

Minutes
January 20, 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 9:01 a.m.

Present – Board Chair Dave Donelson, Board Member Tom Bailey, Board Member Kimberly Gold, Board Member Nancy Henjum, Board Member David Leinweber, Board Member Roland Rainey and Board Vice Chair Brandy Williams (online)

Excused – Board Member Crow-Iverson and Board Member Risley

Acceptance of the Nov. 17, 2025, Working Committee Minutes

Board Member Leinweber made a motion to approve the November meeting minutes and Board Member Bailey seconded the motion. The motion passed unanimously.

Safety Moment: winter weather safety

Ms. Somer Mese, Chief Operations Officer, presented the safety moment as winter weather safety. The Board discussed recent weather forecasts and highlighted the importance of winter preparedness, including correct carbon monoxide placement, battery checks, precautions to avoid slips and falls, following safe winter driving practices, and keeping emergency kits in vehicles.

Governance update

Mr. Travas Deal, Chief Executive Officer, provided the governance update. He reminded Board Members that they may only speak as individuals and are not authorized to represent the Utilities Board without an established Board consensus. He further emphasized that Board Members should not direct employees, as all communication must be routed through the CEO. Additionally, any items requiring Board consideration should be submitted through the Chair or Vice Chair. No additional questions or comments were raised.

Compliance Reports

I-6 Infrastructure

Mr. Joseph Rasmussen, Manager of Engineering, and Mr. David Longrie, Manager of Engineering, presented the I-6 compliance report. They provided an overview of resource, system and facility planning cycles, and capital planning.

Chair Donelson asked about the life expectancy of the Ray Nixon Power Plant. Mr. Deal said the plant is functionally capable of running to 2040 with maintenance, but regulatory impacts are forcing earlier changes.

Board Member Henjum asked if Utilities was doing long-term planning 20 years ago. Mr. Rasmussen explained planning did exist, but currently there are regulatory and growth constraints within the state and the city. Mr. Deal added that previous planning lacked today's data quality and regulatory constraints, leading past Boards to prioritize customer rate impacts, which caused the delay of necessary investments.

Board Member Rainey asked if Springs Utilities tracks enclaves that have not been annexed into the city. Mr. Deal explained that enclaves are annexed when they are neighboring but must be logical extensions. Ms. Renee Congdon, City Attorney's Office Utilities Division, further clarified with annexations, per City Code, property owners would be required to transfer water rights.

ECA/GCA update

Mr. Scott Shirola, Pricing and Rates Manager, reported on the ECA and GCA update. He explained the materials were prepared in November assuming gas price increases; however, prices have fallen. The ECA balance remained stable. There was an overcollection of approximately \$10 million for the GCA which will likely cause rate decreases in the future.

Board Member Rainey asked when this will be brought to the Utilities Board and City Council. Mr. Shirola stated it will be in the normal March or April rate adjustment cycle.

I-2 Financial Condition and Activities revisions

Mr. Tristan Gearhart, Chief Planning Financial Officer, presented the I-2 Financial Condition and Activities revisions. He said the threshold for reporting capital transfers was updated. Going forward, all capital transfers of \$1 million or more will be reported. The previously used \$500,000 reporting threshold was removed because it is outdated and no longer aligns with current financial practices.

I-4 Risk Management revisions

Mr. Gearhart presented the I-4 Risk Management revisions. He explained the external audit requirement was removed and the reporting frequency was simplified due to reduced financial hedge use.

Electric Large Load Rate Schedule

Mr. Shirola presented the proposed revisions to the Electric Large Load Rate Schedule. The schedule was approved in October 2025 by City Council with an effective date of Jan. 1, 2026. The revision schedule includes protection to ensure new large-load customers pay the full cost of the infrastructure and energy capacity they require. This includes direct assignment of purchased power costs and charges for reserved capacity, even if unused. The suggested revisions will add clarification to allow economic development contracts. Mr. Chris Bidlack, City Attorney's Office, explained this is supported through City Code to pass as a resolution and will have no negative impact on customers.

