

AGENDA

July 14, 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 June 16, 2025 Working Committee Minutes	Committee
9:15 a.m.	Safety Moment: Heat Stress Safety	Mike Francolino, Chief Customer and Enterprise Services Officer
9:25 a.m.	Compliance Reports: I-3 Financial Planning & Budgeting G-8 (Annual)	Tristan Gearhart, Chief Planning and Financial Officer
9:45 a.m.	2026 Budget Review	John Hunter, Financial Planning and Risk Manager
10:10 a.m.	Distribution Integrity Management Program (DIMP) Overview	Nate DeKock, Engineer Supervisor, Gas Operations Engineering Group Scott Shirola, Pricing and Rates Manager
10:25 a.m.	Working Committee Format Discussion	Renee Congdon, Utilities Division Chief, City Attorney's Office
10:40 a.m.	Adjournment	Board Chair Donelson

MINUTES
Working Committee
June 16, 2025

Committee members present via Microsoft Teams or Rosemont Conference Room:

Board Chair Dave Donelson, Tom Bailey, Kimberly Gold, David Leinweber, Roland Rainey and Vice Chair Brandy Williams

Committee members excused:

Lynette Crow-Iverson, Nancy Henjum and Brian Risley

Staff members present via Microsoft Teams or Rosemont Conference Room:

Travas Deal, Renee Adams, Lisa Barbato, Mike Francolino, Tristan Gearhart, Somer Mese, Joe Awad, Bryan Babcock, Alex Baird, Thad Clardy, Mike Cobb, Andrew Colosimo, Jeff Courtright, David Dalton, Matt Dudden, Felicia Floyd-Wildman, Jennifer Franceschelli, Kelly Guisinger, Mallorie Hanson, Adam Hegstrom, Jennifer Jordan, JerrieAnn LaLond, Birgit Landin, Jonathan Liepe, Danielle Nieves, Jacqueline Nunez, Christopher Olney, Abigail Ortega, David Padgett, Gail Pecoraro, Jason Reynolds, Scott Shirola, Jennifer Sullivan, Matthew Thieme, Shawn Timothy, Amy Trinidad, Natalie Watts, Al Wells, Kyle Wilson and Bella Wood

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

Chris Bidlack, Renee Congdon, Natalie Lovell, Timothy Scheiderer and Matthew Vanlandingham

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

Chris Meyer and Scott Smith

1. Call to Order

Board Chair Dave Donelson called the meeting to order at 9:06 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. Acceptance of Minutes

The May 19, 2025, Working Committee meeting minutes were approved unanimously, with Board Member Rainey excused.

3. Safety Moment: National Safety Month

Ms. Somer Mese, Chief Operations Officer, said that June is National Safety month. Ms. Mese shared that the organization operates with the mindset of safety every day and tracks different safety measures throughout the organization. These include speed and use of seatbelts. The organization focuses on total mental health wellness, stretching efforts, and other activities during National Safety Month.

Board Member Rainey asked if Springs Utilities uses information in the national TRACK database, and Ms. Mese said the information she shared was on the National Safety database site.

4. Compliance Reports

I-2 Financial Condition and Activities (to include Contracts Over \$500k**) G-7 (Quarterly Jan - March)

Mr. Tristan Gearhart, Chief Planning and Financial Officer, said the reporting period for this quarterly report is Jan. 1 through March 31, 2025. 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 the I-2 Financial Condition and Activities requirements.

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

Board Member Leinweber said that he had a recent experience with a Springs Utilities employee was very happy about the new trucks that have been added to fleet.

Board Member Leinweber asked with a planned outage occurs at a facility, is this costly to the organization. Mr. Gearhart said that planning is done before the outage to determine if additional energy will need to be purchased. Mr. Alex Baird, General Manager of Fuels and Purchase Power, said that the energy needs are tracked continuously, and adjustments made.

Board Member Rainey asked for a definition of CT1 and CT2. Mr. Gearhart said that these are the first and second jet engines located at the Front Range Power Plant. Ms. Mese said that CT stands for a gas combustion turbine, and that a steam turbine is needed to work together with the combustion turbine.

Board Member Rainey asked what the goal is for cash on hand. Mr. Gearhart said that the goal is 150 days. This is the standard rating to maintain Springs Utilities credit rating.

Board Chair Donelson asked what percentage of fiber has been completed. Ms. Mese said that the three construction contractors are doing very well but are facing geological challenges in the Rockrimmon area. 27,000 addresses have been completed as of today. The goal is 50% by the end of the year.

E-2 CEO / Board Partnership Responsibilities

Electric Cost Adjustment (ECA) / Gas Cost Adjustment (GCA)/ Electric Capacity Charge (ECC)/ Gas Capacity Charge Adjustment (GCC)

Mr. Scott Shirola, Manager of Pricing and Rates, explained the Colorado Springs Utilities rate structure. Mr. Shirola said that rates are set only to recover the cost of providing service, there are no built-in profit margins or return on investment. There are three types of rates to recover different types of costs: 1) base or non-fuel rates which recover costs associated with the pipes and wires; 2) fuel-related rates which recover energy and third-party capacity costs; and 3) riders which recover costs of specific programs or regulatory requirements.

Board Member Leinweber asked what the maximum amount of green energy (wind and solar) can provide for the lowest system load. Mr. Baird said that this could not provide the lowest system load. He said this is the reason that the organization participates in the regional market. He said that the recent addition of battery is helping with this.

Board Chair Donelson asked what expenses we have for the battery. Mr. Baird said this is a fixed rate to use the battery. Mr. Gearhart said that depending on the cost and time of use, battery energy can still be the least costly.

Board Member Rainey asked if there is a cost for maintenance on the battery. Mr. Baird said that this is built into the contract.

Board Member Leinweber asked if the Iran war will drive prices up. Mr. Baird said there is spare capacity in other countries that can supplement energy needs in case the Iran war results in the need for additional charges.

Vice Chair Williams asked about using natural gas during the summer months. Mr. Baird said that the use of natural gas has been increasing with hotter temperatures in the summer. This also has an effect on prices during the winter.

Clean Heat Plan

The Clean Heat Plan Law was passed by state legislation in 2021. This requires utilities to adopt programs that encourage customers to reduce emissions generated by natural gas-based appliances and heating systems. Springs Utilities filed its Clean Heat Plan with the state in August 2023, which identifies spending levels necessary to meet the 2% cost cap requirement of the regulation.

A new natural gas charge, known as the Colorado Clean Heat Plan Charge, is proposed to recover expenses related to complying with state mandates.

- This charge is about \$0.75 per month for residential customers and will help recover expenses related to state mandates under Colorado's Clean Heat Plan.
- This charge will appear separately on customer bills. Like base rates, it will be reviewed annually.
- Total new funding is expected to be about \$2.7 million.
- The revenue will be used to fund energy efficiency programs that will help reduce greenhouse gas emissions and to purchase renewable natural gas.

