

Minutes

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

Absent – Board Member Brian Risley

Safety Moment: E-Bike and E-Scooter Safety

Mr. Nicholas Peters, Chief System Planning and Projects Officer, presented the Safety Moment on E-Bike and E-Scooter safety. This Safety Moment included information about e-bike and e-scooter dangers, most common injuries, safety tips, classifications and laws, and three habits to prevent crashes.

Compliance Reports

I-4 Risk Management

Mr. John Hunter, Manager of Financial Planning and Risk, presented the I-4 Risk Management semi-annual report. This presentation included the three directives under the I-4 and information about the Enterprise Risk Management Plan, which outlines the sub-plans focused on acute risks within distinct functional areas of the organization.

There were no questions or comments on this item.

I-9 Treatment of Customers and Customer Information

Mr. Mike Francolino, Chief Customer and Enterprise Services Officer, presented the I-9 Treatment of Customers and Customer Information annual report. This presentation covered the CEO direction of the I-9 and expectations for customer interactions.

There were no questions or comments on this item.

Electric Cost Adjustment/Gas Cost Adjustment Update

Mr. Soctt Shirola, Pricing and Rates Manager, provided the Electric Cost Adjustment (ECA) and Gas Cost Adjustment (GCA) update. In this update, Mr. Shirola detailed the natural gas prices as of July 1, 2026, and the ECA and GCA predictions. Mr. Shirola noted that there is an overcollection in the

Electric Cost Adjustment, and he will be presenting this item with a proposed rate reduction both at coming Utilities Board meetings and then to City Council.

Board Member Casey asked if gas must be purchased at a current spot cost or if there can be advanced future purchases where a price can be locked in. Mr. Alex Baird, General Manager of Fuels and Purchase Power, responded that staff uses a combination of buying on spot and future advances. While most gas is purchased on spot, some fixed contracts can be purchased ahead of time for winter needs. While a super peak can't be completely avoided, purchasing ahead of time can be very helpful. Mr. Baird added that when gas is cheap, Colorado Springs Utilities buys and stores as much as possible to use later.

Board Member Casey asked how much storage is currently in the portfolio. Mr. Baird answered that the whole year of heating requires around 24 billion cubic feet of gas, and we can store around three billion cubic feet. A typical winter uses around 15 billion cubic feet of gas. Once the Tallgrass facility is online, that will help add storage capacity. Mr. Travas Deal, Chief Executive Officer, added that there are restrictions on how much gas can be taken out of storage daily, at around 100,000 units while peak days usually sit at 300,000 units. While it's great to have the insurance, you don't want to purchase too much and not need it, then have to sell it back on the market cheaper.

Board Member Leinweber commented that three days of storage on hand for gas seems minimal, while a pile of coal can provide power for up to 60 days. Mr. Deal said the three-day supply is limited to gas since it is easier to deliver gas rather than coal, or even diesel. This is why adding the redundancy of the Tallgrass facility will help to increase storage capacity.

Vice Chair Williams asked if the ECA decrease would be similar to the recent decrease for the GCA in March, where it is evaluated each year of spend down. Mr. Shirola responded, yes, this will be a similar approach. Mr. Deal added that lowering the ECA shows customers that their efforts to shift use and conserve is working.

Chair Donelson asked Mr. Shirola if the rates going into this winter are down compared to previous winters. Mr. Shirola responded yes, the ECA and GCA are both down from previous winters.

Southwest Power Pool Market Update

Mr. Baird presented a Southwest Power Pool (SPP) market update. This presentation included the four pillars of Regional Transmission Organization (RTO) benefits, SPP strategic framework for 2027 through 2031, strategic priority drill down, setting a new peak, the July 24 event timeline, SPP Colorado Springs price point, the generation mix, and resource sufficiency changes.

Chair Donelson asked Mr. Baird if a new peak was reached in July due to the warm temperatures. Mr. Baird confirmed that a new peak use record was hit on July 20, 2026, at 1,034 megawatts, which exceeds the previous peak of 1,011 megawatts.

