

**Minutes  
Finance Committee  
Colorado Springs Utilities Board  
April 15, 2022**

**Committee members present via Microsoft Teams or Rosemont Conference Room:**

Chair Nancy Henjum, Tom Strand, and Dave Donelson

**Committee Members Excused:** Bill Murray

**Staff members present via Microsoft Teams or Rosemont Conference Room:** Sonya Thieme, Natalie Watts, Tristan Gearhart, Danielle Nieves, Christian Nelson, Mallorie Hansen, Dan Norton, Scott Shirola, Matt Dudden, April Speake, Michael Francolino and Andie Buhl

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

**Citizens:** Sam Masias

**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 March 11, 2022 Finance Committee meeting were reviewed and approved for posting.

**3. Compliance Reports**

**a. (I-2) Financial Condition and Activities (to include Contracts Over \$500K\*\*) G-7 – Q4**

Ms. Sonya Thieme, Financial Planning and Risk Manager, explained this a year-end report from 2021 and said next month's report will be an overview of Q1 2022. She said moving forward, the financial plan will be tabbed to include more information and handed out in-person at Finance Committee meetings.

**4. ECA/GCA Quarterly Rate Filing**

Mr. Scott Shirola, Pricing and Rates Manager, reviewed the Cost Adjustment Guideline (G-6) from the Governance Policy Manual. He provided background information prior to the guideline and explained how the guideline was considered and approved in January 2016. Mr. Shirola said the guideline was reviewed again in August 2018 to provide accurate balance projections, better alignment with seasonality and less dependence on professional judgement. He

said adjustments are filed quarterly to pass-through forecasted fuel-related costs (Jan, Apr, July, Oct). Mr. Shirola explained how these revisions are still in effect today and reviewed actual collection balances.

Mr. Shirola gave an overview of natural gas prices as of April 1, 2022, and Mr. Scott Murphy, Energy Supply Trader Supervisor, explained current trends in the market and how global events are impacting the organization. Mr. Shirola provided April 2022 electric cost adjustment (ECA) and gas cost adjustment (GCA) projections and a sample total monthly bill with a proposed effective date of May 1, 2022. Mr. Shirola also gave an April 2022 ECA projection with no change and sample total monthly bill with a proposed effective date of May 1, 2022, as well as an April 2022 ECA projections with a multiplier and a sample total monthly bill with a proposed effective date of May 1, 2022.

The Finance Committee compared the three options and agreed to recommend a GCA decrease and no change to ECA to the Utilities Board at the April 20, 2022 meeting.

#### **5. Open Access Transmission Tariff (OATT) Revision**

Mr. Shirola provided background information about the OATT. He said Springs Utilities is a transmission provider providing non-discriminatory wholesale high voltage service. He said the organization is transitioning out of the Joint Dispatch Agreement (JDA) and into the Western Energy Imbalance Service (WEIS). He explained benefits of this proposal, which include:

- WEIS broadens the pool of resources to serve aggregate demand
- Increased granularity with five-minute real-time increments
- Increased opportunity for financial benefit

Mr. Shirola concluded with a summary of OATT revisions and the filing calendar timeline.

#### **6. 2021 Audit Reporting**

Ms. Mallorie Hansen, Accounting Manager, reviewed the audit process for yearly reporting. She discussed significant events from 2021 that were disclosed in the report:

- Weather event
  - February 13 – 16, 2021: Winter Storm Uri
  - Additional electric and natural gas fuel costs of \$144 million
  - GCA rate increase effective March 11, 2021
  - ECA rate increase effective April 1, 2021

Ms. Hansen said the financial statements received an Unmodified Opinion (i.e. clean opinion) from Baker Tilly, and said there were no:

- Material weaknesses noted
- Significant deficiencies noted

- Corrected or uncorrected misstatements
- Other findings or issues

Ms. Hansen said Mr. Aaron Worthman, Partner from Baker Tilly, presented to Audit Committee on Feb. 17, 2022.

## **7. Economic Development Grant Funding Update**

Mr. Mike Francolino, Chief Customer and Corporate Services Officer, and Mr. Matt Dudden, Interim Office of Economic Development and Stakeholder Relations Manager, provided background information about G-11: Community Support, a Utilities Board guideline for the Chief Executive Officer of Springs Utilities:

1. Allow the expenditure of no more than 0.1% of budgeted operating revenues on direct monetary support of community-oriented economic development and charitable organizations.
2. Allocate 100% of Community Focus Fund (CFF) grant dollars to nonprofit organizations in support of affordable housing, transitional housing and shelter facilities' utilities-centric projects and programs.
3. Provide up to \$500,000 annually, to match customer donations to the Project COPE (Citizens Option to Provide Energy) utilities bill assistance program.

