

**Minutes  
Finance Committee  
Colorado Springs Utilities Board  
May 17, 2022**

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

Chair Nancy Henjum, Tom Strand, Bill Murray and Dave Donelson

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

Aram Benyamin, Tristan Gearhart, Travas Deal, Lisa Barbato, Scott Shirola, Natalie Watts, John Hunter, Adam Hegstrom, Alex Baird and Andie Buhl

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

**1. Call to Order**

Committee Chair Nancy Henjum called the meeting to order at 11:01 a.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 April 15, 2022 Finance Committee meeting were reviewed and approved for posting.

**3. Compliance Reports**

- a. **I-2 Financial Condition and Activities - Annual City Auditors Report G-7 (Annual external)**
- b. **I-8 Asset Protection - Annual City Auditors Report**
- c. **I-2 Financial Condition and Activities (to include Contracts Over \$500K\*\*) G-7 – Q1**

Mr. Tristan Gearhart, Chief Planning and Finance Officer, said these reports will be presented at the May Utilities Board meeting and gave an overview of each report. He explained how the City Auditor's office has reached out to Springs Utilities staff for improvement opportunities based on the (I-2) Financial Condition and Activities and (I-8) Asset Protection Annual City Auditors reports. Mr. Gearhart also provided an overview of the (I-2) Financial Conditions and Activities (to include contracts over \$500K\*\*) compliance report and explained how the organization is offsetting costs through the electric cost adjustments (ECA) and the gas cost adjustments (GCA).

**4. ECA/GCA Monitoring**

Mr. Scott Shirola, Pricing and Rates Manager, explained the Guideline (G-6) from the Governance Policy Manual. He said the current guideline was reviewed and approved in August 2018 to reflect industry best practices, 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 (January, April, July, and October). Mr. Shirola explained potential revisions to the guideline based on two competing priorities:

- Rate stability, lower magnitude of rate changes with larger collection balances.
- Balance management, lower collection balances with higher magnitude of rate changes.

Mr. Shirola also explained how the Large Power and Light (ELG) electric rate is part of the current guideline, which is designed to attract and retain customers with a large industrial load and high load factor. The ELG Supply Credit is established as a percentage of the ECA to reflect ELG's energy cost as compared to average energy cost of the electric system. The ELG Supply Credit percentage is reviewed and adjusted annually as necessary. He said Springs Utilities is currently phasing out this credit, based on 2019 Utilities Board direction.

Mr. Shirola said this discussion will continue at the June Finance Committee meeting, where staff and committee members will further identify potential modifications to Guideline (G-6) from the Governance Policy Manual.

Mr. Shirola gave an overview of natural gas prices as of May 1, 2022, and Mr. Alex Baird, Portfolio Management Manager, explained current trends in the market and how global events have impacted natural gas prices from December 2021 to May 2022. Mr. Shirola concluded with ECA and GCA projections for May 2022.

## **5. Utilities Policy Advisory Committee (UPAC) Water Acquisition Funding Assignment Update**

Mr. Pat Wells, Water Resource and Demand Management Manager, explained the scope of UPAC's water acquisition funding assignment, which is to evaluate options for funding the acquisition of additional water resources in a timely and opportunistic manner to meet water system reliability and level of service goals, as well as questions surrounding the assignment.

Mr. Shirola explained funding practices and processes for water acquisition and reviewed the draft recommendation for the assignment. Mr. Wells concluded with next steps, which are to finalize and present the recommendation at the June Utilities Board meeting.

## **6. By Exception:**

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

Mr. John Hunter, Interim Financial Planning and Risk Manager, reviewed projects that make up the 2022 monthly financial forecast dashboards and Mr. Gearhart explained how these projects are funded and forecasted.

**7. Plan for Future Meeting:** June 10, 2022

**8. Adjournment**

The meeting adjourned at 1:02 p.m.