

MINUTES

Colorado Springs Utilities Board Meeting Tuesday, June 18, 2024

Utilities Board members present via Microsoft Teams or Blue River Conference Room:

Chair Dave Donelson, Vice Chair Yolanda Avila, Lynette Crow-Iverson, Nancy Henjum, Randy Helms, David Leinweber, Mike O'Malley, Brian Risley and Michelle Talarico

Utilities Board Members Excused:

None

Staff members present via Microsoft Teams or Blue River Conference Room:

Travas Deal, Renee Adams, Lisa Barbato, Mike Francolino, Tristan Gearhart, Somer Mese, Jay Anderson, Joe Awad, Kerry Baugh, Pattie Benger, Steve Berry, Nathan Bloomfield, Melissa Brown, Thad Clardy, Andy Colosimo, Amy Davis, Jessica Davis, Sarah Dickson, Kandy Drake, Erin Duran, Natalie Eckhart, Marcela Espinoza, Brian Fergen, Kimberly Girling, Kim Gortz, Brian Grim, Kelli Guadagnoli, Mallorie Hansen, Diana Harmon, Mike Hermann, Brittany Harrison, Corey Hazan, Adam Hegstrom, Julie Hein, John Hunter, Brenda Koskey, Sarah LaBarre, Ken Lazar, Chris LeLeux, Abe Lomax, Davi Longrie, Susan Lovejoy, Will Lundstrom, Patrick Malone, Jared Miller, Nick Miller, Michael Myers, Christian Nelson, Danielle Nieves, Jacqueline Nunez, Terrance Packard, David Padgett, Gail Pecoraro, Jessica Ramirez, Aisha Rogers, Kelly Roesch, Juan Santos, Scott Shirola, Steve Schaarschmidt, Bethany Schoemer, Leslie Smith, Stuart Smith, April Speake, Arica Stevens, Admar Susic, Matthew Thieme, Ellen Thommesen, Dave Thompson, Jennifer Valdois, Daniel Wallace, Al Wells and Justin Zeisler

City of Colorado Springs staff members present via Microsoft Teams or Blue River Conference Room:

Sally Barber, Renee Congdon, David Beckett, Chris Bidlack, Nathan Endersbee, Jamie Fabos, Carley Hoff Michael Montgomery and Alexander Ryden

Citizens present via Microsoft Teams or Blue River Conference Room:

Larry Barrett, Josh Benninghoff, John Berdon, Michael Borden, Carrie Guy, Chris Meyer and Scott Schaffer

1. Call to Order

Chair Donelson called the Utilities Board meeting to order at 1:01 p.m., and Ms. Gail Pecoraro, Utilities Board Administrator, called the roll.

2. Invocation and Pledge of Allegiance

Jeff Hanson, Energy Infrastructure Planning Engineer, delivered the invocation, and Board Member Leinweber led the Pledge of Allegiance.

3. Consent Calendar

3a. Approval of Utilities Board Meeting Minutes: May 22, 2024, Utilities Board Meeting

The Consent Calendar was unanimously approved.

4. Customer Comments

There were no customer comments.

5. Recognition

- Eaton Downtown Conference

Ms. Abigail Ortega, General Manager of Resource Infrastructure Planning recognized individuals that led the Eaton Electrical Network Systems Conference, which recently took place in Colorado Springs. Forty-one utilities from across North America attended the conference. Engineer Steve Schaarschmidt received an award recognizing his 40-years of participation with the group.

- Expanding Customer Excellence Award

Mr. Mike Francolino, Chief Customer and Enterprise Services Officer, recognized Colorado Springs Utilities, who was named a finalist in Customer Service (CS) Week's Expanding Excellence Award. CS Week is the educational and customer service professional association service the electric, gas and water/wastewater utility industry across the world. This award recognizes outstanding contributions, innovations, and technology excellence in utility customer services.

6. Compliance Reports

- I-2 Financial Condition and Activities – Annual City Auditor's Report
- I-8 Asset Protection – Annual City Auditor's Report

Chair Donelson explained the compliance reports are on the agenda by exception and asked if there were any questions. There were none.

