utilities Investment Plan.*

All cash and investments are in U.S. Treasury Notes, U.S. Agency securities, repurchase agreements, Local Government Investment Pools, and secured bank accounts that comply with Bond Ordinance investment requirements and the Colorado Springs Utilities Investment Plan.

4. *Ensure controls are in place for receiving, processing, or disbursing funds and allow only bonded personnel access to material amounts of funds.*

Colorado Springs Utilities maintains adequate controls that are reviewed annually by an external auditor. Appropriate personnel have access to material amounts of funds. In addition, the City of Colorado Springs' Risk Management team has expanded insurance coverage of high-risk employees through a shared Crime Insurance Policy, which affords a financial backstop for employee theft, forgery, money order tampering, counterfeit money, and other elements of potential fraud and misappropriation.

5. *Ensure receivables are resolved within a reasonable grace period.*

Days Sales Outstanding (DSO) is the average number of days receivables remain outstanding before being collected. At the end of the first quarter of 2025, there is 25.17 of DSO.

6. *Settle payroll and debts in a timely manner.*

These conditions have been achieved as of this monitoring report.

7. *Ensure tax payments or other government ordered payments are timely and materially accurate.*

These conditions have been achieved as of this monitoring report.

8. *Operate within the applicable sections of the Colorado State Procurement Code and Springs Utilities procurement policies and procedures assuring legal and fiscal compliance with competitive acquisition practices, conflict of interest, favoritism and procurement from local vendors.*

Colorado Springs Utilities maintains written purchasing regulations that assure legal and fiscal compliance with competitive acquisition practices, avoid conflicts of interest, avoid favoritism, and promote procurement from local vendors. Total spending associated with purchase orders and contracts with local area addresses is at 26.2% for the first quarter, with a target of 30%.

9. *Inform the Utilities Board of significant financial impacts on the Municipal Government.*

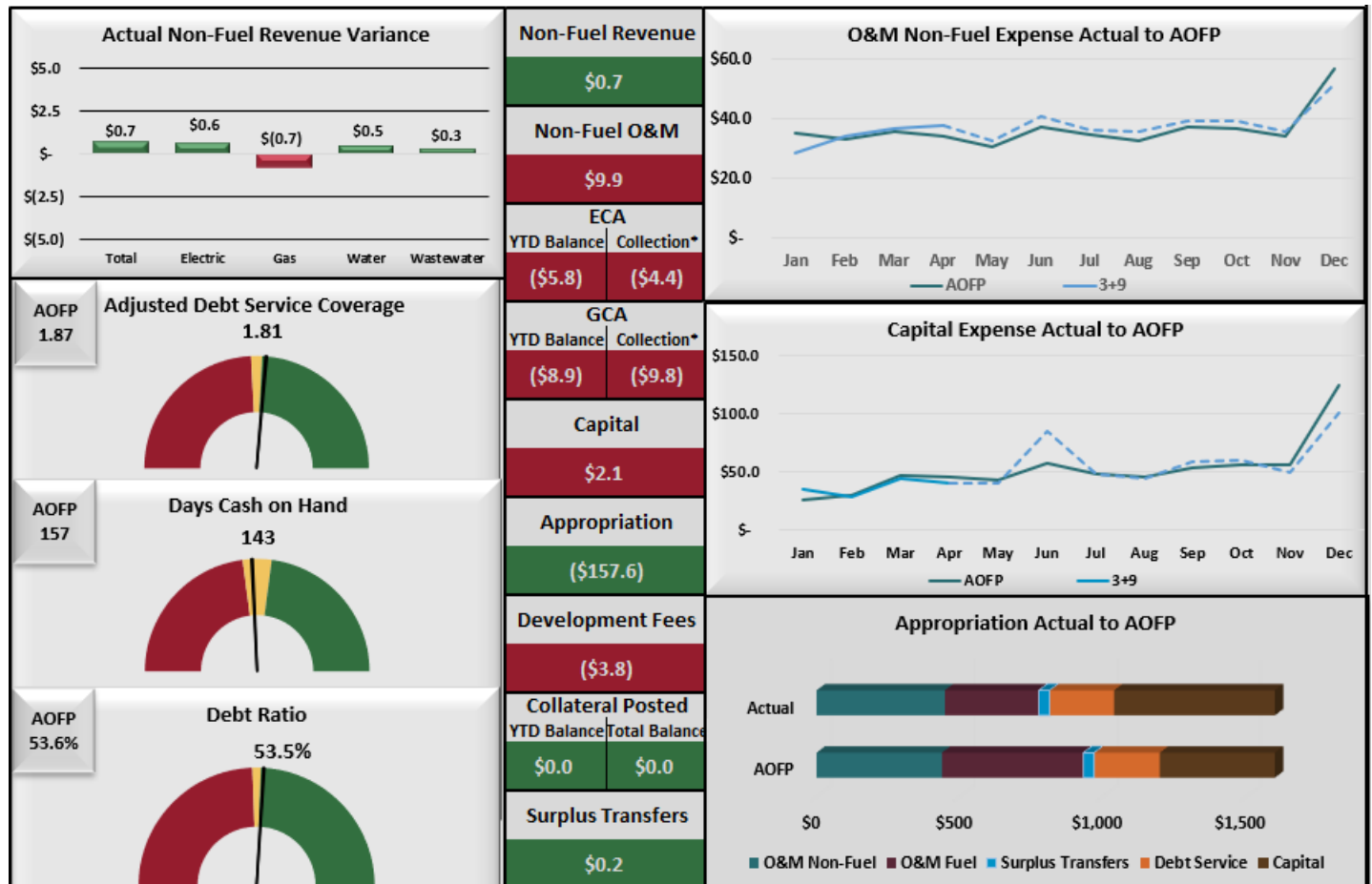
During the first quarter of 2025, there were no significant financial impacts on the Municipal Government.

Colorado Springs Utilities Executive Summary - Variance Analysis For the 3+9 Projected Year-End December 31, 2025

The Executive Summary - Variance Analysis is intended to serve as an objective, easily readable analysis of the significant financial activities for the projected year-end December 31, 2025.

2025 Financial Forecast Dashboard (3+9)

This Financial Forecast Dashboard and analysis is provided to the Utilities Board Finance Committee monthly. The following is the high-level preview of projected financial results for the year end 2025:



- **Non-Fuel Revenue** - Projected Non-Fuel Revenue is \$0.7 million or 0.09% over the AOFPP. Electric is over by \$0.6 million, Gas is under by \$0.7 million, Water is over by \$0.5 million, and Wastewater is over by \$0.3 million.
- **ECA & GCA** - End of year 2024 through Q1 2025 ECA has under collected by \$4.4 million and GCA has under collected by \$9.8M.
- **Metrics** - Adjusted Debt Service Coverage & Days Cash on Hand levels were driven by managed under collection of ECA/GCA balances of \$14.2M and Developer Fees under collect vs budget.
- **Development Fees** - Projected development fees are under AOFPP by \$3.8 million. This is due to a lower tap permits due to high interest rates and economic conditions that have slowed building.
- **Surplus Payments to the City** - Surplus transfers projected to be over AOFPP by \$0.2M or 0.4%, this is within the +/- \$1.0 million.

Budget Summary (in thousands)

	2025 Approved Budget	2025 Year-end	Increase/ (Decrease)	% Change
Capital Projects	\$ 628,752	\$ 630,807	\$ 2,055	0.3%
Fuel Operations & Maintenance	493,961	328,855	(165,106)	-33.4%
Non-Fuel Operations & Maintenance	437,774	447,651	9,877	2.3%
Debt Service	228,711	224,534	(4,177)	-1.8%
Surplus Payments to the City	37,138	36,885	(253)	-0.7%
Franchise Fees	380	415	34	9.0%
Total Uses of Funds	\$ 1,826,717	\$ 1,669,146	\$(157,571)	-8.6%

The 2025 projected Total Uses of Funds is \$1.7 billion, a **decrease** of \$(157.6) million or (8.6)% from the 2025 Approved Budget. This **decrease** is a result of lower Fuel Operations & Maintenance, Debt Service, and Surplus Payments to the City.

Capital Projects

The 2025 projected Capital Projects expenditure is \$630.8 million, an **increase** of \$2.1 million or 0.3% from the 2025 Approved Budget. Capital Projects represent 37.8% of the total year spend and (1.3)% of the total year-end variance.

- \$20.0 million Operational Fiber Network
 - Additional budget in 2025 required to make up for estimated 18-month delay caused by contractor delivery issues that resulted in a combined \$96M underrun to budget (2022 – 2024).
 - With the termination of one contractor and addition of two contractors in late 2024, the plan is to increase address delivery in 2025.
- \$(7.7) million Highline Pressure Zone Extension and Redundant Supply contractor bid came in much lower than the engineers' estimate.
- \$(6.8) million Front Range CT1 & CT2 Rotor Replacement shift to 2026 - rearranging outages due to other FR work - CT1 will be spring 2026.
- \$(3.4) million net decreases, most significantly influenced by Management Reserve released

Operations & Maintenance - Fuel

The 2025 projected Operations & Maintenance - Fuel is \$328.8 million, a **decrease** of \$(165.1) million or (33.4)% from the 2025 Approved Budget. Operations & Maintenance - Fuel represents 17.7% of the total year spend and 104.8% of the total year-end variance.

- \$(177.0) million contingency (budgeted 1 Standard Deviation (SD) due to price volatility in the fuels market)
- \$0.6 million inter-service eliminations due to changes in fuel costs, Utilities pays these as well for internal operations, therefore eliminated higher inter-service revenue than planned
- \$11.3 million net increases, most significantly influenced by price changes in the natural gas market

Operations and Maintenance - Non-Fuel

The 2025 projected Operations & Maintenance - Non-Fuel is \$447.6 million, an **increase** of \$9.9 million or 2.3% from the 2025 Approved Budget. Operations & Maintenance - Non-Fuel represents 26.8% of the total year spend and (6.3)% of the total year-end variance.

- \$4.5 million Emergency power plant outage and maintenance work
- \$3.8 million Labor and Benefits; \$2.8 million offset in Capital and Operations and Maintenance - Fuel
- \$1.9 million Bad Debt write -offs trending high
- \$0.9 million Information Technology increases in software licenses and equipment maintenance
- \$0.8 million Time-of-Day Rates Project scope increased
- \$(1.6) million inter-service eliminations higher overall sales
- \$(0.4) million net decreases, most significantly influenced by Fountain Valley Water Conveyance no project water use



Rate Adjustments and Riders

Scott Shirola, Pricing and Rates Manager

June 16, 2025



Agenda

- Rate Adjustment and Rider Background
- Colorado Clean Heat Plan Charge
- Annual Electric and Natural Gas Capacity Charges (ECC and GCC)
- Quarterly Electric and Natural Gas Cost Adjustment (ECA and GCA)
- Sample Bill Impacts

Colorado Springs Utilities Rate Structure

- Rates are set only to recover the cost to provide service
 - There are no built-in profit margins or return on investment
- Different types of rates recover different types of costs
 - Base or Non-Fuel Rates
 - Recovery of costs associated with the pipes & wires
 - Fuel Related Rates
 - Recovery of energy costs and third-party capacity costs
 - Riders
 - Transparently recover cost of specific programs or regulatory requirements

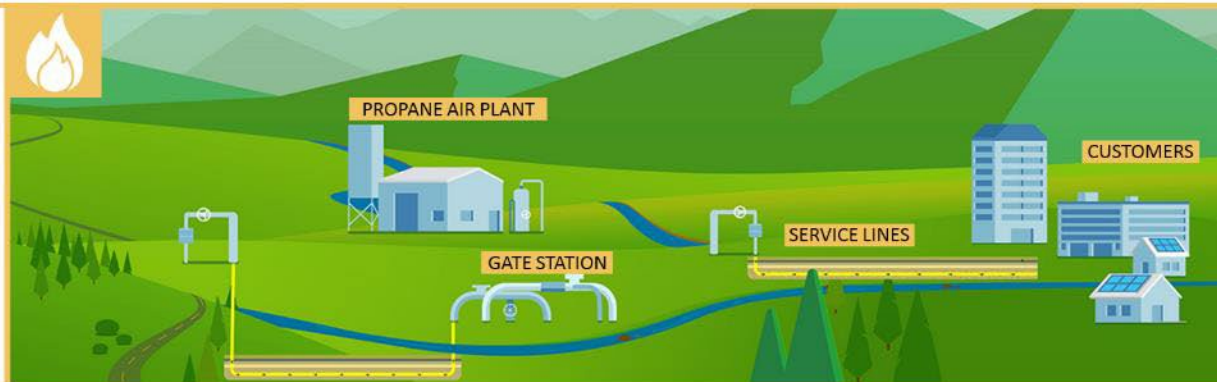
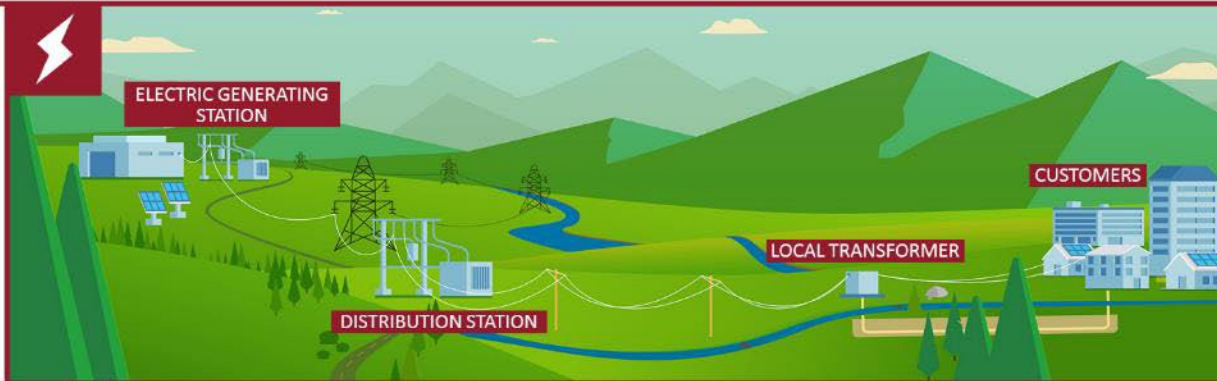
ELECTRIC AND NATURAL GAS RATES

FUEL RATES (COST FOR FUEL)



ELECTRIC COST ADJUSTMENT

BASE RATES (COST TO BUILD AND MAINTAIN)

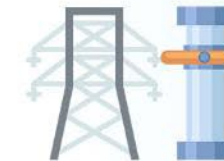


NATURAL GAS COST ADJUSTMENT

CAPACITY CHARGE



STORAGE



TRANSPORT



DELIVERY

Riders (Colorado Clean Heat Plan Charge): Transparently recover cost of specific programs or regulatory requirements

