



**CITY COUNCIL EXECUTIVE COMMITTEE MEETING
CITY COUNCIL CHAMBERS, THIRD FLOOR, CITY HALL,
#1 CITY HALL PLACE, PUEBLO, COLORADO 81003.**

**MONDAY, FEBRUARY 10, 2025
5:30 PM**

Individuals Requiring Special Accommodations Should Notify the City's ADA Coordinator at (719) 553-2295 by Noon on the Friday Preceding the Meeting.

Executive Committee meetings are special meetings of the City Council and are informal Council meetings for the purpose of receiving information and discussion among Council Members; no official action is taken at such meetings. The public is invited to attend, but public comment is generally not received unless otherwise noted.

Agenda

CALL TO ORDER

PRESENTATIONS

- | | |
|---|-----------|
| A. CITY UPDATE
Brian McCain, Chief of Staff
5 minute presentation | 5:30 p.m. |
| B. LOBBYIST UPDATE
Gil Romero - Capitol Success Group
15 minute presentation | 5:35 p.m. |
| C. GDS ASSOCIATES - MUNICIPALIZATION SURVEY
Garrett Cole - Vice President
Amber Gschwend - Managing Director
15 minute presentation | 6:00 p.m. |

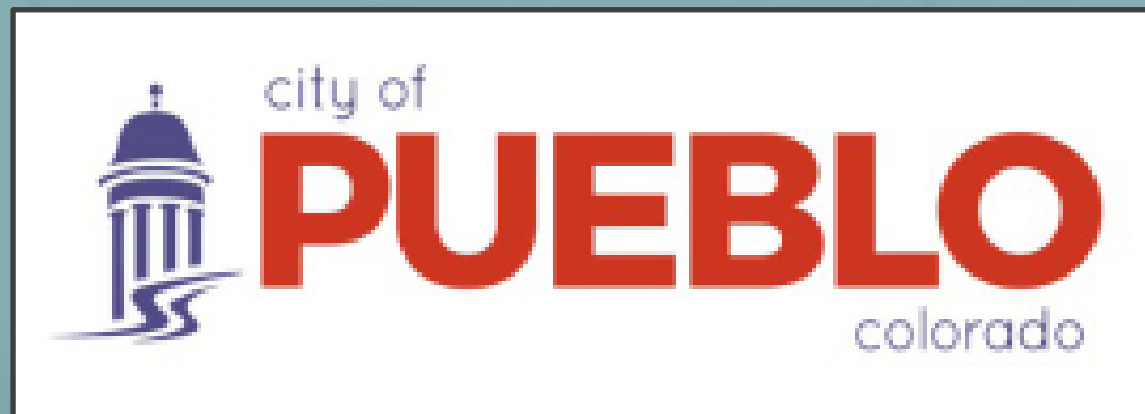
EXECUTIVE SESSION

- | | |
|---|-----------|
| A. FOR THE PURPOSE OF DETERMINING POSITIONS RELATIVE TO MATTERS THAT MAY BE SUBJECT TO NEGOTIATIONS, DEVELOPING STRATEGY FOR NEGOTIATIONS, AND/OR INSTRUCTING NEGOTIATORS, UNDER C.R.S. SECTION 24-6-402(4)(E)(I) AND A CONFERENCE WITH THE CITY ATTORNEY FOR THE PURPOSE OF RECEIVING LEGAL ADVICE ON SPECIFIC LEGAL QUESTIONS UNDER C.R.S. SECTION 24-6-402(4)(B) AND THE FOLLOWING ADDITIONAL DETAILS ARE PROVIDED FOR IDENTIFICATION PURPOSES: TO DISCUSS THE POSSIBLE SETTLEMENT OF PENDING LITIGATION. | 6:30 p.m. |
|---|-----------|

Carla Sikes, City Attorney
30 minute presentation

ADJOURNMENT

PRESENTED BY GDS ASSOCIATES, INC.



Municipalization Feasibility

February 10, 2025

PROJECT SCOPE

CONTRACT WITH GDS ASSOCIATES UNDER
AGREEMENT FOR PROFESSIONAL SERVICES #24-132

PUBLIC
EDUCATION &
COMMUNICATION
STRATEGY

INITIAL
FEASIBILITY
ANALYSIS
MUNICIPALIZATION

PARTNERSHIP
STRATEGY

GDS EXPERIENCE/QUALIFICATIONS

UTILITY SALES AND VALUATION

- **50+ Studies – across western US utilities and on behalf of federal agencies**
- **Purchase, sales and condemnation**
- **California Community Choice Aggregation (CCA) feasibility reviews for numerous existing CCAs**
- **Recent – Tucson, AZ (current); City of Coachella, CA (current); City of Corona, CA; King County, WA; San Joaquin Irrigation District, CA**
- **Privatization of utility systems for federal agencies**



area of
EXPERTISE

Strategic Power Supply Planning & Integrated Resource Planning	Distributed Generation, Battery Energy Storage & Renewable Resources	Transmission Services
Technical Generation Services	Load Forecasting & Retail Rates/COS	Energy Efficiency & Demand Side Management
Electric Distribution System Planning & Design	RTO/ISO Market Policy, Advocacy & Integration Services	Rates & Regulatory Services
Water & Wastewater Rates & Regulatory	NERC Compliance Services	Municipal Financing

FORMING A PUBLIC POWER UTILITY

What Are We Seeking To Consider? Form a New City of Pueblo Municipal Electric Utility.