- E-2 CEO Responsibilities
 - Water Outlook

Mr. Justin Zeisler, Water Resource Engineer, reviewed the local weather conditions as of June 18, 2024. The Colorado drought monitor shows areas of moderate drought with a small area of severe drought in the southwest and eastern parts of the state, with abnormally dry conditions across a portion of north, west and eastern Colorado.

Mr. Zeisler stated the Snowpack in the Arkansas River Basin is 425% of normal as of June 14, 2024, and in the Colorado River Basin is 128% of normal as of June 14. He reviewed the 2024 water demands, the monthly water use for May and the 2024 actual water consumption. Colorado Springs' system-wide storage is about 221,000 acre-feet, or 85.1% of capacity. This is 10.3% above the shorter-term (2001-2022) average of 74.8%. This equates to about 3.2 years of demand in storage. South Catamount Reservoir capacity remains restricted for planned dam maintenance. South Suburban Reservoir is drained for outlet work repairs.

The decision was made to include the Water Outlook report in the Utilities Board Packet for the remainder of the year, but no longer have a presentation at the Utilities Board meeting.

7. Items Called Off Consent Calendar

There were none.

8. Utilities Policy Advisory Committee (UPAC) and Bylaws Update

Ms. Bethany Schoemer, Strategic Planning and Governance Specialist Senior, reported on two proposed bylaw changes:

1. Adding language to ensure an assignment is completed within the timeframe of the Utilities Board that approved the assignment.
2. Establishing a UPAC liaison to provide support, guidance, direction to UPAC as they move through an approved assignment. This liaison will either be the Chair or Vice Chair of the Utilities Board.

Other changes include administrative clean up. UPAC Chair Larry Barrett spoke to the need for these changes.

Board Member O'Malley questioned the ability to complete an assignment within the new timeframe. Board Chair Donelson addressed this concern. Board Member Henjum shared this same concern. Additionally, she suggested a process be created for bringing assignment suggestions to the UPAC for vote of the Utilities Board for consideration. Board Member Talarico shared the idea of getting a report at the end of an assignment, even though all aspects of the assignment may not be completed.

Board Member Henjum made a motion to approve the UPAC Bylaws Update Changes, this was seconded by Board Member Helms. This motion passed unanimously on a vote of 9-0.

9. Utilities Board Bylaw Updates

Ms. Schoemer presented proposed updates to the Utilities Board Bylaws to mirror the same language as the UPAC bylaws, which is that there is a Board Liaison to the Utilities Board Advisory Committee (UPAC).

Board Member Helms made a motion to approve the update to the Utilities Board Bylaws. This was seconded by Board Member Henjum. This motion passed unanimously on a vote of 9-0.

10. UPAC Assignment Scope

Two different assignments were reviewed and discussed as possible assignments for UPAC: To examine nuclear power options for Colorado Springs Utilities and a new undergrounding policy.

Board Chair Donelson explained the possible nuclear energy assignment, and Vice Chair Avila spoke to the possible undergrounding policy assignment.

Board Member Henjum asked questions regarding both the nuclear and undergrounding policy assignments. Ms. Henjum asked how far out the organization is to look into nuclear energy. CEO Travas Deal stated it could be included in an upcoming Energy Integrated Resource Plan (EIRP).

Board Members O'Malley and Leinweber voiced interest in developing a process for Board Members to submit future UPAC assignments. This would be beneficial for future Boards.

Board Member Crow-Iverson made a motion to bring forward the nuclear power option as the next UPAC assignment. Board Member Leinweber seconded this motion. This motion passed on a vote of 8-1 with Board Member Avila voting against.

Board Member Henjum made a motion to bring forward the undergrounding policy as the next UPAC assignment. Board Member Avila seconded this motion. This motion failed on a vote of 3-6 with Board Members Crow-Iverson, Donelson, Helms, O'Malley, Risley and Talarico voting against.

11. 2024AB Bond Ordinance

Mr. Adam Hegstrom, Manager of Treasury and Finance, reviewed the 2024AB Bond Ordinance. This is a substantial bond transaction for the organization. The debt issuance working timetable was reviewed. Next steps include rating agency presentations on July 8, First Reading of Ordinance at City Council on July 9, Second Reading of Ordinance and Ordinance Approval at City Council on July 23, Due Diligence Call on July 24, Bond Pricing on Aug. 6 and an Issuance Closing on Aug. 20.