Colorado Clean Heat Plan Annual Review

Clean Heat Plan Law

- Requires gas utilities to adopt programs to reduce greenhouse gas emissions
- 4% carbon emission reduction by 2025 with 2% cost cap
 - 2024 Cost Cap: \$2.7 M
- 22% carbon emission reduction by 2030 with 2.5% cost cap



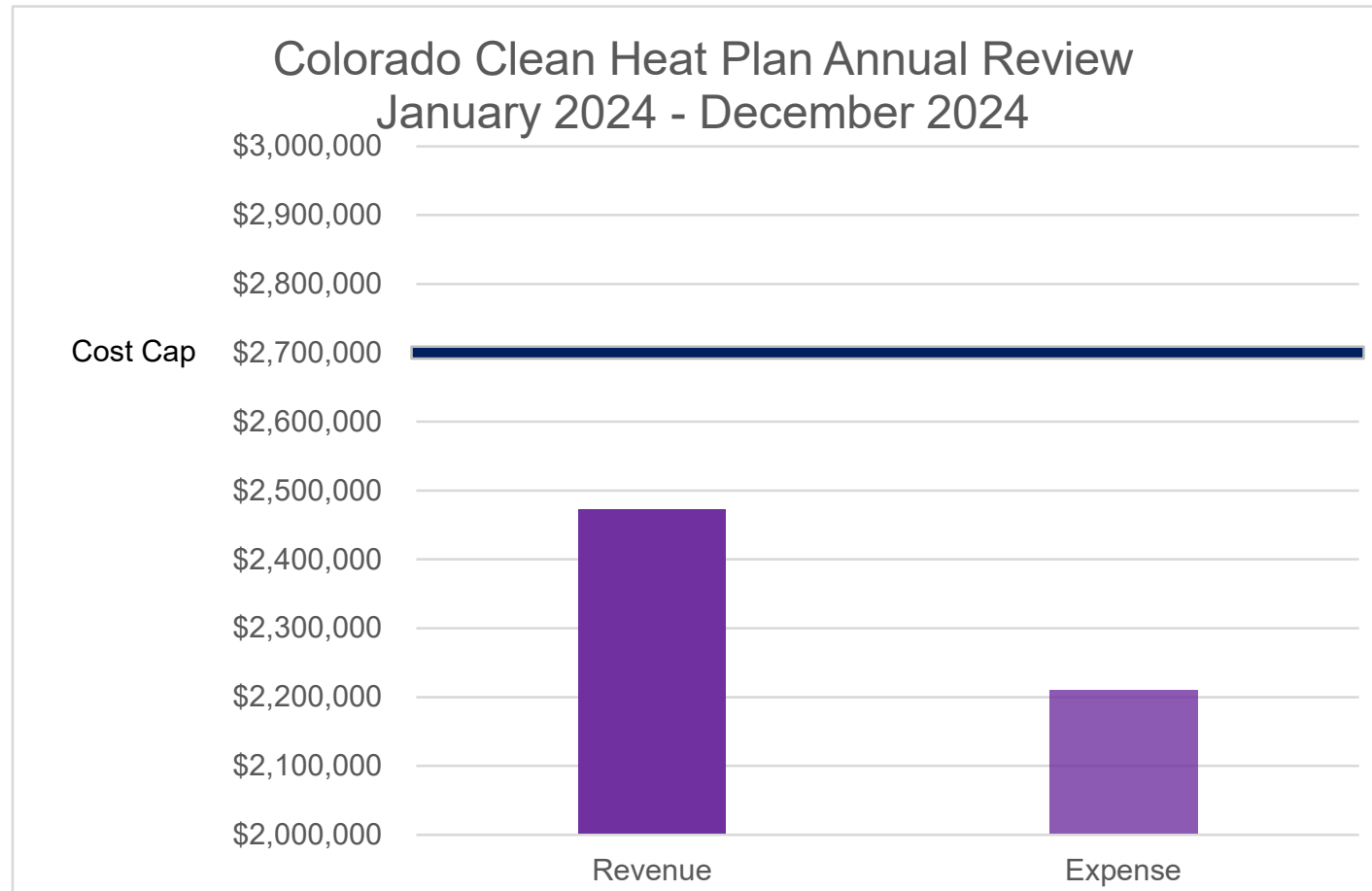
Colorado Clean Heat Plan Charge

- Starting in 2024 new bill component was added to transparently recover cost of complying with Clean Heat Plan Requirements
 - Revenue will be used to fund energy efficiency programs that help reduce greenhouse gas emissions
 - Programs include customer rebates for:
 - Energy efficient water heaters and furnaces
 - Insulation
 - Heat pumps

Colorado Clean Heat Plan Charge and Monthly Gas Bill Impact			
Rate Class	\$ per Ccf	\$ Impact	% Impact
Residential/Commercial Service-Small Firm	\$0.0125	Res: \$.75	Res: 1.9%
All Other Applicable Rate Classes*	\$0.0050	C&I: \$6.20, \$62.00	C&I: 1.1%

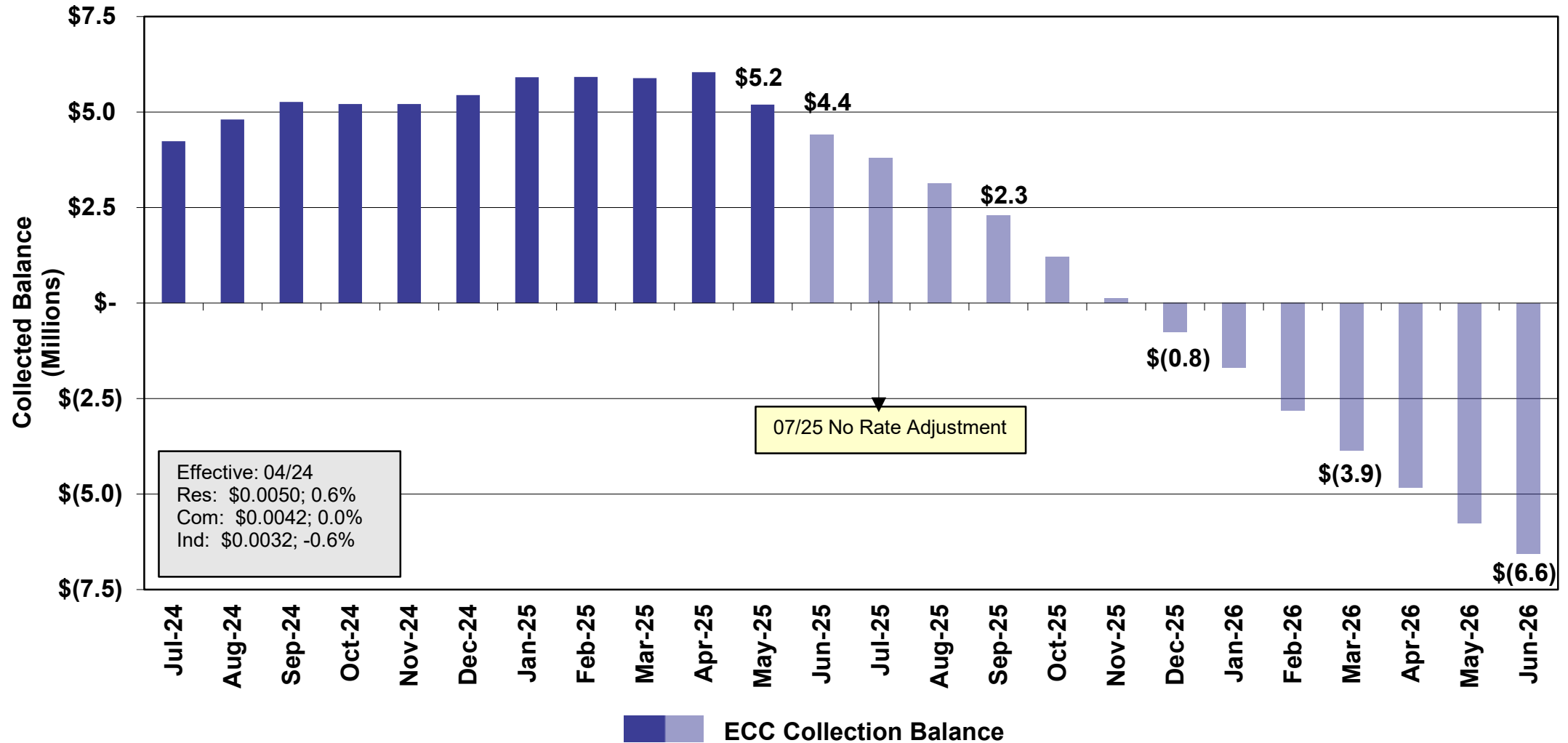
*Not applicable to rate classes or customers excluded from Utilities Clean Heat Plan baseline.

Colorado Clean Heat Plan Annual Review

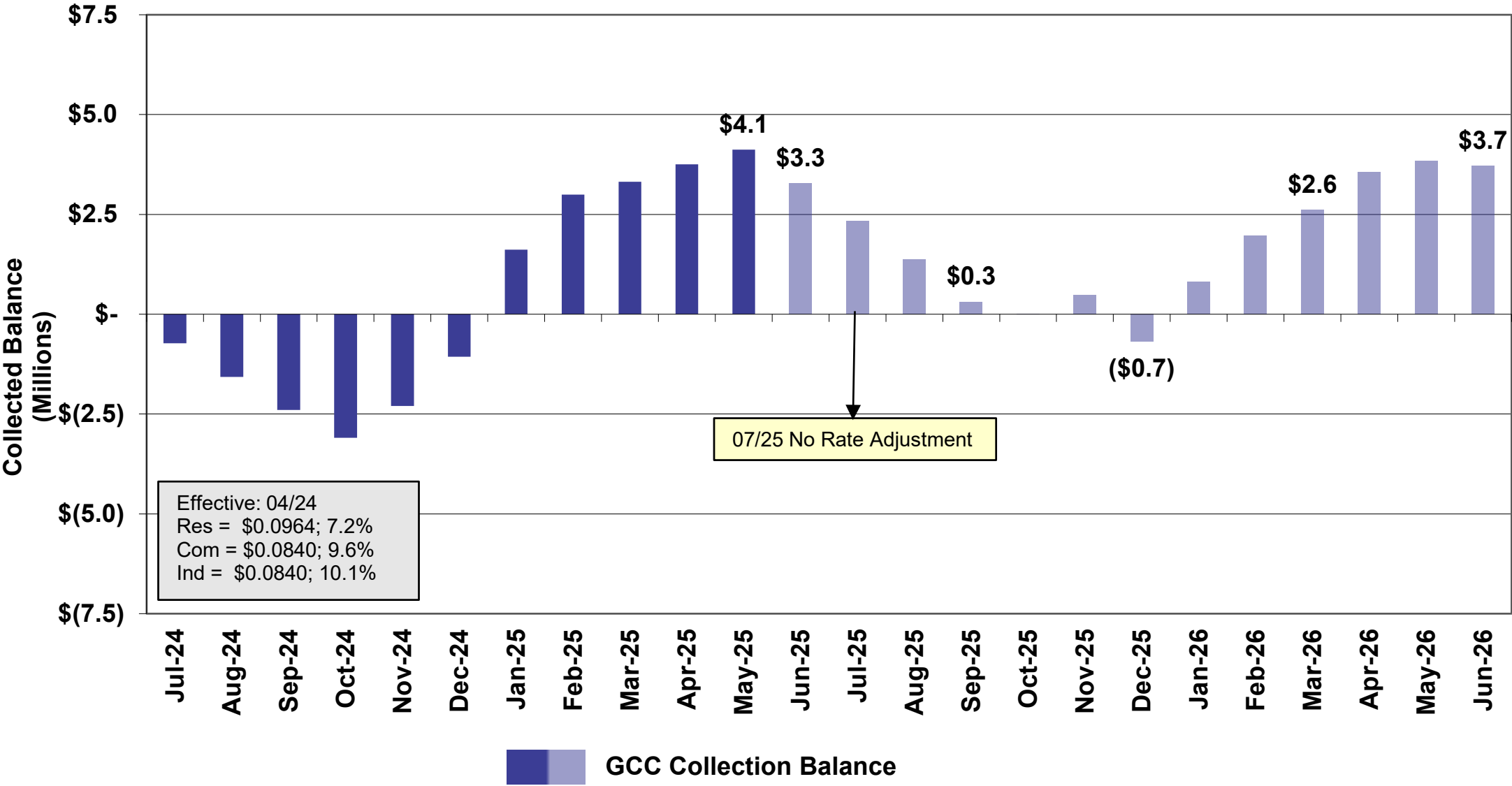


Electric Capacity Charge (ECC) Gas Capacity Charge (GCC)

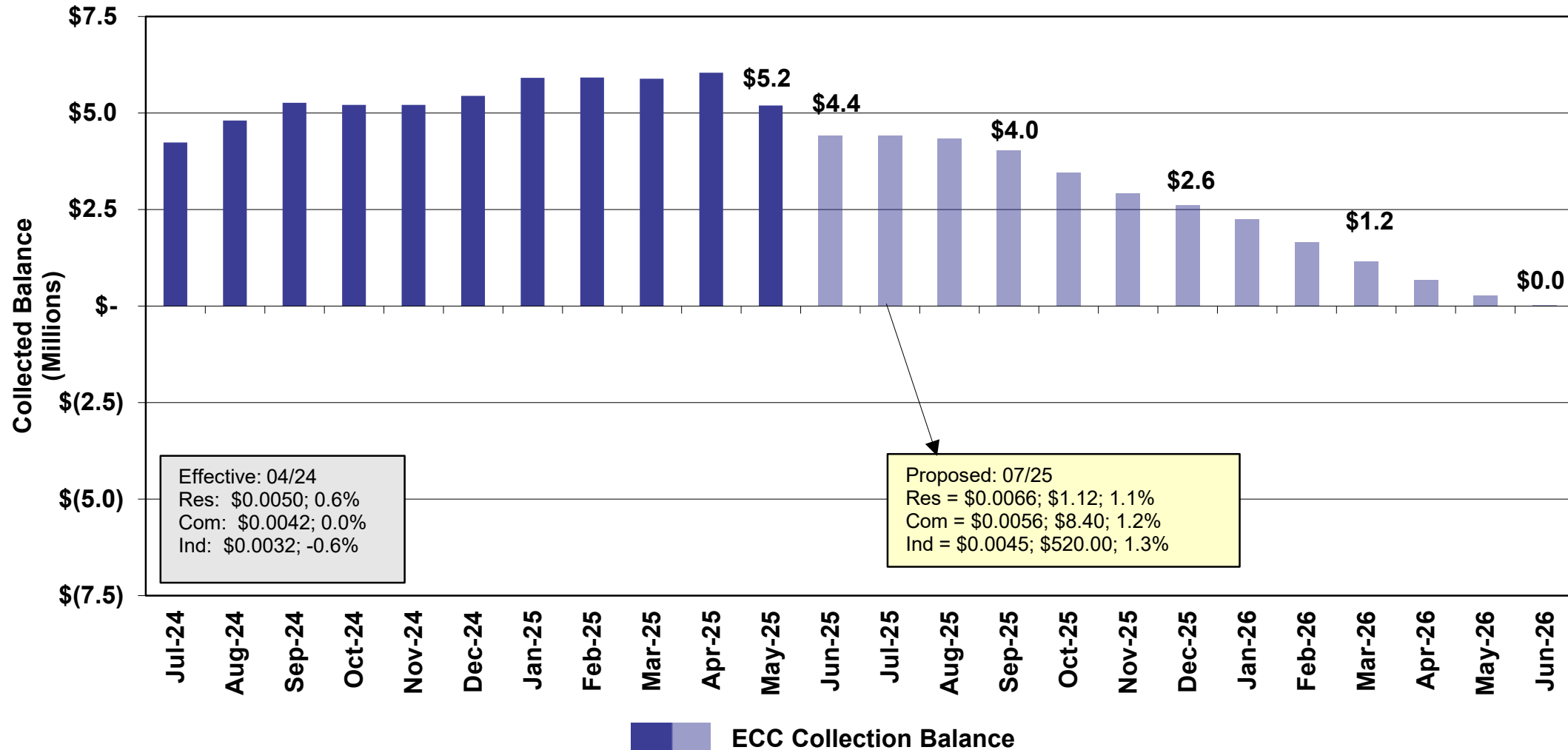
ECC Projections June 2025 – No Adjustment



