Colorado Springs Utilities
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UTILITIES BOARD WORKING COMMITTEE
Rosemont Conference Room
121 S. Tejon St., South Tower, 5th Floor
Colorado Springs, CO 80903

AGENDA
June 15, 2026
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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 18, 2026, Working Committee Minutes	Committee
9:10 a.m.	Safety Moment: Password Reuse and Password Managers	Mike Francolino, Chief Customer and Enterprise Services Officer
9:15 a.m.	Compliance Reports: • I-2 Financial Conditions and Activities – Annual City Auditor's Report G-7 (Annual External)	Tristan Gearhart, Chief Planning and Financial Officer
	• I-2 Financial Conditions and Activities (to include Contracts over $500,000) G-7 (Quarterly January through March)	John Hunter, Manager of Financial Planning and Risk
	• E-2 CEO/Board Partnership Responsibilities – CEO Responsibilities 1. Electric Cost Adjustment/Gas Cost Adjustment Update	Scott Shirola, Pricing and Rates Manager
9:40 a.m.	Net Metering Feedback and Rate Proposal	Leslie Smith, Supervisor of Customer Insights and Programs Scott Shirola, Pricing and Rates Manager
10:20 a.m.	Workers Compensation and Claims Administration	John Hunter, Manager of Financial Planning and Risk

10:45 a.m.	Electric Integrated Resource Plan (EIRP) Update	David Longrie, Manager of Energy Resource Planning and Innovation Troy Bass, Supervisor of Energy Resource Planning
11:30 a.m.	2026 Legislative Session Recap	Daniel Hodges, General Manager of Government Affairs
11:45 a.m.	Adjournment	Chair Donelson

Minutes
May 18, 2026
Rosemont Conference Room or Microsoft Teams

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 Dave Donelson called the meeting to order at 9:02 a.m.

Present – Board Chair Dave Donelson, Board Member Ken Casey, Board Member Lynette Crow-Iverson, Board Member Kimberly Gold, Board Member Nancy Henjum, Board Member David Leinweber, Board Member Roland Rainey, and Board Vice Chair Brandy Williams

Absent – Board Member Brian Risley

Acceptance of the April 20, 2026, Working Committee Minutes
Board Member Crow-Iverson made a motion to approve the April meeting minutes, and Board Member Gold seconded the motion. The motion passed unanimously.

Safety Moment: Mental Health Awareness
Ms. Somer Mese, Chief Operations Officer, presented the safety moment on Mental Health Awareness Month, and shared information on the importance of mental health in the workplace, recognizing struggles, and how mental health can be supported.

Compliance Reports
I-2 Financial Conditions and Activities (to Include Contracts Over $500,000) G-7 (Quarterly October through December)
Mr. John Hunter, Manager of Financial Planning and Risk, presented the I-2 Financial Conditions and Activities (to Include Contracts over $500,000) G-7 (Quarterly October through December) report. This presentation included the nine I-2 directives, and how Colorado Springs Utilities meets and operates under these directives.

Board Chair Donelson asked when the fiber project will be finished and delivered to all the proposed addresses. Ms. Mese responded that there was a goal to have all 150,000 addresses served by the end of 2028, however we are ahead of scheduled and should be finished by the end of 2027.

Board Member Henjum asked how changes to financials are being tracked. Mr. Hunter answered yes, there is a financial system for tracking projects. Whenever there is a significant change, the changes are entered into the system and then summarized through the budgeting system. This is tracked on a monthly basis, and shared with the Capital Budgeting Team, Officers, and the Project Prioritization team.

Mr. Tristan Gearhart, Chief Planning and Financial Officer, clarified that this presentation captures the end of 2025. This presentation is given at this time of the year so staff can go through the finalized audit and prepare the report. This report encompasses the fourth quarter of 2025. The remainder of 2026 will follow quarterly reporting for 2026.

Electric Cost Adjustment/Gas Cost Adjustment Update
Mr. Gearhart provided the Electric Cost Adjustment (ECA) and Gas Cost Adjustment (GCA) update. In this update, Mr. Gearhart detailed the natural gas prices as of April 1, 2026, and the ECA and GCA predictions.

Chair Donelson asked if the cost of natural gas across the continental United States is being impacted by the war overseas. Mr. Gearhart responded that some of the impacts can be regional, but storage capability and demand can also drive these impacts. Natural gas can be a byproduct of oil produced by refineries, so companies who make a strong profit from crude oil can actually put downward pressure on natural gas prices.

Net Metering Rate Information
Mr. Gearhart presented the Net Metering Modernization. This presentation included 2025 activity, the public process plan for 2026, voice of the customer, the 2026 Rate Proposal with details on both Option 1 and Option 2, a summary of the rate proposal and next steps.

Board Member Leinweber asked if there had been a reduction in new solar customers due to a decrease in government subsidies for solar installation. Mr. Gearhart responded that he could pull some of the numbers after the meeting but said there had been a fairly strong push for solar installation before the end of the year when the federal incentives went away.

Board Member Henjum wanted to clarify for the record that the difference between what was presented at the August 20, 2025, Utilities Board meeting and the amended demand rate was in response to the feedback from the original proposal that would have based the rate on the highest monthly 15 minutes on-peak. Board Member Henjum stated that the response to the feedback and the steps moving forward from that original proposal have been very informative and helpful in getting the process to where it is now.

Board Member Casey asked if there are tools that solar customers can use to work through the two options presented to decide which is a better fit for their use. Mr. Gearhart replied yes, which is why the start date for the two options would not be immediately after potential approval of this change. With the timing of this rate case, tools will be built out where customers can do a comparison. Mr. Gearhart then explained the five years of grandfathering for existing customers. For existing solar customers, the new rates would not go into effect until 2032. However, the current frozen rate schedule includes annual rate increases from 2025 through 2029, which City Council previously approved.

Board Member Henjum asked about the responses received from customers who are engaged on this topic ahead of this meeting following a communication that went out to solar users on May 11, 2026. Mr. Gearhart responded that we are able to track how many of the emails were opened and if the video within the email was watched. However, Mr. Mike Francolino, Chief Customer and Enterprise Services Officer, responded yes, but this has not been a theme at the Service Center as of now. Chair Donelson asked if solar customers are able to switch back and forth between the two options

as their use and needs change. Mr. Gearhart responded yes, but there will be a time when you become locked in the rate that you chose, and that timeframe lasts a year. For customers that are being grandfathered in, they will remain on one flat rate for the time being.

Board Member Leinweber asked where in these rates would a solar customer justify getting a battery for their system. Mr. Gearhart responded that if a customer picked the standard option, which would have a $25.00 to $30.00 a month offset, that's around $300.00 or so a year that could be put toward a battery that could be used to offset the Energy Wise rates. Mr. Gearhart added that the tools that will be built to help customers compare will also help them with the consideration of a battery being worth the purchase.

Vice Chair Williams commented that while she thinks the tools would be helpful, it should not be up to Colorado Springs Utilities to calculate for customers whether a battery is worth the investment.

Board Member Henjum asked if it would be worth groups like the Colorado Solar and Storage Association (COSSA) meeting with Utilities leadership to discuss what the industry can do to support solar customers on calculations like this, rather than presenting to the Board their suggestions. Mr. Gearhart answered that leadership is open to these conversations and would be happy to meet with COSSA's leadership.

Board Member Leinweber asked if batteries would make a difference during on-peak times to address the load. Mr. Gearhart responded that batteries are being incentivized through the rate structure put in place, as a battery will help a solar customer avoid the demand charge every month by using the battery during peak times. Board Member Leinweber asked if it is a benefit to Utilities if a customer uses a battery. Mr. Gearhart replied, yes, if the customer can and wants to take advantage of that option.

Board Member Casey stated that this was the point Vice Chair Williams was making, that Utilities should not try to incentivize battery purchase because there could be a liability if the customer is not seeing the return they calculate they should receive. Vice Chair Williams agreed with Board Member Casey, stating that it would be great to offer the tools to calculate what rate structure might work best but to do it in a way that doesn't prove there is a certain Return on Investment (ROI) to be expected.

Mr. Chris Bidlack, Senior Attorney for the City Attorney's Office – Utilities Division, agreed with Vice Chair Williams on the comment that it would be great to provide the tools but customers will ultimately need to decide what option is best for their usage, and communication to customers needs to be clear while not directing customers on what to do.

Board Member Henjum said that Springs Utilities encourages buying appliances that use less energy and sprinkler heads that use less water, and asked Mr. Bidlack to clarify the difference on what would be incentivizing batteries versus providing no direction. Mr. Bidlack answered that those are two separate concepts: the Demand Side Management Program looks at where efficiencies can be found, such as the use of efficient appliances, whereas this is a rate design process. Mr. Bidlack said we do not want to merge this into a single concept.

Chair Donelson asked Mr. Gearhart if he has any data on the cost of batteries for homes. Mr. Gearhart said there is a large range of options that would depend on the independent systems

themselves but generalized that typically costs are in the thousands to tens of thousands of dollars.

Integrated Resource Plan Status Reports
Mr. Justin Zeisler, Supervisor of Water Resource Planning, and Mr. David Longrie, Manager of Energy Resource Planning and Innovation, presented the Integrated Resource Plan (IRP) Status Reports. This presentation included the resource planning for the four services, the IRP basis, IRP by service, common planning and policy drivers, and signpost indicators. Mr. Zeisler and Mr. Longrie also detailed the Water Integrated Resource Plan, the Gas Integrated Resource Plan, and briefly touched on the Electric Integrated Resource Plan (EIRP) ahead of the EIRP item, which followed this presentation.

Board Member Henjum asked where Springs Utilities is within the current water plan. Mr. Zeisler responded that the last plan was published in 2017, and staff try to stay on a 10-year timeline for updates to the Water IRP, so next year staff will be working on it, though they are currently modeling that plan now. Ms. Abby Ortega, General Manager of Infrastructure and Resource Planning, added that energy plans have a regulatory component that requires more frequent updating, while water does not. However, staff continue to provide yearly updates about this plan so the Board understands where the process stands, as annexations and growth can affect the plan. The Water Efficiency Program has a regulatory component that requires Springs Utilities to provide a Water Efficiency Plan every seven years, and this was most recently updated in 2024.

Board Member Leinweber asked how we as a utility can respond to neighboring jurisdictions that may have water shortages, and how that risk is considered. Ms. Ortega said that Springs Utilities provides education on how to become more sustainable, such as reusing water that is not currently being reused.

Chair Donelson asked if Colorado Springs Utilities supplies water to all of the military installations in town. Ms. Ortega answered that Springs Utilities supplies water to all of them with the exception of Schriever Air Force Base, which receives their water from the Cherokee Metro District. Cheyenne Mountain Space Force Base has an internal use that Springs Utilities augments for them.

Next, Chair Donelson said he had seen a headline in the paper about the federal plans related to Lake Powell and Lake Mead, and asked Ms. Ortega to comment on what these impacts might be. Ms. Ortega responded that the Federal Government released an initial Supplemental Environmental Impact Statement related to these operations and releases from Upper Basin reservoirs to support operations at Lake Powell and Lake Mead. Ms. Ortega said she anticipated more information to be available in the coming weeks.

Board Member Henjum noted that the presentation stated there would be specific demand hardening for water after 2040 and asked for a clarification on this. Mr. Zeisler answered that as far as conservation efforts go to be more efficient with water use, those efficiencies will be halved by this time. Ms. Ortega added that some measures have not been implemented yet, as it takes a while to get these plans set up after pilot programs, but there are additional measures that can be taken to further water conservation in the community. Board Member Henjum asked if any Utilities staff members attend the AnnexCOS meetings. Ms. Ortega responded that there are a few staff members from her team who attend these meetings.

Board Member Rainey noted that Mr. Zeisler mentioned navigating the Water Court process and

asked if conversations about Upper and Lower Basin States water usage are occurring. Mr. Zeisler responded that this is different and explained that Water Court is more so the process of rights and shares that Utilities has acquired in the Arkansas Basin, and making sure the water rights portfolio is diverse. Board Member Rainey asked if there was any impact from the recently approved agreement with Aurora Water. Ms. Ortega answered that Aurora Water is also working through the Water Court Process currently and explained the exchange that had been filed. As far as impacts go, there are some, especially during a year with such low flows. Board Member Rainey asked if there is a timeframe on when there will be a ruling on this filing, to which Ms. Ortega responded that the trial is set for 2028.

Regarding the Gas IRP, Board Member Rainey commented that he thought the Tallgrass Facility would only be used for resiliency purposes. Mr. Longrie responded that it both will provide resiliency and additional storage, which will help with cost fluctuations. Ms. Mese added that the line from this facility will also be the main supply for the new power plant and gate station.

Board Member Henjum asked Mr. Longrie if there are any rebates or credits that customers can take advantage of within the customer efficiency journey. Mr. Longrie answered that there are rebates for the thermostat program, heat pumps, and high efficiency air conditioners.

Electric Integrated Resource Plan (EIRP) Progress Update

Mr. Longrie and Mr. Troy Bass, Supervisor of Energy Resource Planning, provided the Electric Integrated Resource Plan (EIRP) progress update. In this update, they reminded the Board of the IRP process, key considerations of risk, reviewed the updated portfolios, and detailed next steps in the EIRP process.

Board Member Henjum asked in what year does Colorado Springs Utilities feel as confident as they can about when nuclear could be brought on the system. Mr. Longrie responded that it would be in 2038. Next, Board Member Henjum asked how the 477 megawatts of nuclear would be made up if nuclear is not on the system by 2032. Mr. Longrie answered that this would be made up through renewables.

Chair Donelson asked if the renewables would be built or if there would be a purchase power agreement. Mr. Longrie responded that wind and solar coming through the Southwest Power Pool (SPP) Regional Transmission Organization (RTO) would likely be a purchase power agreement, and there is a pre-bid meeting in early June to discuss some of these agreements and projects.

Chair Donelson mentioned that there had been a goal to build some renewables in the past that was not carried out due to leverage lost through having to make other purchases due to regulation. He asked how this portfolio prevents this from happening. Mr. Longrie answered that there is more time to consider multiple options, so it's possible to seek resources out now with additional flexibility. Additionally, being part of the SPP RTO helps as well. Chair Donelson commented that it seems like Springs Utilities is turning to renewables because we have to meet emissions goals, not because it is a reliable source of energy.

Board Member Leinweber said that the portfolio shows in 2023, wind and solar will be used more like a contract rather than building. He asked if those contracts could end when nuclear energy comes online. Mr. Longrie said typically those entities are building those resources for us, so they want longer contracts. There will need to be a balance on the terms of the contract, and once

proposals come in, they can be refined to pick the best options.

Vice Chair Williams asked what costs are associated with the different options. Mr. Longrie explained that if we operated the entire portfolio, it would be around $4.3 to $4.5 billion and explained how each new generation is an additional cost over current operating needs, based on the models.

Board Member Henjum asked the confidence level of staff on whether the new gas generation at Williams Creek will be ready by 2030. Mr. Longrie responded that, while staff had to pivot on the location, construction will begin in April 2028, and the site will be online in 2030.

Board Member Leinweber asked about cash flow for these projects and opportunities. Mr. Gearhart responded that we are going through a very capital-heavy five years, which is why the five-year rate case was introduced. He added that anything nuclear is going to be very capital intensive, which staff are currently working through.

Economic Development Engagement Update
Mr. Mike Francolino, Chief Customer and Enterprise Services Officer, provided the Board with the Economic Development Engagement update. In his update, Mr. Francolino reviewed the Economic Development Funnel, which details the process of incoming prospects and how they move forward to becoming a customer.

Board Member Henjum asked why the megawatts needed doubles between the inquiry phase and the project summary phase, even though projects decrease by half. Mr. Francolino answered that not every prospect is linear in request, so you may have some outliers, which is noted in the footnote of the slide as Project Cloud.

Chair Donelson asked that if a project is over a certain number of megawatts, how do we build out the load to protect average ratepayers? Mr. Gearhart responded that the amount charged is the amount of capacity that is assumed to be needed, split out over a number of years in their contract.

Adjournment
Chair Donelson adjourned the meeting at 11:44 a.m.

