

# Board Memo Agenda Item

## Staff Report

<b>Date:</b> (Date of Utilities Board Meeting)	October 16, 2024		
<b>To:</b>	Utilities Board		
<b>From:</b>	Travas Deal, Chief Executive Officer		
<b>Subject:</b>	Drake Regulatory Asset		
<b>NARRATIVE:</b>			
<b>Desired Action:</b> Choose only one	<input type="checkbox"/> Approval <input checked="" type="checkbox"/> Discussion <input type="checkbox"/> Information		
<b>Executive Summary:</b>	<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>		
<b>Benefits:</b>	<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>		
<b>Board Policy:</b>	<p>I-3, Financial Planning and Budgeting. If approved, this will ensure that costs are shared between current and future customers.</p>		
<b>Cost / Budget:</b>	<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>		
<b>Affected Parties:</b>	N/A		
<b>Alternatives:</b>	<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>		
<b>Submitter:</b>	Natalie Lovell	<b>Email Address:</b>	nlovell@csu.org
<b>Division:</b>	Planning & Finance Division	<b>Phone Number:</b>	719-668-4438
<b>Department:</b>	Accounting	<b>Date Submitted:</b>	September 30, 2024
<b>SPG Staff Use Only:</b>	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.			