



Colorado Springs Utilities  
*It's how we're all connected*

# **2023 Annual Budget and Sources of Funds**

Tristan Gearhart, Chief Planning and Finance Officer

October 25, 2022

# Proposed 2023 Budget Overview



## Financial Metrics

- Adjusted Debt Service Coverage – 1.83
- Debt Ratio – 51.1%
- Days Cash on Hand – 152



## Rate Adjustments

- 5% Overall Water System Rate Adjustment
- 4% Overall Wastewater System Rate Adjustment



## Proposed Expenditures

- Proposed Total 26.3% higher than 2022 Approved Budget
- Proposed Total 5.6% higher than 2022 Approved Budget without fuel costs



# Proposed 2023 Budget

AN ORDINANCE APPROVING THE ANNUAL BUDGET FOR COLORADO SPRINGS UTILITIES AND APPROPRIATING MONIES FOR THE SEVERAL PURPOSES NAMED IN THE COLORADO SPRINGS UTILITIES' ANNUAL BUDGET FOR THE YEAR ENDING DECEMBER 31,2023

## Budget Summary (in thousands)

	<b>2023 Proposed Budget</b>	<b>2022 Approved Budget</b>	<b>Increase / (Decrease)</b>	<b>% Change</b>
Capital Projects	\$ 412,795	\$ 390,378	\$ 22,417	5.7%
Fuel Operations & Maintenance	323,716	251,184	72,532	28.9%
Fuel Contingency	197,722	-	197,722	100.0%
Non-Fuel Operations & Maintenance	379,717	352,215	27,502	7.8%
Debt Service	210,863	206,212	4,651	2.3%
Transfers - Surplus Funds to City	36,513	35,855	658	1.8%
Other	329	326	3	0.9%
<b>TOTAL</b>	<b>\$1,561,654</b>	<b>\$1,236,170</b>	<b>\$ 325,484</b>	<b>26.3%</b>

# Proposed 2023 Budget

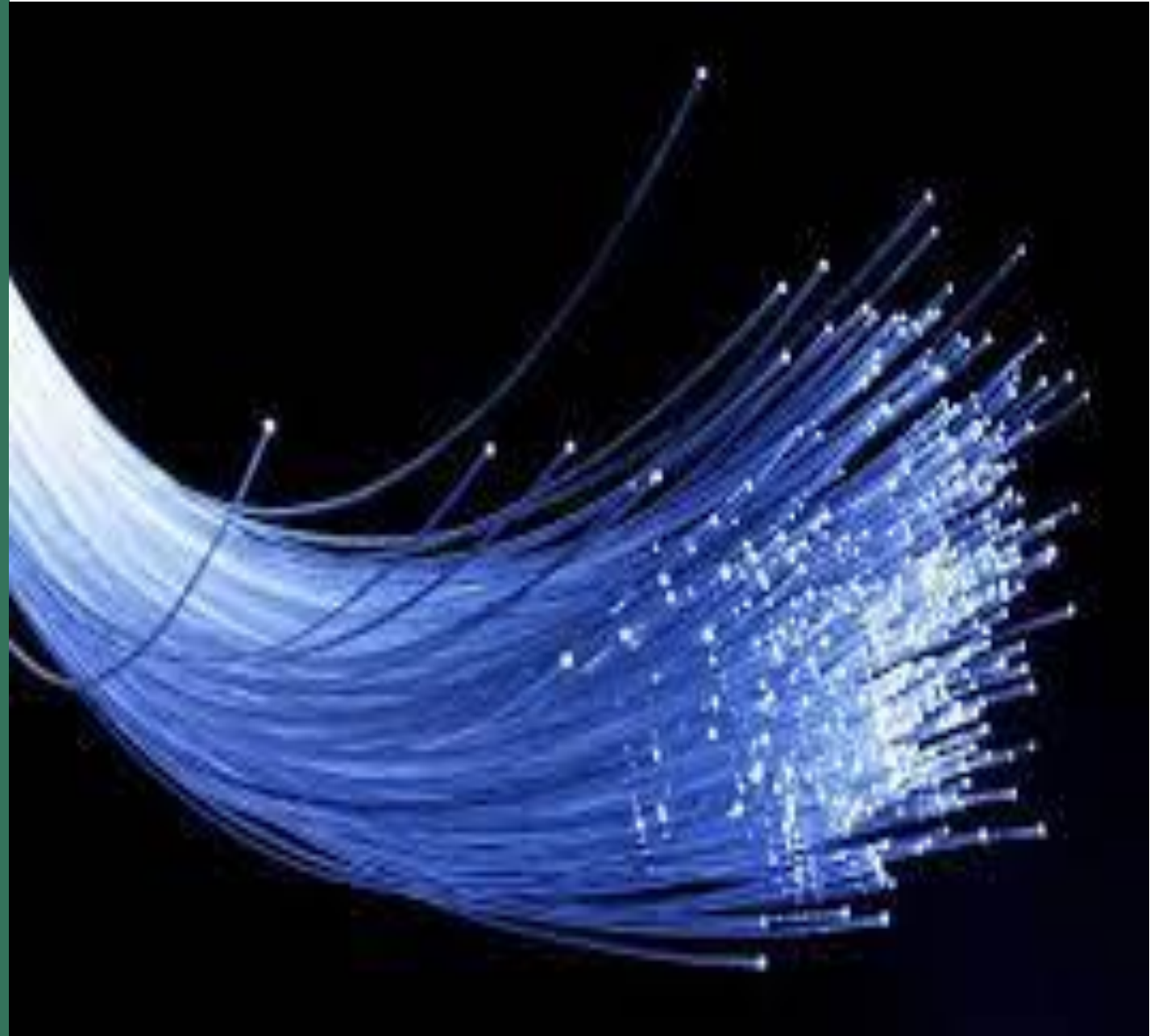
## Budget Summary (in thousands)

