

**MINUTES**  
**Working Committee**  
**March 17, 2025**

**Committee members present via Microsoft Teams or Rosemont Conference Room:**

Dave Donelson, Yolanda Avila, Lynette Crow-Iverson, Randy Helms, Nancy Henjum, David Leinweber and Michelle Talarico

**Committee members excused:**

Mike O'Malley

**Staff members present via Microsoft Teams or Rosemont Conference Room:**

Travas Deal, Lisa Barbato, Mike Francolino, Tristan Gearhart, Jay Anderson, Alex Baird, Kerry Baugh, Kevin Binkley, Rachelle Broz, Gabe Caunt, Nick Chamberlin, Mark Christiansen, Andy Colosimo, Jeff Courtright, David Dalton, Jessica Davis, Steve Duling, Jennifer Franceschelli, Fredrick Garcia, Jason Green, Kelly Guisinger, Adam Hegstrom, Eddie Howard, Jennifer Jordan, JerrieAnn LaLond, Birgit Landin, Brian Leach, Amy Lewis, Emily Magnuson, Nicole Means, Jared Miller, Michael Myers, Danielle Nieves, Rich Norton, Jacqueline Nunez, Chris Olney, David Padgett, Gail Pecoraro, Nick Peters, Joseph Rasmussen, Kathryn Rozwod, Bethany Schoemer, Eric Shea, Scott Shirola, Kevin Shrewsbury, Leslie Smith, April Speake, Bill Sunderland, Lauren Swenson, Matthew Thieme, Alex Trefry, Amy Trinidad, Natalie Watts, Chris Welch, Al Wells and Michelle Wills-Hill

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

David Beckett, Chris Bidlack, Victoria Classen, Renee Congdon, Rhea Hendrixson, Natalie Lovell and Matthew Vanlandingham

**Citizens present via Microsoft Teams:**

Tom Bailey, Kimberly Gold and Parth Melpakam

**1. Call to Order**

Board Chair Dave Donelson called the meeting to order at 9:03 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**

The Feb. 18, 2025 Working Committee meeting minutes were accepted for posting, after a motion by Board Member Helms and a second by Board Member Henjum.

**3. Safety Moment: National Nutrition Month**

Mr. Michael Myers, Manager of Safety and Health, explained that nutrition is the process by which our body takes in and uses food for growth, energy and maintenance. Good nutrition is essential for overall health, preventing chronic diseases and promoting longevity.

A balanced diet includes a variety of foods in the right proportions to provide the necessary nutrients. Food groups include fruits, vegetables, grains, protein foods and dairy. A balanced

diet supports immune function, maintains healthy weight and reduces the risk of chronic diseases.

Tips for eating right include portion control, hydration, variety in the foods consumed, and limited processed foods, and meal planning.

#### **4. Compliance Reports**

##### ER: I-3 Utilities Board Expected Results Year-End

Ms. Natalie Watts, Manager of Strategic Planning and Governance, said the Utilities Board monitors achievement of organizational results through Utilities Board Expected Results. The reporting period for this report was Jan. 1 through Dec. 31, 2024. The 2024 Year-End Balanced year-end overall score was 3.76 on a scale of 1 to 5. This is a rating of “exceeds expectations.”

Seven measures were rated as “Far Exceeds Expectations,” six measures were rated “Exceeds Expectations,” seven measures were rated at “Meets Expectations,” three measures were rated “Partially Meets Expectations,” and one measure was rated “Does Not Meet Expectations.”

Mr. Tristan Gearhart, Chief Planning and Financial Officer, explained the Adjusted Debt Service Coverage- Current Year rating of Does not Meet Expectations. There was additional capital spend due to the outage at the Front Range Power Plant towards the end of 2024, this included additional repairs that were not allocated for in the budget. The organization has adjusted to be in a better place moving forward.

Board Member Henjum asked how the weighted ratings are determined. Mr. Gearhart answered the weight the overall weight multiplied by the score. Board Member Henjum asked about the industrial nationwide comparison. Mr. Gearhart said this rating compares Springs Utilities to comparable large industrial companies across the country. If the organization scores within a 5% to 10%, that would be a rating of meets expectations. Mr. Travas Deal, Chief Executive Officer, stated that the organization will compare well to other Colorado companies due to the rules/ regulations within Colorado, but does not compare as well nationwide due to the requirements within the State.

As part of next steps, leadership is working with their teams to improve the four measures that either partially met expectations or did not meet expectations. The 2025 mid-year scorecard results will be presented to the Utilities Board toward the end of the third quarter.

