

**Minutes
February 17, 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 9:03 a.m.

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

Excused – Board Member Lynette Crow-Iverson, Board Member David Leinweber and Board Member Brian Risley

Acceptance of the Jan. 20, 2026, Working Committee Minutes

Board Member Bailey made a motion to approve the January meeting minutes, and Board Member Gold seconded the motion. The motion passed unanimously.

Safety Moment: Heart Health Month

Mr. Tristan Gearhart, Chief Planning and Finance Officer, presented the safety moment as Heart Health Month.

The Board discussed the importance of regular exercise, a balanced diet, and regular physician visits to help mitigate the risk of heart attacks, keep blood pressure in check, and prevent heart disease.

Chief Executive Officer Update

Mr. Travas Deal, Chief Executive Officer, provided an update on Senate Bill 26-022 to the state legislature. Mr. Deal reminded the Board that Colorado Springs Utilities introduced a bipartisan bill to help keep the Ray Nixon Powerplant operational as Senate Bill 26-022 moves forward. There is support from elected officials in both the House and Senate to find a resolution. Mr. Deal noted that staff had actually planned to be at the capitol testifying today, however, that agenda item has been pushed out until likely sometime in March. While Mr. Deal stated that the overall goal of the Senate Bill moving forward is a good thing, Colorado Springs Utilities cannot do that at the expense of ratepayers who may already be struggling. He shared various ways customers can seek assistance with utility bills.

Mr. Deal shared that he has received questions from the community about the Trump Administrations' announcement about long-term coal contracts at military installations. Since they are already in our service territory, Mr. Deal was unclear about what those impacts would look like for both Colorado Springs Utilities and our military partners, however, there are multiple staff

members looking into this and more information will be provided at a later date.

Finally, Mr. Deal said that during the current five-year rate cycle that Colorado Springs Utilities just began, there will not be as many large capital projects as there will be sustainability projects. Mr. Deal is looking at a very detailed capital plan for 2030, and even further into 2035. Additionally, Colorado Springs Utilities is implementing a zero-based budgeting process that will provide for more diligent project planning and a better overall financial culture.

Board Member Henjum asked if Mr. Deal had any predictions on what can be expected from the various sectors of Colorado Springs Utilities with zero-based budgeting. Mr. Deal responded that with zero-based budgeting, employees start with some historical data, then look at prioritization of current needs to come to a final number. If it wasn't for our large projects, Mr. Deal stated that the budget has been maintained fairly flat. Not only will zero-based budgeting help maintain where we currently area, it will allow for more critical work to be completed while also reducing spending in areas that may not have as much of a need.

Compliance Reports

I-4 Risk Management

Mr. John Hunter, Planning and Financial Risk Manager, presented the I-4 Risk Management report. He shared details on the two main components to the I-4 report: the Utilities Risk Management Committee (RMC) and the Enterprise Risk Management Plan. The RMC, comprised of executive leadership and SMEs, meets monthly and maintains a Risk Registry that is reviewed as needed at meetings, and presented to the Board in a closed session. The RMC maintains the Enterprise Risk Management Plan, with three sub-plans focused on acute risks within distinct functional areas of the organization: Energy Risk Management Plan, Financial Risk Management Plan, and Investment Plan. All of these plans are current; however, they are being updated due to Colorado Springs Utilities joining the Southwest Power Pool (SPP) Regional Transmission Organization (RTO).

Board Member Henjum asked if the Board would receive a briefing about this along with the SPP RTO. Mr. Deal confirmed this would be a future briefing topic.

I-5 Economic Development

Mr. Daniel Norton, Customer Services General Manager, presented the I-5 Economic Development report. Mr. Norton explained the responsibilities of the Economic Development plan, I-5 Activity in 2025, the large load process, and the 2025 scorecard.

Board Member Henjum asked how completion is tracked. Mr. Norton said that the businesses that complete contracts are tracked, however, many of these announcements have yet to be built. Board Member Henjum asked if there is a way to show final results and the impact of the contracts. Mr. Deal responded that Colorado Springs Utilities can show who has followed through on incentives, however, it would be the City and Chamber and EDC who might be able to provide information on the number of jobs created. Board Member Bailey agreed with Board Member Henjum, saying it would be nice to have this information to close the loop on current projects, so staff know what kind of incentives to offer in the future.

I-13 Community Investment

Ms. April Speake, Public Affairs Supervisor, presented the I-13 Community Investment report. Ms. Speake provided statistics regarding community support through Colorado Springs Utilities' volunteer

efforts, education in the community, utility assistance, and communication methods.