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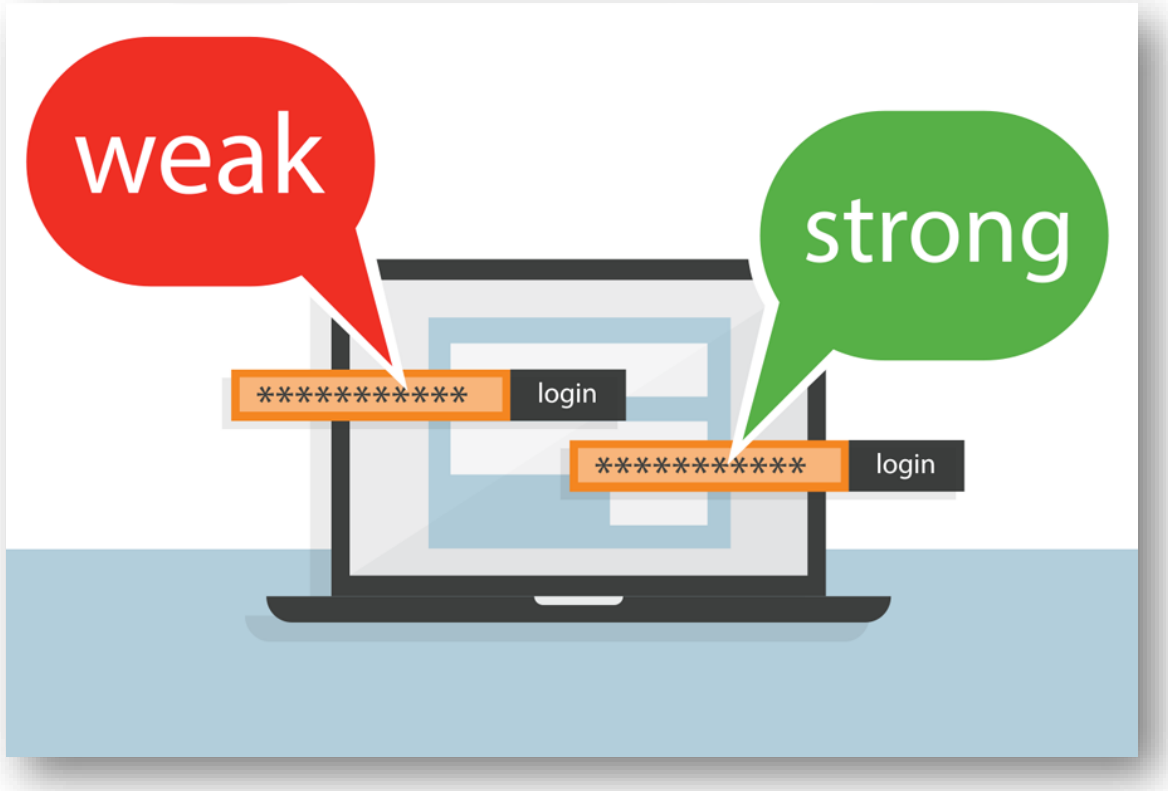
Password Reuse and Password Managers

Mike Francolino
Chief Customer and Enterprise Services Officer
June 15, 2026

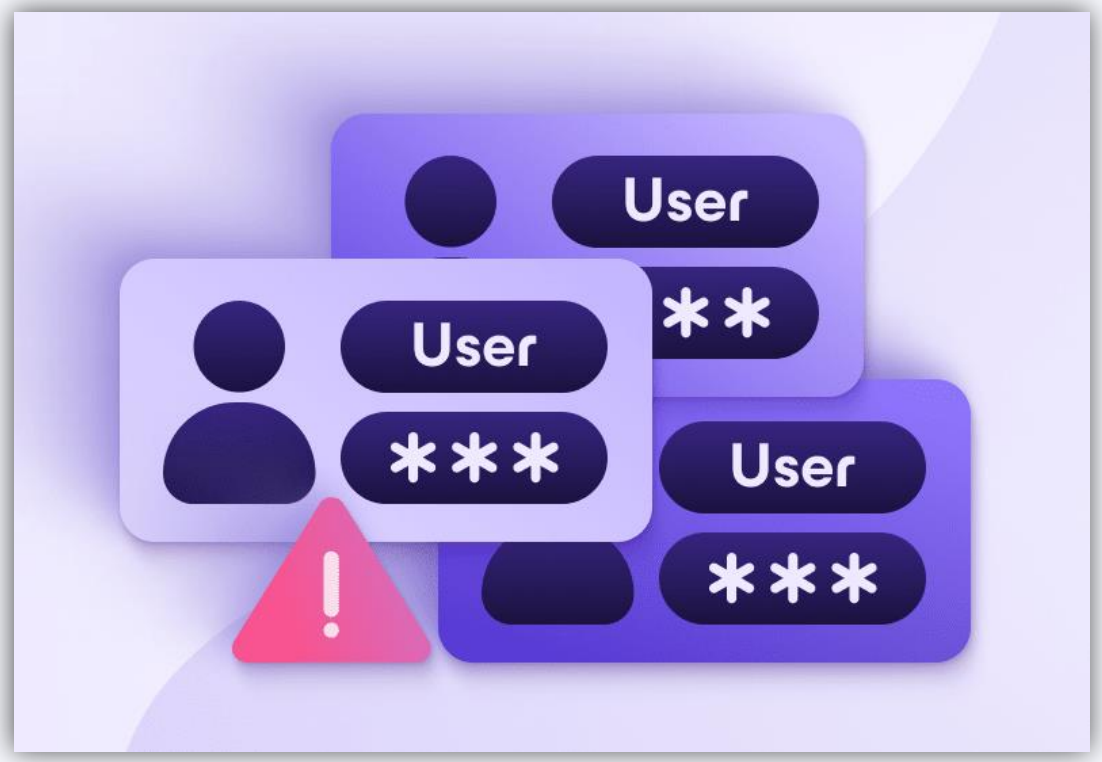
Why Password Reuse Creates Risk



- Reusing passwords is a common root cause for security incidents
- A single compromised password can expose multiple systems and accounts
- Many breaches succeed not because of weak security, but because of repeated credentials

How Credential Stuffing Works

- Attackers use stolen usernames and password data from past breaches to access other systems
- This technique is highly effective because many people reuse passwords
- Automated tools allow attackers to test thousands of logins quickly

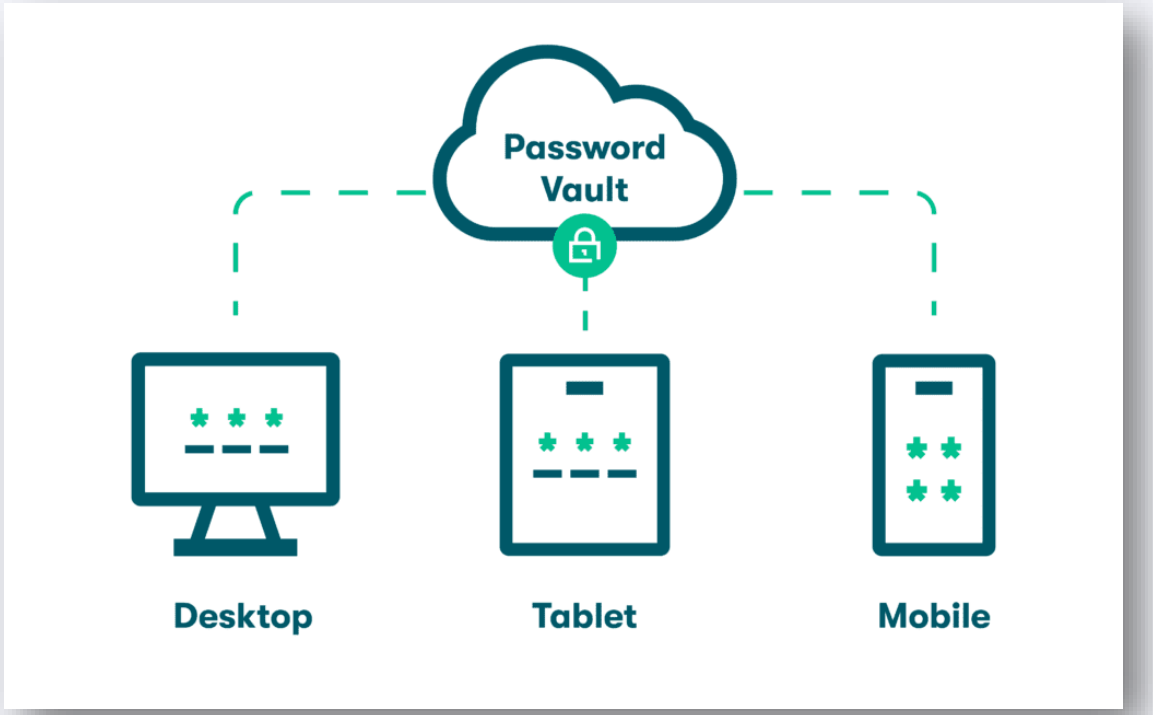


One Breach Can Impact Many Accounts

- Credentials exposed from unrelated organizations can still create risk for work systems
- Reused passwords allow attackers to move across personal, financial and work accounts more easily
- Even a minor external breach can create serious internal security exposure

What is a Password Manager?

- A secure digital vault that stores all your passwords in one place
- Allows you to use one master password instead of remembering dozens
- Simplifies password management without sacrificing security



How Password Managers Protect You

- They generate strong, unique passwords and store them in an encrypted vault
- They automatically fill in credentials while keeping data secure
- They help eliminate the need to reuse passwords across systems

Addressing Security Concerns

- Password managers encrypt data so it is unreadable without the user's key
- Even the provider typically cannot access the contents of your vault
- Strong encryption significantly reduces risk, even in a breach scenario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Office Of The City Auditor
Colorado Springs, Colorado

Natalie Lovell
City Auditor, CIA, MBA, CCIFP, PMP

26-09 Colorado Springs Utilities Board Instruction I-2, Financial Conditions and Activities

June 2026

Purpose

The purpose of this high-level compliance review was to determine whether Colorado Springs Utilities (Utilities) complied with Utilities Board Instructions to the Chief Executive Officer, Policies I-2, Financial Condition and Activities. In addition to verifying management's 2025 quarterly and semi-annual monitoring reports, our objectives included assurance that any known violations were reported to the Utilities Board.

Highlights

Based on our review, we concluded that Colorado Springs Utilities and the Chief Executive Officer were in compliance with Utilities Board Instructions to the Chief Executive Officer, Policies I-2, Financial Condition and Activities.

The Office of the City Auditor (OCA) completed our review as directed by the Utilities Board. Under Policy Guidelines- G-3, Compliance Report Frequency and Method, the OCA was required to monitor compliance with Policy I-2, Financial Condition and Activities, annually.

Policy I-2 states, "The Chief Executive Officer shall direct that financial condition and activities, and actual expenditures are consistent with Board expected results". Our audit included verifying the accuracy and reliability of statements in the monitoring reports prepared by Colorado Springs Utilities for the Utilities Board. Procedures included obtaining supporting documents, policies, reports, and data recalculations.

We would like to thank Utilities staff for their supportive cooperation during this review.

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Date: June 17, 2026

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.

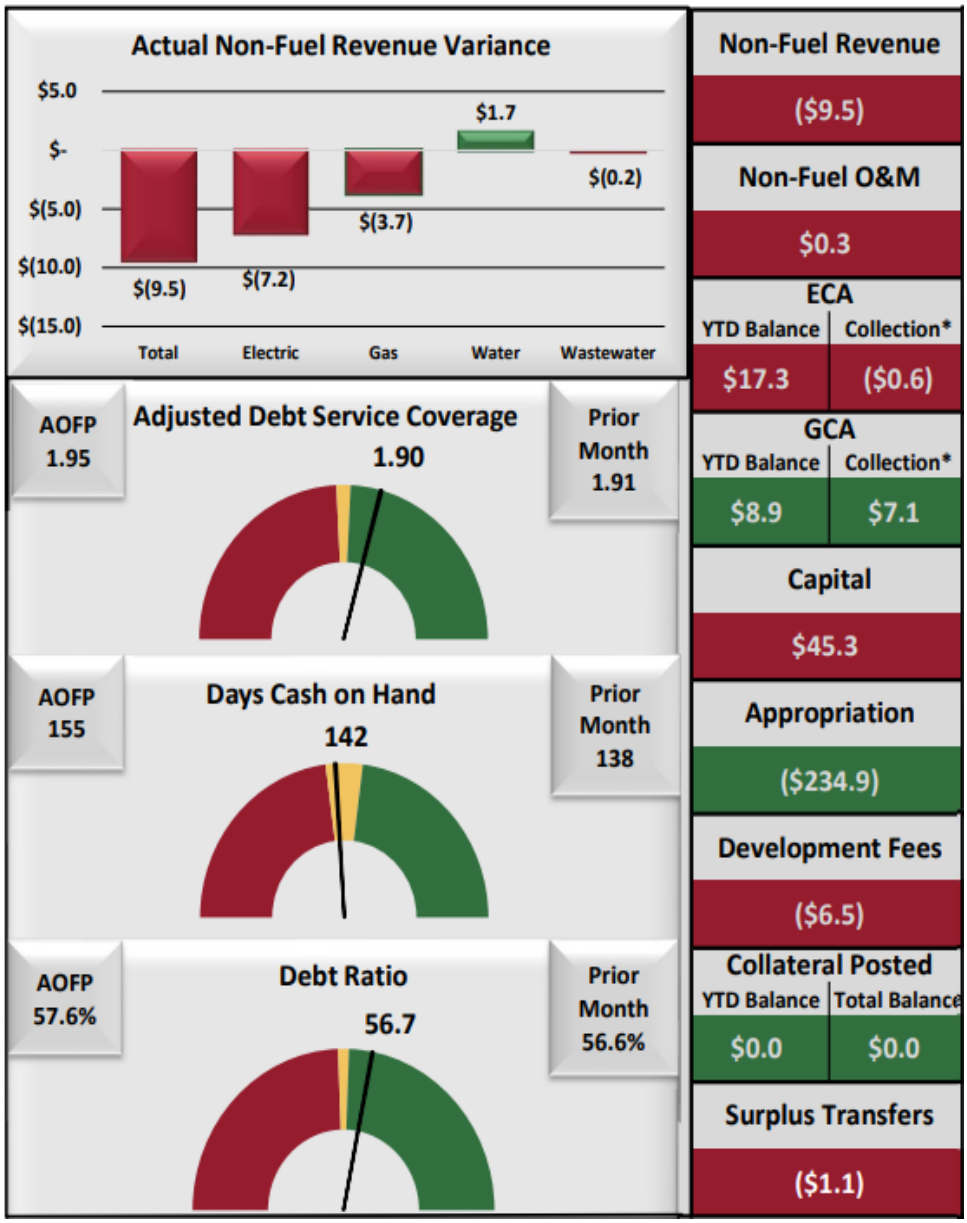
INSTRUCTIONS			
Category:	**Utilities Board Instructions to the Chief Executive Officer**	Reporting Timeframe:	**January 1, 2026 – March 31, 2026**
Policy Title (Number):	**Financial Condition and Activities (I-2)**	Reviewing Committees:	**Finance; Program Management Review**
Monitoring Type:	**Internal; 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*

   - 2026 Total Use of Funds $2 billion a decrease of $(234.9) million or (10.5)% from the 2026 Approved Budget of $2.24 billion.
   - Fuel expenses are projected to be $(271.4) million or (50.8)% under the approved budget primarily due to lower actual 2026 natural gas prices than those projected at the time of the 2026 budget appropriation.
   - Operating revenues are $(34.2) million or (10.7)% 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 $45.3 million or 4.8% over the approved budget primarily related to Operational Fiber Network increase to make up for estimated 18-month delay caused by contractor delivery issues in 2022-2025.