Board Chair Donelson asked what the expectation is for those scores of “Partially Meets Expectations” and “Does Not Meet Expectations.” Mr. Deal said that plans are in place to improve these ratings. Mr. Gearhart said that some of the financial ratings are based on a 3-year average, so it may take some time to bring those scores up.

Board Member Helms asked what last year’s overall rating was. Ms. Watts said that the overall rating was “Exceeds Expectations.”

Mr. Mike Francolino, Chief Customer and Enterprise Services Officer, said that the small business category on the scorecard is the main item that affects the Customer Services ratings. He said that there are tools in place to implement a small business team that will focus on small business accounts.

Board Member Leinweber shared his personal experience owning a small business but using the same email address for both his business and residential accounts, which makes it very confusing to access the correct account. Mr. Francolino said that it is easiest for separate emails to be set up to differentiate between accounts.

Board Member Helms recommended using previous ratings, to help put the ratings into context, by including a 3-year rolling average.

Board Member Henjum asked if the target range for residential water service is meets expectations. Mr. Gearhart said that because of the cost of moving water from the Western Slope, the target is meets expectations.

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

#### I-4 Risk Management – Auditor’s Report

Mr. Gearhart reviewed the I-4 Risk Management – Auditor’s Report which concluded that Springs Utilities was compliant with the Utilities Board Instructions to maintain a Risk Management Committee, operate under, and maintain an Enterprise Risk Management Plan that includes Energy Risk Management, Investment, and Financial Risk Management Plans. This report indicated no real findings were found.

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

#### I-8 Asset Protection

Mr. Gearhart said that the reporting period for the I-8 Asset Protection compliance report was July 1 through Dec. 31, 2024. This report requires enterprise assets are protected, adequately maintained and not unnecessarily risked.

The first requirement is to protect enterprise assets including, but not limited to, water rights, real property interests, physical assets, cyber assets, intellectual property, records and information from loss or significant change. This requirement was met.

The second requirement is to allow real estate transactions that comply with the City of Colorado Springs Procedure Manual for the Acquisition and Disposition of Real Property Interests. This requirement was met.

The third requirement is to only sell, dispose of or allow use of assets at fair market value, except for de minimis contributions to community-oriented organizations. This requirement was met.

The fourth requirement is to protect the enterprise’s public image and reputation. This requirement was met.

Board Member Henjum asked about the requirements for physical security. Mr. Gearhart said the main focus of physical security is the use of employee badges to control Springs Utilities worksites. Mr. Gearhart stated that the policy is reviewed on a 5-year basis to keep the organization up to date with practices but may be reviewed more frequently based on the individual item.

Board Chair Donelson asked for any highlights, and Mr. Gearhart said that cybersecurity remains a focus and action taken appropriately.

#### I-12 Environmental Stewardship

Ms. Lauren Swenson, Manager of Environmental Services, stated that the reporting period for this report was Jan. 1 through Dec. 31, 2024. There are ten requirements included in this report.

The first requirement is to provide customers with educational materials and solutions to promote energy and water conservation and renewable energy technologies. This requirement was met with an increase in the number of events offered and the number of participants in these events. There was an increase.

Ms. Swenson said that since 2023, there has been an increase in the number of classes, tours, events and participants.

The second requirement is to promote efficient energy and water consumption in new buildings and landscapes. This requirement was met.

The third requirement is to ensure emissions from operations meet or surpass air quality regulations. This requirement was met.

The fourth requirement is to ensure local ground and surface water discharges from operations meet and surpass surface water and groundwater quality standards. This requirement was met. Ms. Swenson said that compliance improvements have been made at the JD Phillips plant.

The fifth requirement is to maintain or enhance the visual appeal of utility operations were cost effective. This requirement was met.

Board Member Henjum asked how the organization receives public input to meet this requirement. Ms. Lisa Barbato, Chief System Planning and Projects Officer, said that there are numerous ways to get feedback, these include sending information to customers, town hall meetings, and open houses to notify customers.

Board Member Henjum asked how projects are prioritized. Ms. Barbato said that each request is reviewed and prioritized. If there is concern with existing facilities, the organization collaborates with involved parties.

Board Chair Donelson asked if once the Central Bluffs substation is operational, what will happen to the substation inside Palmer Park. Ms. Barbato said that the Palmer Park substation will be decommissioned although there will still be some infrastructure transmission systems that will route through Palmer Park.