	2023 Proposed Budget	2022 Supplemental Budget	Increase / (Decrease)	% Change
Capital Projects	\$ 412,795	\$ 416,846	\$ (4,051)	-1.0%
Fuel Operations & Maintenance	521,438	495,615	25,823	5.2%
Non-Fuel Operations & Maintenance	379,717	356,686	23,030	6.5%
Debt Service	210,863	205,345	5,518	2.7%
Transfers - Surplus Funds to City	36,513	37,251	(738)	-2.0%
Other	329	401	(72)	-18.0%
<b>TOTAL</b>	<b>\$ 1,561,654</b>	<b>\$ 1,512,145</b>	<b>\$ 49,509</b>	<b>3.3%</b>



# Existing Operational Fiber Communication Network

- Own and operate 300+ miles of network currently used for our four utility services
- Have existing dark fiber lease revenue to offset system costs
- Necessary for most secure operation of critical grid infrastructure
- Growing need for more robust system



# Fiber Communication Network Project Needs

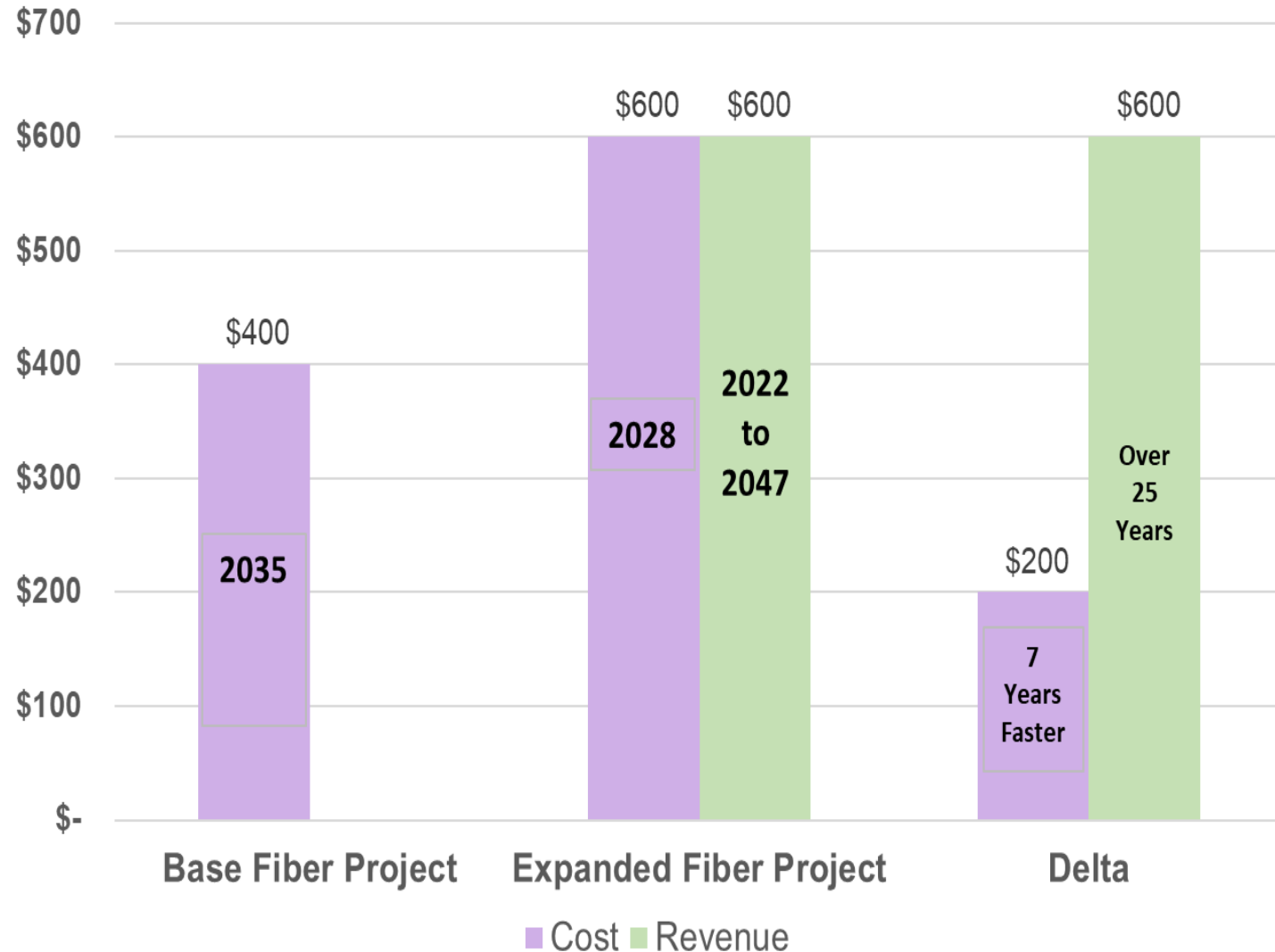
- Physical Network Security
- Growing number of connectable end-points
- Geographic diversity of infrastructure
- Allows more options for customers if desired
- Expand from 300+ miles to over 2500+ miles



# Fiber Communication Network - Options

- Base option:
  - ~\$400M cost over 12 to 15 years
  - Utilities customers bare full cost
- Expanded capacity option:
  - ~\$600M cost, complete by 2028
  - ~\$600M in lease revenue secured with potential for ~\$200M to ~\$800M in additional lease and grant revenue
- Indifferent to revenue source for additional capacity:
  - Open access for remaining capacity
  - Not becoming an ISP
  - Not limiting competition
- 2023 Budget ~\$80M

