

**Minutes
Finance Committee
Colorado Springs Utilities Board
February 10, 2023**

Committee members present via Microsoft Teams or Rosemont Conference Room:

Committee Chair Nancy Henjum, Bill Murray and Dave Donelson

Committee members excused: Tom Strand

Staff members present via Microsoft Teams or Rosemont Conference Room: Tristan Gearhart, Renee Adams, Daniel Strickland, Adam Hegstrom, Andie Buhl, Scott Murphy, Scott Shirola, Tara McGowan, Natalie Lovell, Larry Dunn, Bill Winnick, Natalie Watts and John Hunter

City of Colorado Springs staff members present via Microsoft Teams or Rosemont Conference Room: Jacqueline Rowland, Chris Bidlack, Shawn Alessio, Sally Barber and David Beckett

1. Call to Order

Committee Chair Nancy Henjum called the meeting to order at 1:31 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 Jan. 13, 2023 Finance Committee meeting were reviewed and approved for posting.

3. Compliance Reports

Mr. Tristan Gearhart, Chief Planning and Finance Officer, and Mr. John Hunter, Financial Planning & Risk Manager, reviewed the (I-4) Risk Management Semi-Annual Compliance Report, which states:

The Chief Executive Officer shall direct that the enterprise maintains enterprise risk management activities that identify, assess and prudently manage a variety of risks including strategic, financial, operational, legal and hazard. Accordingly, the CEO shall:

- 1. Maintain a Risk Management Committee to identify, measure, monitor, manage and report risk on an enterprise-wide basis.*
- 2. Operate under and maintain a written Enterprise Risk Management (ERM) Plan and its required plans listed below that each include management level approval, detailed procedures, internal controls and reporting requirements, and external audits.*

4. Electric Cost Adjustment/Gas Cost Adjustment Monitoring Update

Mr. Scott Shirola, Pricing and Rates Manager, provided natural gas prices as of Feb. 1, 2023, and highlighted prices during the heating season (November – March). Mr. Scott Murphy, Energy Supply Trader Supervisor, reviewed current trends and drivers in the market and how events are impacting natural gas prices. Mr. Shirola reviewed electric cost adjustment (ECA) and gas cost adjustment (GCA) projections for February 2023, as well as the five-year rate history.

Mr. Shirola shared seasonal residential bill impacts, noting that actual bill impacts will vary based on individual customer usage. He concluded with a review of a sample bill as of March 1, 2023 and payment assistance programs that are available for customers.

5. Utilities Policy Advisory Committee (UPAC) Update

Mr. Shirola said the purpose of UPAC’s cost recovery assignment is to provide a recommendation to the Utilities Board on whether Springs Utilities should revise and/or establish new cost recovery policies. He reviewed the pillars for the assignment – each of which are grounded on financial stability and delivering quality services.

Ms. Tara McGowan, Engineering Manager, gave project management updates and Mr. Shirola concluded with the roadmap, alternatives, and next steps for this assignment.

6. Plan of Finance Overview

Mr. Adam Hegstrom, Treasury and Finance Manager, said the Plan of Finance is an annual strategic effort to obtain and manage debt obligations to support Springs Utilities’ capital needs. He reviewed the core tenets of the Plan of Finance, which are prudence, flexibility and efficiency.

Mr. Hegstrom and Mr. Bill Winnick, Corporate Financial Analyst Principle, discussed how the efforts are dedicated toward four key objectives, which they reviewed:

1. Support Springs Utilities’ operations by funding the debt-backed portion of the Enterprise’s future capital plan (“New Money Issuances”)
2. Manage and optimize Springs Utilities’ current debt portfolio (“Refunding Issuances”)
 - a. Mr. Winnick also reviewed the tentative debt issuance working timeline.
3. Successfully manage debt-supporting instruments and services
4. Manage Springs Utilities financial reputation and industry relationships to ensure market access

7. Western Organized Wholesale Market Update

Mr. Daniel Strickland, Energy Hedging Supervisor, provided market updates regarding the Western Energy Imbalance Service (WEIS). He explained how the Western Interconnect is experiencing a fundamental shift in market operations, such as:

- The West is one of the last bilateral markets
- The Federal Energy Regulatory Commission (FERC) is pushing the United States toward organized wholesale markets

- Two established regional transmission organizations are vying to fill the void in the Western markets: California Independent System Operator (CAISO) and Southwest Power Pool (SPP)

Mr. Strickland provided historical information about both CAISO and SPP and concluded with organizational structures and next steps for the markets.

8. By Exception:

- Financial Monitoring Update
- Enterprise Risk Management Report
- Year-to-Date Water Revenue
- Financial Forecast Dashboard

There were no comments.

9. Plan for Future Meeting: Friday, March 10, 2023

The Finance Committee reviewed agenda items for the next meeting.

10. Adjournment: The meeting adjourned at 3:55 p.m.