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

	O&M	Capital
Electric	$ (122,113)	$ 21,239
Gas	$ (148,075)	$ 4,604
Water	$ 394	$ (10,500)
Wastewater	$ (243)	$ 28,531
A&G and Common	$ (942)	$ 1,427
Utilities Total	$ (270,979)	$ 45,302

Note: O&M is both fuel and non-fuel, non-fuel is over by $0.3 million

2. *Budget transfers, canceled major capital projects, or new major capital projects not funded in the Approved Budget over $1,000,000*

Project Over/Under Runs						
Activity #	Project Name	Service Line	Investment Type	2026 AOFP	Change	New Budget
193952	Operational Fiber Network	Electric	Regulatory	$52,445,000	$50,874,740	$103,319,740
194144	SEP - Horizon Power Plant	Electric	Reliability	$385,937,759	($16,682,603)	$369,255,156
495436	EWSE Phase 1 - New Lift Stations and Force Mains	Wastewater	Growth	$9,449,038	$11,044,409	$20,493,447
394787	Penrose Water Supply	Water	Reliability	$12,800,000	($10,200,000)	$2,600,000
495435	EWSE Phase 1 - Upper and Lower Crosstown Interceptor	Wastewater	Growth	$9,685,264	$10,015,901	$19,701,165
495356	Northern Monument Creek Interceptor	Wastewater	Growth	$32,500,000	$7,810,689	$40,310,689
394652	WOLF and UBGT Pressure Zone Interconnection - North Segment, Phase 1 of 2	Water	Regulatory	$8,221,000	($6,711,639)	$1,509,361
194029	Santa Fe Substation - Add New Transformer, Switchgear, and Feeders	Electric	Growth	$8,860,000	($6,363,603)	$2,496,397
193884	APIP - Claremont Substation - Add Transformer, Switchgear, and Feeders	Electric	Regulatory	$7,440,829	$5,386,371	$12,827,200
293207	SEP - Downtown and Military Gas Supply Resiliency Project	Natural Gas	Regulatory	$3,320,000	$5,184,359	$8,504,359
495437	EWSE Phase 1 - Milton Proby Interceptor	Wastewater	Growth	$4,488,293	$5,119,831	$9,608,124
194107	Briargate Substation - Add New Transformer, Switchgear, and Feeders	Electric	Growth	$11,166,679	($4,833,081)	$6,333,598
394476	Rosemont Pipeline Replacement	Water	Reliability	$4,505,647	($4,386,150)	$119,497
194136	USAFA - 34kV OH to UG - Oak Valley Tap to Tesla	Electric	Reliability	$683,682	$3,307,768	$3,991,450
194028	Fuller Substation - Add Two New Feeders	Electric	Growth	$4,600,000	($3,000,000)	$1,600,000
495401	WW Lift Station and Force Main NMCI Related Infrastructure Improvement Program	Wastewater	Growth	$450,000	$2,750,002	$3,200,002
394832	Mason-McReynolds 20 inch Transfer Line	Water	Regulatory	$1,700,000	$2,600,000	$4,300,000
394722	Pine Valley & McCullough DOVE Disinfection Improvements	Water	Reliability	$500,000	$2,294,530	$2,794,530
194139	Airport Peak Innovation Park (APIP) Transmission & Substation Project	Electric	Reliability	$6,000,000	($1,930,000)	$4,070,000
193877	SEP Kelker-South Plant New 115kV Transmission Line	Electric	Regulatory	$12,214,591	($1,915,244)	$10,299,347
293179	DIMP - Gas High-Pressure Distribution System Renewals	Natural Gas	Regulatory	$2,500,000	($1,725,000)	$775,000
394575	Potable Water Tank Refurbishment/Replacement Program	Water	Reliability	$12,059,819	($1,694,823)	$10,364,996
293182	DIMP - Gas Projects	Natural Gas	Regulatory	$230,000	$1,645,000	$1,875,000
180283	Public Improvements-Electric	Electric	Reliability	$258,063	$1,600,000	$1,858,063
495371	LVSWRRF I&C Improvements	Wastewater	Reliability	$1,900,000	($1,550,000)	$350,000
194026	Patty Jewett Substation - Add New Transformer, Switchgear, Feeders, and Retire Memorial Hospital Sub	Electric	Growth	$5,937,561	($1,266,573)	$4,670,988
293180	DIMP - Gas Coated Steel Renewals	Natural Gas	Regulatory	$2,125,000	($1,250,000)	$875,000
280024	Public Improvements-Gas	Natural Gas	Reliability	$242,931	$1,100,000	$1,342,931
194154	Substations Power Transformer Purchases	Electric	Reliability	$2,838,314	$1,099,666	$3,937,980
394691	Ute Pass WTP Improvements Program	Water	Reliability	$500,000	$1,065,000	$1,565,000
495475	LVTP06 Complete Interior Renovation Project	Wastewater	Growth	$500,000	$1,020,841	$1,520,841
394846	Las Animas Consolidated Company Shares Acquisition	Water	Reliability	$3,000,000	$1,000,000	$4,000,000
Total				**$609,059,470**	**$51,410,391**	**$660,469,861**

Cancelled / Delayed Projects						
Activity #	Project Name	Service Line	Investment Type	2026 AOFP	Change	New Budget
495402	LVSWRRF RAS Pump Replacement	Wastewater	Reliability	$4,000,000	($4,000,000)	$0
194105	Project Falcon - Enhanced feed from North Plant - T&M	Electric	Reliability	$2,500,000	($2,500,000)	$0
194104	Project Falcon - Express Feed from Rampart (main feed)	Electric	Growth	$2,500,000	($2,500,000)	$0
293209	GPAP XLE Compressor Replacement	Natural Gas	Reliability	$2,000,000	($2,000,000)	$0
193885	Kelker 12.5kV Feeder Addition	Electric	Reliability	$1,500,000	($1,500,000)	$0
495467	CSRRRF Gas and Steam System Improvements	Wastewater	Reliability	$1,159,480	($1,159,480)	$0
495410	LVSWRRF UV Disinfection Electrical System Improvements	Wastewater	Reliability	$1,000,000	($1,000,000)	$0
Total				**$14,659,480**	**($14,659,480)**	**$0**

New or Advanced Projects						
Activity #	Project Name	Service Line	Investment Type	2026 AOFP	Change	New Budget
394677	Water Treatment Capital Improvements	Water	Regulatory	$0	$1,703,884	$1,703,884
193978	SEP Horizon BESS	Electric	Reliability	$0	$1,479,206	$1,479,206
596786	Dispatch radio console replacement	Common	Reliability	$0	$1,385,955	$1,385,955
394857	MCTP01 Boiler 1 and 2 Complete Replacement	Water	Reliability	$0	$1,065,954	$1,065,954
394749	Highline Pressure Zone Extension and Redundant Supply	Water	Growth	$0	$1,000,002	$1,000,002
Total				**$0**	**$6,635,001**	**$6,635,001**

Summary			
Category	2026 AOFP	Change	New Budget
Total I-2 Reportable Changes	$623,718,950	$43,385,912	$667,104,862
Total Other Changes	$324,482,287	$1,916,512	$326,398,799
Grand Total	$948,201,237	$45,302,424	$993,503,661

5-year Capital Outlook (in thousands)					
Category	2025	2026	2027	2028	2029
AOFP Budget*	$628,752	$948,201	$860,019	$812,512	$758,300
I-2 Forecast	$653,592	$993,504	$778,215	$774,769	$852,329
Variance	$24,839	$45,302	($81,805)	($37,743)	$94,029
5-year Total Variance					$44,623

* Based on 2026 approval

Actuals in green

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 2026, there is 20.80 of DSO. This is an improvement from fourth quarter of 2025 which was 26.50.

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 at 29.3% 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 2026, there were no significant financial impacts on the Municipal Government.

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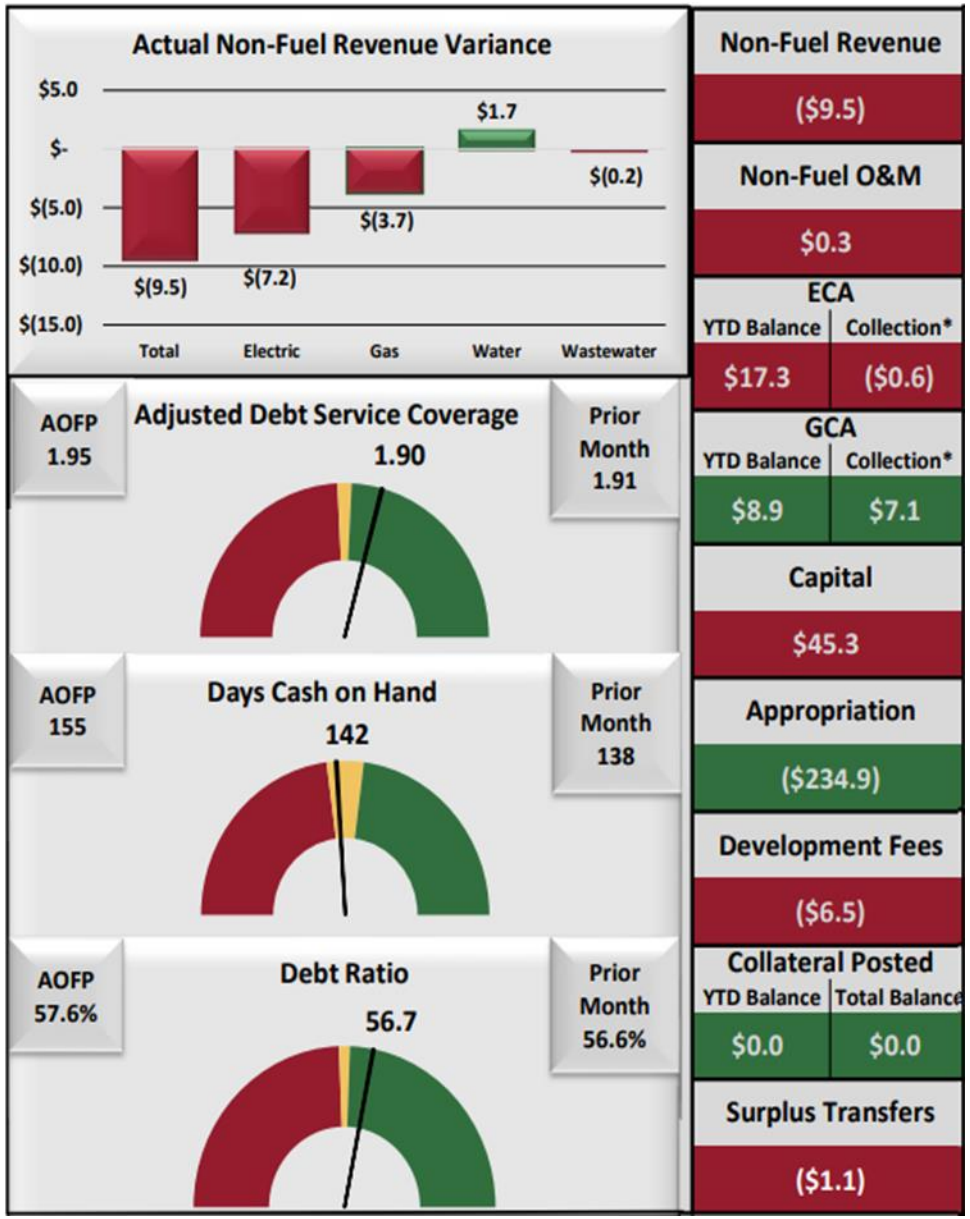
2026 Quarter 1 Financial Condition and Activities I-2 Report

John Hunter, Financial Planning and Risk Manager

Working Committee
June 15, 2026



1. Operate within the Budget Appropriation

- We are forecasting to operate within the total appropriation for fiscal year 2026

Key Variances

- Total appropriation is $235 million under Annual Operating Financial Plan (AOFP)
  - Lower fuel expense is the major driver
- Development fees are $6.5 million under
  - Forecasted drop in new homes is the driver
- Capital is $45.3 million over AOFP

2. Capital Projects with changes greater than $1,000,000

- $45.3 million over the 2026 Budget for Capital

Largest Project Change List	$ Changes	Project Change Description
Operational Fiber	$51 million	Increased spend to make up for slow early years
Horizon Power Plant	($17 million)	Generator payments moved to 2025
Wastewater System Expansion	$21 million	Project timeline required additional contractors
Penrose Water Supply	($10 million)	Majority of project spend delayed until 2027
North Monument Creek Interceptor	$8 million	Project timeline required additional contractors

Other I-2 Directives

3. Invest Funds in accordance with Bond Ordinance
    - **All cash was invested in compliance.**
4. Ensure controls are in place for material fund access
    - **We maintained adequate controls that were reviewed by an external auditor.**
5. Ensure receivables are resolved within grace period
    - **At the end of the fourth quarter there were 20.80 Days Sales Outstanding (DSO) which improved 6 days from 2025 Q4.**
6. Settle payroll and debts in a timely manner
    - **These conditions were achieved.**
7. Ensure tax and other government ordered payments are timely and accurate
    - **These conditions were achieved.**
8. Operate within applicable procurement codes and policies
    - **We maintained written purchasing regulations that assured legal and fiscal compliance.**
9. Inform of significant financial impacts on the Municipal Government
    - **During the first quarter of 2026, there were no significant financial impacts.**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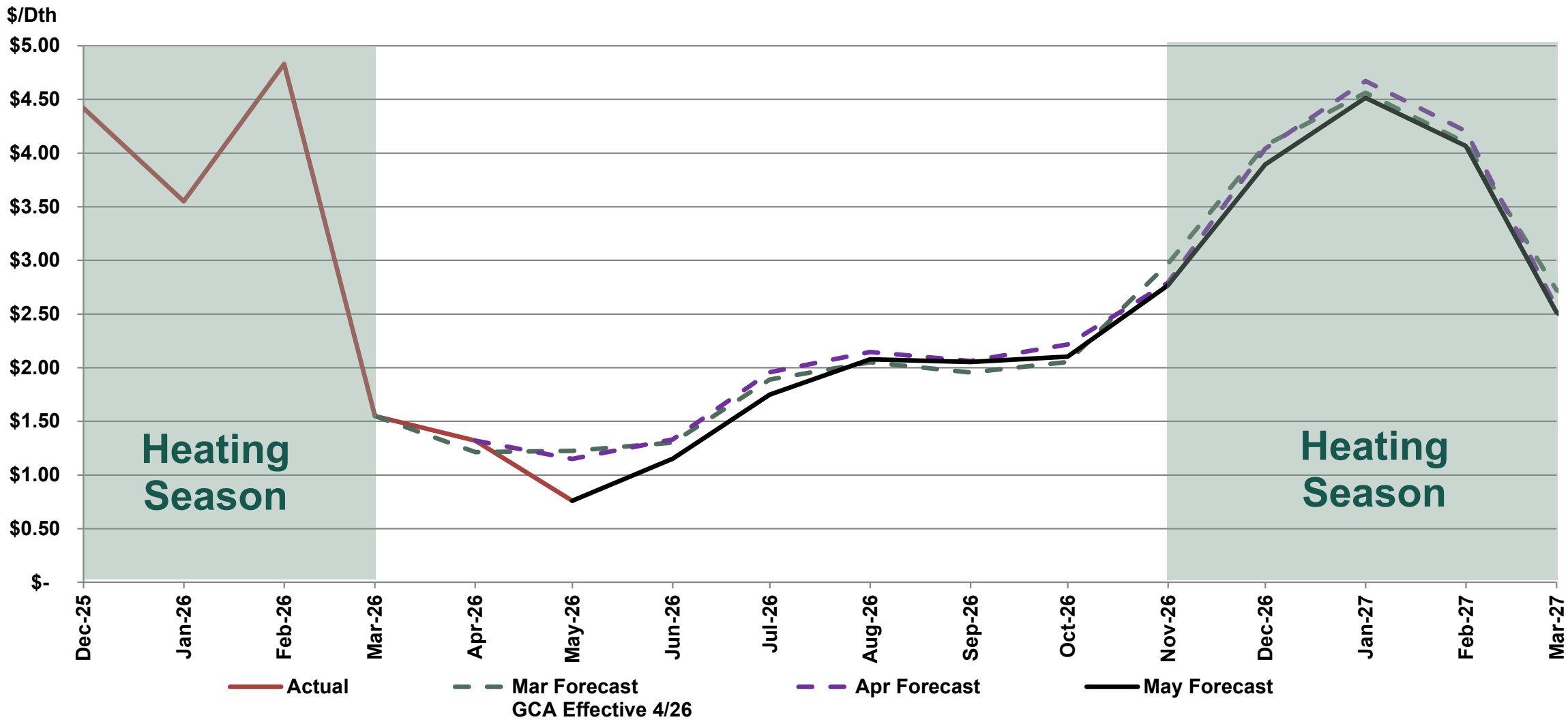
Electric Cost Adjustment
Gas Cost Adjustment

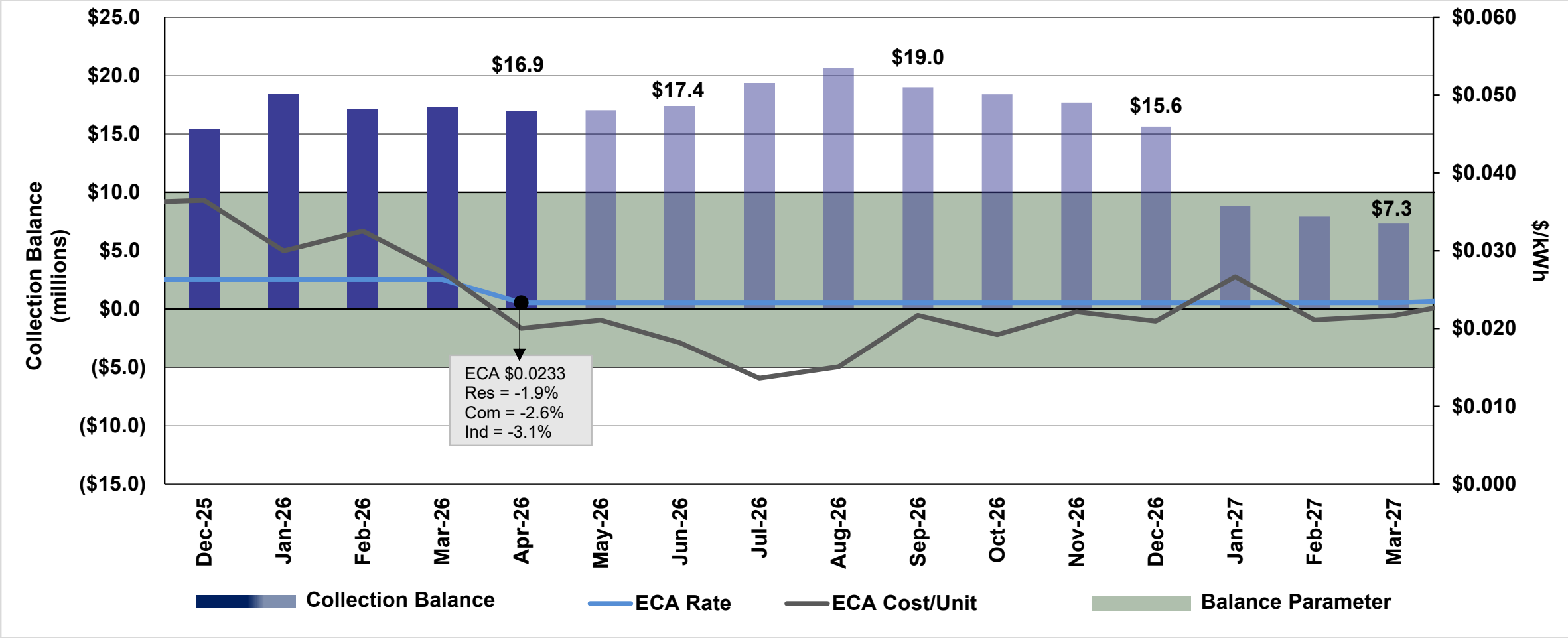
Scott Shirola, Pricing and Rates Manager