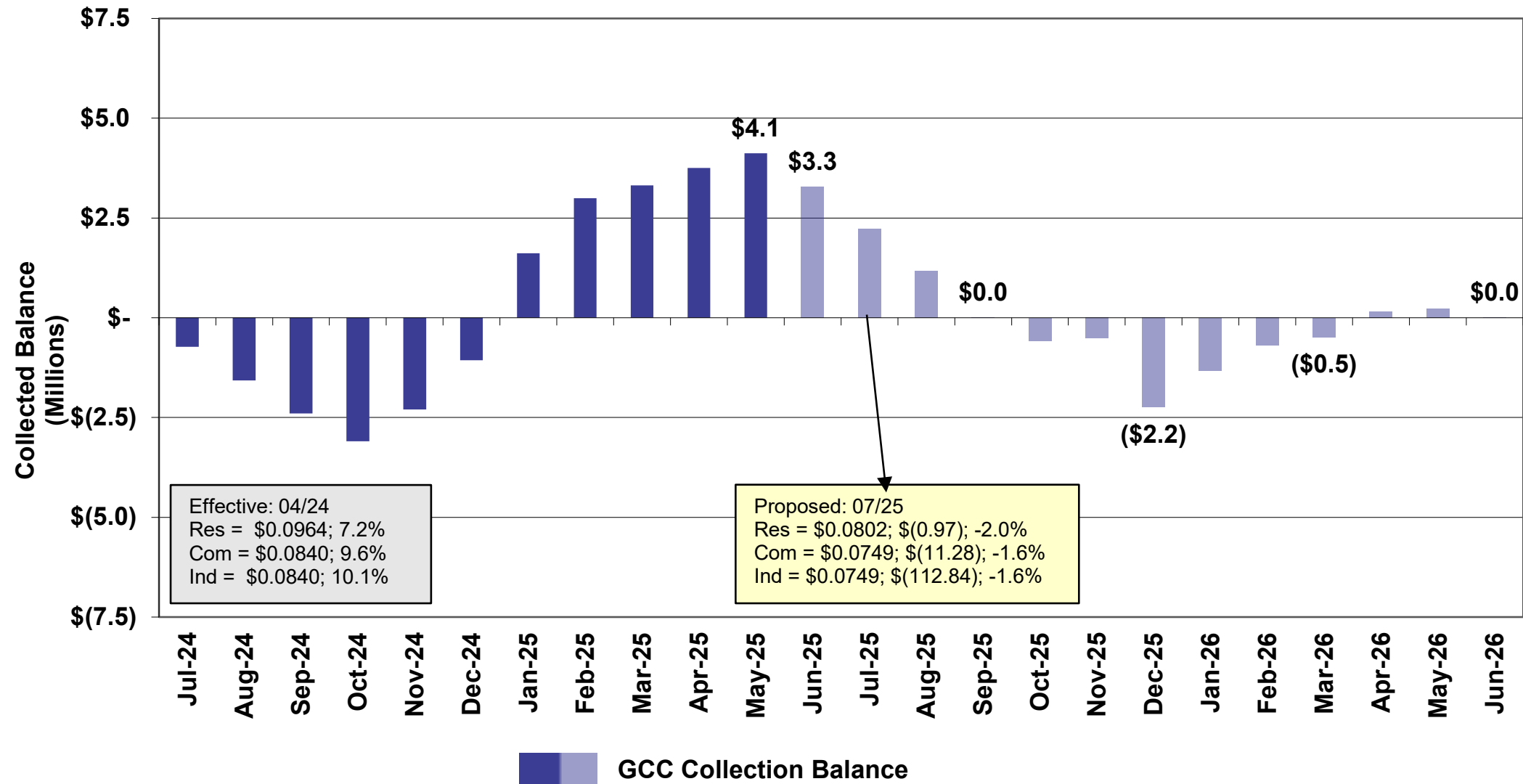
GCC Projections June 2025 – No Adjustment



ECC Projections June 2025 – Annual Adjustment

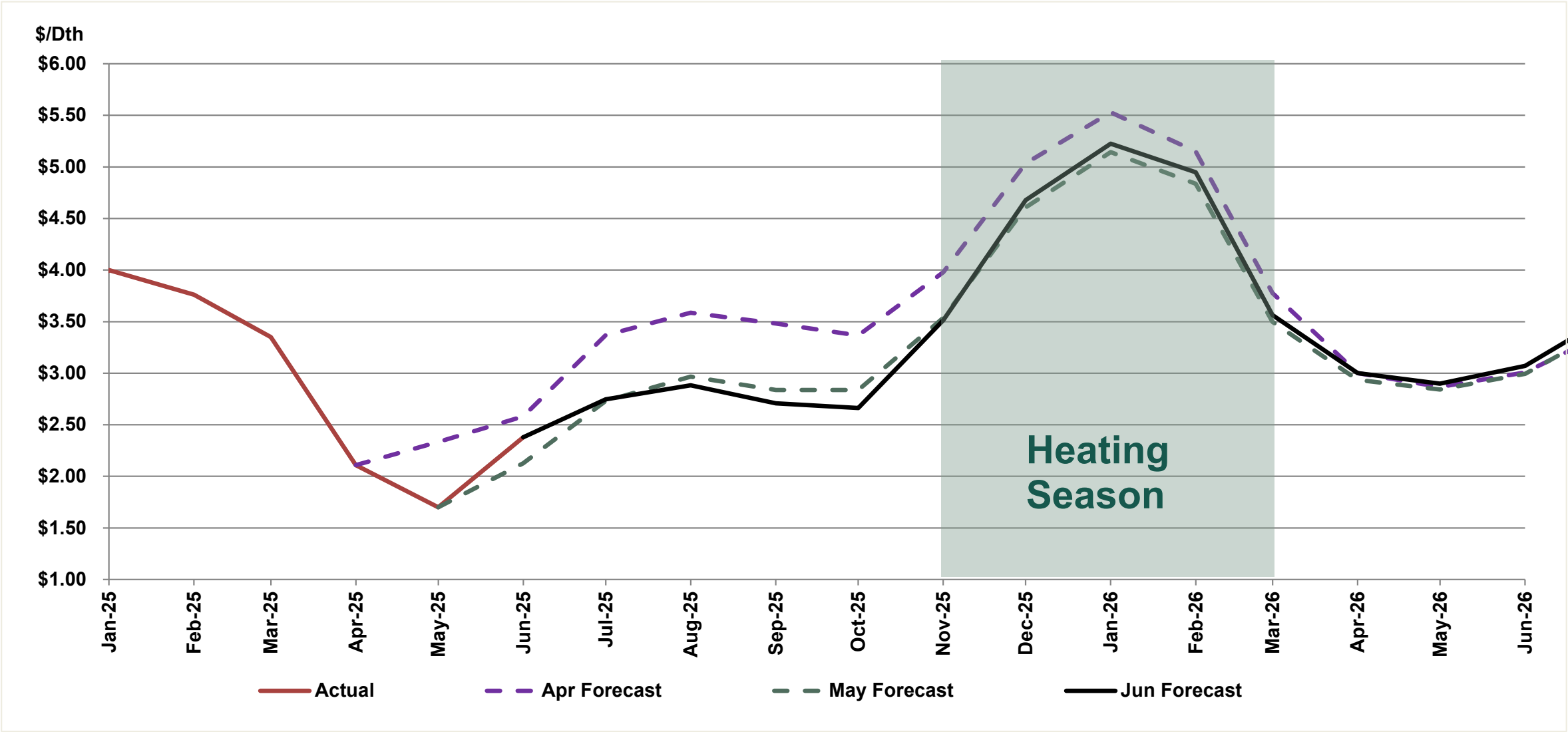


GCC Projections June 2025 – Annual Adjustment



Electric Cost Adjustment (ECA) Gas Cost Adjustment (GCA)