ECC / GCC

There is no projected ECC or GCC adjustment in June 2025.

ECA/GCA

Mr. Shirola proposed three different options for ECA/GCA. These include: 1) no adjustment, 2) quarterly adjustment, or 3) six-month adjustment.

The ECA quarterly adjustment option would be a reduction of 2.5% for residential, a reduction of 3.3% for commercial and a reduction of 3.9% for industrial customers respectively. The GCA quarterly adjustment would be a reduction of 3% for residential, a reduction of 4.1% for commercial, and a reduction of 4.2% for industrial customers.

The ECA six-month adjustment option (the recommended option) would be a reduction of 3% for residential, a reduction of 4.1% for commercial and a reduction of 4.2% for industrial customers respectively. The GCA six-month adjustment would be an increase of 5.8% for residential, an increase of 8% for commercial, and an increase of 8.2% for industrial customers.

The cumulative residential bill impact of a quarterly adjustment would be (\$3.92) and for a six-month adjustment would be \$0.25. Springs Utilities is recommending a six-month adjustment. The proposed effective date is July 1, 2025.

Vice Chair Williams asked when the next update will be given to the Board, and Mr. Gearhart said that this is planned for October 2025. Monthly updates will continue to the Utilities Board.

Board Chair Donelson asked if the regular quarterly adjustment would require a larger increase in the next quarter. Mr. Gearhart said that if the customer's bill is decreased now, projections show that it will be a larger increase at the next adjustment.

The Board accepted the six-month recommended adjustment.

There are different plans available to help customers with their utilities bill. These include bill assistance (Low-income Energy Assistance Program and Project COPE) and payment options.

Long-term assistance is also available with free energy home upgrades, efficiency tips and education and rebates.

5. 2025ABC Bond Ordinance

Mr. Adam Hegstrom, Treasury and Finance Manager, shared the 2025 Plan of Finance update. He said that the Plan of Finance is an annual strategic effort to effectively obtain and manage debt obligations to support Springs Utilities' capital needs. This is critical to the Utilities Board's strategic focus, with the core tenants of prudence, efficiency, and flexibility.

The new debt issuance: 2025A's first objective is to support Springs Utilities' operations by funding the debt-backed portion of the enterprise's future capital plan. The enterprise need is estimated at \$869.3 million in total capital spend between September 2025 and August 2026. The anticipated action is to issue new money debt in August 2025. Due to volatile market conditions, interest rates have risen since the last issuance. The organization is asking to issue new money debt in August 2025.

Refunding debt issuance: 2025B's second objective is to manage and optimize the organization's current debt portfolio ("refunding issuances"). There is \$2.1 billion in outstanding fixed rate bonds, the vast majority of which can be refinanced 10 years after issuance if interest rate economics are favorable. The organization is asking to issue a current refunding transaction in August to refinance all/parts of the 2015A issuance.

Potential Build American Bonds (BAB) refunding: 2025C's, BABs were 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. The federal government issues a subsidy payment directly to the bond issuer (Colorado Springs Utilities) effectively lowering the cost of borrowing. Under current legislation, the original subsidy of 35% has been reduced by 5.7%.

Board Member Rainey asked what the potential risk is for refunding the BAB bonds. Mr. Hegstrom said that the cost would be \$10 million at the current market rates.

Springs Utilities has \$207.3 million in outstanding direct payment BABs taxable bonds and \$4.2 million in subsidy payments expected to be received in 2025. The organization is seeking authorization to execute transactions if market conditions are favorable. The ordinance would be effective for one year following this proposed adoption expiring on July 22, 2026.

The fourth objective is to manage Springs Utilities' financial reputation and industry relationships to ensure market access. An underwriter pool was established in 2023 for an anticipated five-year term. The competitive selection process for 2025AB bonds was completed in May. Goldman Sachs was chosen as the Senior Manager and Bank of America, J.P. Morgan, Morgan Stanley and Barclays were selected as co-managers for the 2025AB issuance. The organization is currently preparing messaging for upcoming rating agency meetings with credit reporting agencies.

Board Members stated they approved this item to be presented at the June 18, 2025 Utilities Board Meeting, first reading on the ordinance to City Council on July 8, 2025, second reading of the ordinance to City Council on July 22, 2025. Bond pricing would occur the week of Aug. 4 or 11, 2025, and the issuance closure would be Aug. 26, 2025.

6. 2010C Liquidity Replacement Ordinance

Mr. Hegstrom said the plan of finance objectives is dedicated toward four key objectives:

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

The 2008A and 2010C Liquidity Agreements expire in September 2025. Renewal of the 2008A agreement does not require an ordinance. Replacement of the 2010C agreement does require an ordinance.

The \$75 million revolving line of credit also expires in September 2025. No ordinance is required to renew this with the current vendor.

Renewal of the Standby Bond Purchase Agreement (SBPA) 2008A has been analyzed, and the most cost-effective option is to renew with U.S. Bank, N.A., on June 24, 2025. This will be a 3-year term at 35 bps with no make-whole provision. This does not require an ordinance.

The Request for Purchase (RFP) process has been completed to select the new liquidity facility provide for the replacement of the SBPA 2010C. This agreement will be replaced by TD Bank with a 5-year term.

Analysis was completed to find the most cost-effective option to replace/ renew the organization's revolving line of credit. This analysis determined that the best option is to renew with US Bank, N.A., for a 3-year term with substantially similar terms and conditions of the existing agreement. No ordinance is required for this renewal.

Next steps for replacement of the 2010C SBPA liquidity replacement include presentation to the Springs Utilities Board on June 18, 2025; First Reading at City Council on July 8, 2025; Second reading at City Council on July 22, 2025; and execution after City Council approval on Sept. 12, 2025.

Board Member Rainey asked if they are competitive rates, but very volatile flowing, this takes on a lot of risk. Mr. Hegstrom said that these items are not drawn upon frequently, only twice in the last 25 years for a short period of time. The intention of these products is to buy time to purchase a more traditional bond.

Board Member Leinweber asked if the organization gets payment discounts for paying early, etc. Mr. Gearhart said that the standard in the contracts is net 20 days, and payments are usually made within this time period.

7. South Suburban Closure

Mr. Mike Cobb, Water and Wastewater Field Operations Superintendent, and Ms. Jennifer Sullivan, Environmental Lab Superintendent, shared that the South Suburban system consists of two raw water diversions (North Cheyenne Creek and South Cheyenne Creek). Water is pumped from both creeks to fill both reservoirs. Water is moved regularly from Gold Camp Reservoir to South Suburban Reservoir for general water quality purposes.

Historically, dogs have been allowed to swim in the reservoir periodically. In 2024, access to the reservoir was shut down due to a dam outlet works project. This work will be completed in 2025, and the reservoir will be returned to service in the fall.