June 15, 2026

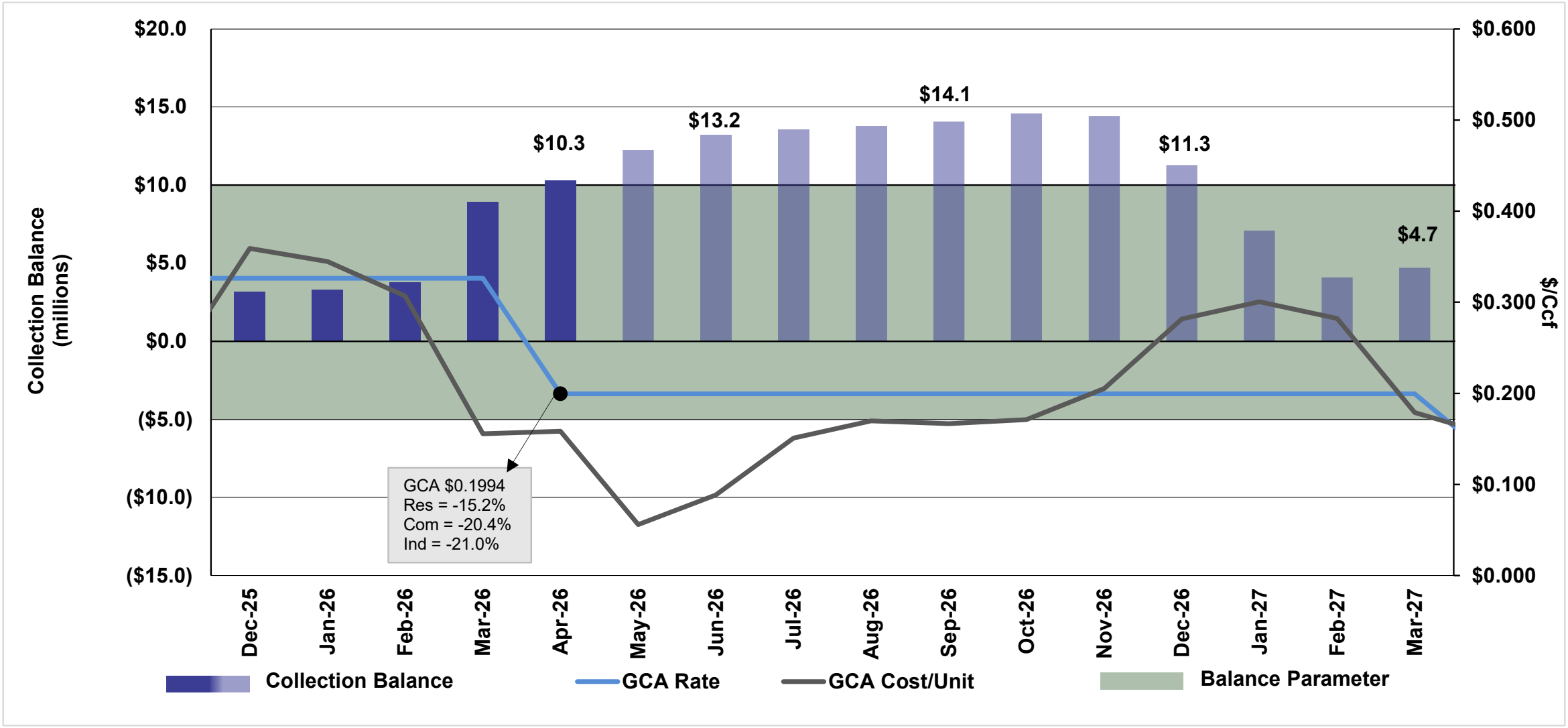
Natural Gas Prices as of May 1, 2026



ECA Projections May 2026



GCA Projections May 2026

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Net Metering Feedback and July 2026 Rate Proposal

Leslie Smith, Supervisor of Customer Insights and Programs
Scott Shirola, Pricing and Rates Manager

June 15, 2026

Customer Feedback

2026 Rate Proposal

Option 1 - Standard	Option 2 - Choice	Timeline
• Energy Wise Time of Day rate • Grid Access Fee • New customers • Start 04/01/2027	• Demand Charge On-Peak Highest 15 min interval • New customers • Start 04/01/2027	• 5-year Grandfathering for existing customers* • Start 04/01/2032

* Current frozen rate schedule includes annual rate increase for years 2025 through 2029 as previously approved by City Council

NET METERING FEEDBACK KEY TAKEAWAYS

Customers are asking for choice

Between the two proposed options there was no clear “winner”. Customer feedback suggests that they appreciate having a choice.

Grandfathering proposal generally well received

82% of respondents said that the grandfathering proposal would be helpful.

Customers are asking for more information

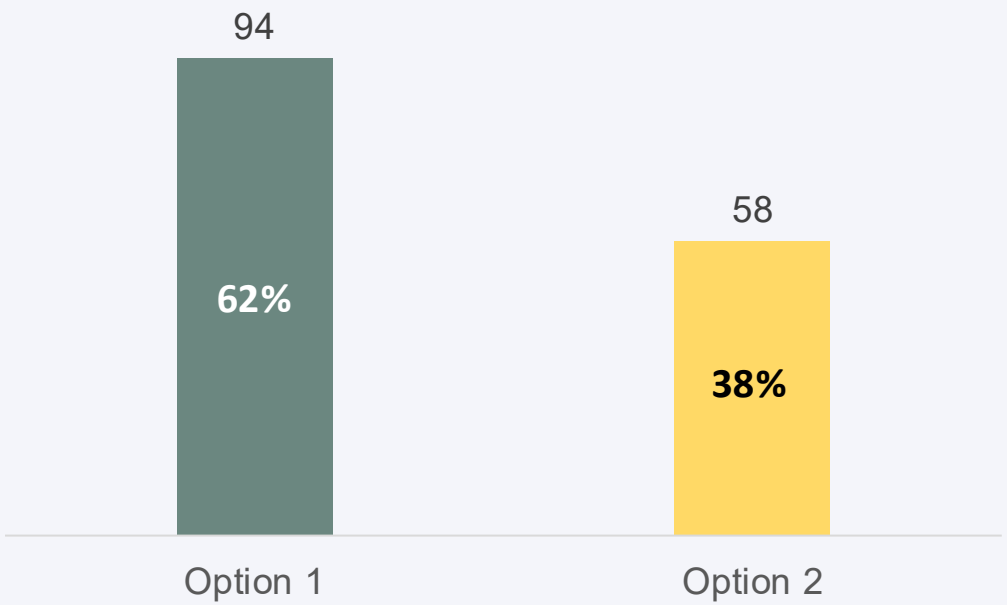
The most common theme from customer comments was a need for more detail. Across both open ended questions 34% of customers expressed that they would like additional information.

Feedback suggests that most customers are in the “Resistance” phase of change

Early, clear, and repeated messaging can help reduce time in these difficult stages.

Proposed Net Metering Rate Options –
Customers value a choice to meet their needs

Which rate option would you choose?



Option 1 - Energy Wise Rate with Grid Access (Standard Rate)
Option 2 – Demand Charge (Alternative Rate Option)

Why did you choose the option?

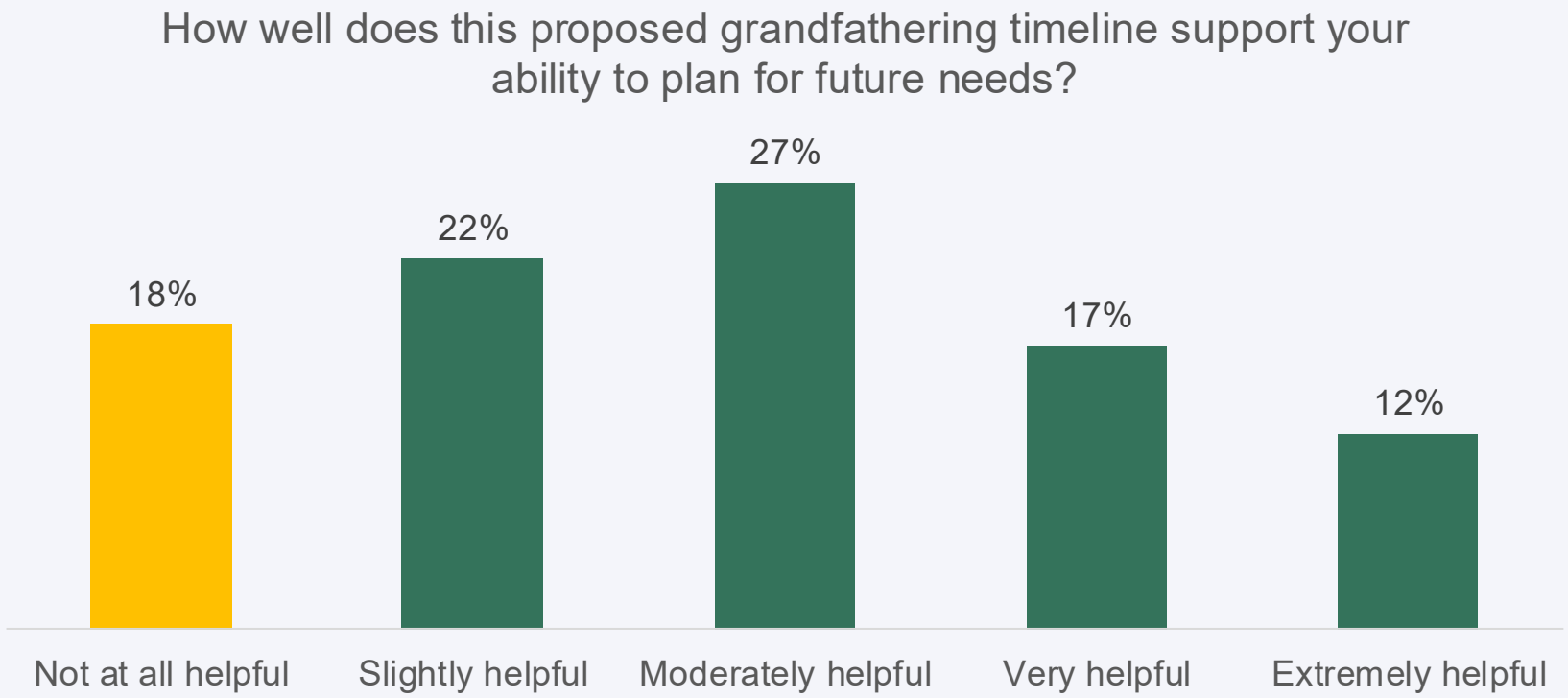
Option 1

- Easier to control Time of Day use
- Don't have to manage demand peak
- Simple, clear
- Do not like Demand Charge option

Option 2

- Ability to monitor use and shift usage
- Have or would install a battery
- Do not like Energy Wise

Grandfathering proposal – 82% of feedback scored as some level of "helpful"



21 respondents out of 152 specifically mentioned that the grandfathering proposal did not go far enough

Customer Comments

Notable trends

- Request for more information such as proposed plans and energy use detail. (52 comments)
- Batteries to support solar (25 comments)
- New or additional incentives for batteries or solar (7 comments)
- Some requests to move sooner than 5 years for existing customers

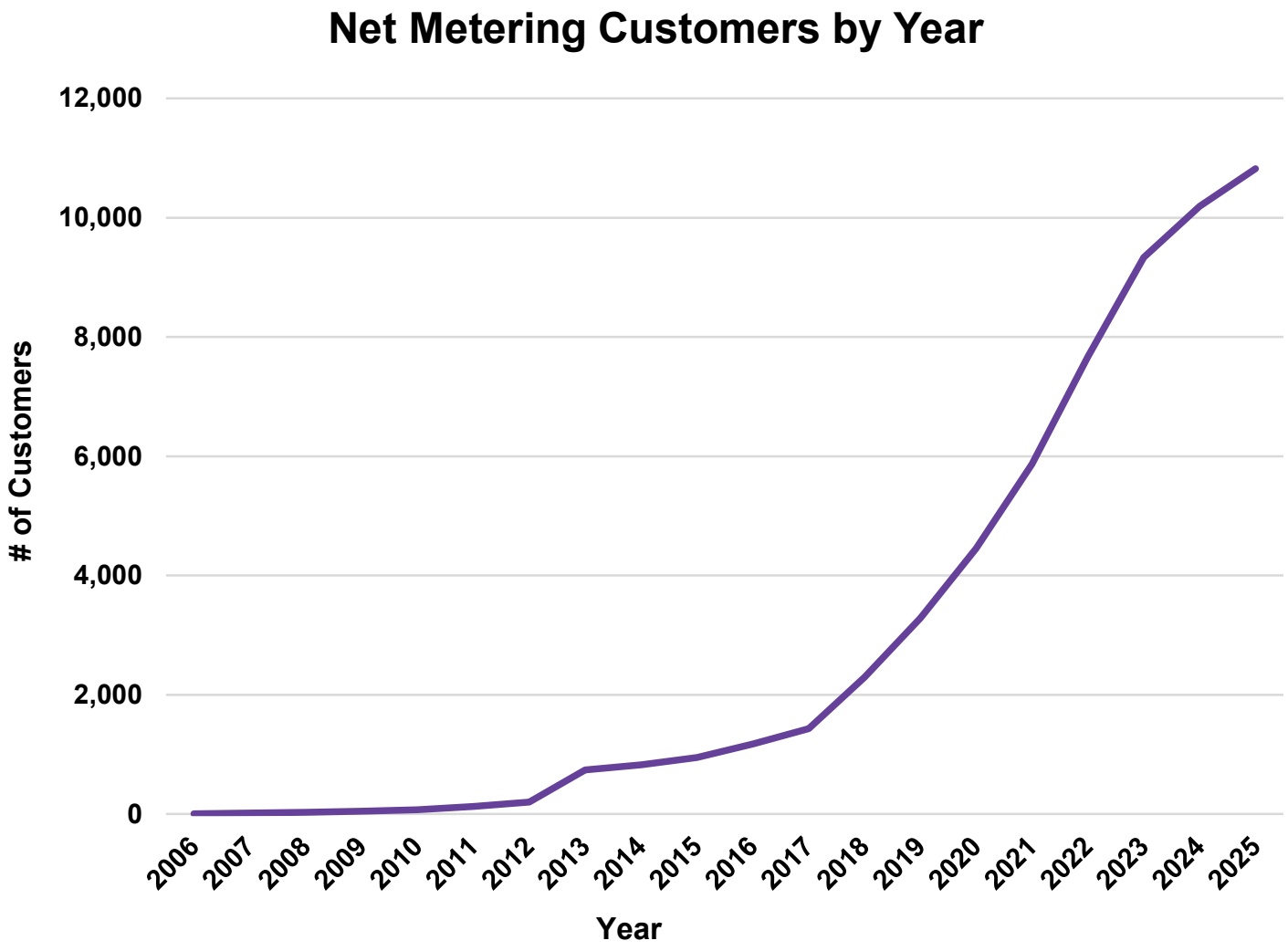
Customer Change Curve

Stage	What Customers say	What it means
Shock	“Why is my bill changing?”	Awareness spike
Resistance	“This isn’t fair”	Emotional reaction
Understanding	“I see how this works”	Cognitive Shift
Adaptation	“What can I do?”	Behavior change
Acceptance	“I can mange this”	Stability

July 2026 Rate Case

Net Metering Background

- Net metering governed under Colorado state law (CRS 40-2-124)
- Program launched in 2005
- ~11,000 participating net metering customers
- Monthly and annual excess generation provisions



Net Metering National Trends

Why Modernization is Occurring:

- Increasing solar adoption is driving cost-shift concerns
- Many utilities are updating net metering policies