Natural Gas Prices as of June 1, 2025

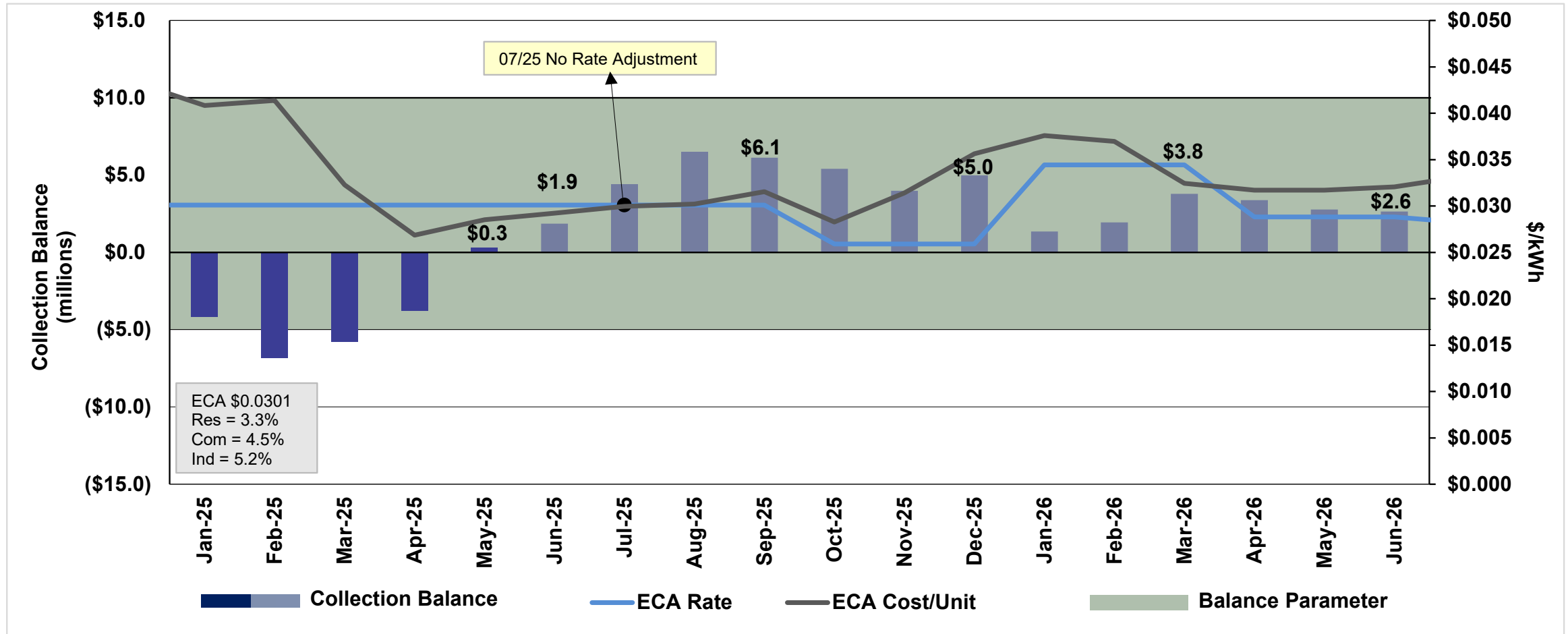




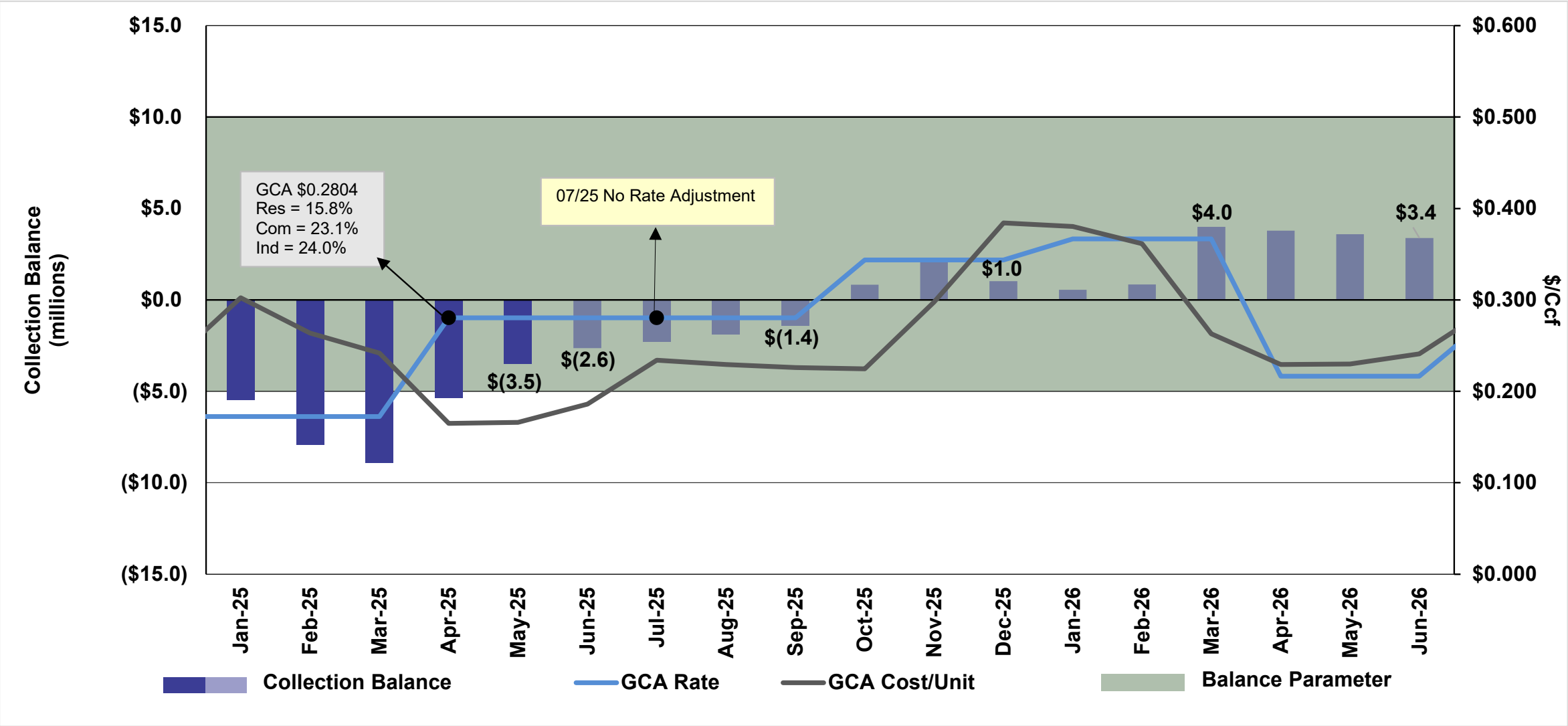
ECA and GCA Options

1. No Adjustment
2. Quarterly Adjustment
3. Six Month Adjustment

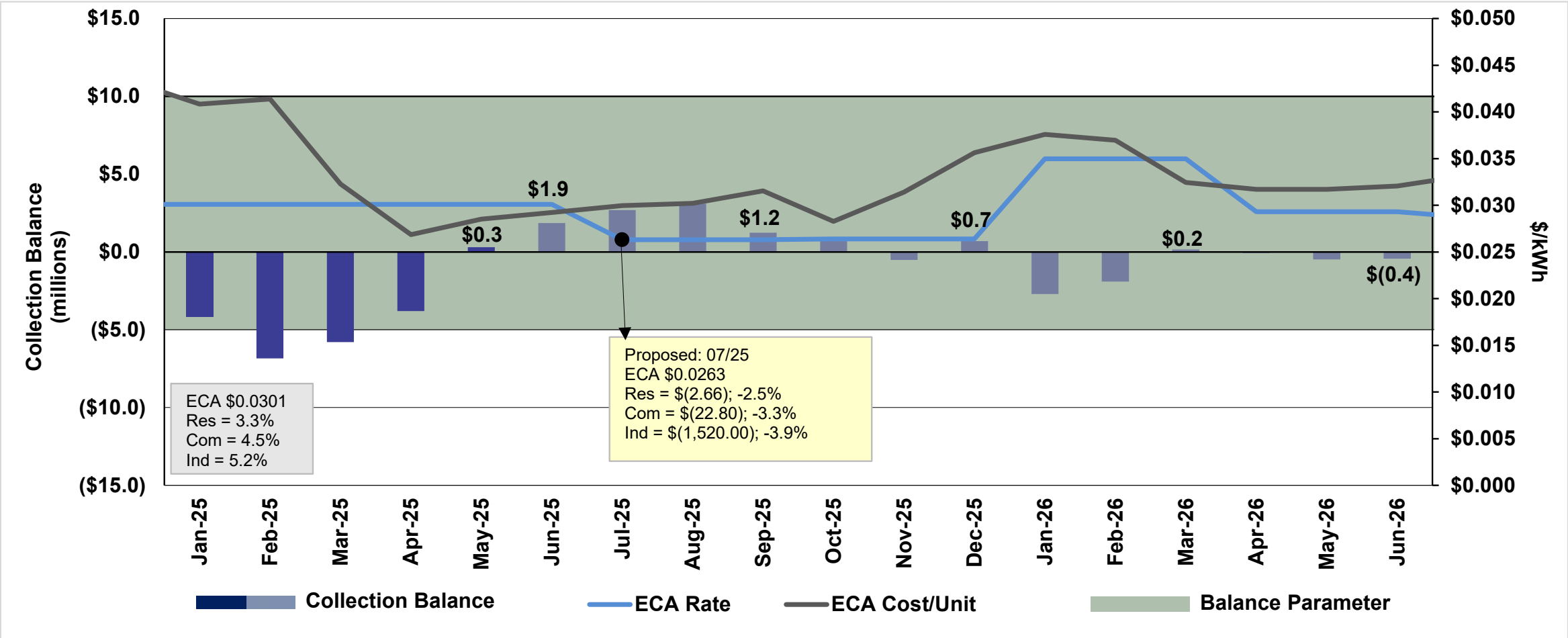
ECA Projections June 2025 – No Adjustment



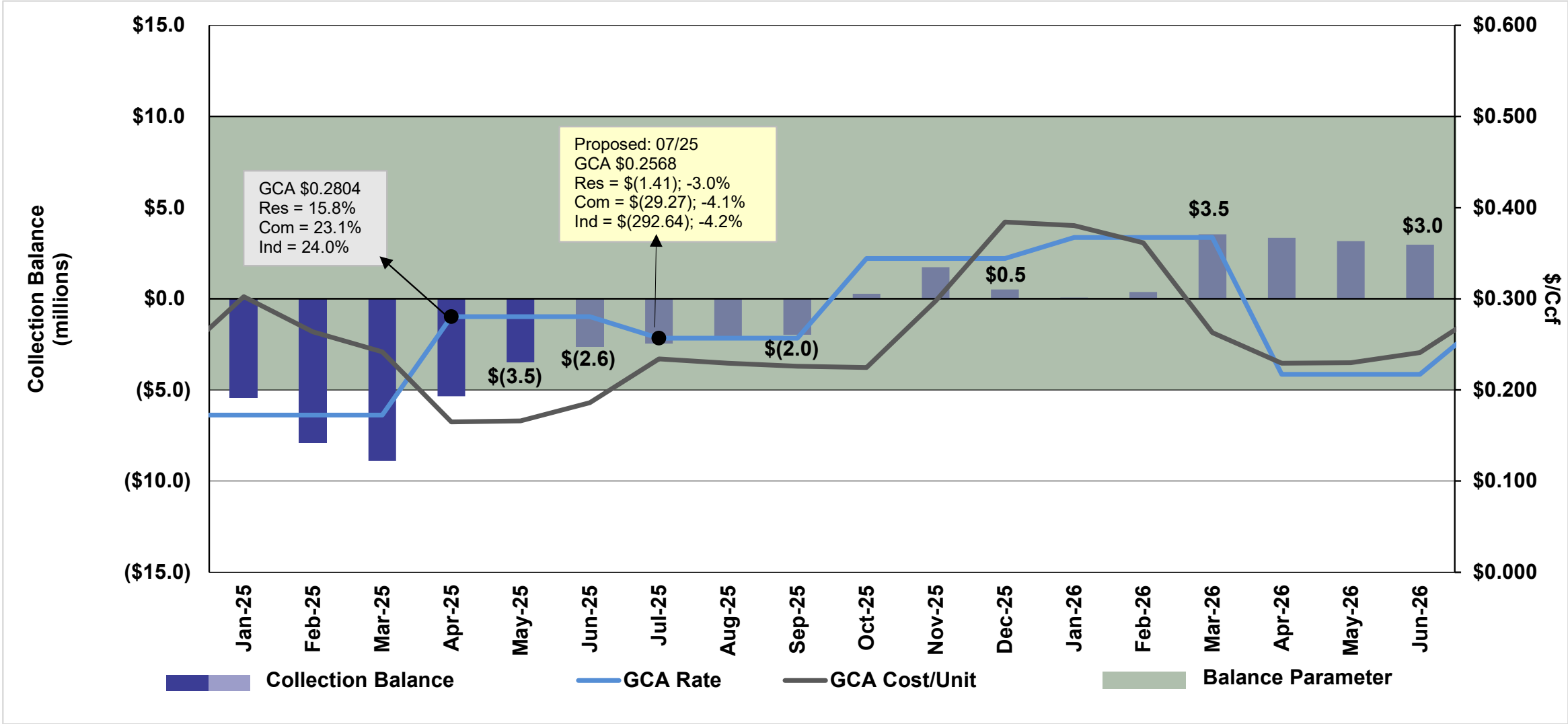
GCA Projections June 2025 – No Adjustment



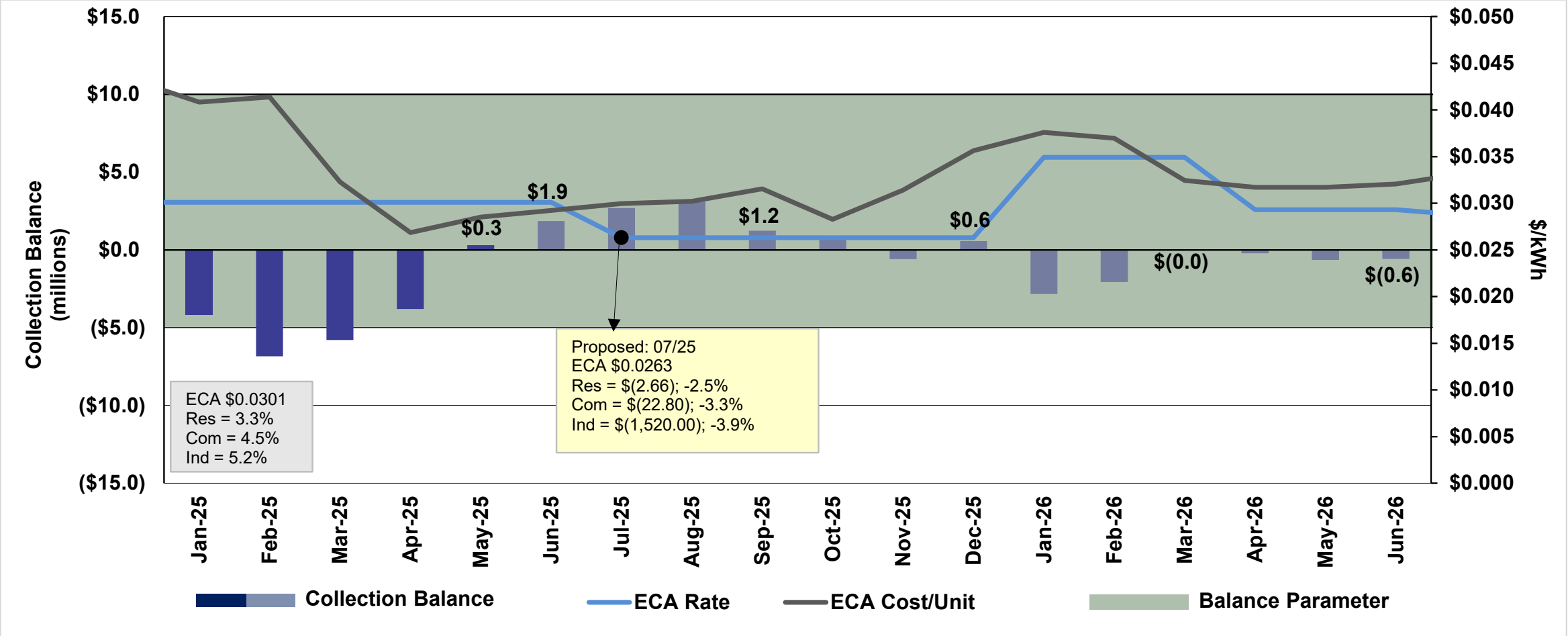
ECA Projections June 2025 – Quarterly Adjustment



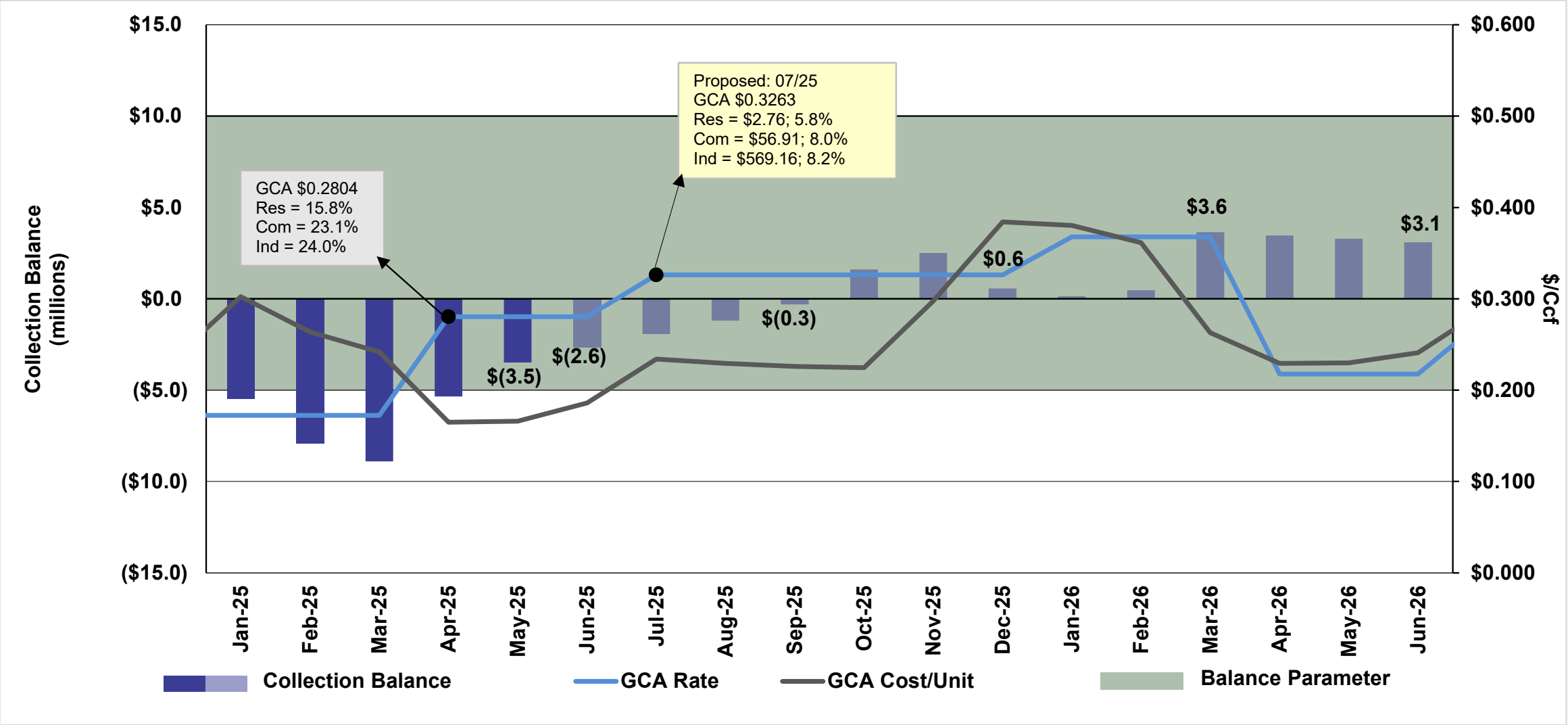
GCA Projections June 2025 – Quarterly Adjustment



ECA Projections June 2025 – Six Month Adjustment



GCA Projections June 2025 – Six Month Adjustment



ECA and GCA Option Summary

Collection Balance and Residential Bill Impact

ECA/GCA Adjustment Option	ECA September Balance	ECA \$ Bill Impact	GCA September Balance	GCA \$ Bill Impact	September Cumulative Balance	Cumulative Bill Impact with ECC/GCC
No Adjustment	\$6.1 Million	\$ -	\$(1.4) Million	\$ -	\$4.7 Million	\$ 0.15
Quarterly Adjustment	\$1.2 Million	\$ (2.66)	\$(2.0) Million	\$ (1.41)	\$(0.8) Million	\$ (3.92)
Six Month Adjustment - Recommended	\$1.2 Million	\$ (2.66)	\$(0.3) Million	\$ 2.76	\$0.9 Million	\$ 0.25

Sample Bill Impacts

with ECA and GCA Six Month Adjustments

Sample Total Service Bill

(Proposed Effective July 1, 2025)



SAMPLE BILL CALCULATIONS ASSUME:

- 30 Day Billing Period
- 700 kWh Electric
- 60 Ccf Natural Gas
- 1,100 cf Water inside city limits
- 700 cf Wastewater inside city limits

Sample Residential Monthly Bill

Proposed Residential Changes (Sample Bill)

Current Average Sample Bill	\$ 275.04
Proposed Four-Service Increase	\$ 0.25
Proposed Total Avg. Sample Bill	\$ 275.29

*Actual bill impacts will vary based on individual customer usage.

