



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

2023 Annual Budget and Sources of Funds

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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)

| | 2023 Proposed Budget | 2022 Approved Budget | Increase / (Decrease) | % Change |
|-----------------------------------|-------------------------------------|-------------------------------------|----------------------------------|-----------------|
| 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% |
| TOTAL | \$1,561,654 | \$1,236,170 | \$ 325,484 | 26.3% |

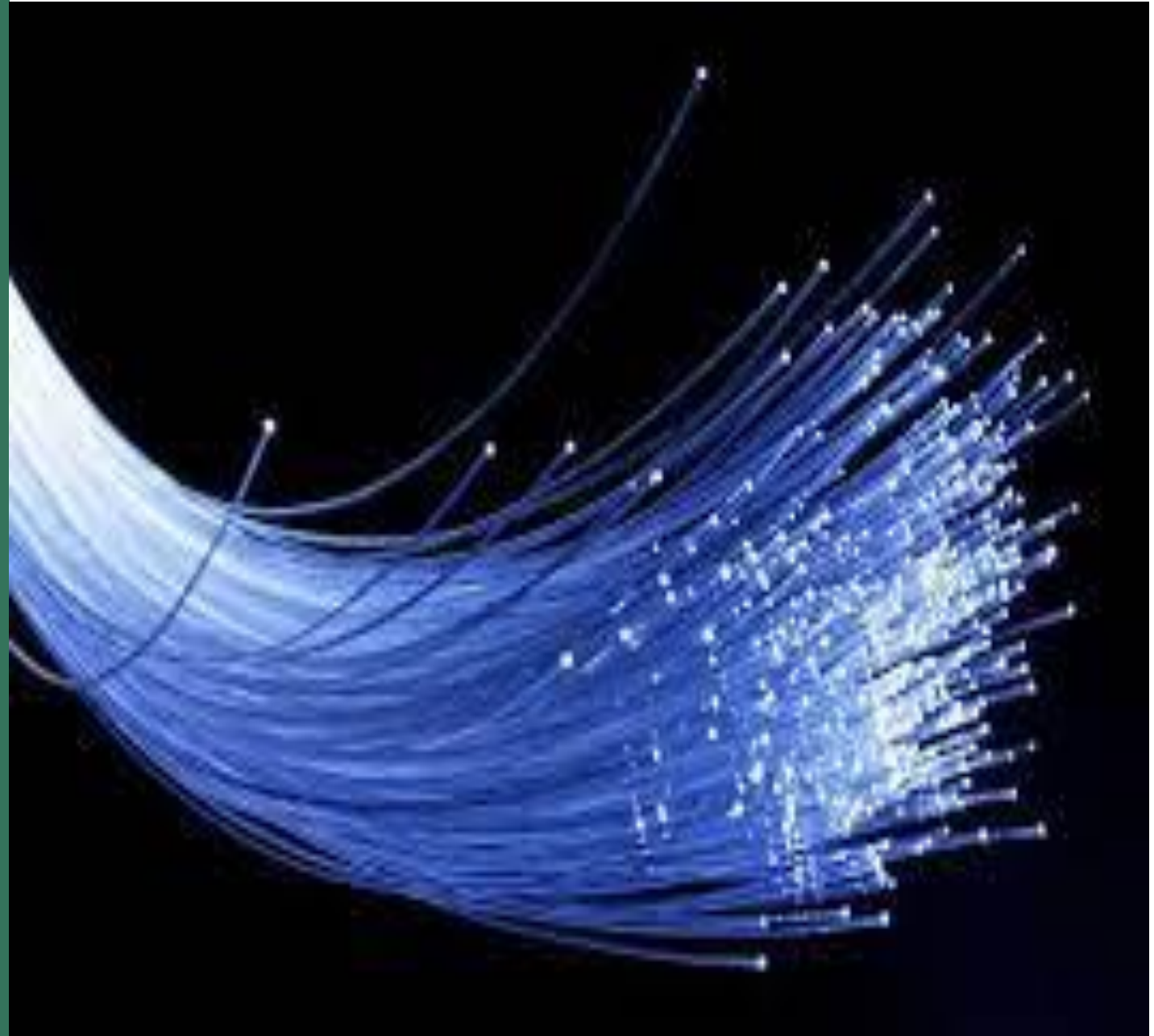
Proposed 2023 Budget

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% |
| TOTAL | \$ 1,561,654 | \$ 1,512,145 | \$ 49,509 | 3.3% |