Board Member Talarico asked when the old Wilson tank would be torn down. Ms. Barbato said that it is expected to occur by the end of the week.

The sixth requirement is to ensure the community received a portion of its electric needs from renewable sources. This requirement was met.

The seventh requirement is to strive to preserve and protect wildlife, wildlife habitat, and wetlands during construction and operation of facilities and infrastructure. This requirement was met.

The eighth requirement is to strive to preserve and protect cultural and historic sites during construction and operation of facilities and infrastructure. This requirement was met.

The ninth requirement is to engage the community in Utilities Board decisions on Colorado Springs Utilities' operations that affect the environment. This requirement was met.

The last requirement is to strive to minimize or reuse waste generated by Colorado Springs Utilities to reduce impact on the environment. This requirement was met.

Board Member Henjum asked if a ratepayer can easily access this report. Ms. Watts stated that this is part of the Working Committee meeting packet and is available to the public. Board Member Henjum asked that the report be more readily available to the community, Ms. Swenson said that she will work with the Public Affairs Department to make this an externally facing report available on the csu.org website.

Ms. Barbato explained that the minor violations affect the environmental rating on the environmental index portion of the scorecard, bringing the score down to 92. This rating begins at a rating of 100 each year, and each violation is taken from this initial rating.

#### **5. Electric Cost Adjustment / Gas Cost Adjustment (ECA/GCA) Filing Discussion**

Mr. Scott Shirola, Manager of Pricing and Rates, said that the current ECA rate is \$.0301 per kilowatt hour, and the current GCA rate is \$.1725 per Ccf. Both rates were effective Oct. 1, 2024.

The current recommendation is to maintain the current ECA rate, and to change the GCA rate to \$.2804 per Ccf. This recommendation, if approved, would be effective April 1, 2025. The average customer bill will increase by \$6.47 per month.

The March forecast reflects higher fuel prices through November 2025 and in line with the previous forecast through the next heating season. As of Feb. 28, 2025, the ECA under collection balance was \$6.8 million. This under collection balance changed by \$2.1 million from the \$4.7 million under collection balance reported last month.

Mr. Alex Baird, General Manager of Fuels and Purchase Power, said this winter was markedly colder than last, and usage increased during this time.

Board Member Henjum asked how dekatherms are converted to cubic feet of natural gas (Ccf). Mr. Baird said the wholesale market uses dekatherms to sell natural gas. The rough conversion is taking the Ccf number and multiplying by 11.7.

As of Feb. 28, 2025, the GCA under collection balance was \$7.9 million. This under collection balance changed by \$2.4 million from the \$5.5 million under collection balance reported last month.

Board Member Leinweber asked about the projections on GCA, how can he explain that gas will be much cheaper in the future, but the organization is asking for a rate increase. Mr. Baird

said that future gas prices have not been locked in. Mr. Deal said that infrastructure takes time, so although policy changes it may include an immediate infrastructure change.

Board Chair Donelson asked why the projection continues to increase in the future. Mr. Baird said that there is positive sentiment that the prices will go up. The supply and demand balances get volatile in the spring but levels out during summer months.

Board Member Helms suggested that Mr. Shirola and Mr. Baird attend the March 25 City Council to explain the rate change. Mr. Deal said that Mr. Shirola will be available to answer questions regarding the rate change.

Mr. Shirola said the average customer increase is 2.7%.

Customer assistance is available through the Low-Income Energy Assistance Program (LEAP), Project COPE and different payment options. Long-term assistance is available through the Home Efficiency Assistance Program (HEAP) and rebates offered through Springs Utilities.

Board Member Henjum asked if the water rate will increase, and Mr. Shirola said the water rate was included in the 5-year rate plan. Costs may increase due to usage.

Board Member Helms asked if help is available to small businesses. Mr. Gearhart said that energy used, and demand are taken into consideration. These are looked at through demand rates. Mr. Mike Francolino, Chief Customer and Enterprise Services Officer, said small business customers are communicated on the impact in advance.

Mr. Gearhart said that Energy Wise will be implemented in October 2025.

Next steps include approval at the March 19, 2025 Utilities Board Meeting to bring the item to the March 25, 2025 City Council Regular Meeting. If approved at City Council, the GCA rate of \$0.2804 per Ccf would be effective April 1, 2025.

## **6. Improvements on Streetlight Reporting**

Mr. Alex Trefry, Public Relations Specialist, said that the City of Colorado Springs pays \$4,000,000 annually to operate and maintain more than 30,000 streetlights. More than 500 streetlight issues are responded to every month.