Sample Total Residential Monthly Bill

Electric (Proposed)	\$ 103.61
Gas (Proposed)	\$ 49.25
Water	\$ 85.10
Wastewater	\$ 37.33
Total (Proposed)	\$ 275.29



Front Range Bill Comparison – As of April 1, 2025

Residential	Electric	Gas	Water	Wastewater	Total
Front Range Average	\$ 124.57	\$ 54.81	\$ 74.18	\$ 41.90	\$ 295.45
Colorado Springs	\$ 103.61	\$ 49.25	\$ 85.10	\$ 37.33	\$ 275.29
Percent Above (- Below)	-16.82%	-10.14%	14.72%	-10.90%	-6.82%

Notes:
Residential bill based on 30 day billing period, 700 kWh (electric), 60 CCF (gas), 1,100 cf (water), and 700 cf (wastewater).
Front Range communities include Aurora, Denver, Fort Collins, Fountain, Monument, and Pueblo.
Rate computations are estimated using assumed billing determinants, tariff rates publicly available on websites effective April 1, 2025 and Colorado Springs Utilities proposed rates effective July 1, 2025.

Sample Total Monthly Bill - Proposed Effective 7/1/25

Line No.	Rate Class	Current Effective	Proposed 7/1/25	Proposed Increase/ (Decrease)	% Change
(a)	(b)	(c)	(d)	(e) (d) - (c)	(f) (e) / (c)
1	Residential				
2	Electric	\$ 105.15	\$ 103.61	\$ (1.54)	-1.5%
3	Gas	47.46	49.25	1.79	3.8%
4	Water	85.10	85.10	-	0.0%
5	Wastewater	37.33	37.33	-	0.0%
6	Total	\$ 275.04	\$ 275.29	\$ 0.25	0.1%
7	Commercial				
8	Electric	\$ 686.10	\$ 671.70	\$ (14.40)	-2.1%
9	Gas	711.95	757.58	45.63	6.4%
10	Water	260.39	260.39	-	0.0%
11	Wastewater	138.02	138.02	-	0.0%
12	Total	\$ 1,796.46	\$ 1,827.69	\$ 31.23	1.7%
13	Industrial				
14	Electric	\$ 38,742.86	\$ 37,742.86	\$ (1,000.00)	-2.6%
15	Gas	6,906.86	7,363.18	456.32	6.6%
16	Water	3,416.44	3,416.44	-	0.0%
17	Wastewater	1,778.32	1,778.32	-	0.0%
18	Total	\$ 50,844.48	\$ 50,300.80	\$ (543.68)	-1.1%

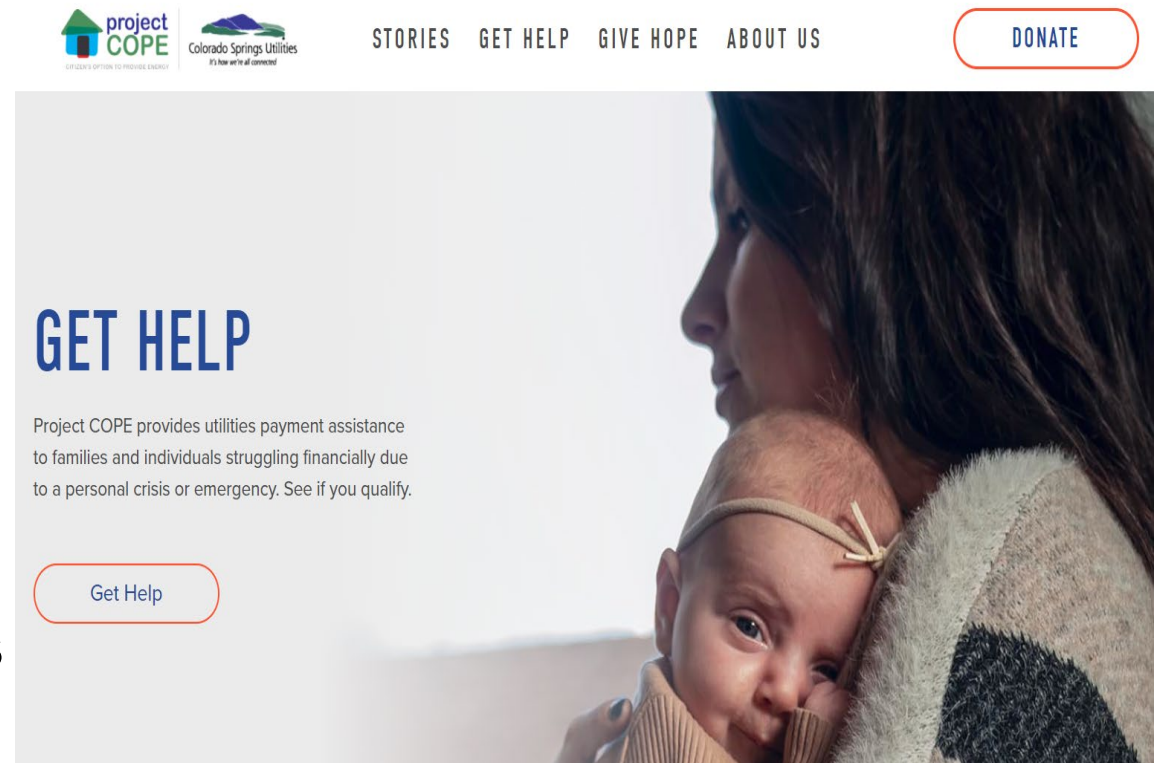
Sample Total Monthly Bill calculations for current and proposed rates assume:

- Residential - 30 days, 700 kWh (Electric), 60 Ccf (Natural Gas), 1,100 cf (Water Inside City Limits), and 700 cf (Wastewater Inside City Limits)
- Commercial - 30 days, 6,000 kWh (Electric), 1,240 Ccf (Natural Gas), 3,000 cf (Water Inside City Limits), and 3,000 cf (Wastewater Inside City Limits)
- Industrial - 30 days, 400,000 kWh and 1,000 kW (Electric), 12,400 Ccf (Natural Gas), 50,000 cf (Water Inside City Limits), and 50,000 cf (Wastewater Inside City Limits)

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

Helping Customers Today

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



Long-term Assistance

- Free efficiency home upgrades
 - Home Efficiency Assistance Program (HEAP)
- Efficiency tips & education
 - Online at [csu.org](https://www.csu.org)
 - Conservation and Environmental Center
- Rebates
 - Water heater
 - Furnace
 - Smart thermostat
 - Insulation





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2025 Plan of Finance Update

Adam Hegstrom
Treasury and Finance Manager
June 16, 2025

Plan of Finance Overview

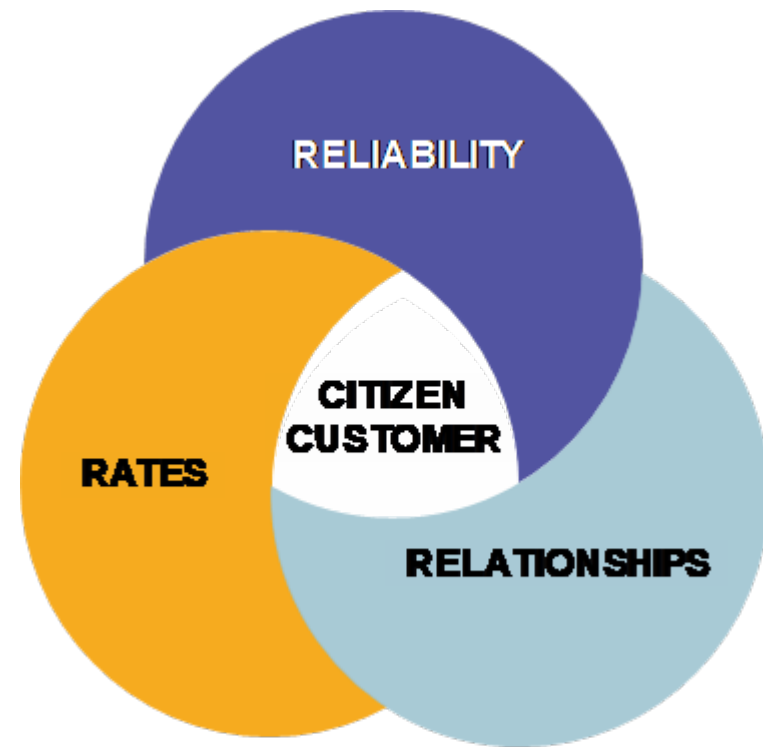
The Plan of Finance is an annual strategic effort to effectively obtain and manage debt obligations to support Colorado Springs Utilities' ("The Utilities") capital needs

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

Prudence - Efficiency - Flexibility

Collectively executed by:

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



Plan of Finance Overview

Plan of Finance efforts are dedicated towards four key objectives:

1. Fund the debt-backed portion of The Utilities' upcoming capital plan
2. Manage and optimize The Utilities' current debt portfolio
3. Procure and manage debt-supporting instruments and ancillary services
4. Manage The Utilities' financial reputation and industry relationships to ensure market access



New Money Debt Issuance: 2025As

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

Enterprise Need:

- Estimated \$869.3 million in total capital spend between September 2025 and August 2026

Anticipated Actions:

- Issue new money debt in August 2025



New Money Debt Issuance: 2025As

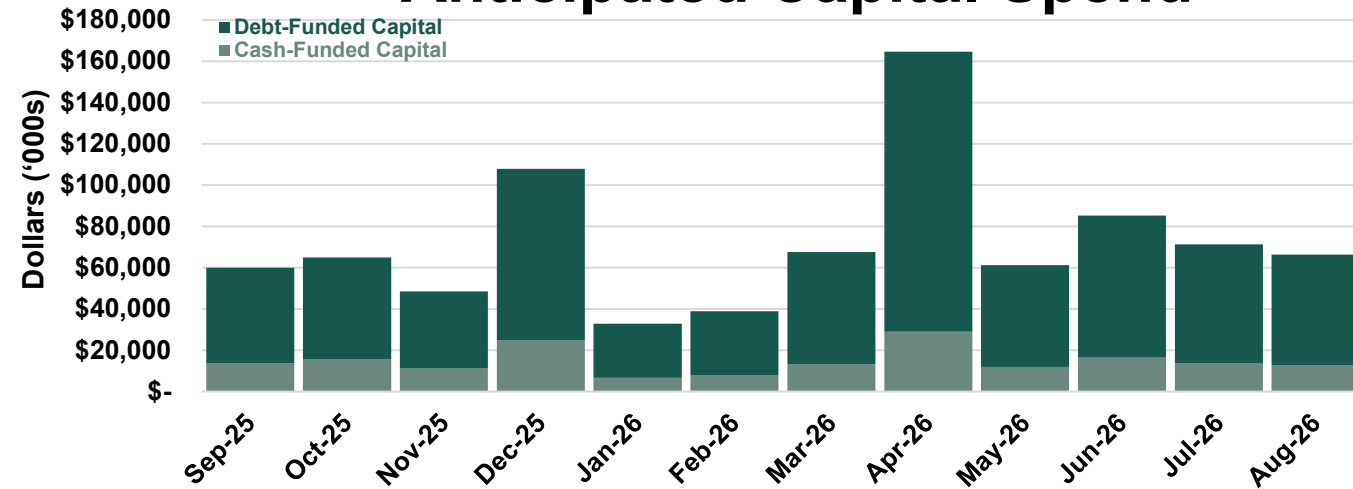
Anticipated Issuance Details:

- Current Estimated - \$735 million (proceeds)
- Ordinance Ceiling - \$700 million (par)
- More clarity in coming months surrounding 2026 AOP/Capital Plan
- Approximately 80% debt-funded capital over financing period
- Effective balance between cash and debt to optimize financial metric performance

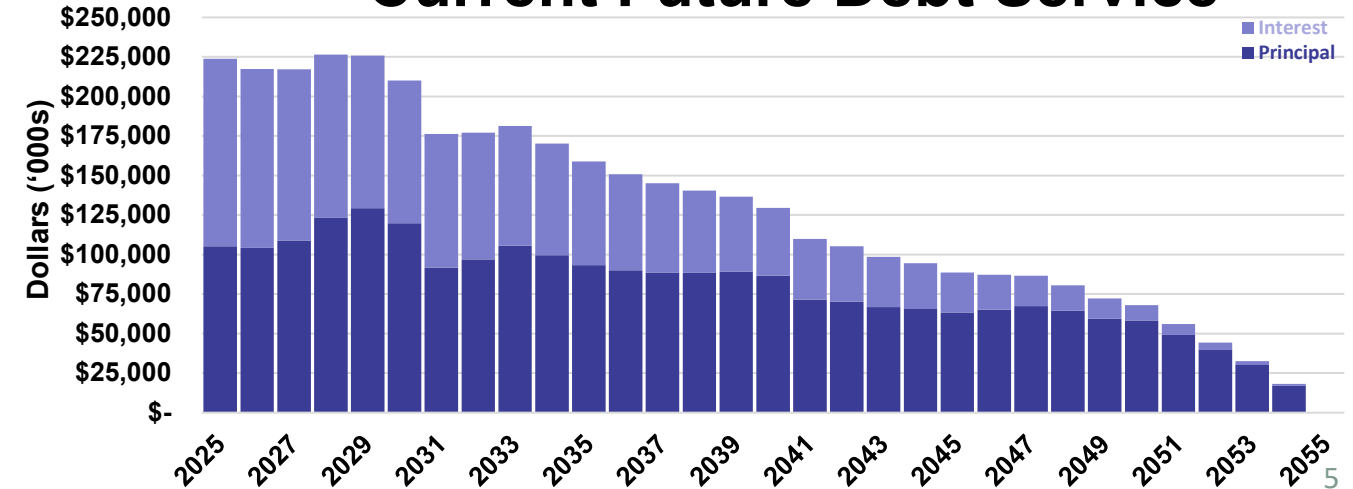
Structure:

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

Anticipated Capital Spend



Current Future Debt Service

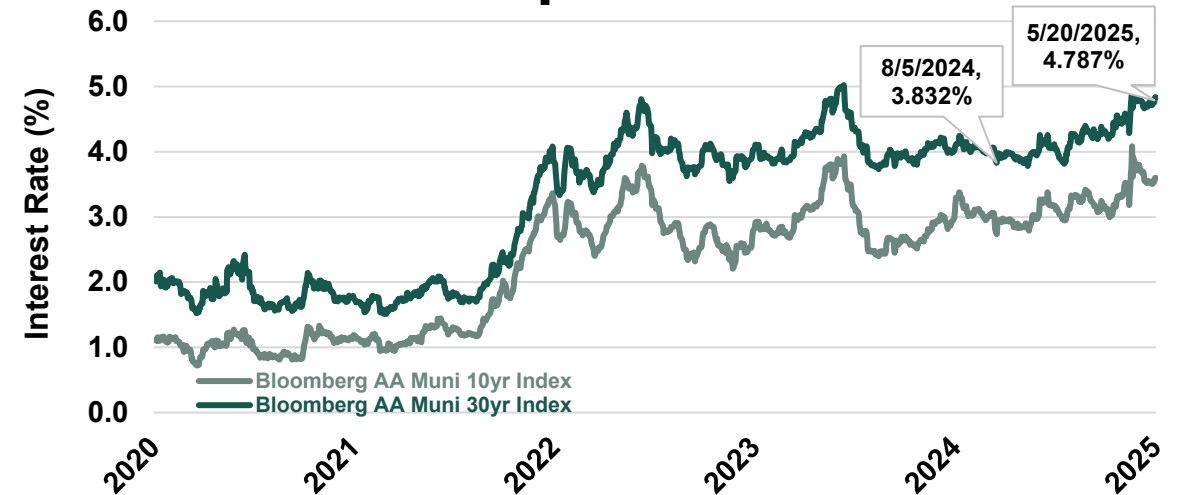


New Money Debt Issuance: 2025As

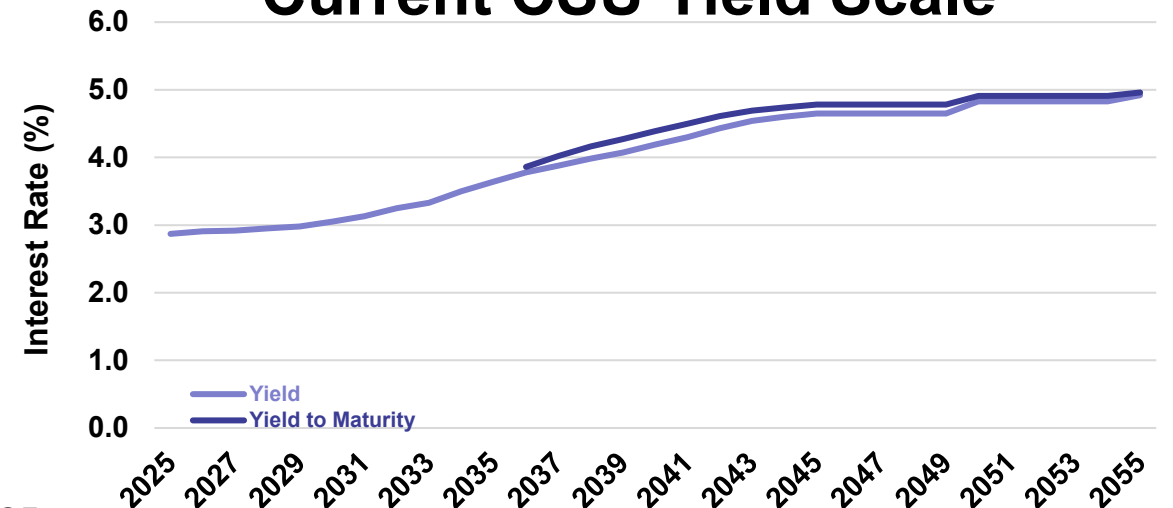
Market Update:

- Due to volatile market conditions, interest rates have risen since the last issuance
- Inflation remains somewhat elevated
- Uncertainty about the economy has increased due to tariffs
- Timing of 2025AB issuance planned to maximize flexibility considering market conditions
- Given the current short-term interest rate environment, planned issuance date (August) selected to optimize earnings on funds in escrow

AA Municipal Interest Rates



Current CSU Yield Scale*



Refunding Debt Issuance: 2025Bs

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

- \$2.1 billion in outstanding fixed rate bonds
- Vast majority can be refinanced 10 years after issuance if interest rate economics are favorable

Anticipated Actions:

- Issue a current refunding transaction in August to refinance all/parts of the 2015A issuance:

Current Estimated Refunding Results

	2015A
Callable Par Value of 2015A Bonds	\$39.5 million
Cashflow Savings from Refunding	\$2.5 million
NPV Savings (\$)	\$1,688,668
NPV Savings (%)	4.27%

Potential BABs Refunding: 2025Cs

Build America Bonds ('BABs')

- Introduced in 2009 as part of the American Recovery and Reinvestment Act to help stimulate the economy and create jobs following the 2008 financial crisis
- Federal government issues a subsidy payment directly to bond issuer (Utilities), effectively lowering the cost of borrowing
 - Under current legislation, the original subsidy of 35% has been reduced by 5.7%

Risk Reduction Through Refunding

- BABs Extraordinary Optional Redemption provision allows refunding under certain circumstances
- Mitigate future risk of sequestration or other Federal regulations that may impact subsidy payments by refunding Utilities' outstanding BABs
- Evaluate and time execution based on market conditions

Potential BABs Refunding: 2025Cs

Outstanding BABs

- \$207.3 million in outstanding Direct Payment BABs taxable bonds
- \$4.2 million in subsidy payments expected to be received in 2025

Anticipated Actions:

- Seeking authorization to execute transaction if market conditions are favorable, within set parameters:
 - Refunding will result in combined NPV savings
 - OR Refunding will alleviate the risk of further sequestration or other impact to the BABs subsidy
- Ordinance effective for one year following adoption (July 22, 2026)

Estimated Refunding Results

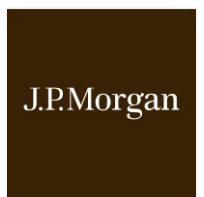
	2009B-2	2009D-2	2010D-4
Par Amount	\$46,390,000	\$46,090,000	\$107,085,000
Refunded Par Amount	\$52,200,000	\$47,870,000	\$107,260,000
NPV Savings (\$)	(\$591,515)	(\$3,942,488)	(\$6,453,576)
NPV Savings (%)	(1.1%)	(8.2%)	(6.0%)

Industry and Investor Relationships

Objective 4: Manage The Utilities' financial reputation and industry relationships to ensure market access

Underwriter Selection

- Pool established in 2023 for an anticipated 5-year term
- Competitive selection process for 2025AB bonds completed in May
- Team selected for 2025AB issuance:
 - Senior Manager – Goldman Sachs
 - Co-Managers – Bank of America, J.P. Morgan, Morgan Stanley, and Barclays



Industry and Investor Relationships

Objective 4: Manage The Utilities' financial reputation and industry relationships to ensure market access

Credit Rating Agencies

- Currently preparing messaging materials for upcoming rating agency meetings
- Anticipated topics of interest to address:
 - Five-Year Financial Plan Update
 - Current forecast metrics compared to original plan
 - Planning mechanisms in place to adjust to forecast changes
 - Smart Energy Transition
 - Natural Gas Supply projects
 - Water Supply update
 - Eastern Wastewater System Expansion

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

Debt Issuance Working Timetable

Date*	Event
<i>Tuesday, January 21, 2025</i>	<i>Plan of Finance Presentation to Finance Committee</i>
<i>Tuesday, March 25, 2025</i>	<i>JP Morgan Investor Conference</i>
<i>Wednesday, May 21, 2025</i>	<i>Underwriter RFP Selection</i>
Monday, June 16, 2025	Working Committee Presentation
Wednesday, June 18, 2025	Utilities Board Presentation
Tuesday, July 8, 2025	First Reading of Ordinance - City Council
Wednesday, July 9, 2025	Rating Agency Presentation (Moody's)
Thursday, July 10, 2025	Rating Agency Presentation (S&P)
Tuesday, July 22, 2025	Second Reading of Ordinance & Ordinance Approval – City Council
Monday, July 28, 2025	Due Diligence Call
Week of August 4 th or 11 th , 2025	Bond Pricing
Tuesday, August 26, 2025	Issuance Closing

**Preliminary schedule as of June 9, 2025*



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Liquidity Agreement Renewals

Adam S. Hegstrom
Treasury and Finance Manager
June 16, 2025

Plan of Finance Objectives

Plan of Finance efforts are dedicated towards four key objectives:

1. Fund the debt-backed portion of The Utilities' upcoming capital plan
2. Manage and optimize The Utilities' current debt portfolio
3. Procure and manage debt-supporting instruments and ancillary services
4. Manage credit rating agency relationships



Summary of Anticipated Actions

- **Liquidity Agreements**

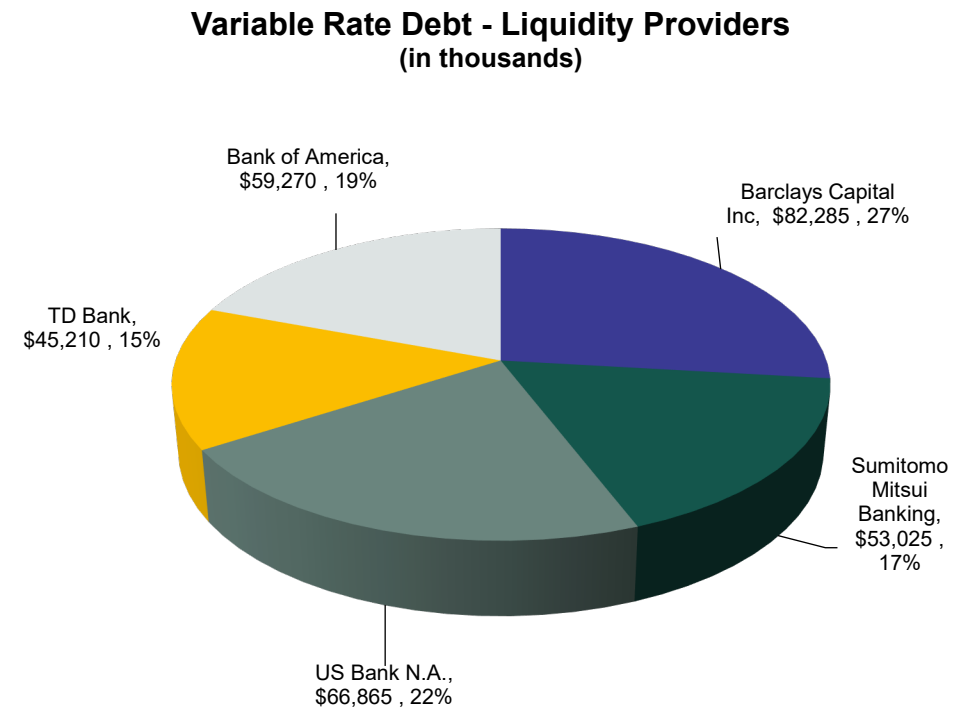
- Two SBPA Facilities Expire in September 2025
 - 2008A – Renew existing agreement (no ordinance required)
 - 2010C – Replace existing agreement (ordinance required)

- **Line of Credit**

- \$75 million revolving line of credit facility
- Expires in September 2025
- Renew with U.S. Bank (no ordinance required)

Background – Liquidity Providers

- Variable Rate Demand Bonds (VRDBs) - \$306.7 million outstanding
 - Long-term bonds whose interest rate resets weekly
 - Remarketers set said rates, and place bonds current holders no longer want with new owners
 - **Liquidity providers temporarily backstop the bonds if no buyers are available**
 - NOTE: All CSU VRDBs have a matched interest rate swap to hedge any movements in rates (synthetically fixed).



2008A SBPA Renewal

- Utilities' 2008A Standby Bond Purchase Agreement ('SBPA') expiring in September 2025
 - Outstanding par amount of \$31,555,000
 - Liquidity fee of 35 bps
- Analysis performed to determine most cost-effective options
 - Replace existing liquidity facility (RFP)
 - Negotiate renewal with current provider – US Bank, N.A.
- Result
 - Renew 2008A SBPA with US Bank, N.A., effective June 24, 2025
 - 3-year term at 35 bps with no make-whole provision
 - No ordinance required for renewal

2010C SBPA Replacement

- Utilities' 2010C Standby Bond Purchase Agreement ('SBPA') expiring in September 2025
 - Outstanding par amount of \$33,785,000
 - Liquidity fee of 29 bps
- RFP Process completed to select new liquidity facility provider
- Result
 - Replace 2010C SBPA with TD Bank
 - 5-year term at 26 bps with no make-whole provision
 - Savings of 3 bps

Revolving Line of Credit Renewal

- Utilities \$75 million revolving Line of Credit with US Bank expires in September 2025
- Analysis performed to determine most cost-effective options
 - Replace existing line of credit (RFP)
 - Negotiate renewal with current provider – US Bank, N.A.
- Result
 - Renew with US Bank, NA., effective September 8, 2025
 - 3-Year Term
 - Substantially similar terms and conditions of the existing agreement
 - No ordinance required for renewal

Next Steps

- Replacement of the 2010C SBPA liquidity provider requires authorization from City Council through an ordinance
- Key Dates:

SBPA / Liquidity Provider Replacement Actions:	Date*
Update to Finance/Working Committee	June 16, 2025
Presentation to Utilities Board	June 18, 2025
Effective date of 2008A SBPA Agreement Renewal	June 24, 2025
1 st Reading of 2010C SBPA Renewal Ordinance at City Council	July 8, 2025
2 nd Reading of 2010C SBPA Renewal Ordinance at City Council	July 22, 2025
Effective date of Revolving Line of Credit Agreement Extension	September 8, 2025
Execution of 2010C SBPA Agreement	September 12, 2025

**Preliminary schedule as of May 12, 2025*



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South Suburban Reservoir

Recreation and Water Quality

Agenda

1. Water Supply
2. History
3. Summary of Reservoir Access
4. City Ordinance
5. Impact of Dogs on Water Quality
6. Next Steps
7. Questions

Local System Water Supply

- South Suburban system consists of two raw water diversions
 - North Cheyenne Creek
 - South Cheyenne Creek
- Water is pumped from both creeks to fill both reservoirs
- Water can be pumped to the Penrose system to support the Broadmoor's non-potable supply if needed
- Water is moved regularly from Gold Camp Reservoir to South Suburban Reservoir for general water quality purposes