Dogs have had an impact on the water quality at the South Suburban Reservoir. They can introduce pathogens directly to source water supply. With activities such as splashing and swimming, sediment can be stirred up in the reservoir. This can result in the release of nutrients which support taste and odor causing algae and toxic cyanobacteria, increase of turbidity which makes the water more difficult to treat, and increase in the total organic carbon load.

Board Member Rainey asked about the reasons behind the periodic closures of the reservoir. Ms. Mese said that the Gold Camp water quality is better than South Suburban; dogs are not allowed to swim in Gold Camp but are allowed in South Suburban.

Ms. Sullivan said that there is a difference between “touching/coming into contact” and allowing it in drinking water.

Board Member Leinweber said that municipalities throughout the country have many reservoirs, and he wondered how the other reservoirs can operate. Ms. Lisa Barbato, Chief System Planning and Project Officer, said that the South Suburban Reservoir is a very small reservoir and dilution plays a part. Mr. Cobb said that there is no flow because water is pumped into this reservoir.

Board Chair Donelson asked what would be involved in closing the reservoir. Ms. Mese said that it is communicating the why and closing the gates.

Next steps include completion of outlet works in late 2025, bringing the reservoir back into service as a raw water source, and keeping the reservoir closed for public access.

8. Adjournment

The meeting adjourned at 11:12 a.m.



Date: July 16, 2025

To: Utilities Board

From: Travas Deal, Chief Executive Officer

Subject: **Excellence in Governance Monitoring Report**
Utilities Board Instructions to the Chief Executive Officer
Financial Planning and Budgeting (I-3)

Desired Action: Monitoring

Compliance: The CEO reports compliance with the instructions.

INSTRUCTIONS			
Category:	Utilities Board Instructions to the Chief Executive Officer	Reporting Timeframe:	June 1, 2024 – May 31, 2025
Policy Title (Number):	Financial Planning and Budgeting (I-3)	Reviewing Committee:	Finance
Monitoring Type:	Internal	Monitoring Frequency:	Annual
Guidelines:	Water Reserve Account (G-8)		

The Chief Executive Officer shall direct that financial planning and budgeting is multi-year and includes planning assumptions, capital and operations expenses and projections of revenues and cash flow. Accordingly, the CEO shall:

- 1. Maintain financial stability by meeting Utilities Board approved financial metrics that support a AA long-term credit rating.*

Colorado Springs Utilities is committed to achieving the outcomes most important to the Utilities Board and its customers: competitive utility rates; safe, reliable service; and outstanding customer experience, while maintaining financial metrics that support a “AA” credit rating. This “AA” credit rating is ensured by setting targets in the annual budget and five-year financial plan combined with monthly forecast and financial modeling reviews. In July 2024, Moody’s Investors Service Inc. and S&P Global Ratings affirmed Colorado Springs Utilities’ “Aa2” and “AA+” ratings. Fitch Ratings provided a “Review No Action” rating maintaining Springs Utilities’ rating at “AA”.

2. *Financially position the enterprise to meet long-range infrastructure funding requirements while moderating customers' average base bill adjustments.*

Colorado Springs Utilities maintains solid financial metrics to ensure the AA bond rating. Conservative budget practices combined with our strong credit profile will help moderate customer bill adjustments while meeting long-range infrastructure funding requirements.

3. *Use planning assumptions that accurately forecast revenues and expenses.*

Forecasts for revenue requirements, capital spending, bond funding needs, and operating and maintenance expenses are based on assumptions that align with our five-year business plan. Historical weather data and key economic metrics are provided by local and state specific economists and demographers.

4. *Direct that a water reserve account is established and maintained to manage water sales volatility.*

A water reserve account has been established and is funded annually when actual revenue is greater than budget to manage water sales volatility. The water reserve account enables revenues to be stabilized and is one of the ways Colorado Springs Utilities safeguards current and future customers from being unduly burdened during unpredictable seasonal weather volatility.

The balance of the account at the end of the reporting period was \$17.6 million.

5. *Use financial methods that share the cost of utility infrastructure between current and future customers.*

The mix of cash and debt financing allows the organization to share the cost appropriately between current and future rate payers. Our current five-year capital plan is approximately \$800 million per year, and we expect to cash fund up to 32% of the spend. Strong infrastructure planning practices (I-6 Governance Compliance Reporting) supports our capital investment planning for our current customers.

6. *Use risk-based modeling and a defined enterprise procedure to prioritize operations and maintenance infrastructure.*

Colorado Springs Utilities uses risk-based modelling and data to plan and prioritize rehabilitation and replacement efforts for high-risk assets. In addition, strong infrastructure planning practices (I-6 Governance Compliance Reporting) support condition assessments of our linear and vertical assets across our services to develop a risk-based prioritization of our capital investment. Used together, risk-based modeling and infrastructure planning determine our prioritization approach for asset maintenance.



2026 Budget Preliminary Draft

John Hunter, Financial Planning and Risk Manager

Working Committee
July 14, 2025

Proposed 2026 Budget

Budget Summary (in thousands)

	2026 Proposed Budget	2025 Approved Budget	Increase / (Decrease)	% Change
Capital Projects	\$ 942,137	\$ 628,752	\$ 313,385	49.8%
Fuel Operations & Maintenance	530,280	493,961	36,319	7.4%
Non-Fuel Operations & Maintenance	453,571	437,774	15,797	3.6%
Debt Service	271,364	228,711	42,652	18.6%
Transfers - Surplus Funds to City	37,301	37,138	163	0.4%
Other	365	380	(16)	-4.2%
TOTAL	\$2,235,016	\$1,826,717	\$ 408,300	22.4%

Proposed 2026-29 Forecast (in thousands)

	2026	2027	2028	2029
Capital Projects	\$942,137	\$859,770	\$814,737	\$775,249
Operations & Maintenance – Fuel*	\$530,280	\$537,463	\$547,147	\$543,874
Operations & Maintenance – Non-Fuel	\$453,571	\$455,368	\$461,721	\$469,699
Debt Service	\$271,364	\$315,283	\$342,360	\$390,700
Surplus Transfers & Franchise Fees	\$37,665	\$38,371	\$38,806	\$38,955
Total	\$2,235,016	\$2,206,255	\$2,204,770	\$2,217,476

* Contains high fuel case of \$177M in each year.