Board Member Bailey asked if there are programs similar to Project COPE or discounted utility rates for small businesses and non-profits that provide support for the community, such as the Springs Rescue Mission. Mr. Deal responded that while there aren't direct discounts, Colorado Springs Utilities entered an agreement with Exponential Impact, where Utilities donated \$100,000 for small business start-up and loan support.

Mr. Mike Francolino, Chief Customer and Enterprise Services Officer, added that a small business can reduce their utility bills through the various utilities rebate programs. Board Member Bailey noted that these are great services but felt that there is still a missing segment between large businesses and residential customers and asked if it's possible to fill that gap. Chair Donelson stated that likely the best way to help those in that gap would be to donate specifically to the non-profit or support entity, versus trying to give a special rate to them. Mr. Deal agreed with this statement and added that Colorado Springs Utilities also gives money to the City to set up utilities for low-income housing.

ECA/GCA update

Mr. Scott Shirola, Pricing and Rates Manager, reported on the Electric Cost Adjustment (ECA) and Gas Cost Adjustment (GCA) update. He stated that staff will be preparing to bring the ECA and GCA forward to next month's Utilities Board meeting, and then to City Council for filing. This month, however, Mr. Shirola provided the monitoring report and highlighted the forecast for natural gas prices based on the Jan. 1, 2026, timeframe.

Mr. Shirola also provided information on how Winter Storm Fern affected the natural gas market. December ended with an over collection of \$15,000,000, so as the routine ECA and GCA filing happens, there will be decreases proposed. Mr. Gearhart pointed out the projected increase in October along with the decrease in April and said next month staff will provide information on the net effect of both, and if there is a way to skip the increased rates.

Additionally, Mr. Gearhart said that as Colorado Springs Utilities enters the RTO, there is potential for a great amount of volatility, so staff will be targeting a bit higher over the collected balance to make sure there is room for flexibility with market swings. Mr. Shirola said the last ECA and GCA rate filing was in July 2025 and has been extended into the first quarter of 2026. He said there is potential to do a 12-month filing for rates using the forecast in place. This reduction would also help to offset the impact of the Distribution Integrity Management Program (DIMP) cost to customers.

Board Member Henjum asked at what point staff have enough information to do a longer rate filing. Mr. Shirola replied that the forecast is updated monthly, though a bit more volatile during the heating season. As warmer weather approaches, it will be easier to forecast price. Mr. Deal added that if storage stays high during winter, the price is cheaper in the fall and winter.

Chair Donelson asked if Colorado Springs Utilities has options to purchase gas. Mr. Gearhart explained the different options that Utilities has, and the different buying and selling metrics. Mr. Deal said that it is always ideal to have more storage, and once the Tall Grass Facility is online, it will

provide that much-needed additional storage, which can deter some of the swings. Ahead of Winter Storm Fern, Colorado Springs Utilities was able to sell gas at a higher price than we purchased it for, knowing there wasn't capacity. Board Member Henjum asked who the gas was sold to, as it had to be physically distributed. Mr. Deal answered that it was sold to nearby markets.

Electric Large Load Rate Schedule

Mr. Shirola presented the Electric Large Load Rate Schedule. He stated that there was an administrative change to the Electric Large Grade Schedule. This schedule went into effect on January 1, 2026, and is designed to be cost effective and protect the rest of our customers from costs associated with the infrastructure or resources serving large types of loads. The change to the schedule is to support economic development by adding a sentence to the rate schedule that clarifies that the terms and provisions within this rate schedule do not prohibit utilities from entering into or executing special economic development contracts with selected customers. This is something that Utilities can already do under the Utilities Rules and Regulations (URRs) but wanted to clarify this in the rate schedule so that high value prospective customers are not steered away.

Board Member Henjum asked how we ensure that a special contract is paid at this rate and regular customers are not affected. Mr. Deal answered that these contracts are paid upfront for the infrastructure they need. With the large load, they are paying their current contract and then some so Colorado Springs Utilities can make sure they meet current and future needs.

Distribution Integrity Management Program (DIMP) Update for Rate Case

Mr. Shirola presented the Distribution Integrity Management Program (DIMP) update for the Rate Case. He shared details of 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 funding for this accelerated program will be done through a temporary bill rider.

Mr. Shirola mentioned that Board Member Henjum had previously asked why this was not included in the five-year rate case. He said this was because of the timing of the five-year rate case and this agreement, as the rate case was filed in September of 2024 and approved in November of 2024, and this remediation was ordered by the Pipeline and Hazardous Materials Safety Administration (PHMSA) in October of 2024. The bill rider will help to bridge the gap and will be re-evaluated at the end of the five-year rate case to see whether the rider will continue as a separate item, or if it can be rolled into the base rates. There will be annual reporting to the Utilities Board, and the ability to adjust the rate annually.

