

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 feet (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.