Proposed 2025-29 Comparison (in thousands)

	Previous 5-Year	Proposed 5-Year	Variance
Capital Projects	\$3,910,918	\$4,030,134	\$119,216
Operations & Maintenance – Fuel*	\$3,022,393	\$2,474,420	(\$547,973)
Operations & Maintenance – Non-Fuel	\$2,326,494	\$2,289,534	(\$36,960)
Debt Service	\$1,489,326	\$1,544,173	\$54,846
Surplus Transfers & Franchise Fees	\$191,419	\$191,076	(\$343)
Total	\$10,940,550	\$10,529,337	(\$411,213)

Drivers to 5-Year Increases

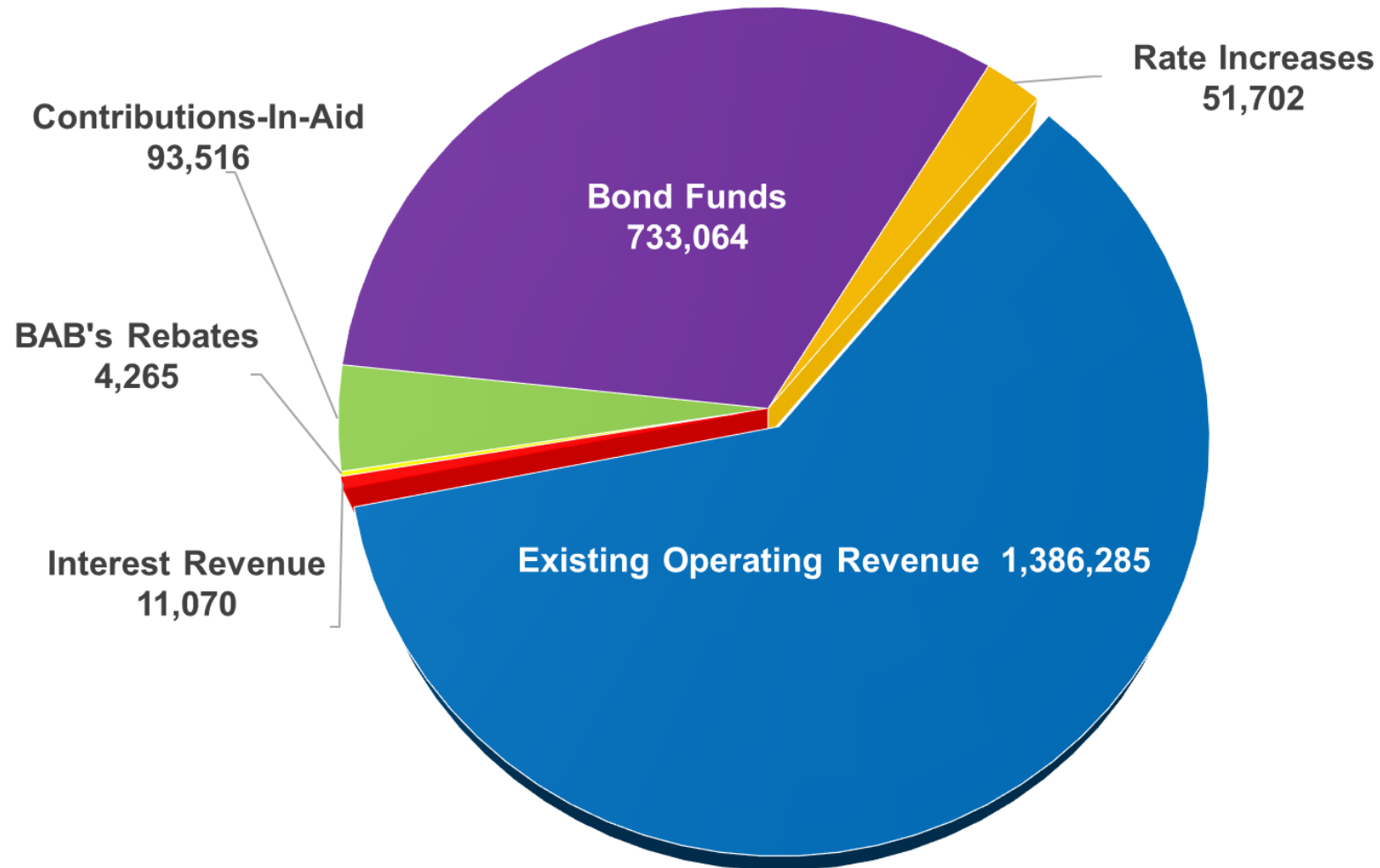
- Accelerated DIMP projects in Gas \$79 million (funded through bill rider)
- New developer projects in Electric and Gas \$25 million (customer funded)
- 2025 emergency work in Electric and Water \$15 million (absorbed in metrics)
- Debt Service increase due to higher forecasted interest rates (offset by O&M decreases)

Proposed 2026-29 Budget Overview (in thousands)

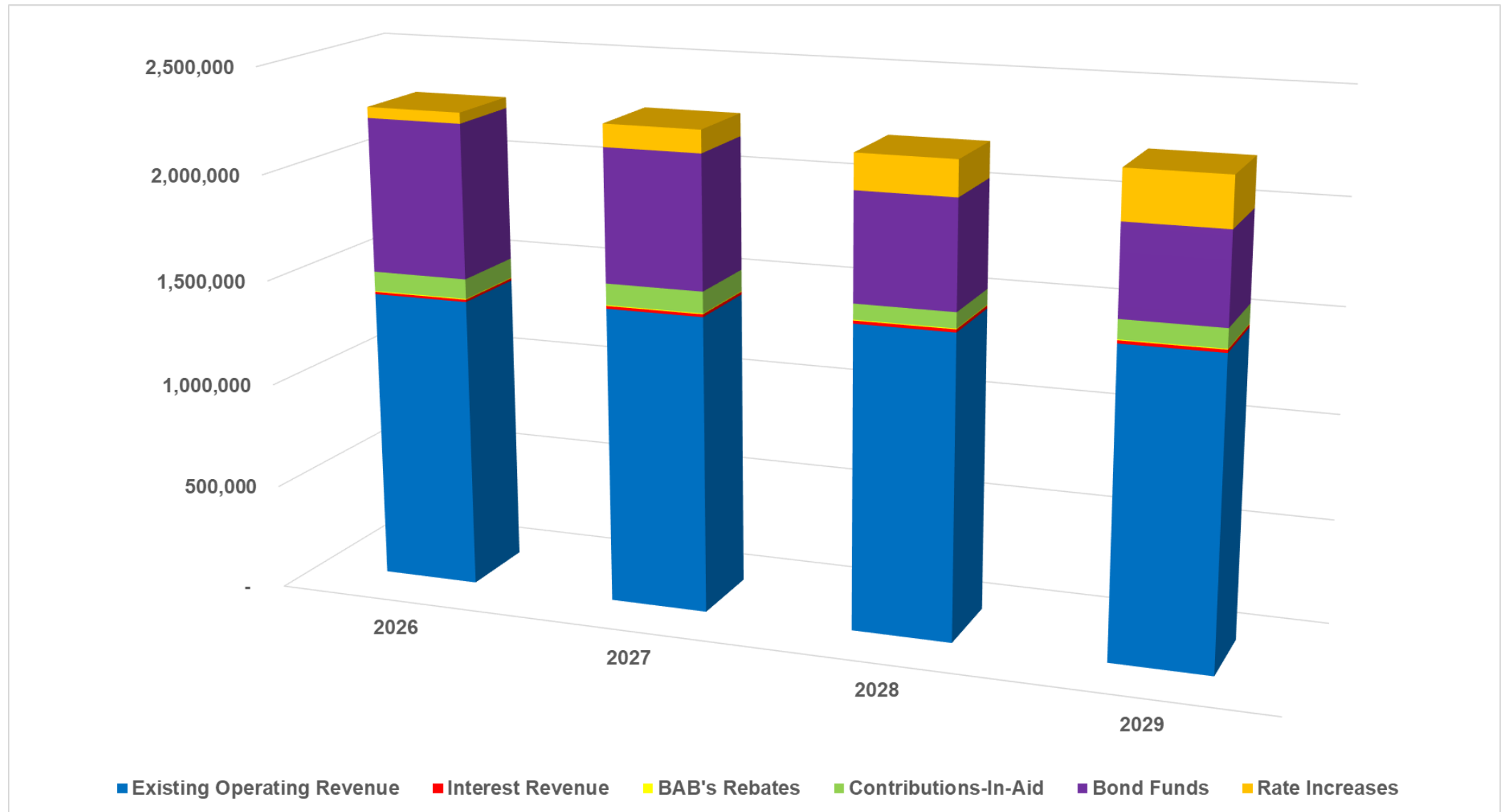
Proposed Metrics	2026	2027	2028	2029	4 Year Average
Adjusted Debt Service Coverage	1.94	1.93	1.92	1.91	1.92
Debt Ratio	57.3%	58.2%	58.5%	57.4%	57.9%
Days Cash on Hand	155	155	155	155	155

