2018 Budget Presentation

Scott Shewey

Interim Chief Planning and Finance Officer

October 24, 2017

Agenda

- 2018 Budget Goals and Background
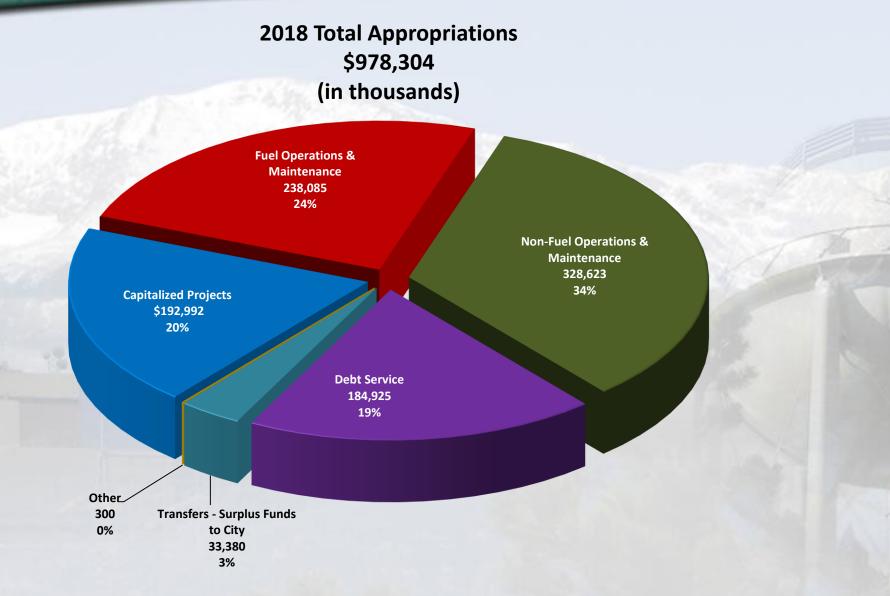
- Proposed Budget Overview

- Service Overview

2018 Budget Goals

- Balance Rates, Reliability and Relationships

- Financial Strength

- Include 5 and 20 Year Plans

- Minimize Deferred Maintenance

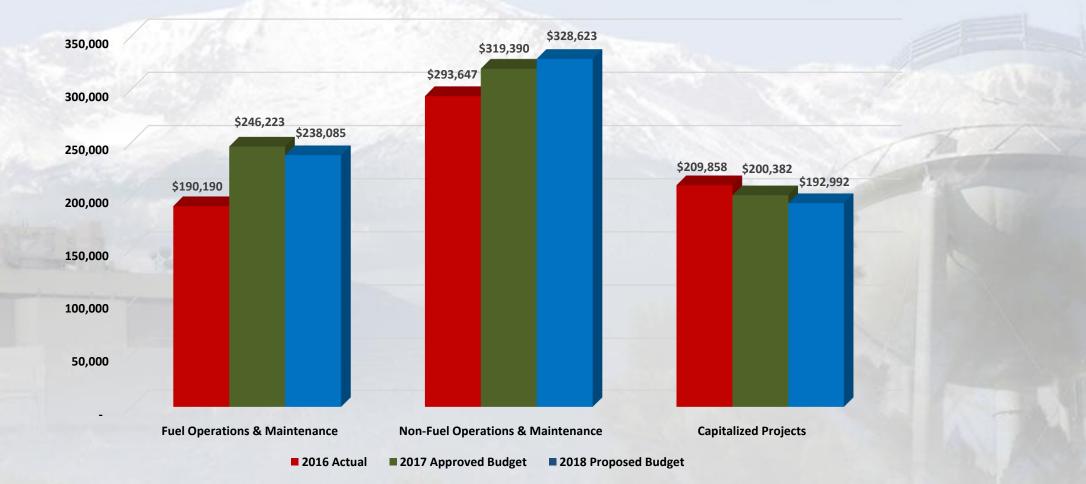- Build Financial Capacity for Future Projects