Board Member Henjum asked when staff became aware of the need to replace the infrastructure. Mr. Deal responded that we have always been aware and had this item budgeted, however, it was spread over a longer period of time to keep rates lower. The only change to the process has been the condensing of the timeline. The program came into discussion around 2011, however there was not good record of what made up the infrastructure. Between 2011 and 2019, staff worked to inventory the system, worked with consultants and did spot checks to then enter the system into Geographic Information System (GIS) data.

Originally, this remediation would have taken almost 80 years to meet compliance, and PHMSA requested in be done in three to five years, which was not feasible, so an agreement was made to complete the work in 10 years. Board Member Henjum asked how common this type of work is.

Mr. Deal answered that this is one of the biggest areas of need across the country for municipalities that operate gas distribution systems. Board Member Henjum agreed with the necessity of the work and said she felt the messaging around this would be critical to make sure the community understands this additional rate.

Chair Donelson mentioned that this item will be presented at City Council with some alignment to the ECA/GCA rate filing, which would allow City Council to provide the message that while this additional line is on customers' bills, there is also going to be a natural gas reduction that may offset it. Mr. Shirola then presented an initial schedule and an alternate schedule to move this item forward to City Council, should the Board want to wait on the item pending changes to the City Code and Rules and Procedures of City Council regarding ex-parte communication about rate changes.

Mr. Shirola explained the two different timelines. Board Member Nancy Henjum agreed that this would be a positive way to message this. Vice Chair Williams also commented that the staggering of the ECA/GCA filing, the DIMP rider and net metering has been the desired timeline since the introduction of these items. Ms. Renee Congdon, Utilities Division Chief – Office of the City Attorney, stated that the City Council Rules and Procedures changes would not go into effect until March 24, 2026, essentially creating a two-week gap between this item and the ECA/GCA item where there could not be ex parte communications. The Board Members agreed that the March 10 City Council date would be the preferred City Council meeting to have this item presented.

Changes to City Code § 12.1.108 and the Rules and Procedures of City Council Regarding the Rate Changes Process

Ms. Congdon presented the Changes to City Code § 12.1.108 and the Rules and Procedures of City Council Regarding the Rate Changes Process. Ms. Congdon explained the changes to City Code and Council Rules and Procedures, and that the changes to City Code cover the timing process, such as when items must be filed and when hearings are set. She then explained that the changes to Council Rules and Procedures are what would lift the restrictions on ex parte communications. Ms. Congdon provided a timeline for when this item would be considered, and when communications can change.

Board Member Bailey asked why there is a written need to disclose discussions at meetings. Ms. Congdon explained that this change provides transparency and an opportunity to provide what may help guide an opinion. While Board Member Henjum said she agreed with Board Member Bailey's comments, she said this creates a procedural change that builds trust within the community.

Board Chair Donelson said he agreed with the change, but said that the Board Members should trust the opinion of the City Attorney's Office on this and if changes need to be made to the processes as they are outlined, then it could come back to the Board for more discussion in the future.

Utilities Policy Advisory Committee (UPAC) Assignment Discussion

Chair Donelson stated that at last month's Working Committee meeting, there was discussion among Board Members on the next Utilities Policy Advisory Committee (UPAC) assignment but there was no consensus on an assignment. Chair Donelson said his main concern was assigning something, just to give an assignment. He urged the Board to take their time in coming up with an assignment until there is a worthwhile option. As there were only five Board Members in the meeting at this time, Chair Donelson suggested holding off on an assignment.

Board Member Bailey said he understood the need to keep the UPAC engaged but did not want to assign busy work. He thanked fellow Board Member Henjum for providing a list of options last month, however he said none of the options presented rose to a level of interest he felt required an assignment.

Chair Donelson explained the need to define a policy question the Board would want to be advised on. Board Member Henjum provided the options, stating that one was suggested by a UPAC Member. Board Member Rainey said it might be worth looking into the suggestions from the UPAC Member more closely, however, he agreed that there shouldn't be an assignment this month. Board Member Henjum suggested talking to UPAC to ask for more ideas on what they would like to consider given their specific skill sets. Then, the Board could decide whether to accept the suggestions.

The Board decided to push making a decision on an assignment to next month's meeting. Chair Donelson said he would talk with the UPAC Chair ahead of the next meeting to see if they could come up with some topics together.

Adjournment

Chair Donelson adjourned the meeting at 11:28 a.m.