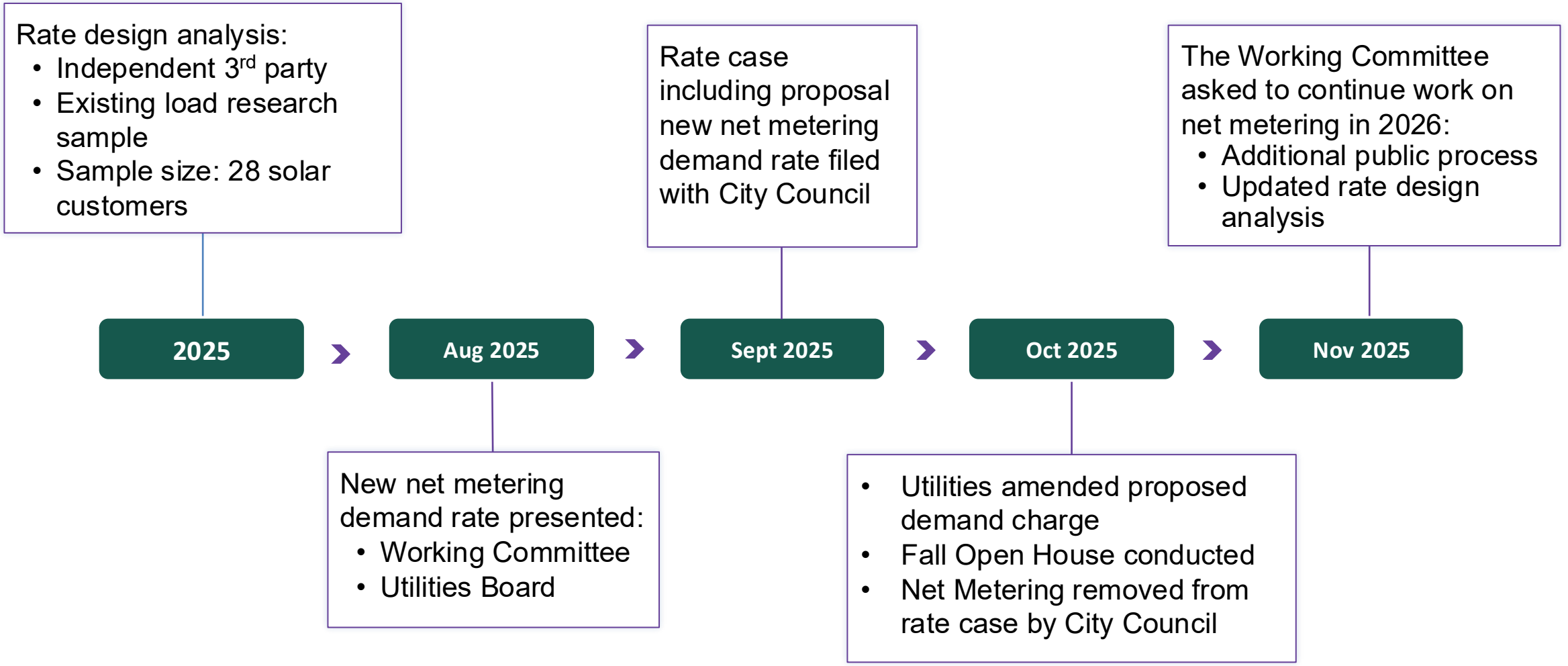
Common Approaches:

- Crediting changes: Move away from 1:1 net metering
- Rate design changes: Time-of-day (TOD) rates, demand charges, grid access fee
- Transition strategies: Grandfathering and phased implementation

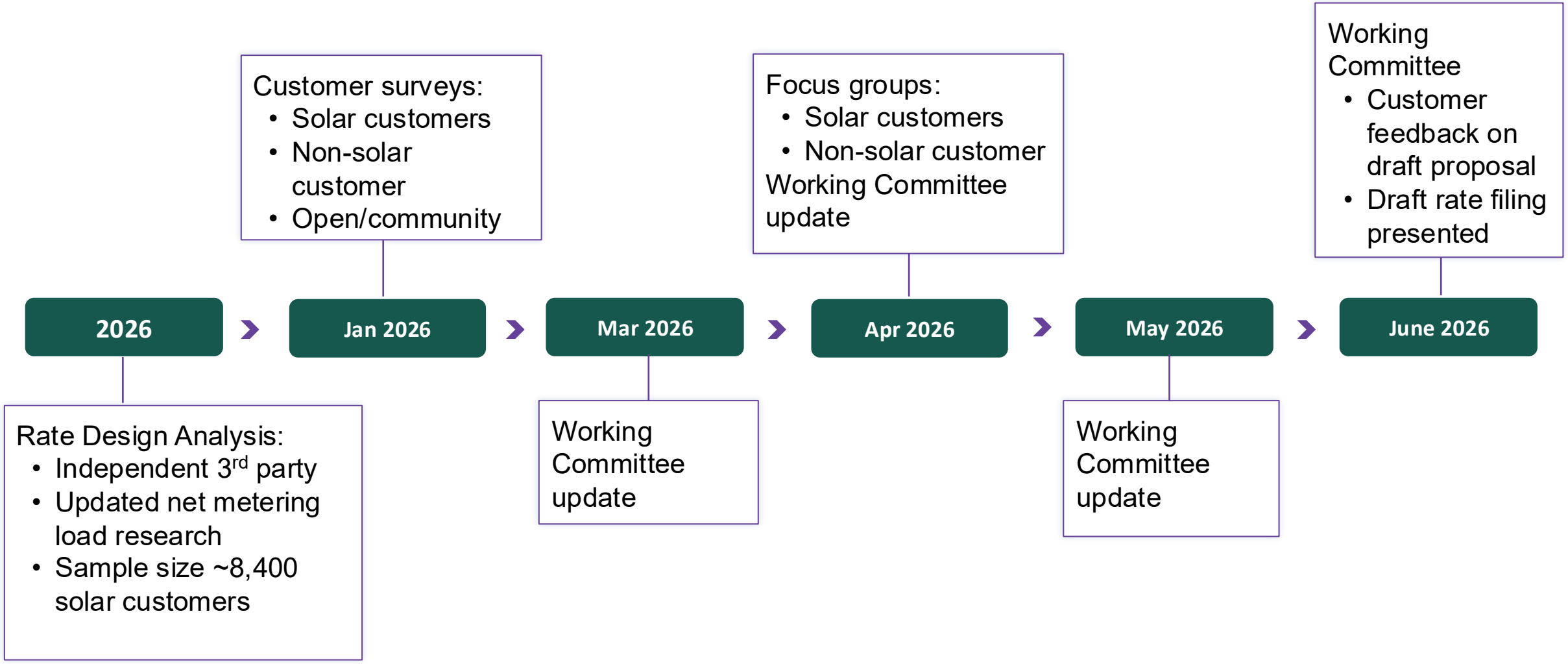
Key Constraint:

- All reforms must align with state law and regulatory framework

Net Metering Modernization Activity in 2025

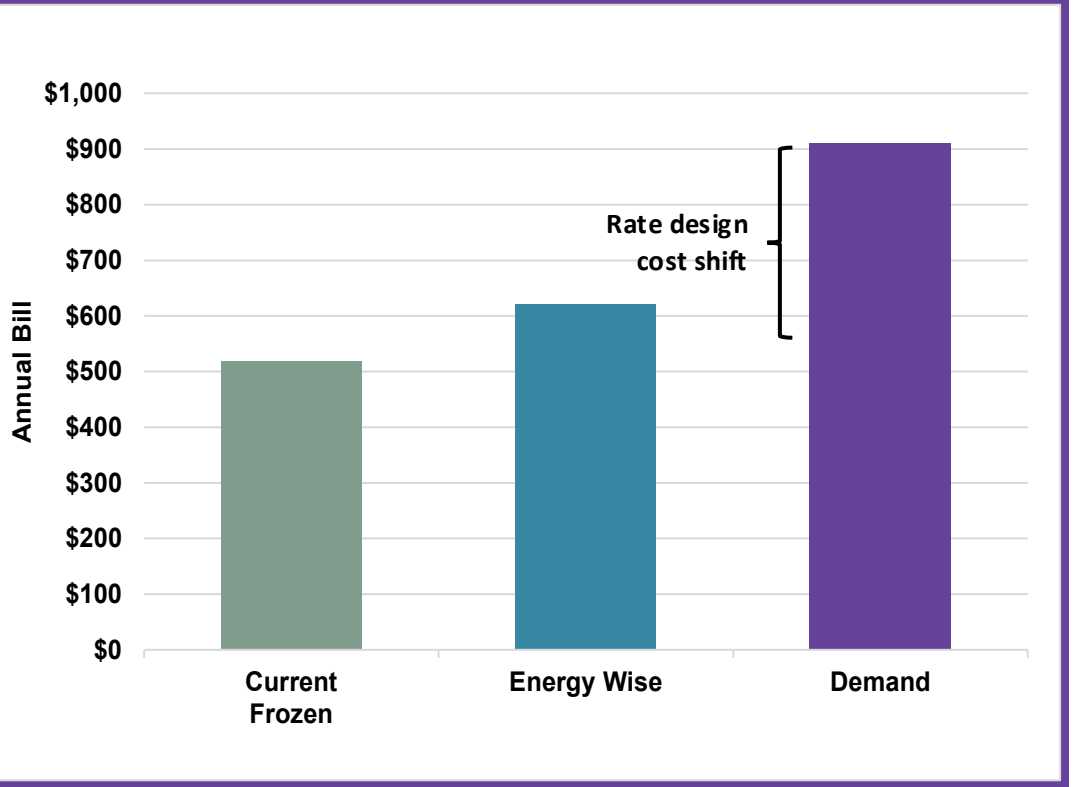


Net Metering Modernization Activity in 2026



2026 Rate Design Analysis - Results

Average Annual Bill*



*Average bill based on non-fuel rate components excluding Electric Cost Adjustment (ECA) and Electric Capacity Charges (ECC)

Study Overview

- Independent third-party
- ~8,400 customers analyzed
- 12 months of high-quality interval data (>98%)

Average Cost Shift:

- ~$400/year (~$33/month)

Total System Impact:

- $4.4 million annually (11,000 customers at $400 annually)

Impact of Proposed Changes:

- Transitioning net metering customers to Energy Wise rates reduces cost-shift by only ~25%

2026 Rate Proposal Summary

Option 1– Standard(1)

- Energy Wise time-of-day rate
- Grid Access Charge

Option 2– Choice(1)

- Demand Charge on-peak highest 15 min interval

Transition Timeline

- **New** customers
  - Start **04/01/2027**
- **Existing** customers(2)
  - 5-year period Grandfathering
  - Start **04/01/2032**

Notes:
(1) Option 1 is proposed as the standard option for residential and small commercial customers, who may choose to receive service under Option 2. Medium and large commercial customers are proposed to receive service under the applicable net metering demand rate options.
(2) Current frozen rate schedule includes annual rate increases for years 2025 through 2029 as previously approved by City Council.

Option 1: Energy Wise with Grid Access

Rate components

- Access and Facilities, per day
  - $0.7269
- *New* Grid Access Charge, per day
  - $1.0000
- On-peak and off-peak Access and Facilities, per kWh
  - Summer: on-peak $0.3089, off-peak $0.0772
  - Winter: on-peak $0.1544, off-peak $0.0772
- Electric Cost Adjustment, per kWh
  - On-peak $0.0411, off-peak $0.0206
- Electric Capacity Charge, per kWh
  - $0.0066

Rate advantages

★ Energy Wise rates

★ Bill stability with Grid Access Charge

- Opportunity for bill reduction by shifting use to off-peak periods and/or battery installation
- Net Bill with separate on-peak and off-peak monthly bill credits

★ Identified as preferable from customer feedback

Rate components based on 2027 proposed residential (Grid Access) and approved Energy Wise Access and Facilities rates. ECA and ECC rates reflect current rates which are subject to change.

Option 2: Demand Charge

Rate components

- *New* Access and Facilities, per day
  - $0.8265
- *New* Demand Charge, per kW, per day(highest net 15 min on-peak monthly demand)
  - Summer $0.3608, Winter $0.2462
- *New* Access and Facilities, per kWh
  - $0.0294
- Electric Cost Adjustment, per kWh
  - $0.0233
- Electric Capacity Charge, per kWh
  - $0.0066

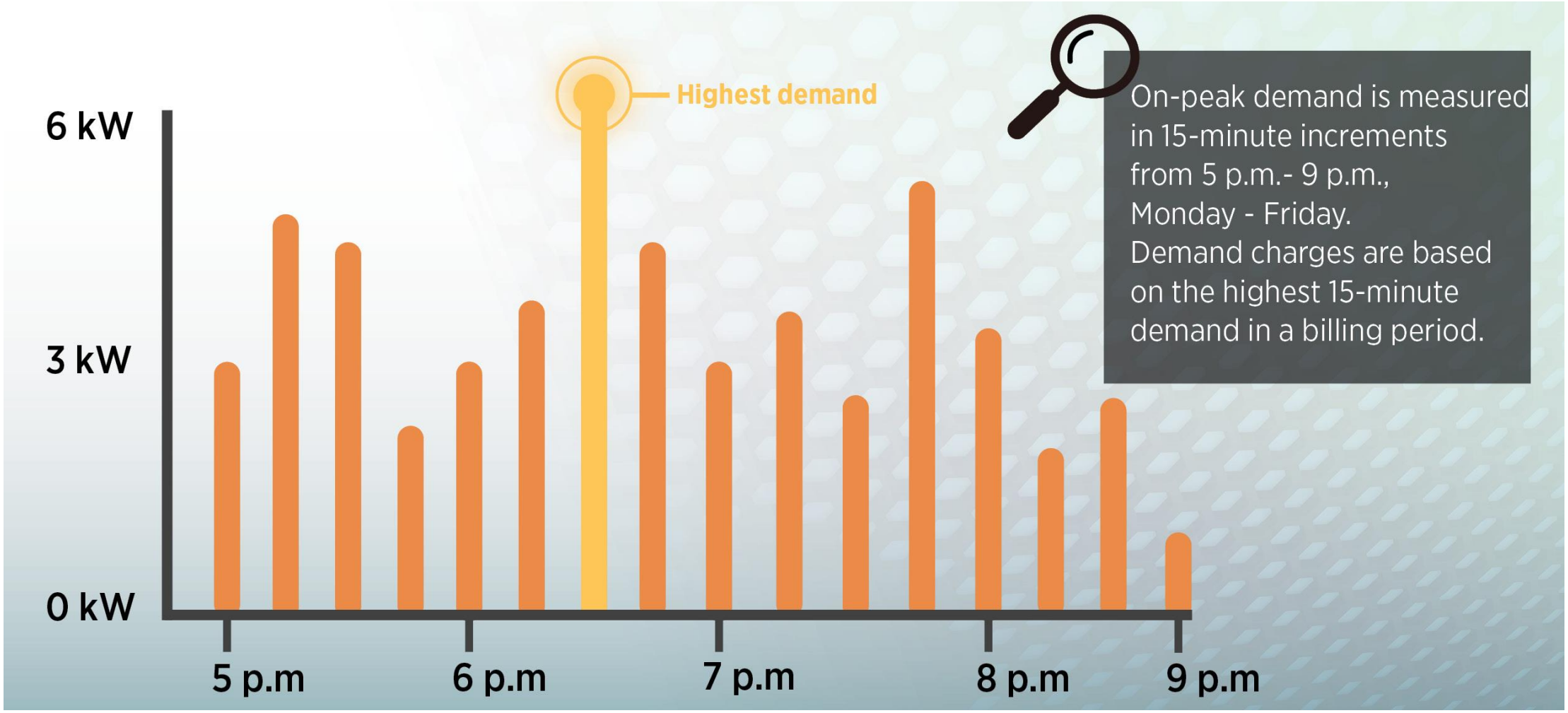
Rate advantages

- ★ Maintaining 1:1 energy exchange and monthly rollover
- Opportunity for bill savings by shifting use to off-peak periods and/or battery installation
- Additional opportunity for savings by staggering use during on-peak periods

★ Identified as preferable from customer feedback

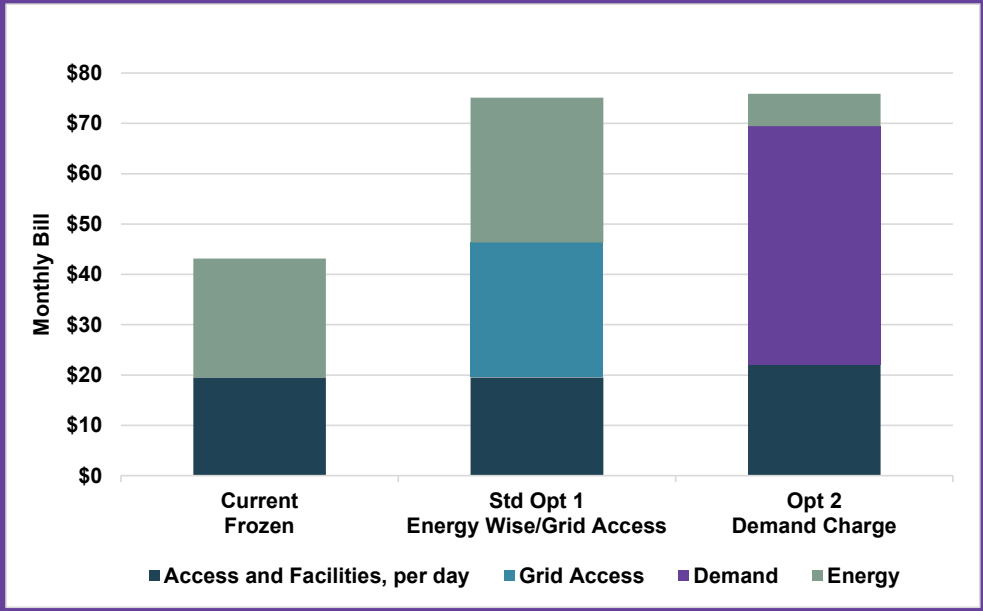
Rate components based on 2027 proposed residential (Demand and Access and Facilities) rates. ECA and ECC rates reflect current rates which are subject to change.

Sample daily demand



Customer Transition & Bill Impacts

Average Monthly Bill*



*Average bill based on non-fuel rate components excluding Electric Cost Adjustment (ECA) and Electric Capacity Charges (ECC). Average bill amounts are shown in 2025 cost-of-service basis. Proposed rates are escalated by 6.5% per year in alignment with five-year rate case.