Proposed 2018 Budget

2018 Total Appropriations
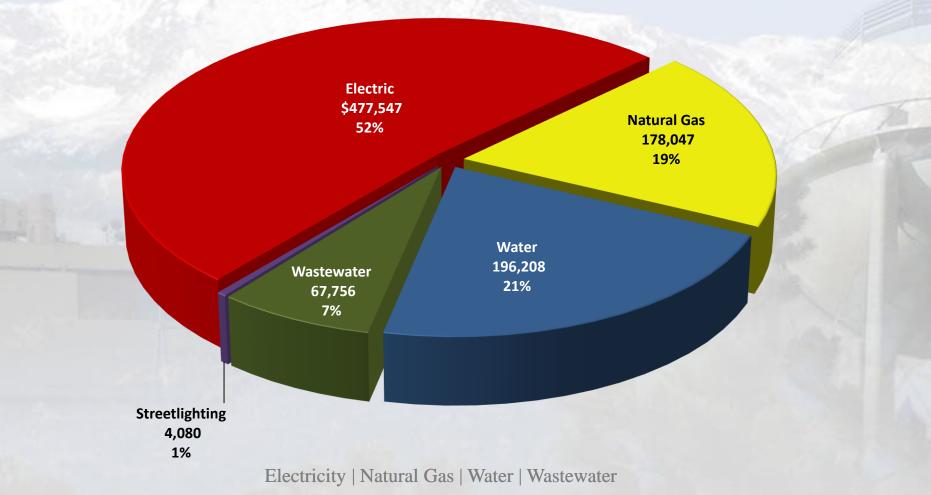**$978,304**
(in thousands)

Fuel Operations & Maintenance
238,085
24%

Non-Fuel Operations & Maintenance
328,623
34%

Capitalized Projects
$192,992
20%

Debt Service
184,925
19%

Other
300
0%

Transfers - Surplus Funds to City
33,380
3%

Capital and O&M Costs

O&M and Capital Costs
(in thousands)

Category	2016 Actual	2017 Approved Budget	2018 Proposed Budget
Fuel Operations & Maintenance	$190,190	$246,223	$238,085
Non-Fuel Operations & Maintenance	$293,647	$319,390	$328,623
Capitalized Projects	$209,858	$200,382	$192,992

Revenues by Service

2018 Operating Revenues by Service
$923,638
(in thousands)

Proposed 2018 Budget Overview

Financial Metrics

- Adjusted Debt Service Coverage – 1.85
- Days Cash on Hand – 135
- Debt Ratio – 55.5%

Rate Adjustments

- Phased in rates
- 2.4% electric service total revenue
- Water – 4.2%

Expenditures

- Increased O & M
- Reduced Capital
- Reduced Fuel
- Does not include
  - Changes to surplus formula
  - Parks watering

Responsible Balance

Energy Services

Eric Tharp, Chief Energy Services Officer

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

Electric Key Programs of Work

- System Growth
- Replace Aging Infrastructure
- Asset Management Implementation
- NERC Compliance

Energy Services

Electric Key Capital Projects

– System Reliability	$ 18.0 M
– Obligation to Serve & Customer-Driven	$ 14.7 M
– Compliance & Regulatory	$ 9.2 M
(Environmental, NERC, Energy Vision)	
– System & Operational Improvements	$ 7.8 M
– Other Support	$ 7.2 M
(Meters, Vehicles & Equipment, Warehouse)	
– Safety	$ 4.3 M
Total	**$ 61.2 M**

Energy Services

Gas Key Programs of Work

- System Growth

- Regulatory Compliance

- Safety Enhancements on Residential System

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Gas Key Capital Projects

– System Reliability	$ 5.1 M
– Other Support	$ 3.7 M
(Meters and Vehicles & Equipment)	
– Compliance & Regulatory	$ 3.0 M
(DIMP)	
– Obligation to Serve & Customer-Driven	$ 2.8 M
Total	**$ 14.6 M**

Water Services

Dan Higgins, Chief Water Services Officer

Water Services

Water Key Programs of Work

- Water Planning and Condition Assessments

- Water Supply, Delivery, and Treatment Investments

- Water Main Rehabilitation and Replacement

- Drinking Water Regulations

- Financial Health

Water Services

Water Key Capital Projects

– Finished Water/ Water Main Replacement Programs	$ 22.4 M
– Facility Improvements	$ 9.8 M
– Tank/ Pump Station/ Specialty Valve Programs	$ 8.8 M
– Raw Water System	$ 8.1 M
– Other Support	$ 3.4 M
(Meters, Vehicles & Equipment, Lab Equipment)	
– Public/ Developer Projects	$ 2.4 M
– Water Resources	$ 0.3 M
Total	**$ 55.2 M**

Water Services

Wastewater Key Programs of Work

- Wastewater Planning and Condition Assessments

- Wastewater Treatment Plant Investments

- Wastewater Collection System Improvement

- Sanitary Sewer Creek Crossings

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Wastewater Key Capital Projects

– Wastewater Programs/ Storm Water $ 8.1 M

– Facility Improvements $ 4.3 M

– Public/ Developer Projects $ 2.4 M

– Other Support $ 1.0 M
    (Vehicles & Equipment, Lab Equipment)

Total **$ 15.8 M**

Common Services

Carl Cruz, Chief Customer and Corporate Services Officer

Common Services

Common Key Programs of Work

- Billing System Upgrade

- Cyber Security

- Control Network Refresh (Fiber Optic & Microwave Links)

- IT infrastructure Lifecycle Management (Servers, Storage, Network)

- Regional Trunk Radio System (PPRCN) Lifecycle Management

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Common Key Capital Projects

– CC&B Billing System Upgrade $ 5.0 M

– IT Infrastructure $ 4.4 M

– Other Support $ 2.3 M
  (Vehicles & Equipment, Tools)

– SCADA System Upgrades $ 1.8 M

– Facility Improvements $ 1.4 M
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   Total   **$ 14.9 M**

Next Steps

11/14/2017 – City Council

    2018 Second Budget Reading and 2018 Rate Case Hearing

11/28/2017 – City Council

    2018 Rate Case Decision and Order

Questions?

Colorado Springs Utilities

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