Proposed Rate Increases Needed	2025 Typical Bill	2026 Rate Increases	2027 Rate Increases	2028 Rate Increases	2029 Rate Increases	2029 Typical Bill
Electric (Base Rates)	\$80.58	6.5%	6.5%	6.5%	6.5%	\$103.30
Gas (Base Rates)	\$24.11	4.0%	4.0%	4.0%	4.0%	\$28.00
Water	\$85.10	6.5%	6.5%	6.5%	6.5%	\$109.06
Wastewater	\$37.33	9.0%	9.0%	9.0%	9.0%	\$52.65
Total Non-Fuel Bill	\$227.12	6.5% \$241.99	6.6% \$257.94	6.5% \$274.81	6.6%	\$293.01

Funding 2026 Appropriation (in thousands)



Funding 2026-29 Appropriation (in thousands)



Next Steps

Next 30 days: Utilities will continue to refine the 2026 Budget Preliminary Draft

August 18: Working Committee – address any follow-up 2026 budget items

August 20: Utilities Board – 2026 Preliminary Budget and Rate Case



Colorado Springs Utilities[®]

It's how we're all connected



DIMP Acceleration Plan & PHMSA NOPSO Response

Utilities Board Working Committee

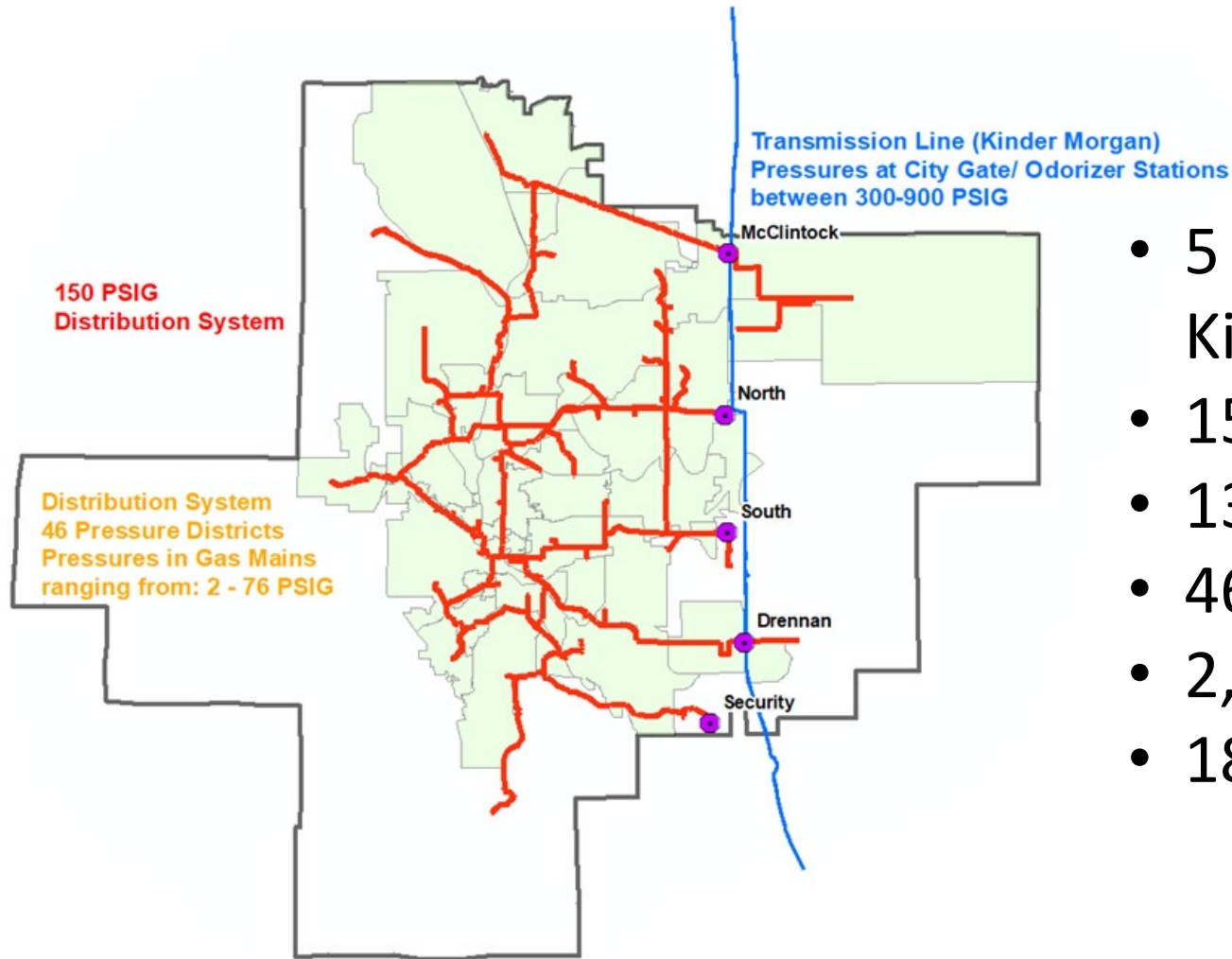
Nate De Kock, Supervisor Gas Operations Engineering Group

