Date: February 21, 2020

To: Utilities Board

From: Aram Benyamin, Chief Executive Officer

Subject: Communication to Utilities Board

1. **SmartCOS launches pilot smart streetlight project**
   - Through the SmartCOS program, Colorado Springs Utilities is collaborating with the City of Colorado Springs to implement a pilot smart streetlight project.
   - On Wednesday, Feb. 26 (weather dependent), 50 smart streetlight controllers will be installed on existing LED streetlights around the city, a group of 22 will be located along Pikes Peak Ave. between S Hancock Ave. and S Union Blvd., north of Memorial Park.
   - The goal of this project is to collect data on streetlight use to plan for the future of the city’s streetlight infrastructure.
   - The smart controllers will allow the City to remotely operate and control light levels; program lights to turn on and off, or dim to adapt to time of night, season, or event; monitor energy consumption data; and receive notifications when a light goes out and its location.
   - This project is funded by the City of Colorado Springs’ Office of Innovation. The cost, including the controllers and consulting fees, is $33,250.
   - Following the six-month pilot project, we’ll assess results, scalability and costs to potentially integrate smart controllers and accelerate the conversion of Colorado Springs’ streetlights to LEDs.

2. **Relocation of Rock Island Transformer to close Academy Boulevard Overnight**
   - Colorado Springs Utilities needs to move a large transformer from the Rock Island Electric Substation near Constitution Avenue and Academy Boulevard starting on Feb. 24.
   - The relocation effort will close southbound Academy between Constitution Avenue and East LaSalle Street overnight, from Feb. 24 until Feb. 25.
   - The transformer will be moved by a large crane onto a large trailer and moved south to the Kelker Substation in the 2800 block of South Academy Boulevard.
   - This is a significant operation and an extensive outreach campaign is underway, involving a mailing and direct outreach to nearby businesses and residents; outreach to the driving public via social media; and a law enforcement presence.

3. **January 17, 2020 Personnel Committee Meeting Minutes**
   [See attachment]
4. January 16, 2020 Strategic Planning Committee Meeting Minutes
   [See attachment]

5. November 14, 2020 Program Management Review (PMR) Committee Meeting Minutes
   [See attachment]

6. January 17, 2020 Finance Committee Meeting Minutes
   [See attachment]

7. Legislative Update
   [See attachment]

Attachments:
- Attachment 1 (January 17, 2020 Personnel Committee Meeting Minutes)
- Attachment 2 (January 16, Strategic Planning Committee Meeting Minutes)
- Attachment 3 (November 14, 2019 PMR Committee Meeting Minutes)
- Attachment 4 (January 17, 2020 Finance Committee Meeting Minutes)
- Attachment 5 (Legislative Update)

c: Officer Team
Personnel Committee Members present: Committee Chair Yolanda Avila; Tom Strand; Bill Murray and Wayne Williams

Staff Members present: Marcy Hudson; Eric Tharp; Renee Adams; Mike Francolino; Al Wells and Toni Bircher

City of Colorado Springs staff present: Lindsay Rose

1. Call to Order and Welcome
   The meeting convened at 10:01 a.m.

2. Review of Minutes
   The December 12, 2019 Personnel Committee minutes were reviewed for posting.

3. 2016/2019 Climate Survey Comparison
   Ms. Marcy Hudson, Human Resources General Manager, discussed the background of the 2016/2019 Employee Climate Survey comparison, information on the 2016 and 2019 Employee Climate Surveys, the 2016 action plan highlights and 2019 results. Ms. Hudson indicated that the comparison will be presented to the Utilities Board on February 19, 2020.

   Discussion Items
   - Expectations of action planning
   - Focus areas

4. Climate Survey Action Planning
   Ms. Hudson discussed the status of 2020 action planning related to the 2019 Employee Climate Survey. She indicated that 151 action plans had been created in the database and discussed the survey categories where the plans are focusing.

   Discussion Items
   - SharePoint site for internal progress reporting
   - Differences in workgroups
   - Start, stop, continue meeting process
Ms. Hudson reported that quarterly presentations on action plans will be presented to the Personnel Committee from groups that have not had the opportunity to present to the Committee in the past.

5. **Executive Session**
Ms. Lindsay Rose, an attorney from the City Attorney’s office, read the instructions to move into executive session. The Committee voted unanimously to move into the closed session discussing legal advice related to employment statuses.

Executive Session: 10:18 a.m. to 11:05 a.m.

6. **2020 Board Expected Results Scorecard CEO Competencies Discussion**
Ms. Hudson reported that a discussion on the CEO Competencies could be held at the February 14, 2020 Personnel Committee meeting and that read-ahead materials could be sent to Committee members in advance to inform the discussion. She indicated that once the Personnel Committee has discussed revisions to the competencies the issue could be set as an item for discussion at the February 19, 2020 Utilities Board meeting and forwarded for approval in March.
She highlighted the current 2020 CEO Competencies and the Committee discussed individual competencies. Ms. Hudson reported that she would prepare draft revised descriptions and provide to Committee members in advance of the February 14, 2020 Committee meeting.