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

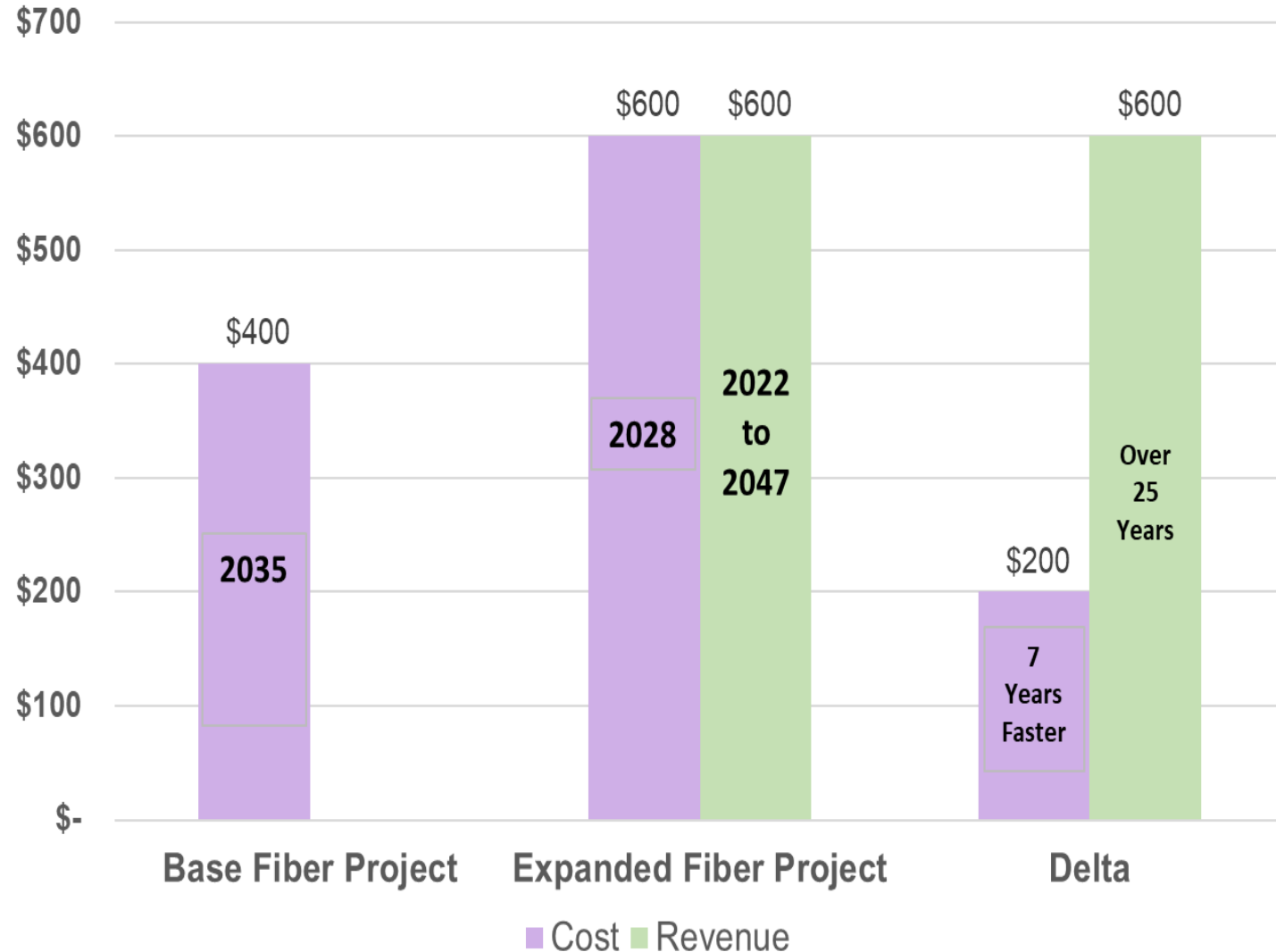
- Physical Network Security
- Growing number of connectable end-points
- Geographic diversity of infrastructure
- Allows more options for customers if desired
- Expand from 300+ miles to over 2500+ miles