Scott Shirola, Pricing and Rates Manager

Agenda

1. Gas System Overview
2. Gas Regulatory Bodies
3. DIMP Requirements
4. Gas System Progress and Current Status
5. DIMP Acceleration Plan
6. PHMSA Notice of Proposed Safety Order (NOPSO)
7. Consent Agreement Status
8. Execution Ramp Up Approach
9. Cost Recovery
10. System Safety

Gas System Overview



- 5 Gate Stations Receiving Gas from Kinder Morgan
- 157 Miles of 150 PSIG Backbone
- 137 District Regulator Stations
- 46 Pressure Districts
- 2,781 Miles of Main Piping
- 188,199 Service Lines

Gas Regulatory Bodies

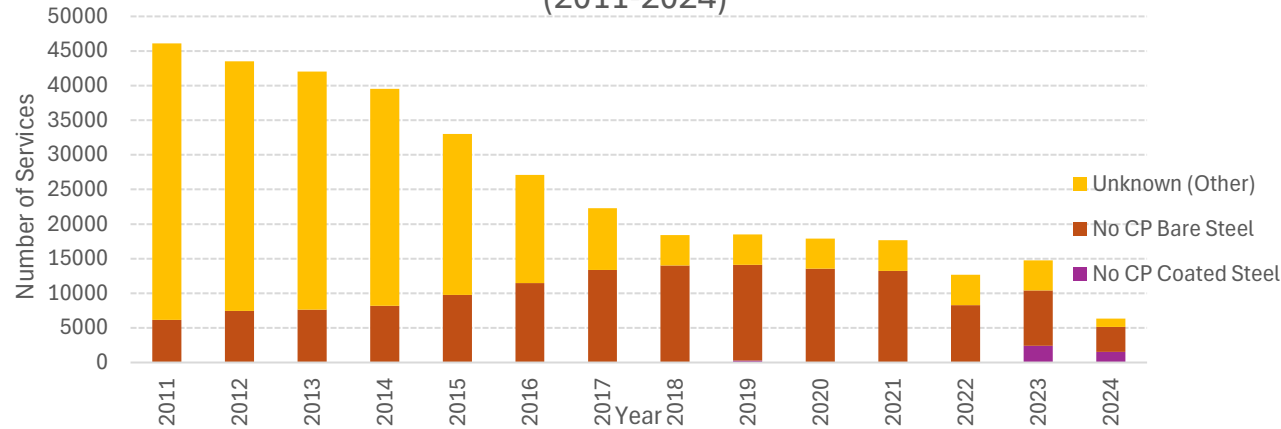
- Pipeline and Hazardous Materials Safety Administration (PHMSA)
 - Publishes 49 CFR 192
 - Provides enforcement measures for Colorado Municipalities as of 2023
- Colorado Public Utilities Commission (PUC)
 - Performs CFR 192 Audits of Utilities and provides written results to PHMSA

Distribution Integrity Management Program Requirements

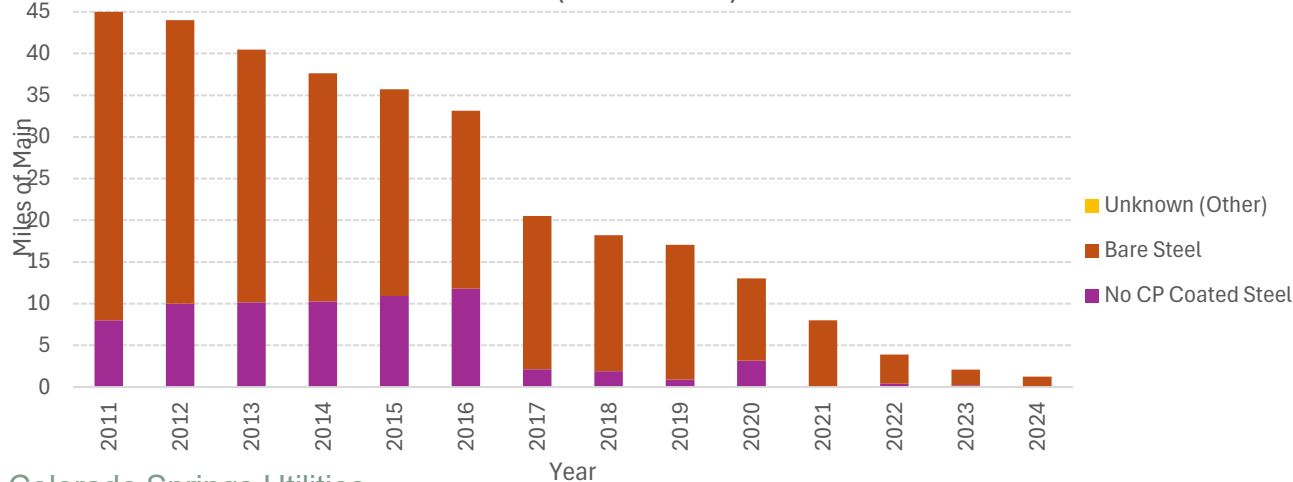
- **49 Code of Federal Regulations, Part 192, Subpart P – Published December 4th, 2009 – “Pipeline Safety: Integrity Management Program for Gas Distribution Pipelines”**
- **§192.1005 Gas Distribution Operators needed to have a Published DIMP Program Plan by August 2nd, 2011**
- **Required Elements of a DIMP Program for all Gas Distribution Operators**
 - Know Your System
 - Identify Threats
 - Evaluate and Rank Risk
 - Identify and Implement Measures to Reduce Risk
 - Measure Performance, Monitor Results and Evaluate Effectiveness
 - Periodic Evaluation and Improvement
 - Report Results

Gas System Progress and Current Status

CSU Gas Distribution System Unprotected & Unknown Services by Type
(2011-2024)



CSU Gas Distribution System Unprotected & Unknown Main by Type
(2011-2024)



- Significant progress made in improving system knowledge
- Conversions from database systems have improved visibility on our system
- Updated reporting for unknown assets

Gas System Progress and Current Status

- Targeted assets for proactive replacement
 - Bare & cathodically unprotected steel
 - Inside meters and services under structure
 - Vintage Plastics
 - Aging protected steel
- Investigate and address unknown assets
- Table below from Utilities' 2024 Gas Distribution Annual Report

PART B - SYSTEM DESCRIPTION											
1.GENERAL											
	STEEL				PLASTIC	CAST/ WROUGHT IRON	DUCTILE IRON	COPPER	OTHER	RECONDITION ED CAST IRON	SYSTEM TOTAL
	UNPROTECTED		CATHODICALLY PROTECTED								
	BARE	COATED	BARE	COATED							
MILES OF MAIN	1.24	0.004	0	806.262	1973.907	0	0	0	0	0	2781.413
NO. OF SERVICES	3624	1520	7456	16226	158166	0	0	0	1207	0	188199