Board Members discussed how the rate schedule aligns with peak-period pricing and cost-allocation concerns. Staff emphasized that large users will pay the true cost of power at the time they use it and that existing residential and commercial customers are protected from cost-shifting. The clarification also ensures Utilities can apply consistent, non-discriminatory standards across industries while still supporting economic development opportunities. The update is scheduled to go to the Utilities Board next month and City Council on Feb. 24, 2026,

with a target effective date of March 1, 2026.

Public Authority for Colorado Energy “PACE” Board of Directors Nomination

Mr. Adam Hegstrom, Treasury and Finance Manager, provided information regarding the PACE nomination. PACE was established to secure natural gas at a discounted price, funded through approximately \$650 million in bonds. The program represents about 20% of the utility’s originally forecasted retail natural gas load and continues to deliver significant value to customers.

PACE’s bylaws require a three-member board. Following the retirement of Vice President Lisa Barbado, the board has nominated Mr. Nick Peters, System Planning Projects Officer, to fill the vacant position. The Utilities Board will consider the appointment by resolution at its next meeting on Jan. 21, 2026.

Board Member Henjum expressed support for the nomination and emphasized the importance of highlighting the financial benefits of the PACE program to the community.

Fiber update

Mr. Thane LaBarre, General Manager of Operations, and Mr. John Hunter, Financial Planning and Risk Manager, provided a comprehensive update on the citywide fiber build, including construction progress, operational milestones, community impacts, and long-term financial outlook. Representatives from TBG (The Broadband Group), the project’s owner-engineer and industry advisor, also participated to answer historical and technical questions.

Mr. LaBarre explained the backbone of the network is nearing completion, with 10 of 12 communication huts fully operational and the remaining two in final closeout. Address delivery accelerated significantly during 2025, and staff reported confidence in meeting the contract milestone of 150,000 addresses by May 22, 2028.

Chair Donelson raised concerns about the visibility of above-ground pedestals in neighborhoods. Staff explained that pedestals are the preferred method due to lower cost, easier maintenance, and reduced failure risk compared to underground vaults. When possible, equipment can be relocated within the property to lessen aesthetic impact. Construction fatigue remains a challenge in areas with overlapping utility and telecom activity.

Utilities is preparing to implement a Network Operations Center (NOC) for real-time monitoring of fiber performance, including outage detection and service-level tracking required under its anchor tenant agreement. The system will complement existing SCADA-related monitoring already in place for utility operations.

Mr. Hunter gave an overview of the long-term financial structure of the project. The original utility-only fiber build was estimated at about \$300 million. Expanding the footprint and fiber capacity to support leasing opportunities increased total projected cost to roughly \$475 million. The anchor tenant agreement is expected to provide approximately \$500 million over 30 years, effectively covering both the incremental fiber investment and the original backbone cost. As of late 2025,

around \$200 million has been spent, with peak project spending occurring in 2025–2026 before tapering down.

Future expansion beyond the required 150,000 addresses will be reviewed once the contractual commitment is met, particularly in annexed areas or where additional revenue opportunities justify further buildout.

Distribution Integrity Management Program (DIMP) bill rider update

Mr. Nate De Kock, Supervisor Gas Operations Engineering Group, Mr. Shirola and Mr. Will Cherry, Gas Compliance Program Manager, provided an update on the natural gas system acceleration plan, driven primarily by a federal consent agreement requiring the utility to remediate aging natural gas infrastructure quicker than originally planned. The presentation covered system conditions, the scope of required work, compliance obligations, planned construction approach, and proposed cost recovery options.

Because the acceleration requirements were established after the five-year rate case was approved, the additional work was not included in base rates. Staff proposed a Natural Gas Integrity Federal Compliance Charge, structured as a temporary bill rider. The rider would remain in effect at least through 2029, with a future decision to either continue it or incorporate ongoing costs into base rates.