The current process includes six steps, which are initiated by a request being made through the GoCOS application. The new process will be only two steps. The new process was demonstrated. The customer makes the initial outage through the Streetlight Maintenance website and is also able to view the progress of the fix. The estimated savings is approximately 700 hours per year.

Board Member Helms asked why the expected “fix” date is so far in the future. Mr. Deal said that the City has a small budget for streetlights, and the streetlight crew is small.

Mr. Deal said that the streetlight crew is also responsible for the upkeep of conduits, due to copper thefts. Mr. Nick Peters, General Manager of Operations, said that signs are put inside the conduits stating that the wires used are aluminum and not copper. The theft element of streetlights is also being tracked.

Board Member Henjum requested that Mr. Sam Friedman in the City Council offices be aware of this change. Mr. Trefry said that the team has been working with City Public Communications, but he will contact Mr. Friedman directly.

Ms. Henjum asked how streetlight repair is prioritized. Mr. Trefry said that streetlights are repaired on a first come / first served basis; however, there are exceptions to this.

## **7. Purchase of Finished Water Easement**

Ms. Jessica Davis, Manager of Land Resources, said that this project is in conjunction with the City's Public Works. Springs Utilities' role is to identify easements needed for the future water project in this corridor. Public Works and Utilities worked together to only acquire property once from owners. The total cost of acquisition is \$250,900, Springs Utilities' easement price is \$143,310. The full Utilities Board will vote to move this item to the March 25, 2025 City Council Meeting at the March 19, 2025 Utilities Board meeting.

Board Members present approved this item to move forward to the Utilities Board consent agenda on March 19, 2025.

## **8. Economic Development Update and Large Commercial Customers**

Mr. Francolino said that the Chamber and Economic Development Corporation launched an Economic Development Target Industry Study in the first quarter of 2024. The key target industries included aerospace and defense, cybersecurity and software development, advanced manufacturing and semiconductor technology, medical equipment and supplies manufacturing, hardware and springs manufacturing, and finance and insurance.

The City asked Springs Utilities for a shovel ready plan for Peak Innovation Park. This executive agreement was introduced in the fourth quarter of 2024. The infrastructure Investment Cost Sharing outlines the airport's responsibility at \$58,000,000 and Springs Utilities portion at \$165,000,000 to build the transmission line.

Board Chair Donelson asked if this is in the current budget, and Mr. Francolino said it is included.

Mr. Francolino said that the organization has had many requests for data centers. The impact of data centers is their large energy and water consumption but lack of high-paying jobs, market purchases of energy resources, adherence to strict sustainability measures, and water usage and implementation of water reuse systems.

Board Member Henjum asked if the organization is in alignment with the Chamber and Economic Development Corporation, and Mr. Francolino said that the organization is in alignment.

Mr. Deal said that he anticipates more questions around water usage for data centers. The City is actively looking at datacenters, but the Chamber is not.

Board Chair Donelson asked why the City continues to look at data centers, and Mr. Deal said that they are big revenue generators for the City. Most of the water usage for data centers is cooling. Mr. Francolino said that tariffs will be proposed around large usage for datacenters.

Board Member Henjum asked how the Utility Board will be notified as datacenters come on board. Mr. Chris Bidlack, City Attorney, said that the initial application approval is done through the City Auditor's Office. Once approved, Springs Utilities can proceed with the request. If there is any disagreement, it can be escalated to City Council.

Mr. Deal said that this is an informational presentation today, and policies are currently being developed.

## **9. Strategic Sourcing Methodology**

Mr. Rich Norton, General Manager of Supply Chain, said that strategic sourcing involves data collection, spend analysis, market research, negotiation, contracting and implementation. It helps organizations align their procurement decisions with their business goals and strategy.

Market intelligence in strategic sourcing includes identifying reliable suppliers, cost optimization, risk management, improving negotiations, and enhancing procurement efficiency.

Board Chair Donelson asked what the organization is doing to address shortages. Mr. Deal said that there may increased prices, but it is better to onshore items to create stock. Mr. Deal said that the purpose of today's presentation is to keep the utilities board aware, the board does not have to take any action at this time.

The benefits of strategic sourcing include cost reduction, improved quality, increased efficiency, innovation, and supplier performance.

Historically Springs Utilities approached capital and operational programs of work as independent sourcing projects. Strategic Sourcing at the organization began in 2021. The leveraged methodology is to drive better business decisions and support the 5-year financial plan.

## **10. Adjournment**

The meeting adjourned at 11:34 a.m.