Board Member Henjum asked if the fact that Texas did not join this RTO or other similar organizations puts them at risk as an entire state. Mr. Baird responded that Texas essentially has its own RTO, the Energy Reliability Council of Texas, but that is isolated from two interconnects, which can create issues when there is strain on the grid. Board Member Henjum asked Mr. Baird to expand on the risk of bringing more entities on to the RTO while ensuring each organization is bringing their promised generation.

Mr. Baird explained that there is a tariff provision for each entity serving load, where they must bring a certain amount of capacity or they have to pay a capacity replacement cost. This penalty is then distributed to the entities that have excess generation. In regard to the recent boom of datacenters, Board Member Henjum noted that Colorado Springs Utilities has a large load tariff to protect ratepayers but asked what the expectations are for other entities without these types of protections as these data centers come on to the grid and require more power.

Mr. Deal responded that data centers are receiving tax incentives and are being enticed to be built in areas that do not have the generation to support them, which is causing strain on others supplementing power. Mr. Deal affirmed that any large load user will not be assigned a contract by Colorado Springs Utilities unless there is load to cover their needs. Board Member Henjum asked what risk there is for Colorado Springs Utilities given that we have joined the RTO when it comes to protections for ratepayers and the generation of power for large load users. Mr. Baird replied that SPP is governed by the Federal Energy Regulatory Commission (FERC), who enforces the tariff of the SPP.

Vice Chair Williams asked if there is a scope for the West-East Expansion Study that SPP will be conducting. Mr. Baird responded yes, and there will be a report available that can be sent to the Board Members once it is released. This study will examine the needs of the SPP, efficiencies and next steps.

Board Member Casey asked if the peak event was a one-day anomaly or could happen again. Mr. Baird responded that it could happen again under the same conditions, which is a good reminder to everyone in the RTO that you need dispatchable resources. Board Member Casey asked if, based on the peak time of energy use, Colorado Springs Utilities was incentivizing the right period of time to shift use since the majority of use occurred between 5 p.m. and 9 p.m. Mr. Baird explained how the SPP is an hour ahead of us, so the peak time was actually hit at 4:45 p.m. The peak is measured in 15-minute increments, and then the usage dropped at 5 p.m. because ratepayers are getting used to shifting their uses for summer Energy Wise rates.

Mr. Deal said the peak event helps to shape future generation needs, and with this, the need for batteries when it comes to renewable energy sources. He commented that Colorado Springs Utilities would like to develop a residential battery program at some level to help capture energy that could also have energy dispatched to it from Colorado Springs Utilities.

2027 Budget Overview

Mr. Hunter provided the 2027 Budget overview, and was joined by: Tara Russell, General Manager of People, Safety and Development; Sarah LaBarre, Manager of Engineering; Tara McGowan, Manager of Engineering; and Peter Alonge, Manager of Information Technology. This presentation included the proposed 2027 budget versus the 2026 AOF, proposed 2027 budget versus the prior 2027 proposed budget, funding 2027 appropriation, total labor and non-fuel operations and maintenance, 2027 capital project overview by allocation for each service and common capital, 2027 budget by service, and the metric and rate outlook.

Chair Donelson asked if the reduction in the capital project budget was due to decreases or delays. Mr. Hunter responded that this was due to delays. Chair Donelson asked if there will be an increase in labor and materials due to these delays. Mr. Hunter confirmed these costs would likely increase

with the delays, but that staff felt confident in the project timelines.

Board Member Henjum asked what kind of rate pressure could come from the increased costs due to delays. Mr. Hunter responded that there should not be much rate pressure because the timing of spend lines up with rate increases in the 5-year Rate Case. Board Member Henjum asked for clarification that the decrease is not money saved, but money moved.

Mr. Hunter confirmed this but said the shift plus increased rates on the same timeline allows for a lesser borrowing need. Board Member Henjum asked if this deferral would go to where the burden is the heaviest, as labor and materials will become more expensive. Mr. Gearhart responded that some projects may be more expensive but have been shifted out to 2030 and beyond, which allows the current timeline to stay balanced between rates and growth.