New customers:

- Net metering agreements after April 1, 2027, receive service under new rate options
- *Increase in eligible system size from 120% to 200%*
- *Elimination of indefinite carry-forward election*

Existing customers:

- Net metering agreements before April 1, 2027, transition to new rate options beginning April 1, 2032
- *Indefinite carry-forward elections:*
  - No new elections on or after April 1, 2027
  - Elections prior to April 1, 2027:
    - *Option 1*: Carry-forward eliminated with balances credited at Option 1 on-peak and off-peak rates
    - *Option 2*: Carry-forward remains in effect so long as service is continued under Option 2

Residential bill impact after transition:

- Standard Option 1 and alternative Option 2 result in average bill impacts of ~$33/month compared to the current frozen rate

Next Steps

June 17	Utilities Board Regular Meeting - Draft Rate Case
July 7	Rate Case Distribution
July 14	Request for Public Hearing at City Council
Aug. 25	Public Hearing at City Council
Sept. 8	Decision and Order at City Council

Rate Case Overview

- Changes to Utilities' Tariffs:
  - Electric Rate Schedules
  - Utilities Rules and Regulations (URR)
- Effective date of proposed changes – April 1, 2027
- The rate case filing will contain the comprehensive proposed changes
  - Reports, Resolutions, Tariffs, and other supporting materials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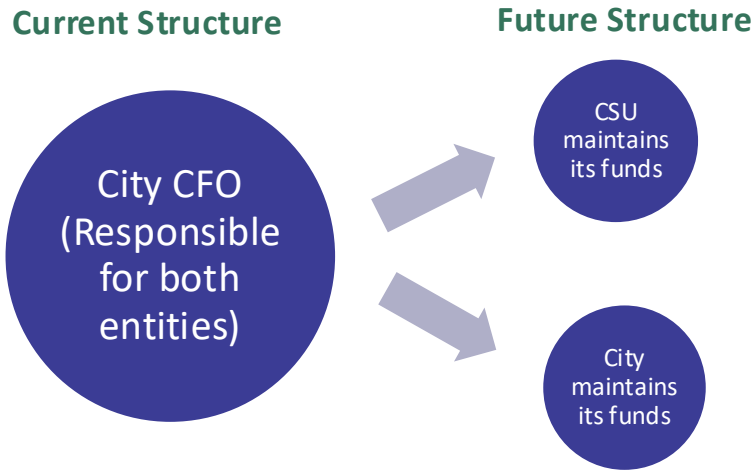
Workers Comp Fund Code Change & Self-Insurance Resolution

John Hunter, Financial Planning and Risk Manager

Working Committee
June 15, 2026

City Code Amendments



- Currently the City CFO manages the Workers' Compensation & Claims fund for Utilities.
- This code change would transfer control of Utilities funds to the Utilities CFO.
- The City would maintain control for their funds.
- This code change does not require Utilities Board approval only City Council.

Implementation Timing: Code implementation will be brought to City Council in August.

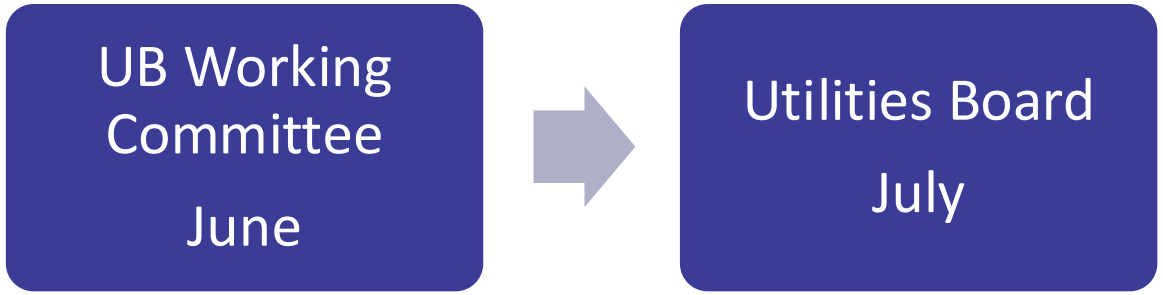
Status & Next Steps: The draft will be finalized following City Attorney review.

Code Amendment Presentation Timeline

Self Insurance Resolution

- Utilities requests the Utilities Board approves a resolution allowing them to apply for self-insurance permits as needed.
- This resolution would allow Utilities to self insure through the State.
- A Utilities Board resolution is required by the Department of Labor and Employment (worker compensation) and Department of Insurance (auto) to enter Colorado State self-insurance.

Resolution Presentation Timeline

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Electric Integrated Resource Plan (EIRP)

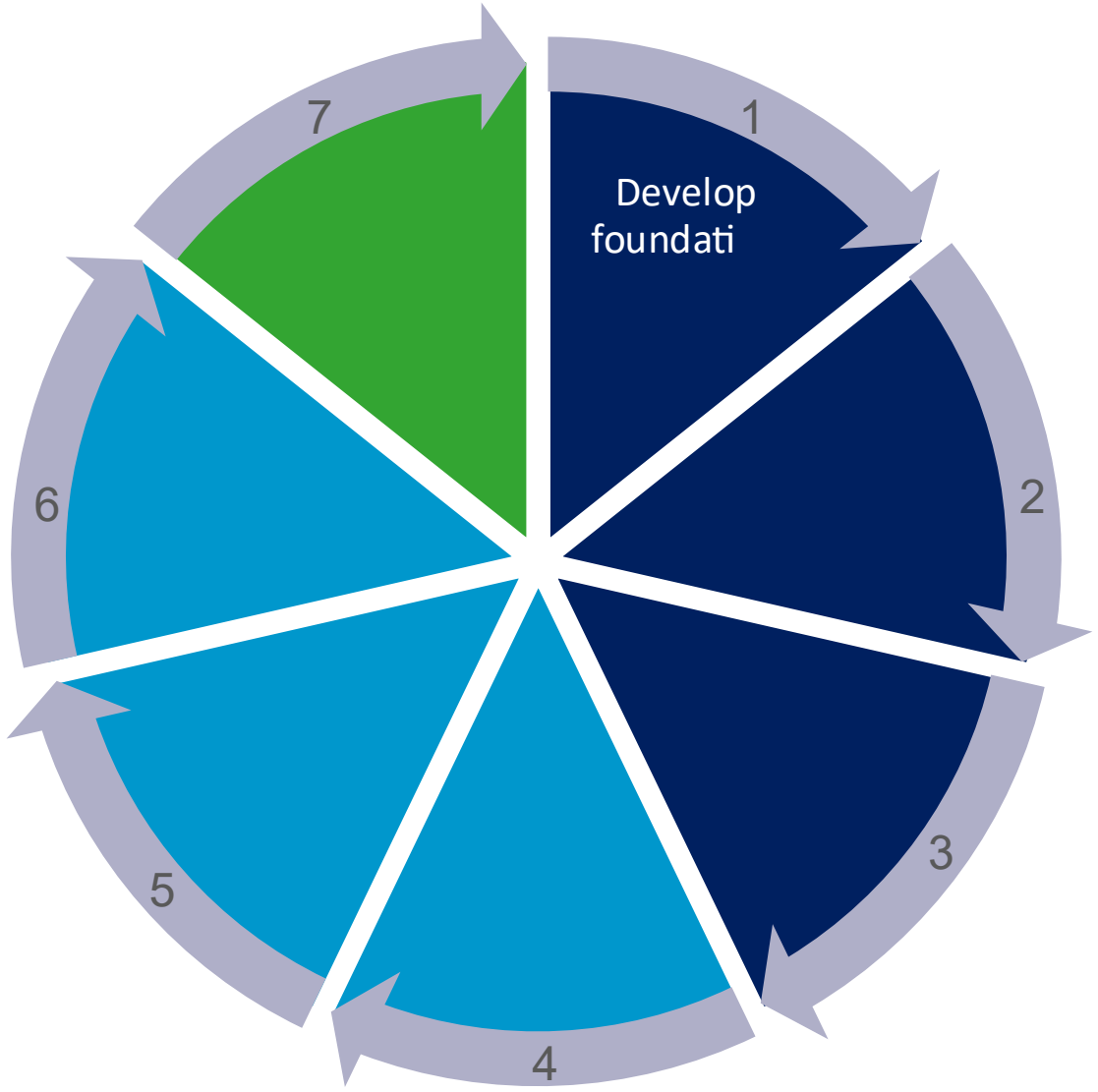
June 15, 2026, Utilities Board Working Committee

David Longrie – Manager Energy Resource Planning and Innovation
Troy Bass – Supervisor Energy Resource Planning

IRP Process

An electric integrated resource plan ("EIRP", "IRP") is a long-term strategic plan for providing cost effective and reliable energy resources to meet the energy needs of our customers

1. Develop Foundation
2. Analyze
3. Recommend



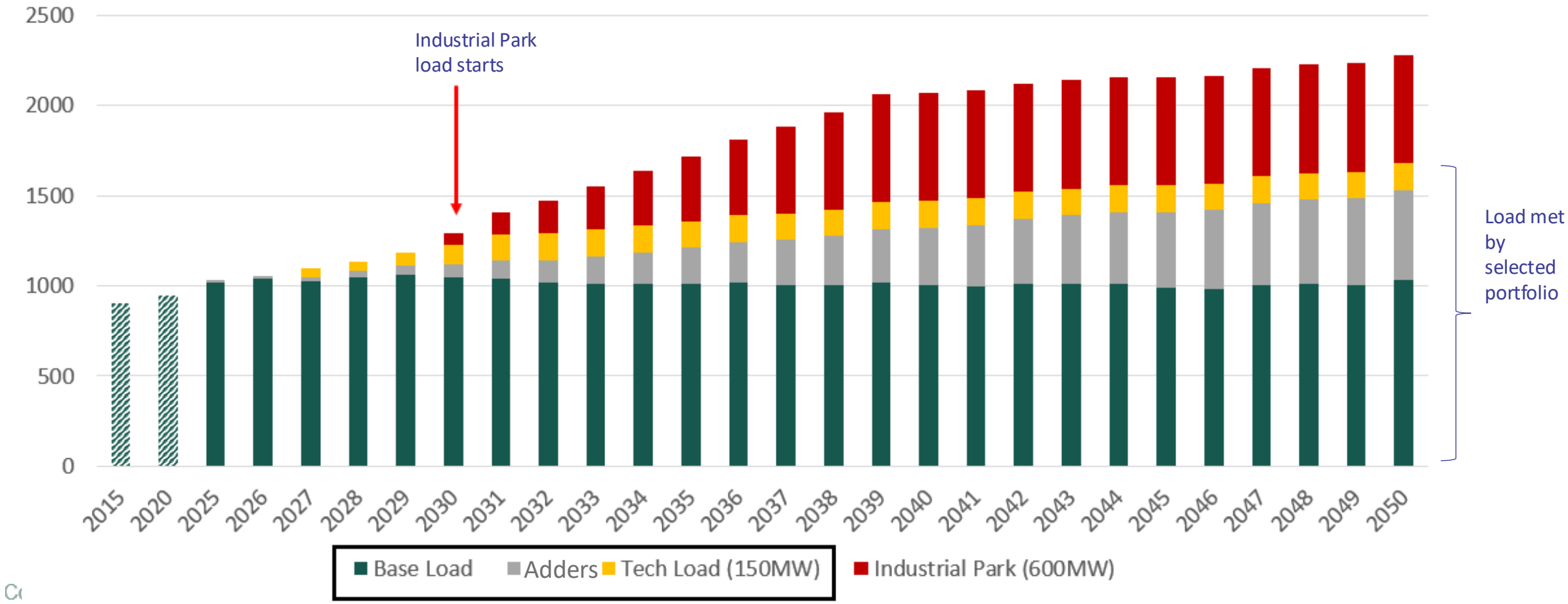
EIRP Goals

- Resilient and Reliable
  - Industry leading reliability and resiliency
  - Ability to react to variable or extreme daily operating conditions
- Cost-Effective Energy
  - Maintain competitive and affordable rates
  - Further advance energy efficiency and demand response
- Environmental Sustainability
  - Responsibly grow renewable portfolio
  - Meet environmental regulations including carbon reduction targets
- Resource Flexibility
  - Ability to adapt to regulatory and market disruptions
  - Reduce reliance on fossil fuels
- Innovation
  - Proactively and responsibly integrate new technologies

Carbon Reduction Goals

- Clean Heat Plan
  - Target of reducing customer greenhouse gas emissions from 2015 levels
  - Spending cap of 2.5% of customer gas revenue
- Clean Energy Plan (SB-182)
  - Requires electric utilities to reduce greenhouse gas emissions from 2005 levels
  - Reduction of 80% by 2033 and retire Nixon Power Plant
  - Seek to meet a 95% reduction by 2040 while maintaining system reliability and affordability

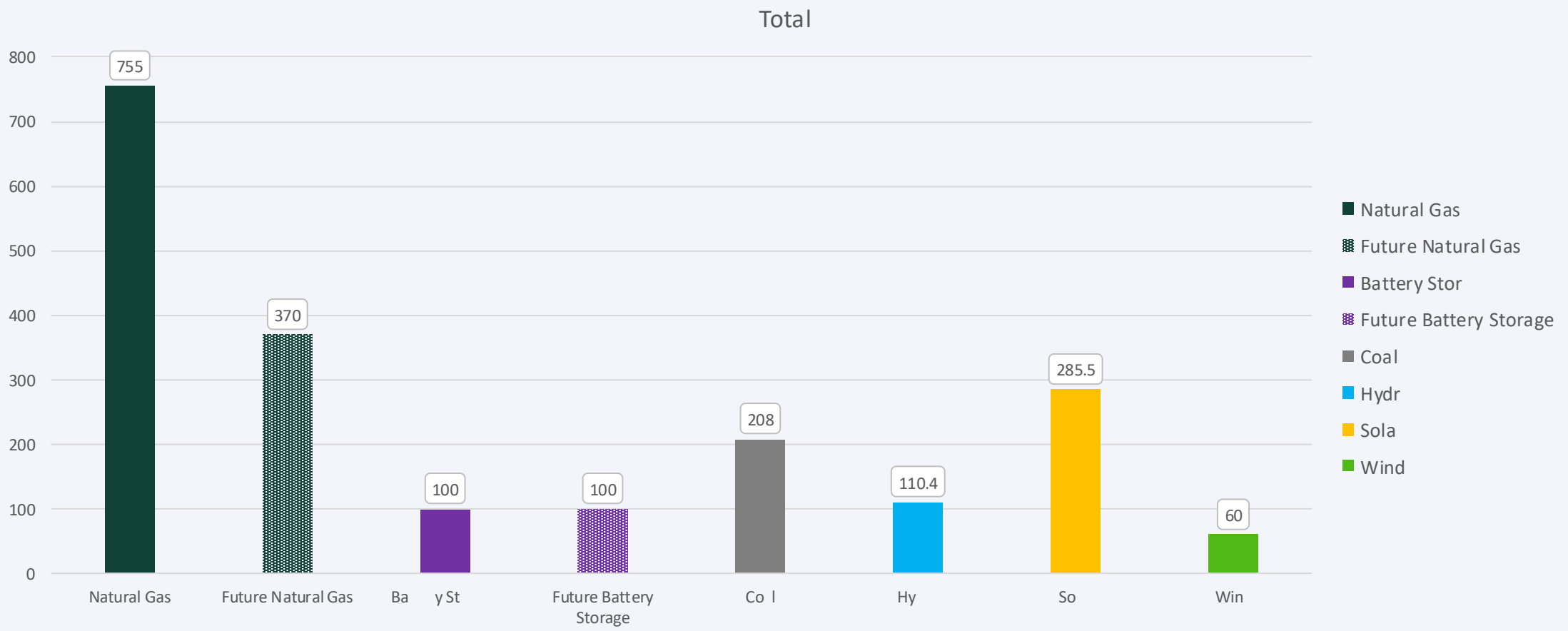
Load Forecast



Key Model Outcomes

- 300+ MW solar is consistently selected in early 2030's
  - Forecasted large loads require a lot of energy and solar is overall a low-cost energy resource
  - Existing gas and selected nuclear resources provide the required firming capacity
- 400+ MW nuclear is consistently selected
  - Supports moving forward with a more detailed nuclear evaluation
- Gas was not selected largely due to high pipeline capacity charges, long lead times, and amount of existing gas resources
- 50 MW geothermal built in all scenarios

Current Generation Resources



Balanced Portfolio

Demand Side Management and Customer Programs

Renewable Resources

Base Load

(Dispatchable) Generation

Deliverability Standards (RTO)

Meets **Reliability**, Affordability, Environmental, Resource Flexibility and Innovation Goals

Generation Portfolios

- New gas generation built by 2030
- 80% emissions reduction achieved by 2033 in all but Reference Plan
- The build plans would leverage economies of scale and may not reflect resource mix shown