Ms. Renee Adams, Human Resources Center of Excellence Manager, discussed opportunities to collapse some competencies under broader descriptions and indicated that dropping the number of competencies to five would allow each competency to be more meaningful and more concise for scoring.

7. **2020 Detailed Committee Work Plan**
Ms. Hudson discussed the work plan and indicated that it is very similar to previous years. She asked the Committee members about focus areas and asked for clarification on the requested Board Member education focus area.

Committee Member Tom Strand commented that he was interested in having off-site meetings once or twice a year for Board training with a consultant or facilitator to help with communication. He discussed preparation for possible 2021 Board Member changes.

**Discussion Items**
- Board education topics
- Important things each Committee wants Board Members to know

8. **Action Items**
- Prepare draft of revised CEO Competencies for February meeting
- Committee provides input on enterprise departments to provide action planning presentations
- Discuss Board education topics with Melissa Noble
9. **Adjournment**
   The meeting adjourned at 11:34 a.m.

   **Upcoming Meeting:**
   Friday, February 14, 2020
Committee Members Present: Committee Chair Andy Pico; Jill Gaebler; David Geislinger; Richard Skorman and Bill Murray

Staff Members Present: Phil Tunnah; Dave Padgett; Cindy Newsome; Michael Avanzi; Joe Awad; Abby Ortega; Kim Gortz; Rob Osborn; Ryan Maecker; Christian Nelson; Kerry Baugh; Cindy Newsome; Dave Grossman, and Toni Bircher

City of Colorado Springs Staff Members Present: David Beckett

The meeting convened at 8:03 a.m.

**Review Minutes**
The minutes from December 13, 2019 Strategic Planning Committee and the Economic Development Sub-Committee meeting on October 11, 2019 were reviewed for posting.

**Infrastructure (I-6)**
The Committee reviewed the compliance report.

Committee Member Richard Skorman arrived at 8:36 a.m.

**Energy IRPs**
Mr. Dave Grossman, Strategic Planning and Governance Manager, reported that the Energy IRP presentation had been discussed at the January 15, 2020 Utilities Policy Advisory Committee (UPAC) and Mr. Michael Avanzi, Energy Planning and Standards Manager, provided a review of the IRP process. Mr. Avanzi indicated that Mr. Dan Hodges, Government Affairs Liaison, provided a State of Colorado and federal legislative update to UPAC. Mr. Avanzi discussed legislative and regulatory drivers at the state and federal level which may impact the IRP process.

**Discussion Items**
- Greenhouse gas emission sources
- Statewide rulemaking on greenhouse gas reduction
- Public Utility Commission sunset reauthorization
- Electrification Study
- Generation sources
- Clean Energy Innovation and Deployment Act of 2019
Mr. Christian Nelson, Office of Economic Development and Issues Management, provided information on a recent IRP customer survey and discussed survey design and performance, the survey’s key findings from residential customers and overall results on attributes. He reported that the top four attributes from all segments were cost, reliability, environment and stewardship. Mr. Nelson presented information on the public process and a public comment summary. He reported that all public comments received are provided to UPAC prior to each monthly meeting. He stated that 102 emails have been received at the energyvision@csu.org address and pointed out that 47 of these came from one sender.

Mr. Avanzi discussed the Phase II attributes being considered by the UPAC and efforts to consolidate the attributes. He reported that UPAC supported the five-attribute draft combination as follows: cost and implementation; flexibility and diversity; environment and stewardship; innovation; reliability.

Discussion Items
- Differentiating portfolios
- Education on the term “diversity” regarding generation sources
- Considering cost as an attribute
- Plan for the January 29, 2020 Public Workshop
- Business Customer and Public Workshops in April - May

Water Regional Services
Ms. Abby Ortega, Water Supply Resources Manager, with Ms. Kim Gortz, Water Resource Planning Supervisor, indicated that preparation for the February 19, 2020 Water Workshop #3 is underway. Ms. Gortz reported that the group met with CEO Aram Benyamin to discuss a story board illustrating the workshop plans and provided the storyboard to the Committee. She highlighted that Workshop #3 will be a three-hour meeting with discussions on regional services and growth in the region, scenario planning for cost and reliability, water and infrastructure and a policy discussion emphasizing: reservation of resource and risk tolerance. Ms. Gortz stated that a 40-minute breakout session is planned and that read-ahead materials would be provided to the Utilities Board members. Ms. Gortz stated that on February 13, 2020 following the Strategic Planning Committee meeting, staff members would be available to discuss details and questions that Board Members may have based on read ahead materials.

