

Board Memo Agenda Item

Staff Report

Date: (Date of Utilities Board Meeting)	October 16, 2024		
To:	Utilities Board		
From:	Travas Deal, Chief Executive Officer		
Subject:	Drake Regulatory Asset		
NARRATIVE:			
Desired Action: Choose only one	<input type="checkbox"/> Approval <input checked="" type="checkbox"/> Discussion <input type="checkbox"/> Information		
Executive Summary:	<p>Colorado Springs Utilities seeks approval from City Council to increase the amount of the Martin Drake Power Plant regulatory asset that was established under Resolution 137-23 due to additional estimated costs for pollution remediation. These additional costs will be expensed over a 10-year period as they are incurred to help smooth the rate impact. With City Council approval, the proposed increase to the regulatory asset is \$3,000,000, for costs incurred in 2024 and continuing through 2025.</p>		
Benefits:	<p>If approved, this action will help smooth the rate impact of incurring the costs of Drake Decommissioning by amortizing those costs over a 10-year period.</p>		
Board Policy:	<p>I-3, Financial Planning and Budgeting. If approved, this will ensure that costs are shared between current and future customers.</p>		
Cost / Budget:	<p>With City Council approval of the \$3,000,000 increase, Martin Drake Power Plant's regulatory asset will have a total value of \$23,525,070 and would increase the amortization period by one year to a total of 12 years.</p>		
Affected Parties:	N/A		
Alternatives:	<p>Without the increase to the existing regulatory asset, the annual expenses would be recorded against income in the year incurred and potentially drive short-term rate increases.</p>		
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Department:	Accounting	Date Submitted:	September 30, 2024
SPG Staff Use Only:	Consent Calendar <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		Item Number 12
ITEMS SUBMITTED AFTER THE DEADLINE WILL BE POSTPONED UNTIL THE NEXT UTILITIES BOARD MEETING.			