Mr. Dudden said G-11 is one way Springs Utilities supports the community and the organization is trying to be more inclusive about allocating 100% of CFF's grant dollars to nonprofit organizations.

Mr. Dudden reviewed the Community Investment 2022 Budget and 2021 Expenditures, and 2022 Economic Development Program Funding Distributions. He explained the purpose of each partnership, as well as outlined the three proposed categories for economic development funding uses:

- Business Direct Capital Grants
  - Grants to nonprofit community organizations to help provide capital for business development.
- Small Business Efficiency and Conservation Capital
  - Grants to nonprofit community organizations to provide capital for business efficiency or conservation projects.
- Nonprofit Business Organization Program Support
  - Support to organizations that drive business development, job creation, business marketing, community marketing, business education, workforce services and other services that provide administrative support to help business prosperity in Colorado Springs.

## **8. Community Focus Fund (CFF) Grants Program Funding Considerations**

Ms. April Speake, Public Affairs Lead, said Springs Utilities has been investing in the community for many years; however, community investments were not

formalized until 1997 with the chartering of the Community Focus Fund (CFF) Program by City Council resolution. The charter specified the ability to provide funding to local nonprofits in support of the overall CFF volunteer program. Original focus areas specified in the CFF program charter include:

- Seniors
- Youth
- Affordable housing
- Safety and health
- Education
- Environment
- Community

Ms. Speake said in 2019, the Utilities Board directed policy G-11 to allow 100% of CFF grant dollars be allocated to nonprofits in support of affordable housing programs. In addition, in January 2022, affordable housing program funding was approved, providing \$2 million in utility funding to the City, making the CFF funding duplicative.

Ms. Speake said community investment represents a positive return on investment for Colorado Springs Utilities. The organization is directly tied to this community and its success, and the organization's strength and vitality depend on the education, health and welfare of the community in which Springs Utilities operates.

To better support our overall community and enhance our reputation, Ms. Speake recommended that the scope of grant funding be widened to include the most important causes for residential and business customers, to include:

- Environment
- Senior citizens
- Veterans
- Homelessness/Affordable housing
- Food Insecurity/Hunger
- Safety and health

Ms. Speake said this recommendation aligns with the CFF charter and is supported by recent research.

#### **9. Commercial Customer Sales Tax Requirements: Master Metering**

Mr. Dan Norton, Interim Customer Services Department General Manager, said customer classification is determined in compliance with the City Code of Colorado Springs Chapter 12 Utilities, which includes:

- Multi-family dwelling where more than one dwelling unit is served through one meter is considered commercial.
- A private home or individual dwelling unit where no more than one dwelling unit is served through one meter is considered residential.

Mr. Norton said if the property owner of a multi-family dwelling establishes service for:

- The entire property, then it is considered commercial (master-metered).
- Each individual dwelling unit and service is in tenants name, then it is considered residential.

Mr. Norton explained that rates are established by customer class and residential service and small commercial service have the same rates. He reviewed sales tax requirements:

- Taxing authorities determine who and what is taxed, as well as the amount – not Colorado Springs Utilities.
- Colorado Springs Utilities is required to collect sales tax for commercial gas and electric service and pass through to the various taxing authorities (city, state, etc.).

Mr. Norton concluded with a review of master-meter customers. He said master-metered accounts are typically set up in the name of the property owner/landlord or property management company. He said per Utilities Rules and Regulations (URR), a master-metered customer may install their own check-meter for tenants for the purpose of reimbursement by an appropriate allocation procedure. He said Springs Utilities does not meter or collect usage data for the individual dwellings under a master-meter, nor do we bill the individual tenants. Mr. Norton said the allocation process is an agreement between the master-metered customer and the tenant and not with Springs Utilities.

**10. 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 about these reports.

**11. Plan for Future Meeting: May 13, 2022**

Due to scheduling conflicts, Chair Henjum requested to move the day and time of the May Finance Committee.

**12. Adjournment**

The meeting adjourned at 3:19 p.m.