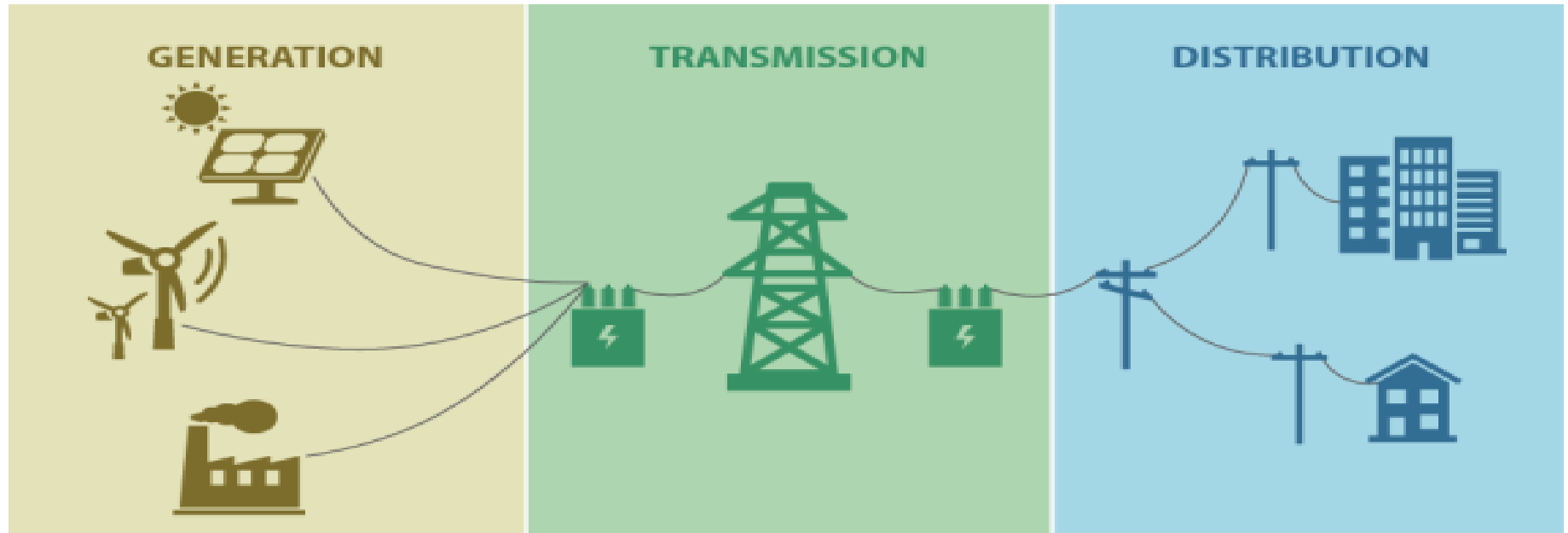
City of Pueblo Municipal Electric Utility
Staff – Equipment – Outsourcing Contracts – Power Contracts

All, Some or No Assets

All, Some or No Assets

All Assets

What
Assets
Might be
Acquired?



FEASIBILITY SCOPE

Does it Make Sense Financially?

- Are Public Power Rates equal to or lower than forecasted Black Hills rates?
- Lower rates to Public Power customers, No one else worse off

Where Does The Power Come From?

- Forecast power costs based on electric system usage characteristics
- Power supply mix decision (% renewable, meets other requirements)

What Assets are Needed & What is their Cost?

- Electric System: Distribution System needed to serve City
- BHE retains generation and transmission

How to Technically Separate From Black Hills?