Local System Water Supply

(continued)

- Water from South Suburban and Gold Camp Reservoirs is conveyed to the Tollefson (Mesa) Water Treatment Plant
- The system yields on average 1,600 acre feet (AF) of water; of that, 200 AF of raw water is used for irrigation
- The South Suburban system typically provides less than 7% of Tollefson's water supply



History

- 1932 - Construction of the reservoir was completed
- 1966 - City purchased the South Suburban Water Company
- 1998 - City purchased 318 acres using TOPS funds and created the Stratton Open Space
- 2003 - City requested that Utilities open (seasonally) South Suburban reservoir to the public to support recreation in the Stratton Open Space
- 2005 - Customers petitioned the City and Utilities to open reservoir for dog use, resulting in Utilities opening the reservoir on a temporary basis to dogs



History

(continued)

- 2006 – Reservoir shutdown due to algal bloom from dog feces. The reservoir was unusable as a raw water source for six months
- 2007 - Reservoir reopened for public access, dogs were not allowed to swim in the water
- 2013 - Reservoir was reopened for dog use based on a request and approval by Utilities leadership
- 2024 - Access to reservoir was shut down due to a dam outlet works project
- 2025 - Work will be completed, and reservoir will be returned to service in the fall



Reservoir Access & City Ordinances

- Typically, drinking water sources are not open to contact by humans or domesticated animals based on safety concerns.
- Utilities does not allow bodily contact at any reservoir other than South Suburban
- Where recreation is allowed, Utilities has recreation management agreements with the City Parks Department, Colorado Division of Wildlife and/or the United States Forest Service
- City Code 12.4.802.C: UNLAWFUL TO POLLUTE: *“It shall be unlawful for any person to do any of the following acts in the areas of the water supply system as the Chief Executive Officer may designate...To bathe any animal or to cause or allow any animal to enter or swim therein;”*
- City Code 12.4.804.C2: RECREATIONAL USE ALLOWED: *“The City Council may allow watershed areas and reservoirs of the City to be used for public recreational purposes provided that the use is legally allowable and consistent with the maintenance of proper health, safety, fire protection and conservation standards”*

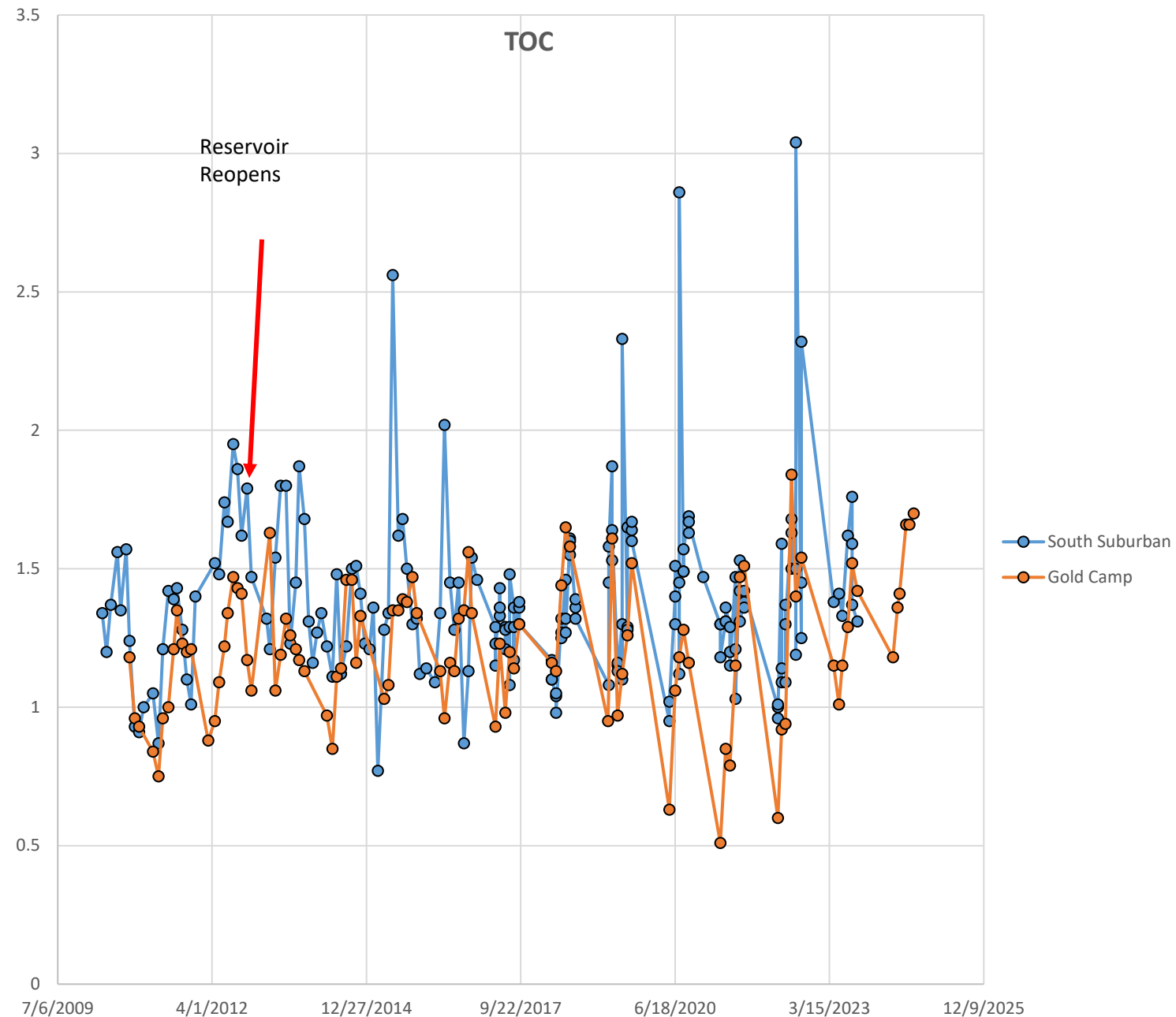
Impact of Dogs on Water Quality

- Introduces pathogens carried by pets directly to source water supply
- Activities such as splashing and swimming stir up sediment in the reservoir
 - Releases nutrients which support taste and odor causing algae and toxic cyanobacteria
 - Increases turbidity, making the water more difficult to treat
 - Increases Total Organic Carbon load



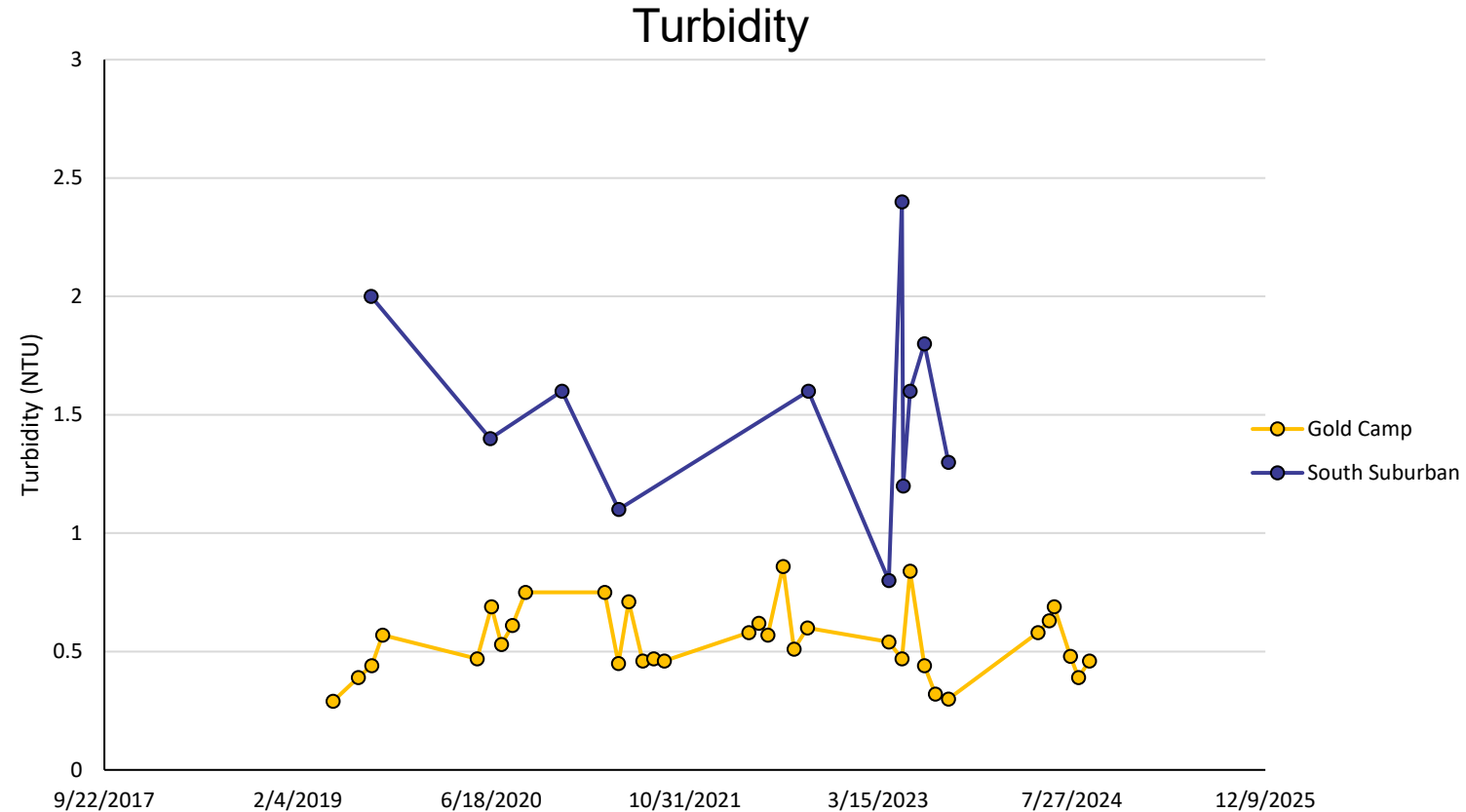
Total Organic Carbon (TOC)

- Interacts with chlorine to produce carcinogenic Disinfection By-Products (DBPs) in drinking water
- Both TOC and DBPs are regulated contaminants under the Safe Drinking Water Act (SDWA).
- Failure to control either could result in a SDWA violation for Utilities
- It is likely that water quality issues will increase and become a repetitive problem if issues are not addressed in a timely manner



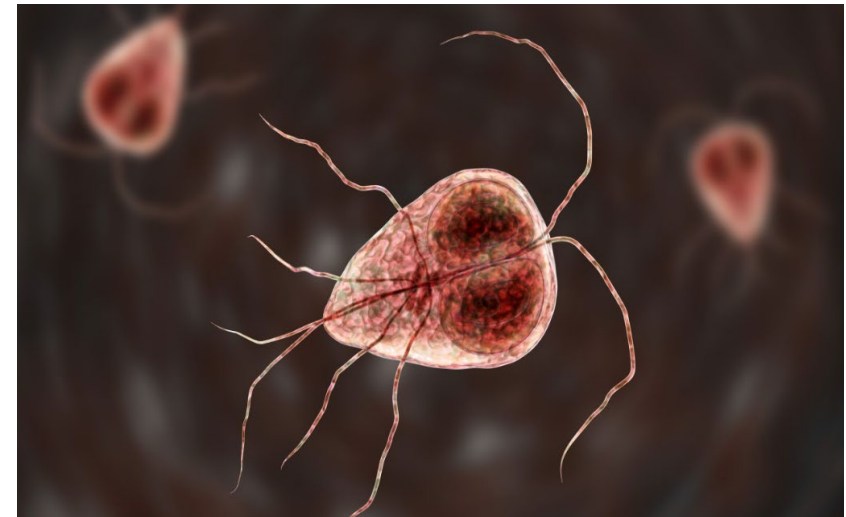
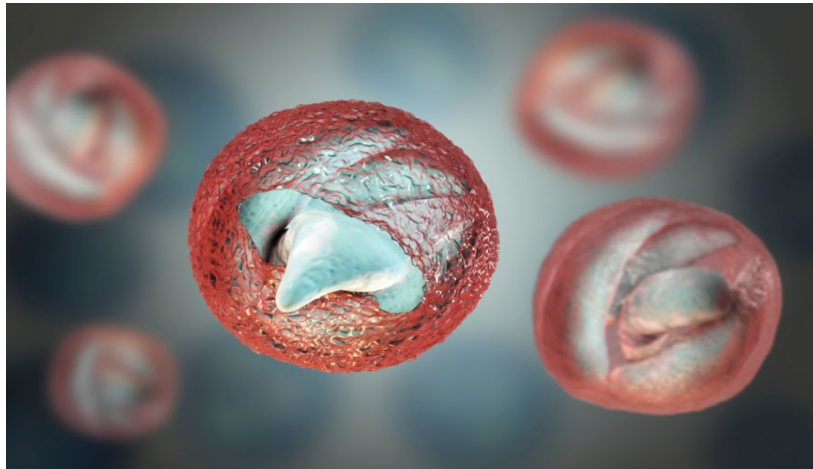
Turbidity

- Turbidity is a measure of the haziness or cloudiness of water due to suspended particles
- Higher turbidity levels indicate a water body in disruption
- Issues with turbidity:
 - The higher a water's turbidity, the more difficult it is to treat
 - Suspended particles can give pathogens a place to “hide”, making disinfection more difficult