DIMP Acceleration Plan

- Current Pace
 - 5.4 miles of main and 550 services per year
 - ~80-year timeframe to complete backlog
- Acceleration Plan
 - 60+ additional miles of main & 11,600 service lines over 9 years
 - Require approximately 10 contracted crews
 - Requires an additional 20 internal positions to scope & schedule work, oversee contractors, conduct QC, and ensure systems of record are updated
- Beyond 10-Year Completion
 - Ongoing regulatory compliance obligations
 - DIMP continues indefinitely

PHMSA Notice of Proposed Safety Order (NOPSO)

- PHMSA Issued Formal NOPSO to Utilities CEO on October 21, 2024
- Concerns of active corrosion on Bare Steel Assets
- Concerned with Utilities 80-Year replacement timeframe to remove all bare steel from its system
- Risk Mitigation – Leak survey every quarter on all affected pipe
- Repair all leaks found on affected assets within 6 months
- Required Utilities to develop an Action Plan and submit to PHMSA by January 31, 2025. Negotiations are ongoing and working toward a signed consent agreement

Consent Agreement Status

- Met with PHMSA on 11/14/24, 11/21/24, 1/27/25, 2/12/25, 5/12/25 and 6/16/25
- Formally Provided Action Plan to PHMSA on January 31, 2025
- Replacement of Affected Assets within a 10-year timeframe
- 1 Year leak survey for affected assets
- Repair non-hazardous leaks within 12-15 month timeframe (matches existing Utilities standards)
- Utilities will provide Quarterly Updates on progress to PHMSA until all Affected Pipe has been replaced or otherwise remediated
- Currently finalizing draft consent agreement

Execution Ramp Up Approach

- Utilities is planning to use external design, construction, and QC contracts to ramp up to approximately 10 external construction crews replacing DIMP targeted infrastructure over the next decade
- All affected steel pipe referenced in NOPSO will be replaced in addition to vintage plastics and other aging infrastructure when full projects are targeted
- Affected pipe will be targeted in the next 5 years before tapering off into other material replacements

DIMP Acceleration Plan - Cost Recovery

- DIMP Acceleration Plan not included in five-year rate case approved by City Council in 2024
- Potential new Natural Gas bill component (rider) to transparently recover cost of the DIMP acceleration plan
 - Revenue used to fund program cost with annual reporting to Utilities Board
 - Requires rate case with City Council approval, July 1, 2026, effective date
 - Estimated annual revenue \$10.0 million to \$22.0 million during 2026-2027 ramp up, \$28.0 million annually through acceleration

Estimated DIMP Acceleration Plan Charge Monthly Bill Impact			
Sample Bill	\$ Impact	Natural Gas Bill \$ Impact	Total Bill % Impact
Residential	\$4.00 - \$6.00	8.0% - 12.0%	1.4% - 2.1%

System Safety

- Immediate response to any hazardous leaks
- Continuing to conduct leak surveys more frequently than required by code
- Proactively replacing assets per our DIMP plan
- DIMP acceleration designed to proactively address areas of current and future concern

Questions?



Colorado Springs Utilities[®]

It's how we're all connected

Economic Development Prospects

Select a Date Range
01/01/2025 - 06/30/2025

Prospects
39

Business Retention Meetings - Virtual
37

Business Retention Meetings - In Person
18

Estimated Jobs
4,985

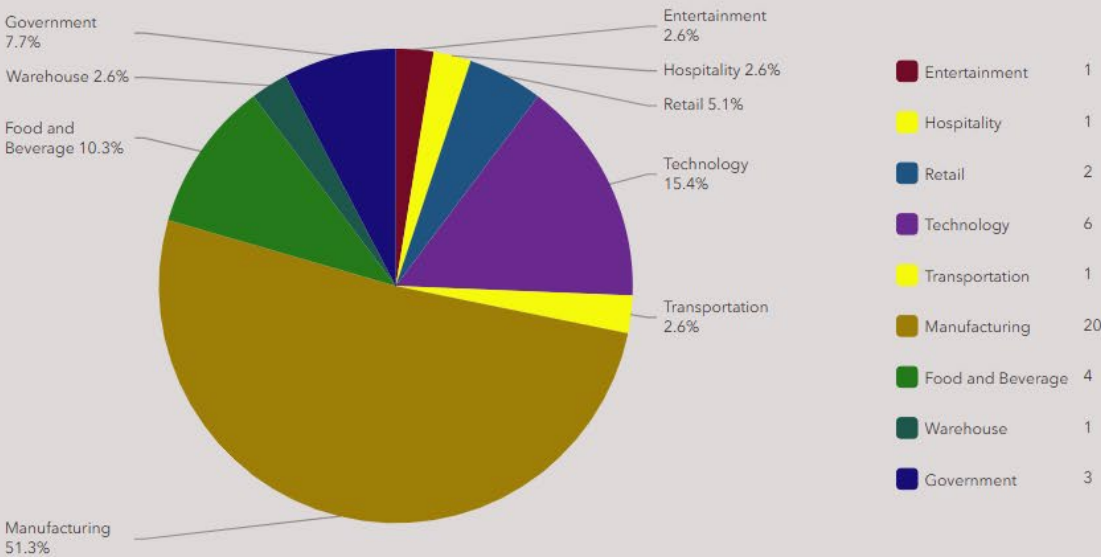
Estimated Capital Investment
5,306,700,000

