

**Minutes  
Finance Committee  
Colorado Springs Utilities Board  
October 14, 2022**

**Committee members present via Microsoft Teams or Rosemont Conference Room:**  
Committee Chair Nancy Henjum, Bill Murray, Dave Donelson and Tom Strand

**Staff members present via Microsoft Teams or Rosemont Conference Room:** Tristan Gearhart, Renee Adams, Natalie Lovell, Scott Shirola, Adam Hegstrom, John Hunter, Andie Buhl and Natalie Watts

**City of Colorado Springs staff members present via Microsoft Teams or Rosemont Conference Room:** Chris Bidlack and Thomas Baird

**1. Call to Order**

Committee Chair Nancy Henjum called the meeting to order at 1:33 p.m. and read a statement regarding the Colorado Open Meetings Law and the City Charter and noted that public comment would not be a part of the meeting.

**2. Review Minutes**

Minutes from the Sep. 16, 2022 Finance Committee meeting were reviewed and approved for posting.

**3. Electric Cost Adjustment/Gas Cost Adjustment Monitoring Update**

Mr. Scott Shirola, Pricing and Rates Manager, reviewed natural gas prices as of October 1, 2022, and highlighted prices during the heating season (November – March). Mr. Alex Baird, Portfolio Management Manager, and Mr. Tristan Gearhart, Chief Planning & Finance Officer, provided an update about the market and how Springs Utilities is responding to current natural gas prices. Mr. Shirola concluded with Electric Cost Adjustment (ECA) and Gas Cost Adjustment (GCA) projections for October 2022.

**4. Public Utilities Regulatory Policies Act (PURPA)**

Mr. Shirola provided background information about PURPA and said it was established in 1978 to promote conservation and efficiency. He said additional standards for consideration were established in:

- Energy Policy Acts of 1992 and 2005
- Energy Independence and Security Act of 2007
- Infrastructure Investment and Jobs Act (IIJA) of 2021

Mr. Shirola reviewed the IIJA standards for consideration, which are:

1. Demand response and demand flexibility

- Promotion of demand response and demand flexibility practices to reduce electricity consumption during periods of unusually high demand
  - Establishment of rate mechanisms for the timely recovery of the cost of promoting demand response and demand flexibility practices
2. Electric vehicle (EV) charging rates
- Promotion of affordable and equitable EV charging options
  - Improvement of customer experience associated with EV charging
  - Acceleration of third-party investment in EV charging
  - Appropriate recovery of the marginal cost of delivering electricity to EVs and EV charging infrastructure

Mr. Shirola concluded with next steps, which is to request approval of a resolution opening a proceeding to consider the new standards at the Nov. 8, 2022 City Council meeting. He said eventual findings and determinations are expected to be incorporated into a future rate case proceeding.

**5. 2023 Municipal Government Street Lighting**

Mr. Shirola said Springs Utilities provides two distinct street lighting services:

1. Municipal government (MG) street lighting
  - Established by City Code as a separate service of Springs Utilities
  - Cost of Service based on MG street lighting revenue requirement calculation
2. Electric streetlight – E7SL (private streetlight)
  - Tariff rate available in Springs Utilities’ electric service territory

Mr. Shirola provided a review of the 2023 revenue requirement and its summary. He concluded by saying that at the Nov. 8 City Council meeting, Springs Utilities will be requesting that City Council set the Street Lighting Revenue Requirement for the provision of street lighting services from Jan. 1, 2023 through Dec. 31, 2023 in the amount of \$4,401,000.

**6. 2022 Supplemental Appropriation to Annual Budget and Sources of Funds**

Mr. John Hunter, Financial Planning and Risk Manager, said City Code § 12.1.104 states Supplemental Appropriations Ordinance must be approved for Springs Utilities to expend funds in excess of the original appropriation. He reviewed the budget summary (in thousands) for uses of funds:

- 2022 projected year-end: \$1,512,145
- 2022 approved budget: \$1,236,170
- Increase: \$275,975
- Percentage of change: 22.3%
- Key drivers:
  - Increased electric and natural gas fuel-related costs (\$244 million)
  - Increased capital expenditures related to water rights acquisition (\$27 million)

Mr. Hunter also reviewed revenue summary (in thousands) for sources of funds:

- 2022 projected year-end: \$1,489,829
- 2022 approved budget: \$1,184,166
- Increase: \$305,663
- Percentage of change: 25.8%
- Key drivers:
  - Revenue recovering increased fuel costs

Mr. Hunter concluded with next steps.

**7. 2022 Accomplishments and 2023 Finance Committee Work Plan**

Mr. Adam Hegstrom, Treasury and Finance Manager, and Mr. Gearhart reviewed the 2022 Finance Committee accomplishments and presented the 2023 draft work plan. Mr. Gearhart said committee members can make changes at the November meeting, and it will go to the Utilities Board for approval in December.

Mr. Gearhart thanked the Pricing and Rates Department for their hard work this year, despite the volatile market.

**8. By Exception:**

- a. Financial Monitoring Update
- b. Enterprise Risk Management Report
- c. Year to Date Water Revenue
- d. Financial Forecast Dashboard

There were no comments.

**9. Plan for Future Meeting: Thursday, Nov. 10, 2022**

The Finance Committee reviewed discussion topics for next month's meeting. They also agreed to cancel the December meeting or have a brief meeting, if needed.

**10. Adjournment:** The meeting adjourned at 2:46 p.m.