- Identify physical requirements to separate Black Hills from new Public Power service
- Estimate cost for separation

What are the Practical Paths for Separation

- Partnership with local utility or other Entity for Operational Efforts
- Partnership with intent to transition operational efforts to new Pueblo Utility

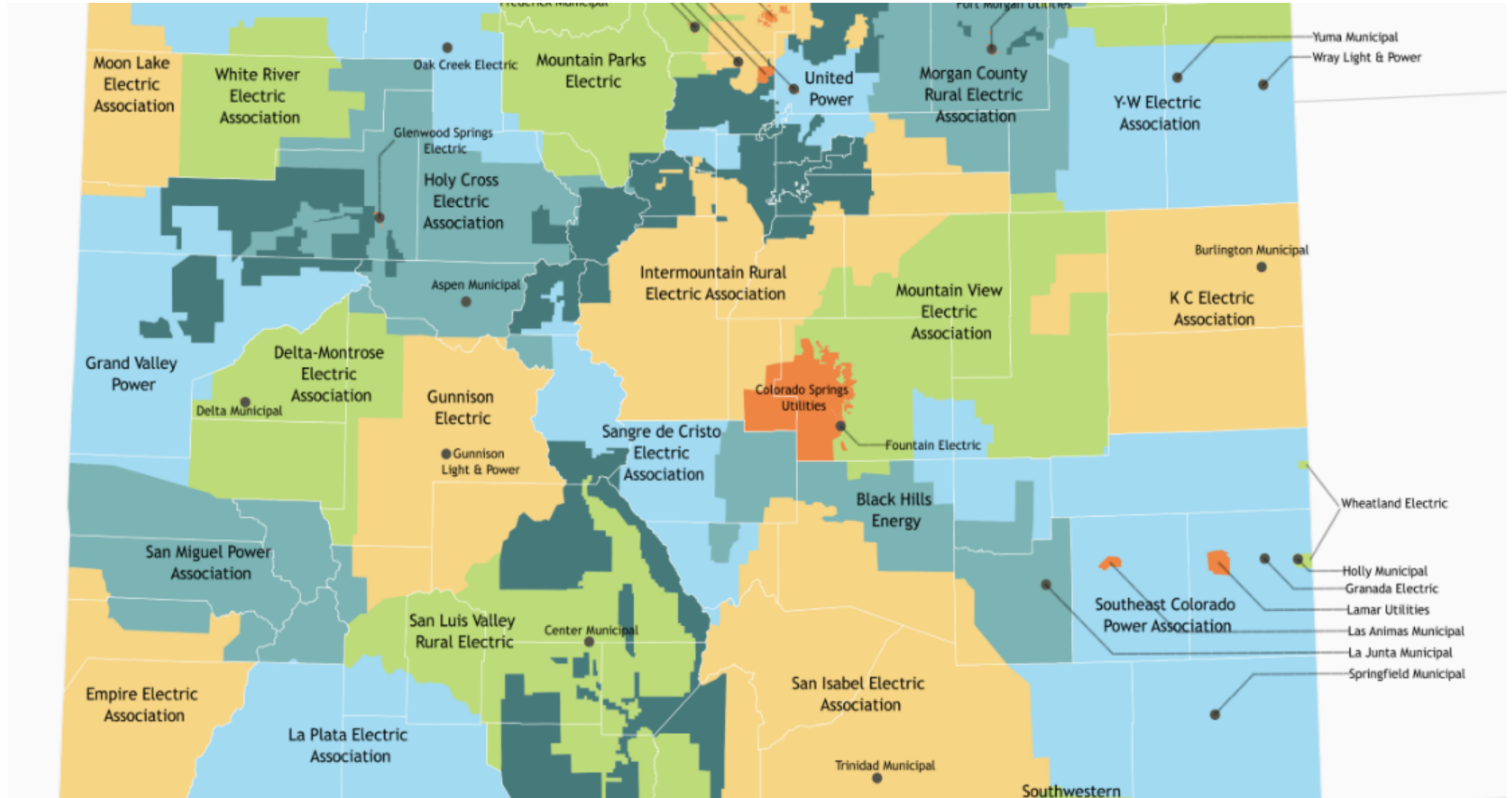
What Are The Legal & Regulatory Paths & Obstacles?

- Identify and address separation questions and issues
- Identify fair market value methodologies and jurisdiction over Public Power Utility