Portfolio	Nixon Retirement Date	Planned Resources	Total Planned Emission Reductions below 2005 Levels	2045 NPV Change from Reference Plan ($1000)	2045 Year NPV Change from Reference Plan (%)
Reference Plan	2038	275 MW Solar 800 MW Nuclear 50 MW Geothermal	2030 - 29% 2033 - 23% 2040 - 80% 2045 - 91%	4,356,495	-
80x33, 90x40, 95x45	2032	750 MW Solar 400 MW Wind 477 MW Nuclear 50 MW Geothermal	2030 - 29% 2033 - 80% 2040 - 90% 2045 - 95%	198,467	4.6%
80x33, 95x40	2032	750 MW Solar 425 MW Wind 477 MW Nuclear 50 MW Geothermal	2030 - 29% 2033 - 80% 2040 - 95% 2045 - 95%	216,664	5.0%
80x33, 100x40	2032	625 MW Solar 300 MW Wind 677 MW Nuclear 50 MW Geothermal 75 MW Battery (4hr)	2030 - 29% 2033 - 80% 2040 - 100% 2045 - 100%	314,658	7.2%

Generation Portfolio Sensitivities

- Alternatives developed for timing of nuclear resource
- Front Range is assumed to be running until alternative generation is online (retirement between 2040 – 2050)

Portfolio	Nixon Retirement Date	Planned Resources	Total Planned Emission Reductions below 2005 Levels	2045 NPV Change from Reference Plan ($1000)	2045 Year NPV Change from Reference Plan (%)
Nuclear High Cost	2032	800 MW Solar 350 MW Wind 477 MW Nuclear 50 MW Geothermal	2030 - 29% 2033 - 80% 2040 - 87% 2045 - 91%	319,629	7.3%
Nuclear Delayed 2042	2032	975 MW Solar 425 MW Wind 400 MW Nuclear 50 MW Geothermal 100 MW Battery (4hr) 75 MW Battery (10hr)	2030 - 29% 2033 - 80% 2040 - 80% 2045 - 91%	294,766	6.8%
No Nuclear	2032	1150 MW Solar 675 MW Wind 50 MW Geothermal 175 MW Battery (4hr) 100 MW Battery (10hr)	2030 - 29% 2033 - 80% 2040 - 80% 2045 - 81%	345,165	7.9%
80x33, 95x40, Front Range Retired in 2045	2032	700 MW Solar 275 MW Wind 800 MW Nuclear 50 MW Geothermal 25 MW Battery (4hr) 25 MW Battery (10hr)	2030 - 29% 2033 - 80% 2040 - 95% 2045 - 97%	222,362	5.1%

Implementation Strategies

- Nuclear project planning phase
  - Evaluate ownership models, site and technology screening, and preliminary cost/schedule development
  - Present a comprehensive development plan at future Working Committee meeting for further review and update
- Procure near-term renewable resources
  - Leverage lower cost renewables balanced with firming resources
  - Allow for generation to adjust based on actual project proposals, including battery
- Generation portfolio needs to be agile
  - Plan for changing timelines, costs, load profiles and market conditions
  - Plan for Front Range retirement
- Endorse long-term emissions reduction target
  - Support a 95% emissions reduction goal by 2040 as a guiding objective for future planning, investment decisions, and portfolio development

Recommendation

Advance nuclear generation planning

Advance renewable resource acquisitions

Endorse long-term emissions reduction target

Next Steps

June 17	Present final plan to Utilities Board
July	EIRP Submitted
Future	Long-term resource acquisition
	Clean Energy Plan submittal Q3/Q4

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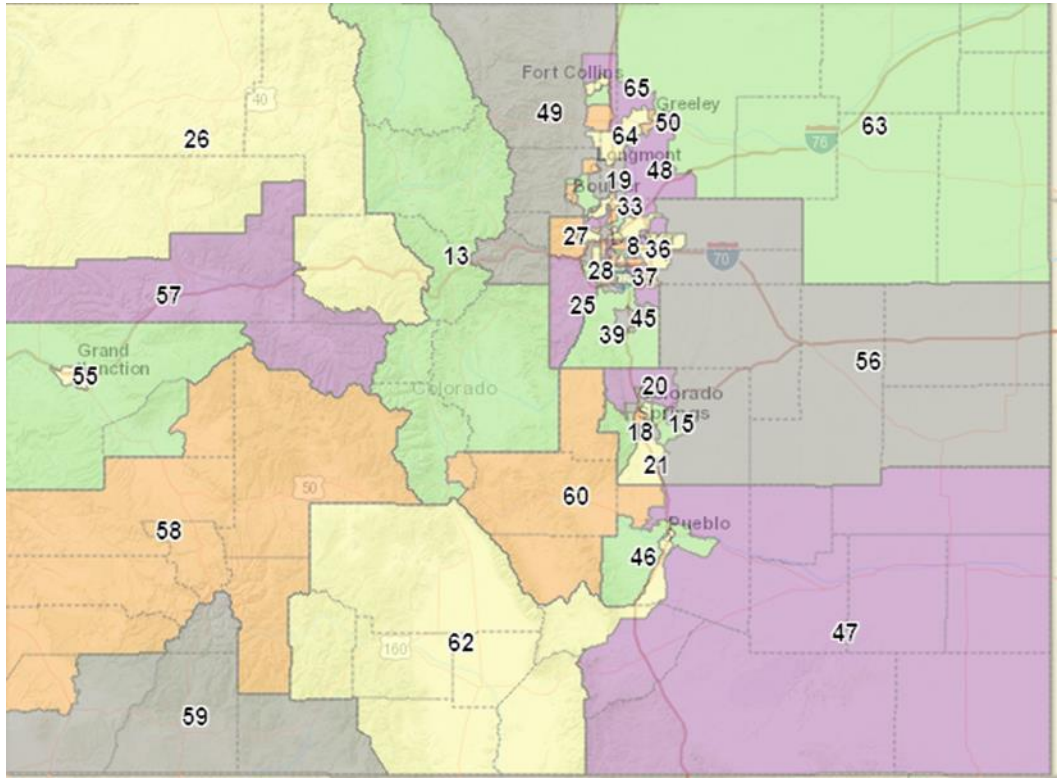
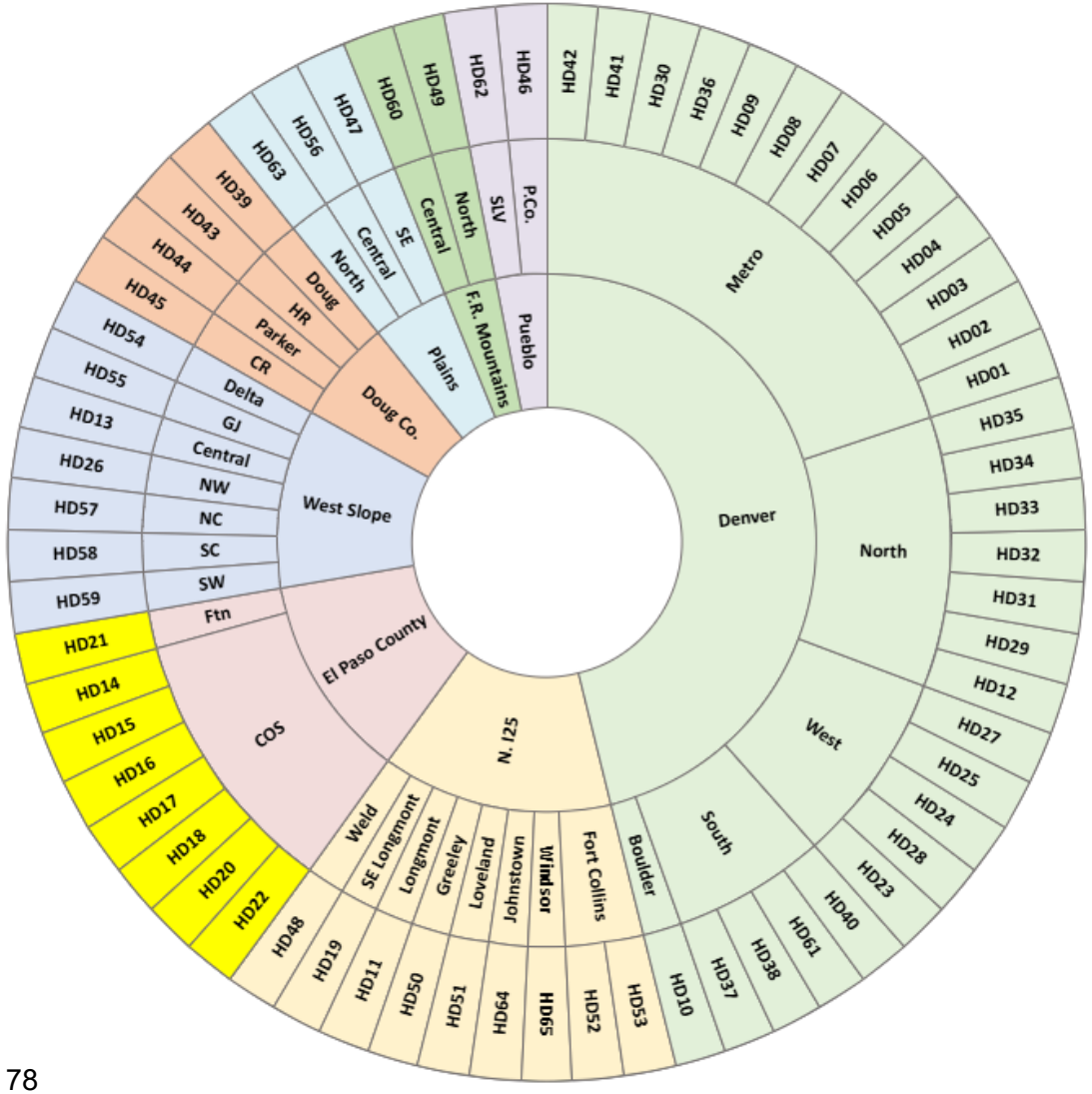
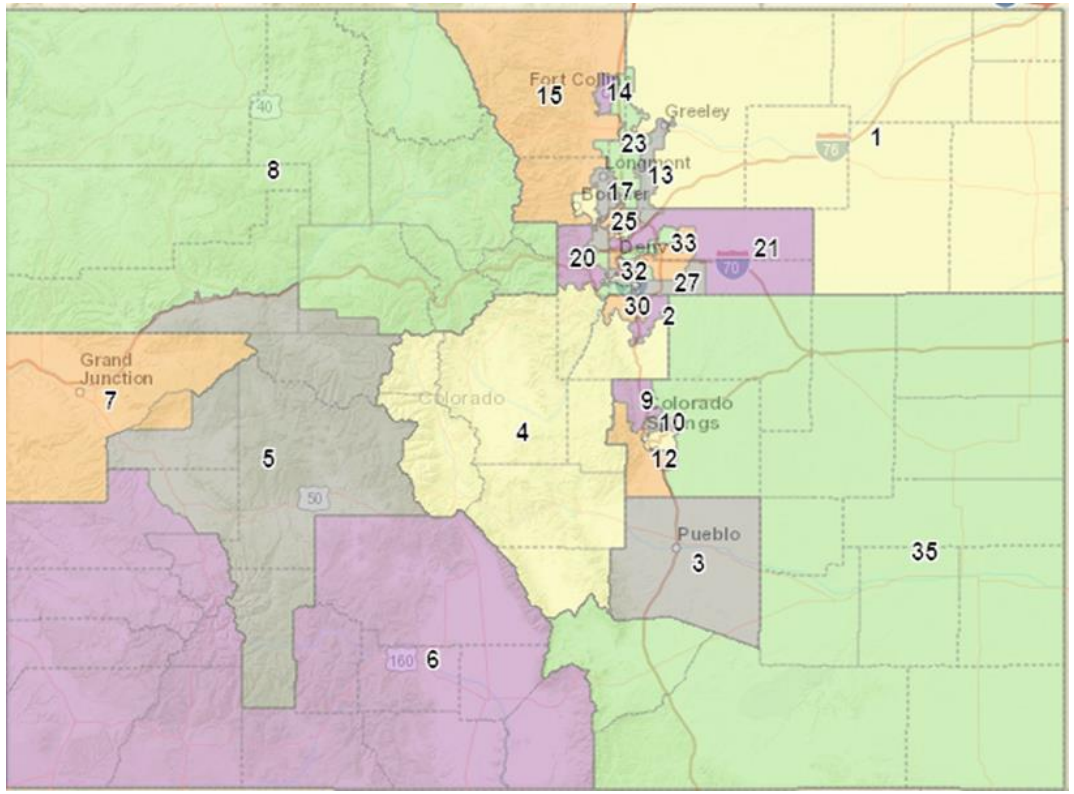
2026 State Legislative Session Overview

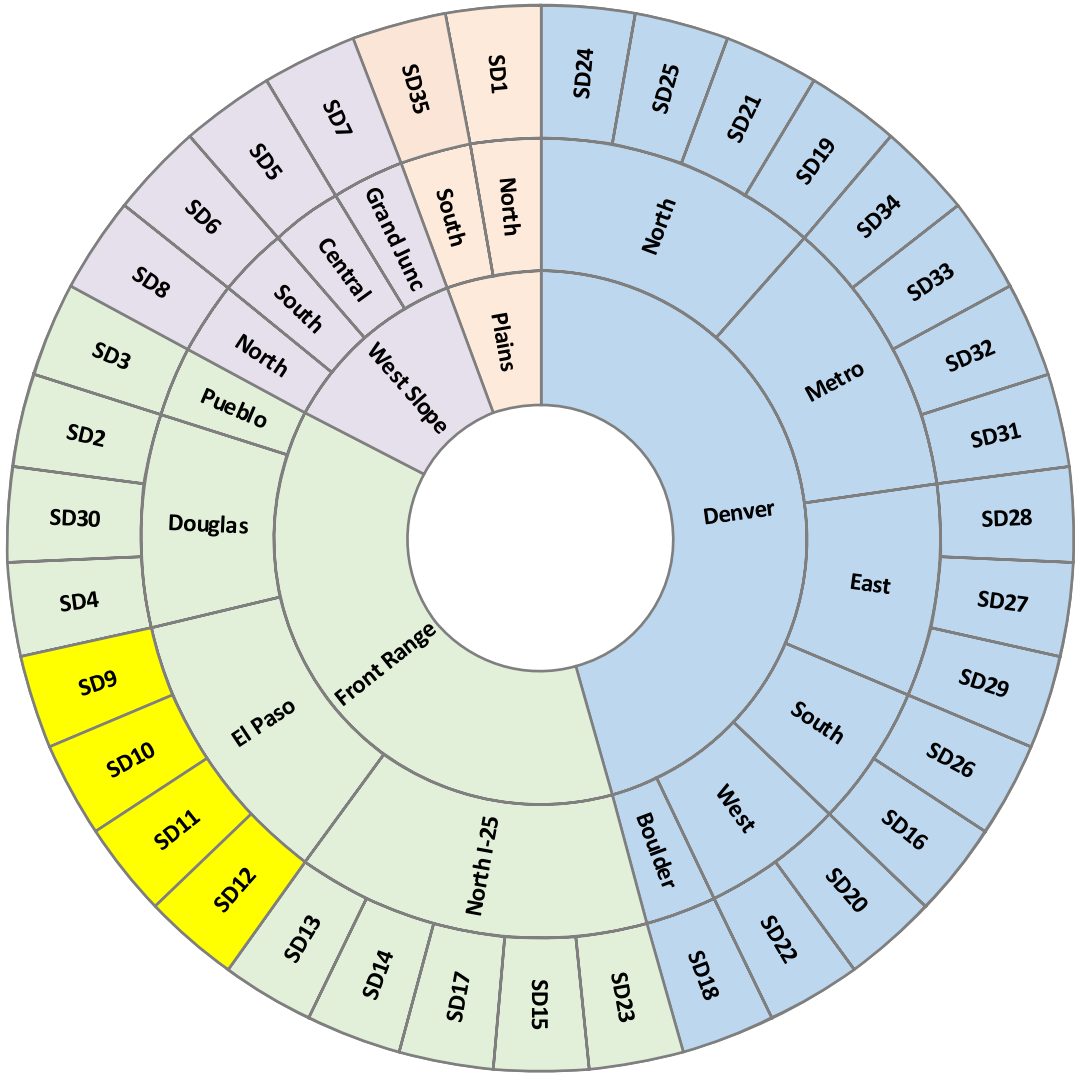
CO House by Geography (EPC highlighted)