Board Member Henjum asked if staff will be able to execute a major spend year due to the deferrals. Mr. Hunter answered that staff believes this to be achievable, as the capital spend that was predicted for 2027 has now shifted to both 2028 and 2029. In the meantime, we can avoid borrowing more than we need. On the portion of the presentation focused on Total Labor, Board Member Henjum noted that the footnote states that the totals exclude GASB 68 and 75 pension expense and asked what the current pension plan's funded ratio is.

Mr. Gearhart responded that the local government division of PERA is funded at about 80% to 85% as opposed to 69% to 70% of the rest of PERA. Board Member Henjum asked if the Board has any authority on design plan changes. Ms. Russell answered that this is informational for the Board. Board Member Henjum asked Ms. Russell to add the change in number of Full-Time Employees to this presentation for the future.

Chair Donelson asked if it is typical for organizations this size to have their medical benefits increasing at the same rate. Ms. Russell replied yes that there is about a 10% increase each year for all employees. Ms. Renee Adams, Chief Human Resources Officer, reminded the Board that the I-11 report on Compensation and Benefits would be presented at the September Working Committee meeting.

Board Member Leinweber asked how far along the fiber project will be by the end of 2027. Ms. Somer Mese, Chief Operations Officer, answered that it would be 90% to 95% complete. By the end of 2026, around 60% will be complete.

Chair Donelson asked if the Austin Bluffs Substation was part of the budget. Ms. LaBarre replied that it is almost complete, with some money dedicated in 2027 to final completion.

Board Member Henjum asked Ms. LaBarre to explain why fiber is not its own service when it is such a large piece of the capital budget. Mr. Gearhart explained that fiber is being used to help connect the substations, power plants, and other infrastructure, which is why it falls under the electric category. Board Member Henjum asked when the DIMP bill rider goes into effect. Mr. Gearhart answered that ratepayers began seeing the \$9 charge on their gas bills on July 1, 2026.

Board Member Leinweber asked for a reminder on the Penrose Water Supply project. Ms. McGowan informed him that this project will replace the current dam for the Penrose Reservoir and replace it with two large water tanks within the footprint of the reservoir.

Chair Donelson asked Mr. Deal if he feels comfortable with the wastewater expansions. Mr. Deal said we will, though there is a balance between new and old technology system upgrades, and permitting. Getting plants up to legal standards is not cheap, but the Northern Monument Creek Interceptor project will help support customers in the northern region of the service territory.

Board Member Henjum stated that the 5-year rate case was built with a 6.5% increase each year. She asked if that determination was made on capital needs, or if capital needs were determined after the rate. Mr. Hunter answered that the question was asked of what needs to be done in five years, and what rate increase would be needed to support it. Board Member Henjum then asked if S&P and Moody's have been consulted on the transaction for the fiber project, and if they give credit to debt-funded liquidity. Mr. Gearhart responded yes, they do give credit to liquidity, but we have debt funded some additional days for cash on hand, they are basically a refinance on dollars that have already been put out there. Board Member Henjum asked for the all-in spend on fiber, given the total interest, the annual debt service and the kilowatt hour on the electric bill. Mr. Gearhart estimated that this would be about \$250 million but through the use of taxable debt, there is a shorter borrowing time.

Plan of Finance Update

Mr. Adam Hegstrom, Manager of Treasury and Finance, presented the Board with the Plan of Finance update. This update included the Plan of Finance overview, new money debt issuance for the 2026As and 2026Bs.

Board Member Henjum asked Mr. Hegstrom if he knew the amortization schedule for the 2026A series. Mr. Hegstrom said it is very market dependent on interest rates received and the shape of the yield curve on our pricing day. Board Member Henjum asked how much risk there is with this strategy given the uncertainty of interest rates. Mr. Hegstrom said that there is always risk in borrowing, however, he is not anticipating a greater change of risk in this pricing window compared to other quarters.

Adjournment

Chair Donelson adjourned the meeting at 11:45 a.m.