Rapid Response
3
Announcements
2

Prospect Status

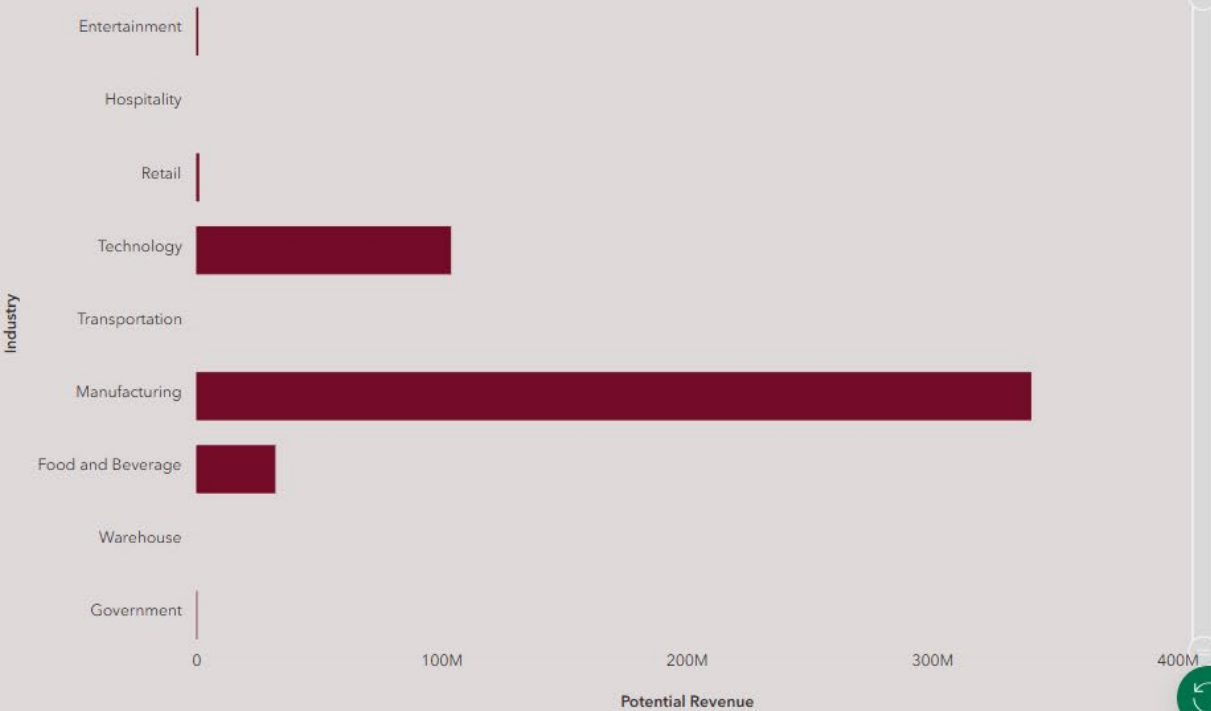


Opportunities by Industry



Last update: 1 minute ago

Potential Revenue by Industry



Economic Development Prospects

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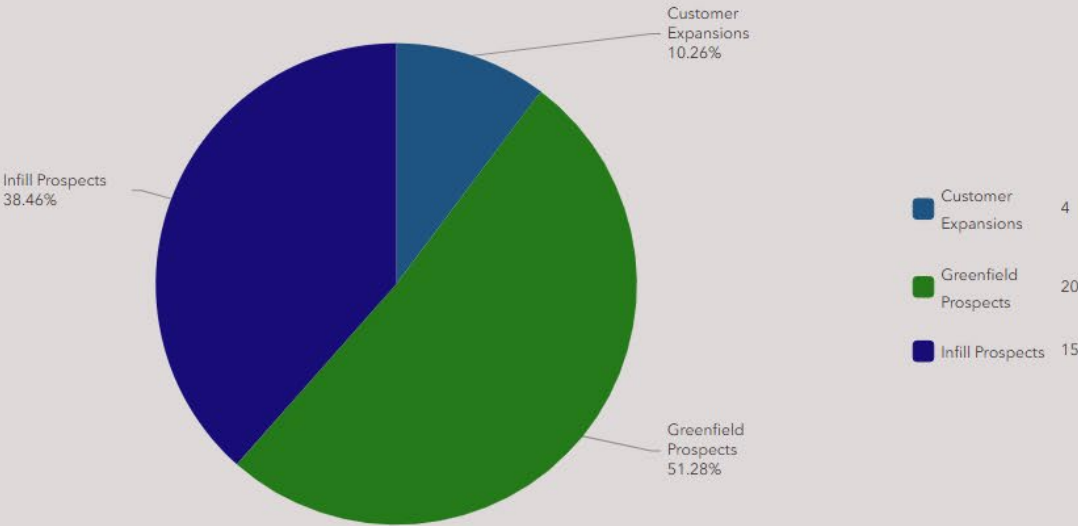
Business Retention Meetings - In Person
18

Estimated Capital Investment
5,306,700,000

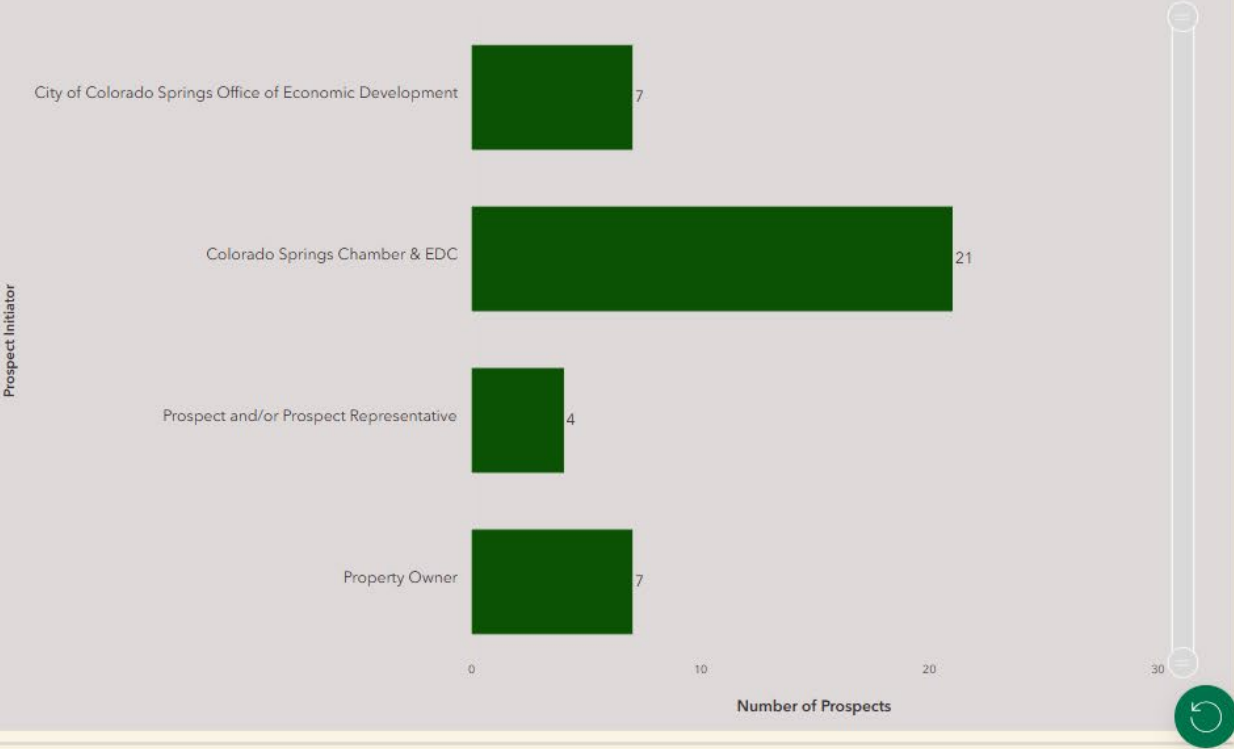
Prospect Status



Opportunities by Type



Prospect Total by Initiator



Economic Development Prospects

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Estimated Jobs
4,985

Estimated Capital Investment
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Rapid Response
3

Announcements
2

Prospect Status



Potential Megawatts by Industry