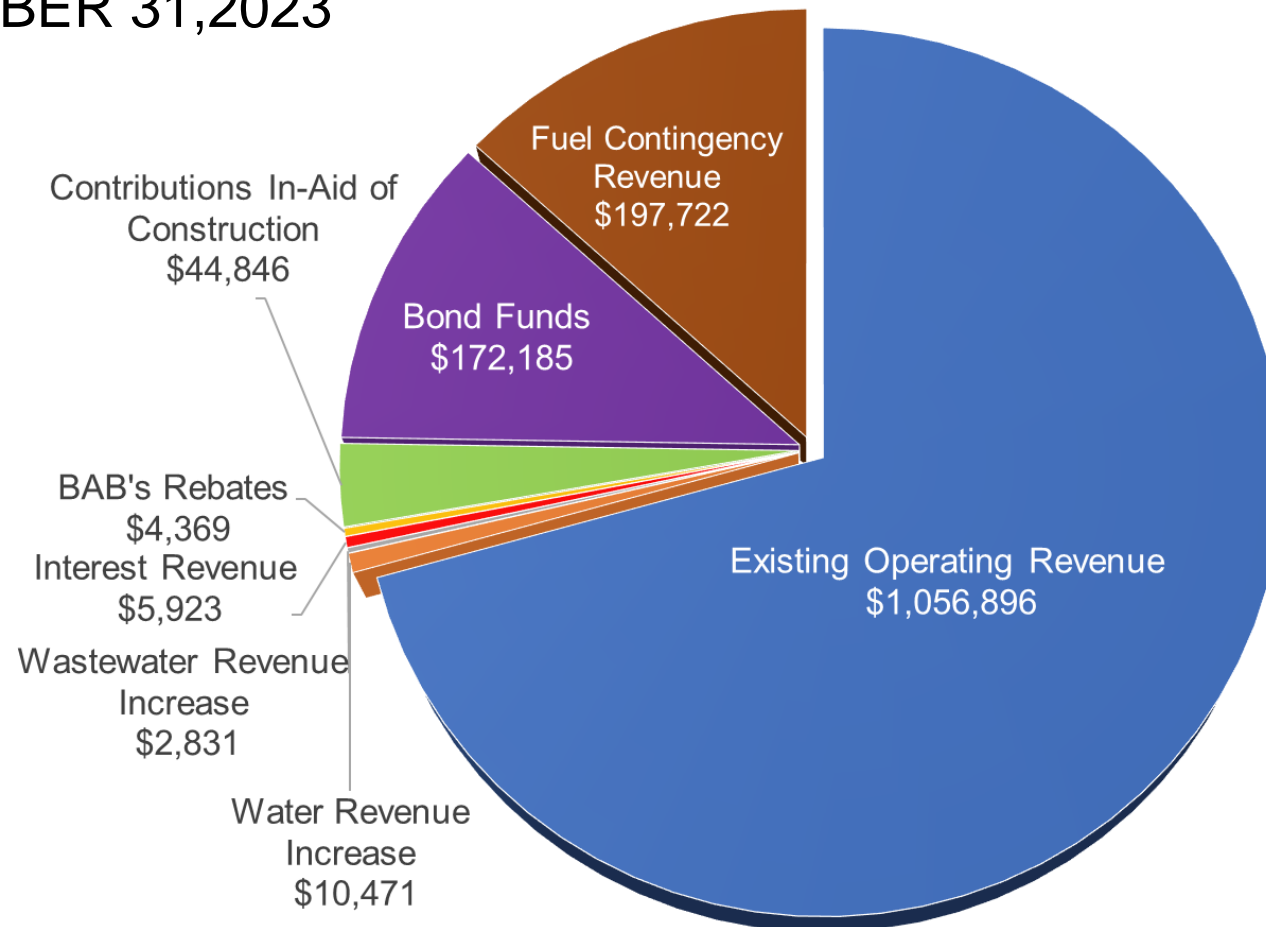
## 2022 - 2047 Fiber Project Options (Dollars in Millions)





# Funding 2023 Appropriation (in thousands)

AN ORDINANCE IDENTIFYING AND APPROVING COLORADO SPRINGS UTILITIES' ANNUAL SOURCES OF FUNDS FOR THE YEAR ENDING DECEMBER 31, 2023





# Next Steps

November 8: City Council –

- 2023 Budget – 2<sup>nd</sup> Reading



Colorado Springs Utilities<sup>®</sup>

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