The proposed rider will require a full rate case, with discussions scheduled for the February Working Committee and Utilities Board meetings, followed by a formal rate filing to City Council on March 10, 2026. Vice Chair Williams asked about the ex-parte communication period and changing City Code. Ms. Congdon noted that modifying the rate-case process itself would require a City Code amendment adopted by an ordinance, and even if initiated immediately, the timing would not align in a way that avoids ex-parte restrictions for this filing. However, Board Members may still have a brief window to communicate publicly about the proposal before those restrictions take effect.

Board Members emphasized the need for clear messaging to customers. Staff agreed and stated communications materials, talking points, and public outreach efforts will be developed ahead of Council consideration.

The item will be returned to the next Working Committee meeting for further discussion with a targeted date of July 1, 2026, for implementation, if approved.

North Monument Creek Interceptor project IGA addendum

Mr. Andy Muser, Project Manager IV, presented the update on the project and outlined two agreements requiring Utilities Board and City Council approval: an addendum to the existing Intergovernmental Agreement (IGA) and a wastewater service agreement.

The project consists of an 8.5-mile gravity wastewater interceptor that begins near the southern end of the U.S. Air Force Academy and extends north to the Upper Monument Creek Regional Wastewater Treatment Facility, jointly owned by Tri-View Metro District and Forest Lakes Metro District. This pipeline provides regional wastewater collection, improves long-term capacity for Utilities, and reduces reliance on aging lift stations.

Two agreements are required for the project to move forward: an addendum to the existing

intergovernmental agreement (confirming updated project costs and cost shares) and a long-term wastewater service agreement that defines treatment terms for Tri-View and Forest Lakes. The latter includes a 99-year term to support the districts' transition away from their existing treatment plant. Both agreements have been reviewed by the EPA, which supports the structure and long-term compliance benefits.

Board Members asked questions about streamflow impacts, stormwater coordination, and regional water considerations. Staff confirmed that a National Environmental Policy Act (NEPA) analysis addressed these issues and that Monument Creek will continue to have year-round flow driven largely by stormwater. Formal approvals for the agreements will go to the Utilities Board and City Council in February and March, with construction anticipated to begin in late 2026.

2026 Legislative Session Preview

Mr. Daniel Hodges, General Manager of Government Affairs, provided a preview of what activity Springs Utilities is closely tracking at the Colorado General Assembly as the 2026 legislative session gets underway. He explained this year is shaping up to be one of the most challenging in recent memory due to several major factors, including a large state budget shortfall, election-year dynamics, shifting political alliances, and growing concerns about the cost of living across Colorado. Utilities is closely following bills that impact affordability, energy reliability, and long-term sustainability for our community.

Mr. Hodges said Springs Utilities is working with a bipartisan group of lawmakers on legislation that helps Colorado Springs meet clean-energy goals in a way that keeps utility costs manageable for families and businesses.

Throughout the legislative session, Springs Utilities' Government Affairs team will keep updated regular reports and public meetings. Springs Utilities is committed to transparency and will advocate for policies that protect affordability, reliability, and sustainability for all Colorado Springs Utilities customers.

Discussion on the next Utilities Policy Advisory Committee (UPAC) assignment

Chair Donelson led the initial discussion on choosing the next UPAC assignment. UPAC will present their final recommendation to the Utilities Board on Jan. 21, 2026, and will need a new assignment. Mr. Deal advised that if an assignment is issued, it needs to include clear expectations, defined deliverables, measurable outcomes, and a realistic timeline.

Board Member Henjum presented a structured proposal suggesting that UPAC examine how peer utilities are handling distributed energy resources, community-scale energy models, system transitions, and large new loads such as data centers.

Staff noted that some of the suggested topics may already overlap with work underway in the Integrated Resource Plan (IRP). Members agreed they need time to fully review Board Member Henjum's proposal before deciding whether the topics fit UPAC's policy mandate or would be better addressed through existing planning processes.

No assignment was finalized. The Board will continue refining potential topics and seek additional staff input before determining the next steps.

Adjournment

Chair Donelson adjourned the meeting at 12:38 p.m.