



Colorado Springs Utilities
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Amara Annexation Utilities Information

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Financial Information

Amara Annexation Cost Information

- **Utilities Capital Cost Estimate: ~\$150 to \$230 Million**
 - \$190 million mid-scenario capital cost
 - \$95 million 10-year capital cost
 - \$55 million first year capital cost
- **Utilities Annual O&M Cost Estimate: ~\$2.0 to \$4.5 Million**
 - \$20 million 10-year O&M cost (Assumes 400 units built per year)
 - \$2 million per year in first 10-years
- **Cost Payback Timeframe: ~20 to 40+years**
 - 400 units per year with mid-scenario capital cost = Approx. 21-year payback
- **Utilities Financial Risk: Cost and timing of annexation puts other growth and reliability projects inside the existing city limits at risk of exceeding Utilities debt capacity.**

Financial Risk Mitigations

- System Extension Rider
 - Riders are efficient method to “cash fund” cost not currently in Utilities budget
 - Typical monthly residential customer rider amount:

| Rate Class | Current Sample Bill As of 4/1/24 | Yr.1 | Yr. 2 | Yr. 3 | Yr.4 | Yr.5 | Yr.6 | Yr.7 | Yr.8 | Yr.9 | Yr.10 | Yr.11 |
|----------------------------|----------------------------------|-------------|-----------|-----------|-----------|-------------|-----------|-----------|-----------|-----------|-----------|-----------|
| Residential ⁽¹⁾ | \$ 245.96 | | | | | | | | | | | |
| \$ Sample Bill Impact | | \$ 8.29 | \$ 0.85 | \$ 2.67 | \$ 0.91 | \$ 4.76 | \$ 1.06 | \$ 1.06 | \$ 1.06 | \$ 1.06 | \$ 1.06 | \$ 9.64 |
| % Sample Bill Impact | | 3.37% | 0.35% | 1.09% | 0.37% | 1.93% | 0.43% | 0.43% | 0.43% | 0.43% | 0.43% | 3.92% |
| Commercial ⁽³⁾ | \$ 1,437.89 | | | | | | | | | | | |
| \$ Sample Bill Impact | | \$ 95.77 | \$ 6.72 | \$ 44.40 | \$ 7.10 | \$ 40.10 | \$ 8.15 | \$ 8.15 | \$ 8.15 | \$ 8.14 | \$ 8.14 | \$ 44.92 |
| % Sample Bill Impact | | 6.66% | 0.47% | 3.09% | 0.49% | 2.79% | 0.57% | 0.57% | 0.57% | 0.57% | 0.57% | 3.12% |
| Industrial ⁽⁴⁾ | \$ 44,787.97 | | | | | | | | | | | |
| \$ Sample Bill Impact | | \$ 3,991.67 | \$ 185.56 | \$ 562.18 | \$ 192.92 | \$ 2,392.21 | \$ 214.31 | \$ 213.94 | \$ 213.57 | \$ 213.19 | \$ 212.80 | \$ 825.54 |
| % Sample Bill Impact | | 8.91% | 0.41% | 1.26% | 0.43% | 5.34% | 0.48% | 0.48% | 0.48% | 0.48% | 0.48% | 1.84% |

- Reprioritize or Delay Planned Capital Projects and/or Adjusted Base Rates

Water Requirements for Current and Full-Buildout

Current Water Resources

| | |
|----------------------------|---------------------------|
| Reliably Met Demand | 95,000 acre-feet |
| Current Use | - <u>69,800 acre-feet</u> |
| Existing Buffer for growth | 25,200 acre-feet |

Full Buildout Water Requirement

| | |
|--------------------------|-------------------------------|
| Need for current in City | 129,000 acre-feet |
| | - <u>95,000 acre-feet</u> |
| Gap (need to develop) | 34,000 acre-feet |
| Any Annexation | + additional acre-feet |

Balanced Portfolio – Planned Water Supplies⁽¹⁾



- Additional supplies are needed to meet future growth and manage risks
- All components of the Balanced Portfolio are necessary, difficult, and expensive
- Completing fewer projects in one category means doing more projects in another

(1) Based on 2017 Water Integrated Resource Plan- validated annually



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