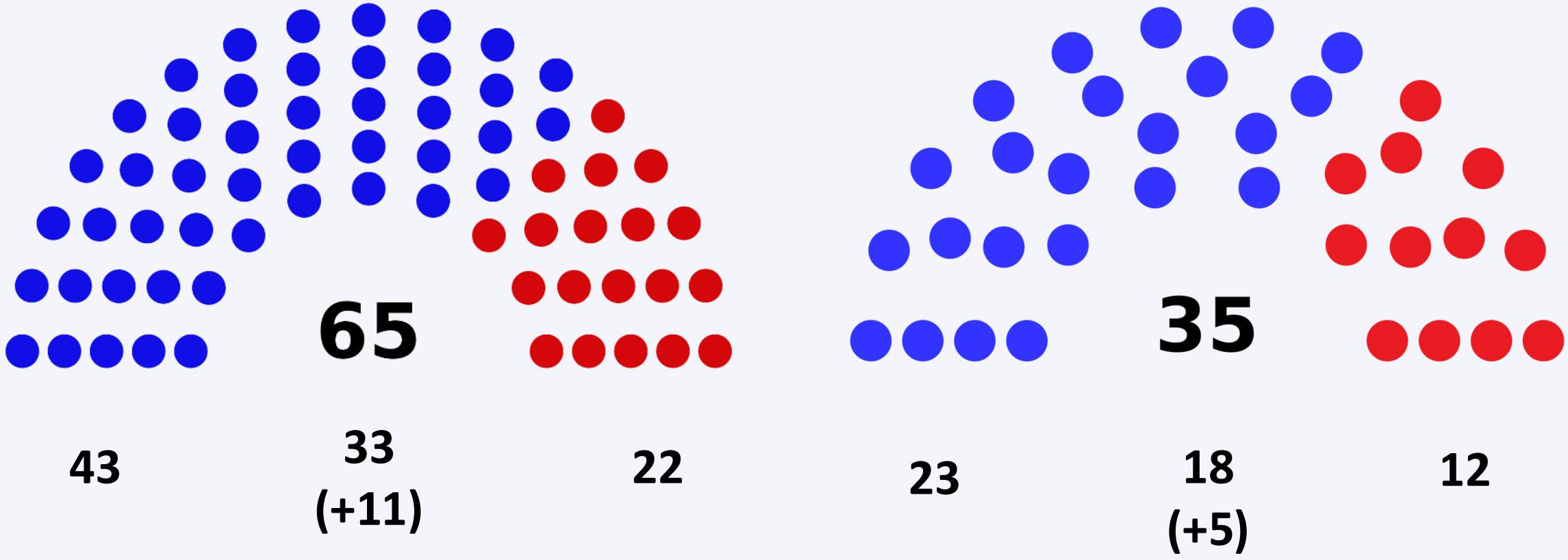


CO Senate by Geography (EPC highlighted)



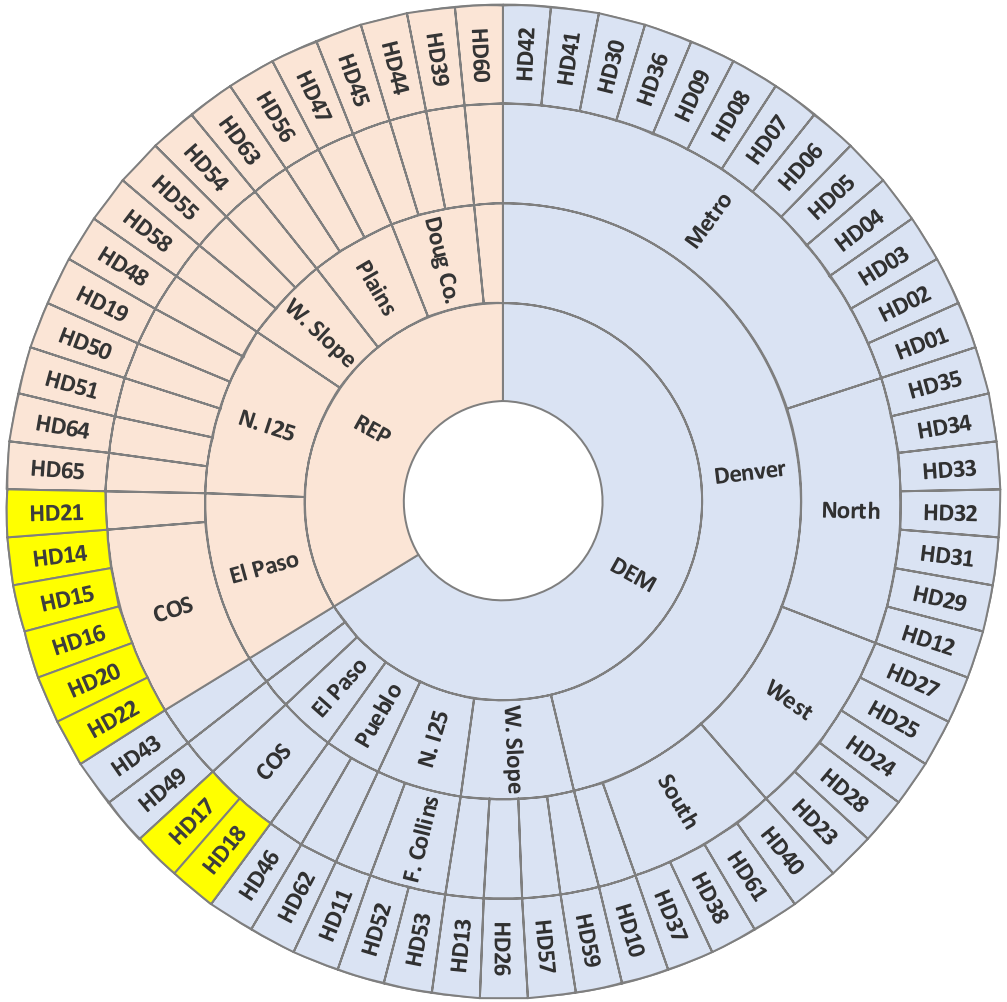


Partisan Control of CO Legislature

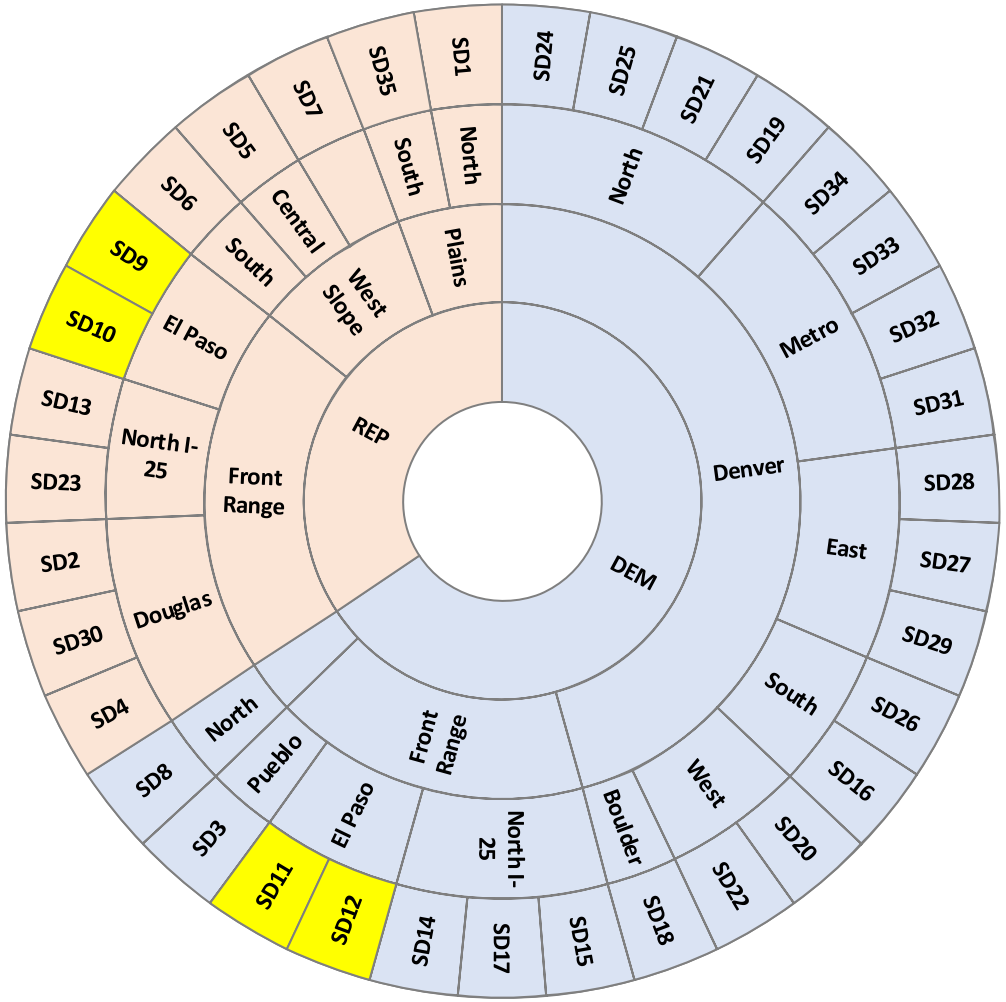


Representation by Party (EPC highlighted)

House

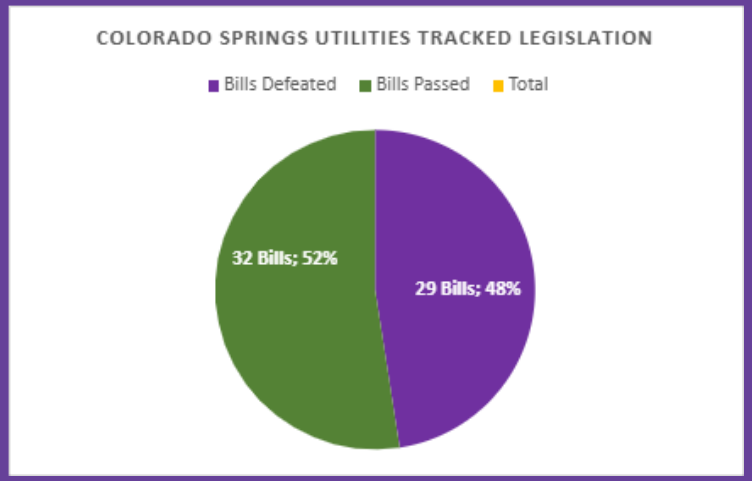


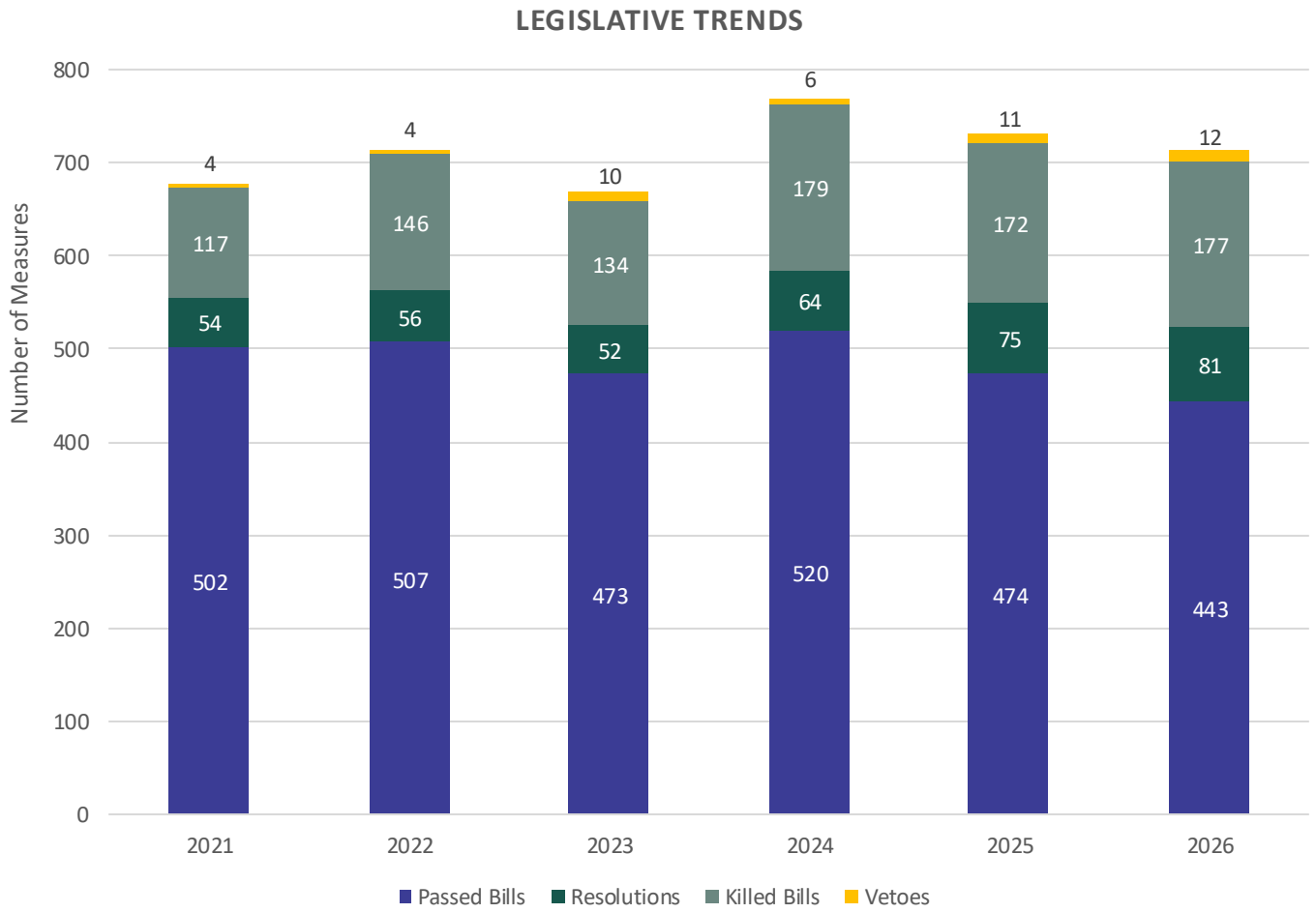
Senate



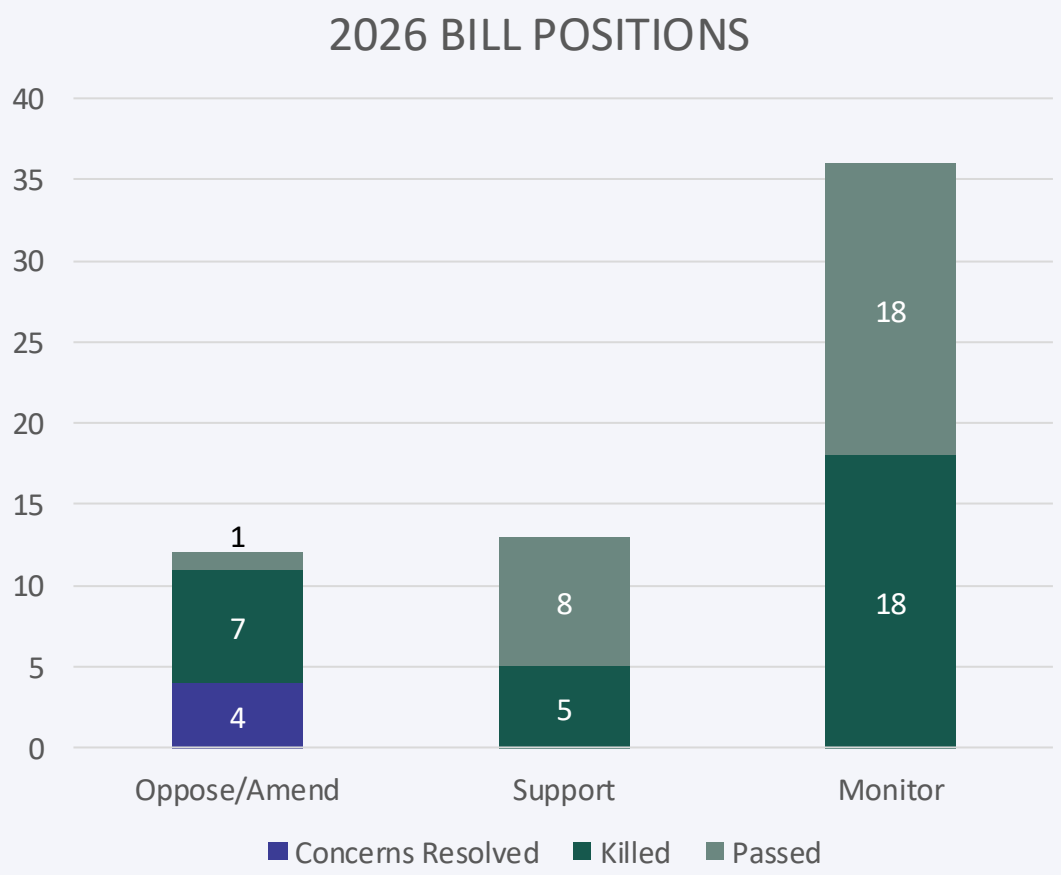
Legislative Trends

- 620 total bills (not counting resolutions)
- 71% passage rate (prior 5-year average 77%)
- Record veto count (still 97% enactment)
- CSU actively tracked 61 bills (10% of total)
- CSU tracked bills only had a 52% passage rate





2026 Bill Positions



- Opposed 12 bills
  - Concerns amended in 4 (33%)
  - Defeated 7 (58%)
  - Only 1 passed (still favorably amended)
- Supported 13* bills
  - Passed 8
  - 5* defeated (mostly on budget)
    - *SB22 was replaced with SB182

Key Legislative Victories

1. SB26-182 Clean Energy Planning (SB22 / HB1226 / 100 x 40)
2. HB26-1326: PUC Sunset
3. HB26-1340: Revegetation
4. HB26-1007: Plug-in Solar
5. Data Centers
6. Natural Gas Ballot Response Bill
7. Robin Alerts

Questions?

(or comments in the form of questions?—you know who you are)