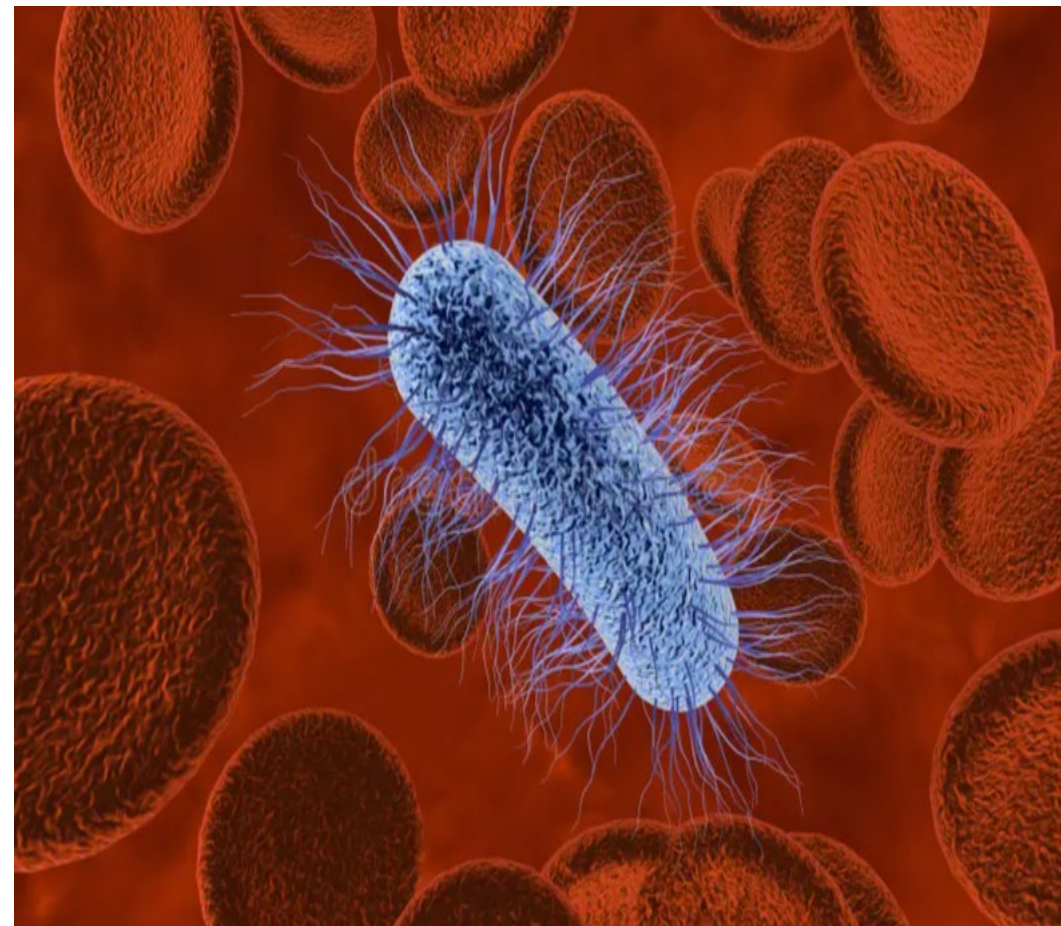
Crypto and Giardia Unique Risks

- No regulatory source water standards in Colorado applicable to these organisms
- Can be transmitted to humans by dogs and can persist and spread (e.g. from dog to dog) in water bodies once introduced
- Cysts can survive for months outside a host by contrast, *E. coli* dies within days
- It is estimated that 7-15% of domestic dogs are infected with these parasites at any given time, some exhibiting no symptoms
- Ingestion of 10-25 cysts is sufficient for infection
- Difficult to remove with treatment without adding expensive and inefficient steps to the process
- Removal of dogs from source waters adds an additional control lever for protection of public health



Escherichia coli & Enterococci

- *Escherichia coli*, E. coli, which, if consumed, can cause gastrointestinal illness in humans
- E. Coli is a result of feces contaminated water
- Regulated by the state to protect human health
- While typically well below this level, water quality in South Suburban Reservoir can exceed this limit – sometimes significantly (e.g. 1203 MPN/100mL on June 21, 2015)
- E. coli levels of this magnitude may pose health risks to people and dogs that make contact with the water directly or indirectly (e.g. touching wet dogs)



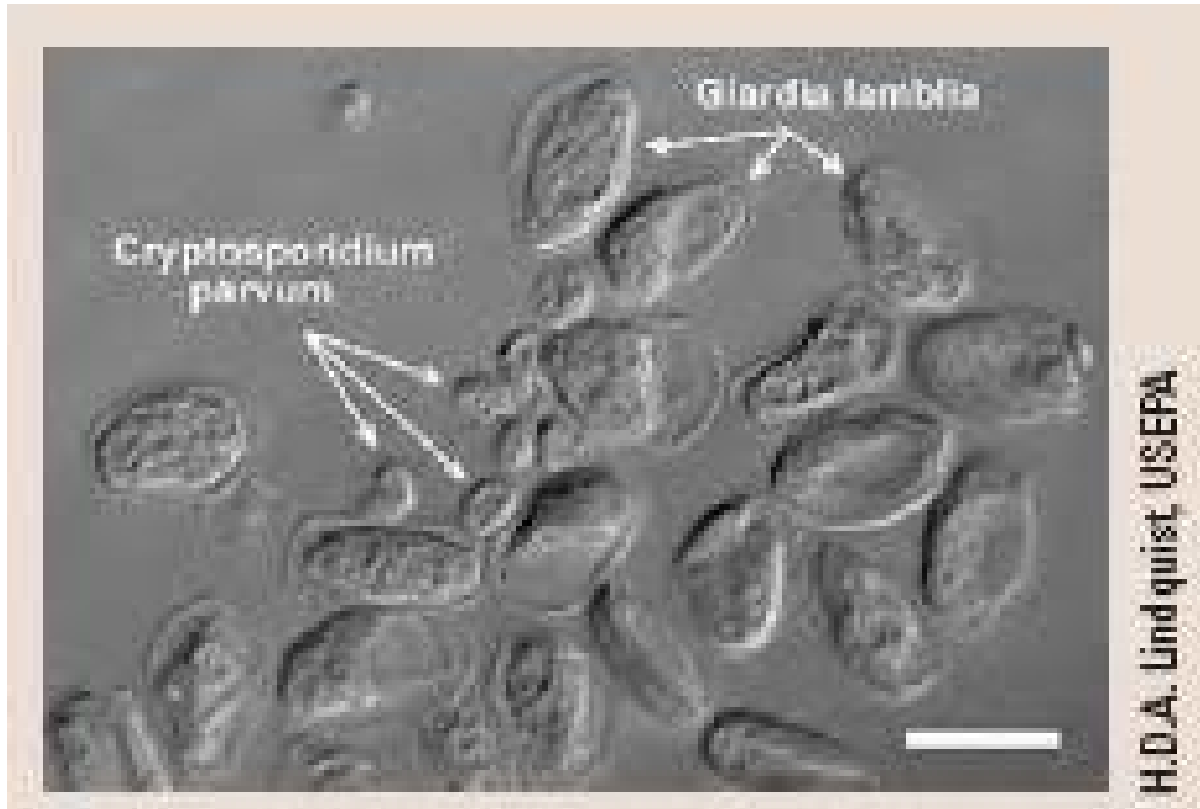
Cyanobacteria

- Cyanobacteria, also known as blue-green algae, have the potential to produce toxins, including microcystins, anatoxin, and cylindrospermopsin
- Cyanotoxins are not removed by traditional water treatment, as is found at the Tollefson facility
- In an abundance of caution, the water source would be removed from delivery to the water treatment facility if a Cyanobacteria bloom were detected



Organisms of Special Concern

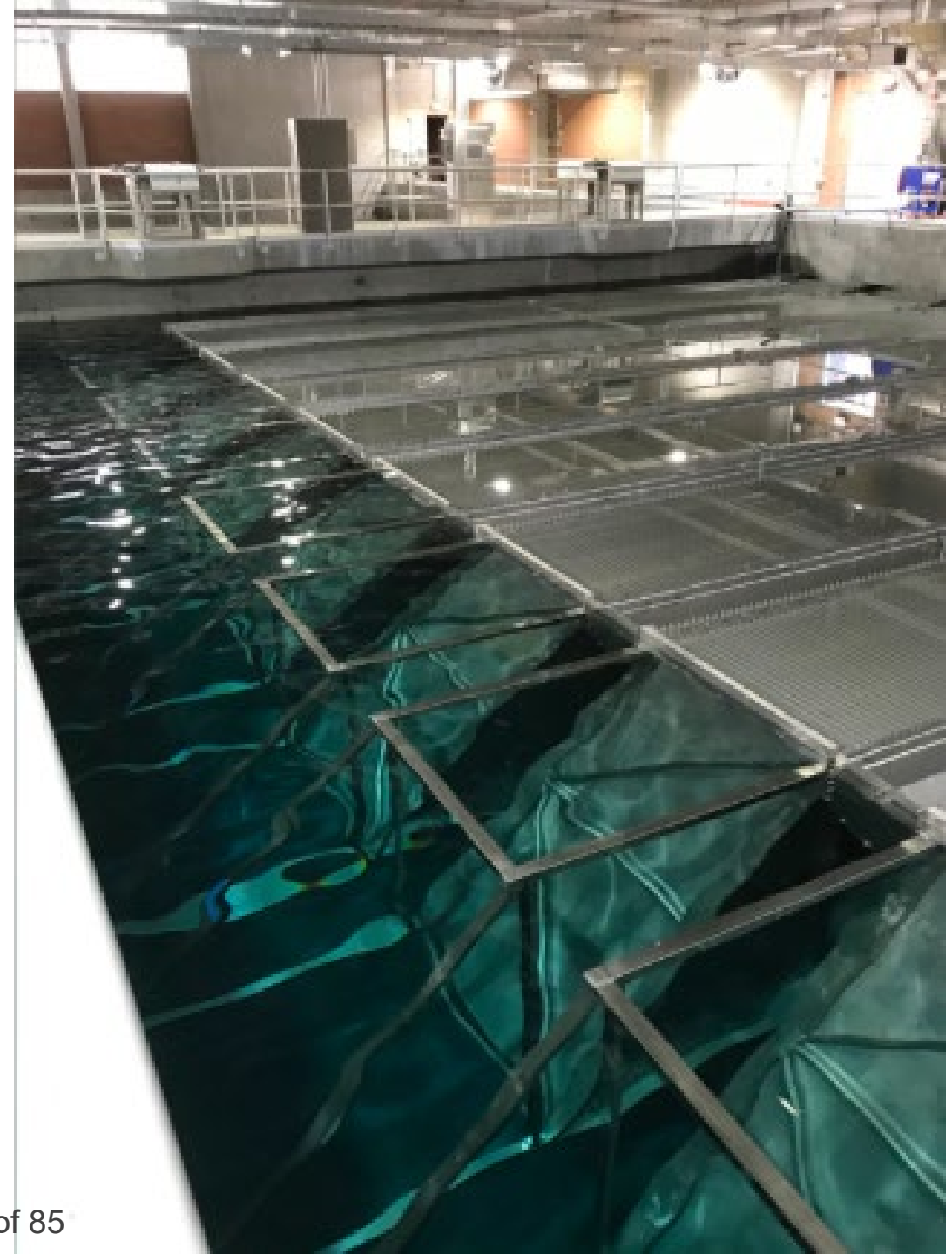
– Protozoa



- Cryptosporidium & Giardia are parasites that can infect both humans and dogs
- Can be life-threatening in immunocompromised, elderly, and the very young
- Protozoa are more resistant to chlorine disinfection than bacterial or viral pathogens

Protozoa Treatment & Monitoring

- Crypto oocysts are highly resistant to chlorine disinfection
- Must be physically removed during treatment
- Giardia cysts are somewhat resistant to chlorine disinfection
- Cysts can be inactivated given adequate chlorine contact time
- Testing for protozoa is time consuming, costly, and often ineffective.
- Instead of direct testing, CDPHE requires monitoring parameters that indicate the treatment process is in control (chlorine concentration and contact times, turbidity levels)
- Indirect monitoring is useful but problematic



Bacteria & Viruses

Pathogenic bacteria and viruses (Salmonella, Shigella, Hep A, etc) in source waters

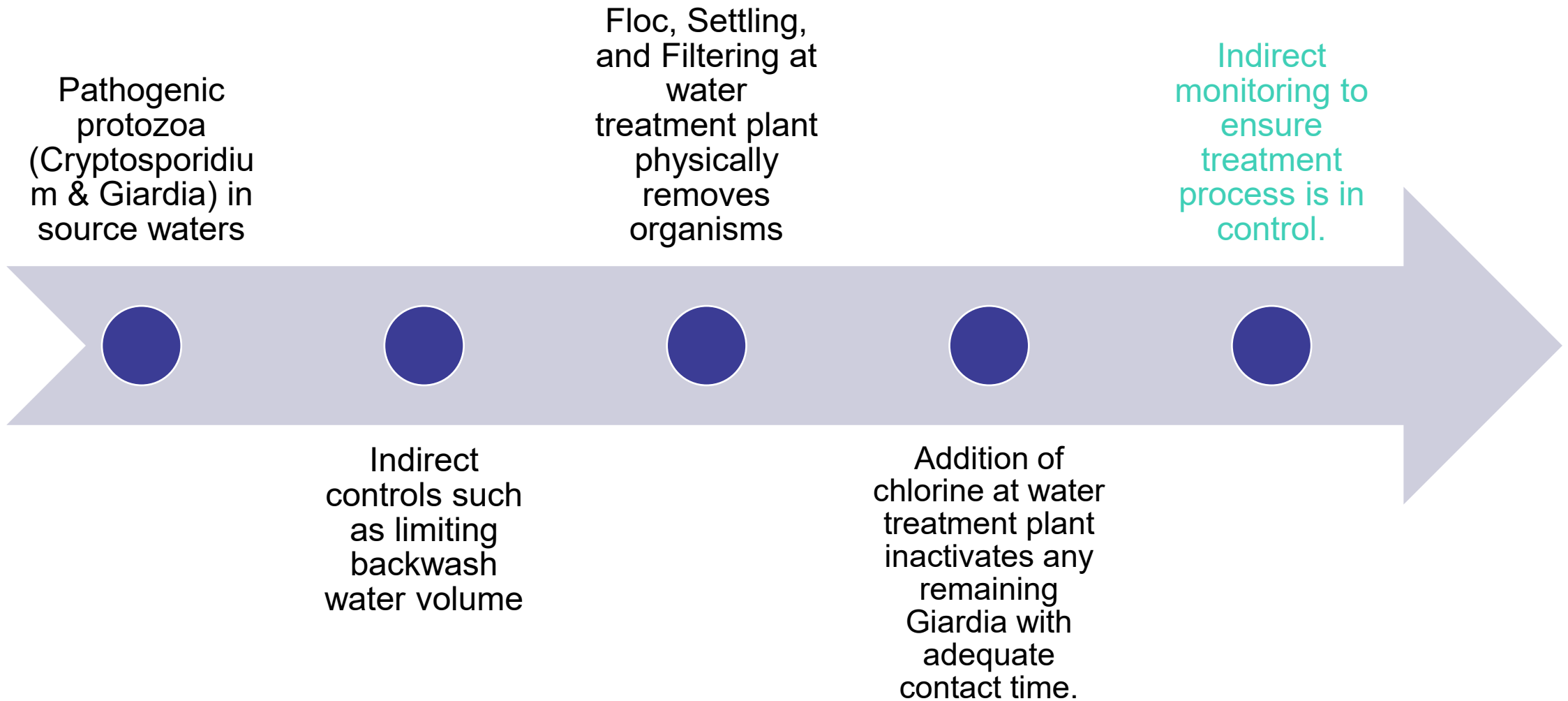
Floc, Settling, and Filtering at water treatment plant physically removes large load

At least 210 *E. coli* tests performed monthly across the potable system to ensure effective treatment

Indirect controls such as limiting backwash water volume

Addition of chlorine at water treatment plant chemically kills or deactivates any remaining

Protozoa



Next Steps

- Complete outlet works in late 2025
- Bring South Suburban Reservoir back into service as a raw water source
- Reservoir to remain closed for public access



Questions