Fiber Communication Network - Options

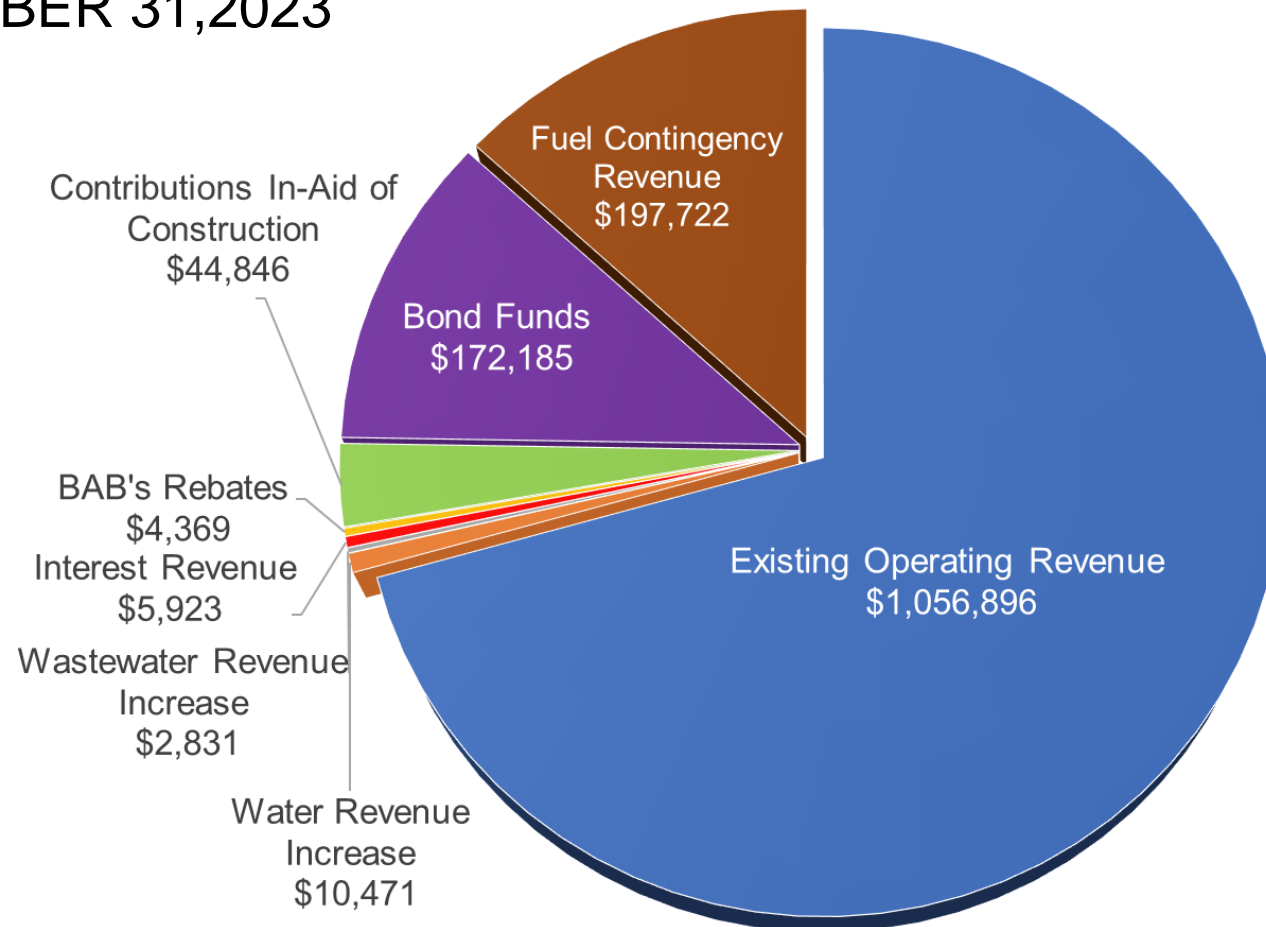
- Base option:
 - ~\$400M cost over 12 to 15 years
 - Utilities customers bare full cost
- Expanded capacity option:
 - ~\$600M cost, complete by 2028
 - ~\$600M in lease revenue secured with potential for ~\$200M to ~\$800M in additional lease and grant revenue
- Indifferent to revenue source for additional 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 – 2nd Reading



Colorado Springs Utilities[®]

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