This item was unanimously approved to move forward to the City Council consent calendar on July 9, 2024, for the first reading.

12. I-3 Policy Update – Utilities construction of water and wastewater distribution/collection infrastructure

Mr. Scott Shirola, Pricing and Rates Manager, reviewed recommended changes to the I-3 Policy with regard to Springs Utilities construction of water and wastewater

distribution/collection infrastructure. The recommended revision is the addition of paragraph number eight: Inform Utilities Board determinations to design and construct water distribution and/or wastewater collection systems as defined in sections VIII,B,1 and IX, C, 1 of Utilities Rules and Regulations.

Board Member Henjum made a motion to accept proposed changes to the I-3 Financial Planning and Budgeting per City Code section 12.1.105 and Excellence in Governance Policy Manual, Policy C-6. Board Member Helms seconded this motion. This motion passed on a vote of 6-0 with Board Members Avila, Crow-Iverson and Talarico excused.

13. Electric Cost Adjustment / Gas Cost Adjustment Filing

Mr. Shirola shared that natural gas prices are slowly starting to rise after the heating season.

As of May 31, 2024, the ECA under collection balance was \$4.0 million. This under collection balance changed by \$3.6 million from the \$7.6 million under collection balance reported last month. On March 26, 2024, City Council approved the ECA rate of \$0.0255 per kWh effective April 1, 2024. Utilities will continue to provide regular updates to the Utilities Board as appropriate.

As of May 31, 2024, the GCA over collection balance was \$5.8 million. This over collection balance changed by \$0.1 million from the \$5.7 million over collection balance reported last month. On March 26, 2024, City Council approved the GCA rate of \$0.0810 per Ccf effective April 1, 2024. Utilities will continue to provide regular updates to the Utilities Board as appropriate.

The organization is making the recommendation to hold the rates flat at this time. The next scheduled quarterly rate adjustment presentation is September 2024. Since there is no September Board meeting scheduled, this would go to a City Council Board meeting in September. No action is needed since there is no increase in rates.

14. Arkansas Basin Water Sharing Program Water Rights Acquisition

Ms. Kim Gortz, Manager of Water Resources, and Mr. Kelly Roesch, Arkansas Valley Field Office Project Manager, gave a presentation on the Arkansas Basin Water Sharing Program Water Rights acquisition.

This item was approved to move forward to the July 9, 2024, City Council meeting.

15. Board Member Updates

Board Member Helms

Front lines of fiber installation in his neighborhood seem to be going very well. This includes problems with the aftermath.

Board Member Henjum

Gave a brief review of the June 17, 2024 Finance Committee Meeting. She shared her appreciation with staff for their hard work put into the recent State of the Utilities. Colorado Springs Utilities will be sponsoring the screening of the film Mirasol on July 19 – this is a film on water rights.

Board Member Risley

On June 26 from 4 to 6 p.m., Kim Gortz and Board Member Risley will be leading a conversation at El Pomar Pavilion House. Please make sure to get your tickets.

Board Chair Donelson

Thanked the leadership team and employees for all they do to keep our city as a premiere place to live.

16. Summary of Board Actions

- Approval of May 22, 2024 Utilities Board Minutes
- Approval of Utilities Board Advisory Committee (UPAC) and Bylaws Update – Motion by Board Member Henjum and seconded by Board Member Helms. This passed on a vote of 9–0.
- Approval of Utilities Board Bylaw Changes – Motion by Board Member Helms, seconded by Board Member Henjum. This passed on a vote of 9–0.
- Approval of UPAC nuclear power research assignment. Motion by Board Member Crow-Iverson, seconded by Board Member Leinweber. Passed on a vote of 8–1, with Board Member Avila voting against.
- Approval to place 2024AB Bond Ordinance on the July 9, 2024, City Council agenda.
- Approval of I-3 Policy Update – Utilities construction of water and wastewater distribution/collection infrastructure. Motion by Board Member Henjum, seconded by Board Member Helms. Passed on a vote of 6-0, with Board Members Avila, Crow-Iverson and Talarico being excused.
- Approval to place Arkansas Basin Water Sharing Program Water Rights Acquisition to July 9, 2024, City Council meeting.

17. Adjournment

The meeting adjourned at 3:36 p.m.