



Minutes
Utilities Policy Advisory Committee (UPAC)
Wednesday, March 1, 2023
Blue River Boardroom, 5th floor, 121 S. Tejon St., Colorado Springs, CO
and Microsoft Teams Virtual Meeting

Committee members present in the boardroom or via Microsoft Teams: Chair Larry Barrett, Vice Chair Hilary Dussing, Gary Burghart, Chris Francis, Michael Borden, Ruth Ann Schonbachler, and Scott Smith

Committee members excused: Katherine Danner and Scott Calihan

Staff members present in the Boardroom or via Microsoft Teams: Al Wells, Monica Indrebo, Justin Fecteau, Kyle Wilson, Tim Benedict, Scott Shirola, Joe Marcotte, John Hunter, Matthew Thieme, Natalie Watts, Tristan Gearhart, Abby Ortega, Tara McGowan, Christian Nelson, Todd Sturtevant, Renee Adams, Thad Clardy, Leslie Smith, Lisa Barbato, April Speake, and Bethany Schoemer

City of Colorado Springs staff present in the boardroom or via Microsoft Teams: David Beckett and Chris Bidlack

Citizens Present: Dave Donelson and Greg Barbuto

1. Call to Order

Chair Larry Barrett called the meeting to order at 8:01 a.m.

2. Approval of Feb. 1, 2023, UPAC Meeting Minutes

Committee Member Burghart motioned, and Committee Member Francis seconded the motion to approve the Feb. 1, 2023 meeting minutes. The minutes were unanimously approved with a voice vote.

3. Review of Feb. 22, 2023 Utilities Board Update Discussion

Chair Barrett reported the presentation to the Utilities Board went well and the Utilities Board provided feedback and suggestions such as defining the new systems and legacy systems, keeping housing costs low as a goal for this assignment, including additional public input and verifying developers are not charged double. Overall, the Utilities Board appreciated the challenges of the assignment to include the impending Utilities Board transition.

4. Cost Recovery Mechanisms Assignment: Cost Recovery Alternatives Analysis

Mr. Scott Shirola, Manager of Pricing and Rates, reviewed the cost recovery policy pillars to help align the discussion.

Mr. John Hunter, Manager of Financial Planning and Risk, explained the financial forecast model background. The long-term financial strategic plan is to maintain AA bond ratings. He explained that annually, the use of funds and the sources of funds work to balance rates and financial stability to maintain the bond rating. Some measures aligned with AA bond ratings include Days Cash on Hand, Adjusted Debt Service and Debt Ratio. A few ways to ensure the balance between actuals and the approved budget involve prioritizing spending, rate adjustments and financing.

Mr. Shirola discussed drivers for change that impact the enterprise and community include new regulations, changes in customer behavior, community planning, and industry transformation. Mr. Shirola explained capital planning takes system operations, reliability, regulatory standards and growth into account.

Three scenarios were projected to forecast finances, including a baseline, no city growth scenario inside city growth scenario and an annexation scenario. The committee discussed these three scenarios in details. It is noted that gas and electric scenarios were excluded from capital expenditures for generation and gas capacity pipeline projects.

The results of the scenarios were reflected in average annual increase to non-fuel revenue requirement above the cost of no growth. Inside city growth saw on average a 1% increase in all four services. Annexation saw more variability in growth between the four services with the largest increase in gas. Mr. Hunter also provided financial ranges of increases in all four services under an annual 1% impact. The committee discussed each scenario forecast in detail and requested a worst-case scenario be provided for consideration.

Next steps on the assignment roadmap involve development fee alternatives, benchmarking and stakeholder input. This will include high-level overview of fees for development.

5. Citizen Comment

None

6. Committee Member General Discussion

The committee discussed approaching stakeholders on this assignment.

7. Adjournment

Chair Barrett adjourned the meeting at 9:12 a.m.

Next meeting: Wednesday, April 5, 2023, at 8:00 a.m.