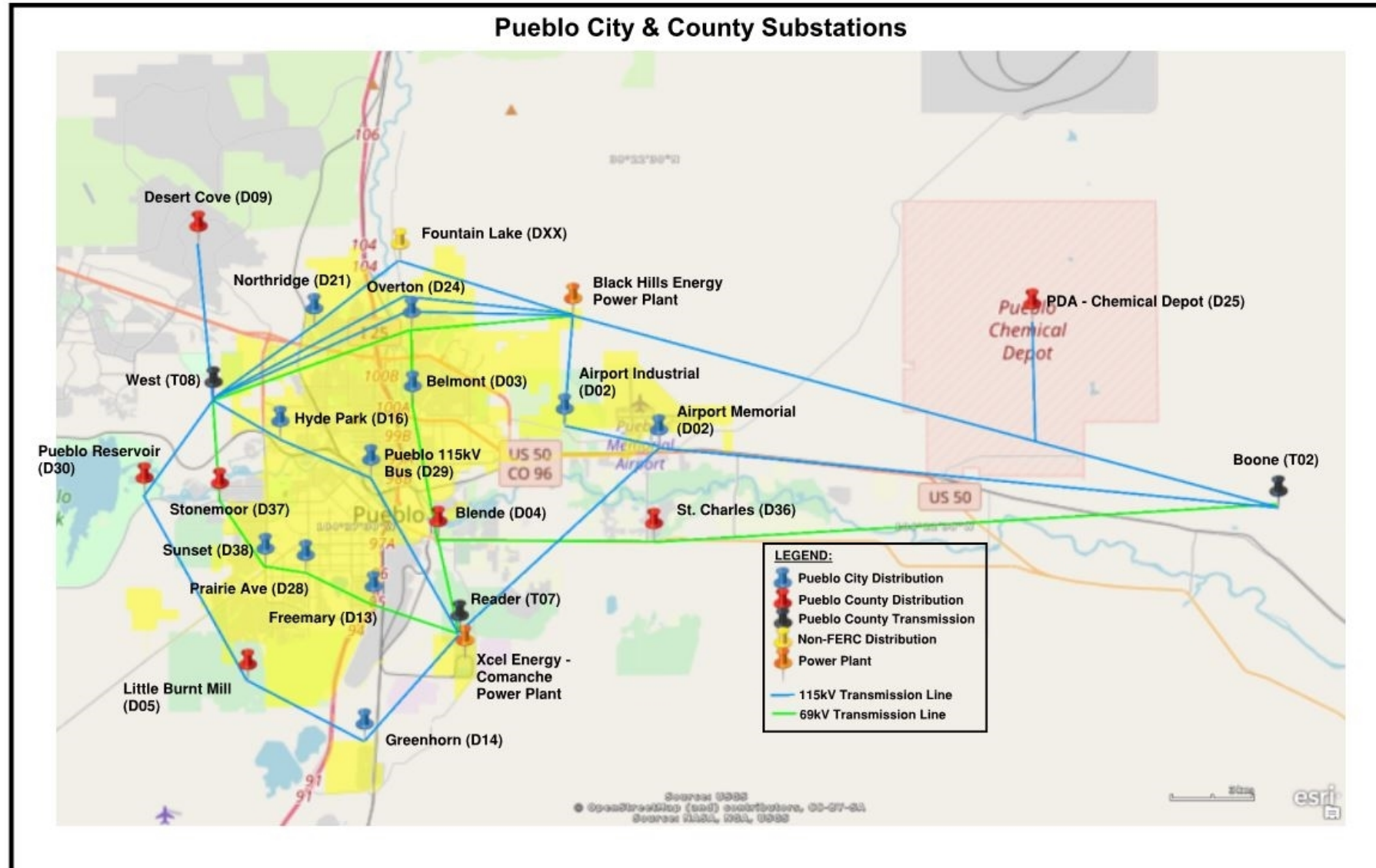
Outreach

- Educate Public on the benefits and challenges of forming a public power utility

BHE SERVICE AND SURROUNDING PUBLIC UTILITIES



BHE SERVICE IN PUEBLO COUNTY



PREVIOUS FEASIBILITY STUDY: 2019

	City of Pueblo Service Area
Load, MWh	790,000
Service Accounts	55,000
Purchase Price Estimate	\$100 - \$132 Million
Annual Electric Utility Operating Budget Estimate	\$120 Million
Economic Feasibility	Yes
Finance Approach	Long-term debt at 6% taxable rate
Distribution Operational Feasibility	Requires Joint Use Agreements
Separation Costs	\$4M
Cost Stranding	Yes
Legal/Regulatory	Condemnation Possible

MARKET DYNAMICS & POWER SUPPLY

□ New Market Landscape

- *Black Hills (BHE) Joining California Independent System Operator's (CAISO) Energy Imbalance Market*
 - Not a market operated by Southwest Power Pool (SPP)
- *Possible Future Scenarios*
 - **Joining CAISO's Extended Day-Ahead Market?**
 - **Joining CAISO's Regional Transmission Organization (RTO)?**

□ Power Supply Options

- *Evaluating Access to Potential Purchased Power Agreements*
 - **Renewable Solar or Wind**
 - **Capacity to Meet Peak Demand Requirements**
 - **Stabilizing Costs While Meeting All Remaining Energy Requirements**
- *Determine if Partnering on Power Agreements with Other Utilities Offers Advantages*

TIMELINE

Project Start
Early 2025



Bulk of Work
Feb-Mar



Feasibility
Report
Presentation
Mar-Apr



City Vote
May



Prospective
Take-Over of
Utility Assets
& Service
Responsibility
~2030

**END OF PRESENTATION.
QUESTIONS?**

