

**Minutes
Finance Committee
Colorado Springs Utilities Board
October 17, 2023**

Committee members present via Microsoft Teams or Rosemont Conference Room:
Committee Chair Nancy Henjum, Lynette Crow-Iverson and Dave Donelson

Board Members present via Microsoft Teams or Rosemont Conference Room:
Michelle Talarico

Staff members present via Microsoft Teams or Rosemont Conference Room:
Renee Adams, Tristan Gearhart, Travas Deal, Scott Shirola, Natalie Lovell, Nicole Means, Bethany Schoemer, Lisa Barbato, John Hunter, Adam Hegstrom, Lynne Guido and Debbie Snyder

City of Colorado Springs staff members present via Microsoft Teams or Rosemont Conference Room:
Chris Bidlack, Renee Congdon, Jacqueline Rowland and Sally Barber

1. Call to Order

Committee Chair Nancy Henjum called the meeting to order at 1:30 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 Sept. 22, 2023, Finance Committee meeting were reviewed and accepted for posting.

3. Financial Monitoring Update

Ms. Natalie Lovell, Accounting Manager, gave an overview of September's total revenues and expenses and gross margins for electric, gas, water and wastewater services. Operating expenses are trending as expected. Springs Utilities is purchasing more power.

4. Electric Cost Adjustment (ECA)/Gas Cost Adjustment (GCA) Update

Mr. Scott Shirola, Pricing and Rates Manager, provided natural gas prices as of October 1, 2023. There was not significant movement in the natural gas market; there was a slight downward movement from the September forecast. Mr. Tristan Gearhart, Chief

Planning and Finance Officer, gave a brief update on the impact of the Middle Eastern market and natural gas. Mr. Shirola projects the next rate adjustment for natural gas to be increased on Jan. 1, 2024, at roughly 3% for a typical residential bill. Currently, the ECA is under-collected and the GCA is over-collected. Board Chair Donelson suggested not increasing the rates in January if gas prices stay low.

5. 2024 Municipal Government Street Lighting

Mr. Scott Shirola, Pricing and Rates Manager, discussed this annual agenda item. Mr. Shirola explained the two types of street lighting services: Municipal Government (MG) Street Lighting Service and Electric Contract Service. Mr. Shirola shared the major cost components that go into the revenue requirements for municipal street lighting. He discussed the street lighting revenue requirements from 2016 to 2023.

6. Lease Accounting Regulations

Ms. Natalie Lovell, Accounting Manager, presented the implementation of the Governmental Accountability Standards Board (GASB). GASB 87 includes lease classification, recognition of lease assets and liabilities, enhanced disclosure requirements, and improvement transparency. GASB was implemented last year. Mr. Gearhart explained that the intent behind GASB is for the financial reader to track what materials are leased and what are owned. GASBE 94 deals with public-private partnerships, and GASB 96 is related to subscription-based IT arrangements. Ms. Lovell stated that the Government Accountability Standards Board implementation has involved lots of cooperation and hard work. Committee Chair Henjum asked what elements have been the most difficult and what have been the most rewarding. Chair Henjum then asked what the team's workload will look like in the future.

7. Water Revenue 2023

Mr. Gearhart updated the committee on the 2023 water revenue highlights. Year to date is under the Annual Operating and Financial Plan (AOF) by 4.6%. The Water Reserve account has \$16.1 million as of August 2023. Mr. Gearhart explained that for the most part, water usage will turn into indoor only for the remainder of 2023.

8. 2024 Workplan DRAFT

Mr. Gearhart explained the work plan process and quarterly schedule for 2024. Mr. Gearhart discussed the focus areas for the draft 2024 Work Plan including Strategic Rate Design, UPAC Recommendation Pricing Impacts, Southwest Power Pool (SPP) / Regional Transmission Organization (RTO) updates, Governmental Accounting Standards Board (GASB) updates, and Infor go-live update. Chair Nancy Henjum discussed adding wastewater as a focus area and doing a joint strategy and budget meeting with Strategic Planning Committee.

9. Plan for Future Meeting: Monday, Dec. 8, 2023

The Finance Committee reviewed future meetings. The November meeting has been cancelled. The December meeting will include the I-1 Pricing of Services G-5, G-6 and the ECA/GCA Monitoring.

10. Adjournment: The meeting adjourned at 2:26 p.m.