Discussion Items
- Joint meeting with El Paso County Commissioners
- Public participation at Workshop #3
- Scheduled outreach meetings
Plan Future Meetings
IRP Update
Strategic Plan Update

Adjournment
The meeting adjourned at 9:16 a.m.

Next Meeting
February 13, 2020
Minutes
Program Management Review Committee
Colorado Springs Utilities Board
Thursday, November 14, 2019

Committee Members Present: Committee Chair Andy Pico, Tom Strand; Yolanda Avila; Don Knight and Bill Murray

Staff Members Present: Phil Tunnah; Steve Duling; Al Wells; Joe Awad; Jeff Daniel; Scott Shewey; Gina Smith; Rich Bartels; Shawn Timothy; Mike Francolino; Natalie Eckhart; Dave Grossman and Bethany Schoemer

City of Colorado Springs Staff Members Present: Bethany Burgess

1. Call to Order and Review Minutes of August 16, 2019
The meeting convened at 1:04 p.m. The minutes from August 16, 2019 Program Management Review Committee meeting were reviewed for posting.

2. Strategic Initiative Report Outs
Mr. Phil Tunnah, Chief Officer of System Planning and Projects, explained that every month his team will review and evaluate water, wastewater, gas, and electric projects and invite project managers to discuss how they fit into the overall systems. At this time, there is currently $150 million in capital non-labor projects being tracked across all four services.

   • Integrated Water Resource Plan (IWRP)- Mr. Pat Wells, Water Resources and Demand Side Management General Manager, stated that there have been major coordination improvement efforts for the IWRP projects. He reviewed Colorado River supplies, water sharing programs, conservation efforts, storage, and reuse.

   • 4-Service Integrated Asset Management Plan- Mr. Kirk Olds, Planning Project Performance Engineering Manager reviewed major activities related to the planning initiative, operations performance reliability, and project delivery. He stated that they will likely go into more detail at the next meeting on combined resource planning updates.

   • Technology Integrated Resource Plan-Ms. Kathleen Solano, General Manager of Information Technology, stated that over the past year her department has taken a deep look into foundational work and assessments. Major actions taken by the department include emergency actions, acute needs, department stabilization and normalization and long-term planning. Committee Member Andy Pico requested the word emergency be changed to evaluate.

3. Program/Project Review for 2019 Board Expected Results Scorecard
   • Infrastructure Coordination in Support of 2C- Mr. Jeff Daniel, Project Management Manger, provided an update on the strong coordination with the
City on 2C paving work. Through the third quarter of 2019, there were 13,471.5 hours worked and one safety incident. Mr. Daniel stated that during 2C2 there will be a few strategy changes, including a 10 percent reduction in budget, implementation of treatment strategies and increased focus on risks.

- **Sanitary Sewer Creek Crossings**- Mr. Jeff Daniel reviewed the schedule, budget and areas of concern for the Sanitary Sewer Creek Crossings project. There have been zero safety incidents in the first three quarters with a little over 8,000 hours worked. He stated that the project is still on schedule. Committee members asked for follow-up on the terms of investment credits and rollover spending figures as it relates to the Intergovernmental Agreement.

- **Advanced Metering Infrastructure (AMI)**- Ms. Gina Smith, Advanced Utilities Technology Manager, provided a status update of the AMI system implementation and on-going managed services. She introduced Mr. Brett Muck, Senior Technical Project Manager, who will be a new lead on the project. She noted they are continuing to work with the Customer Workforce and Communications department on a communication plan and messaging. Committee members requested the total cost of capital and operation and maintenance for the AMI project.

- **Phillip H. Tollefson Water Treatment Plant Upgrades**- Mr. Daniel reviewed the schedule, budget, and areas of concern for the project. With 541 days worked, there were three near misses and the team has taken extra safety precautions following the incidents. He shared that they will record video clips as the site continues development and detailed upcoming milestones for the project. Additionally, there was a contractor swap due to the original contractor being unable to meet the agreed upon deadline.

4. **Program/Project Dashboard Review**
   Mr. Daniel reviewed the program/project dashboard. Committee members asked for follow-up and clarification on the Water Tank Program.

5. **Contracts over $500,000**
   Mr. Mike Francolino, Supply Chain General Manager, presented the contracts over $500,000 for the third quarter of 2019. There were ten new contracts over $500,000 issued. Committee members asked that staff provide details on volume, deviations and percentage increases year-over-year.

6. **Proposed Major Projects for 2020 Board Expected Results Scorecard**
   Mr. Dave Grossman, Strategic Planning and Governance Manger, presented draft performance indicator changes to proposed major projects included in the 2020 Board Expected Results Scorecard. Mr. Phil Tunnah, Chief Officer of System Planning and Projects, discussed the possibility of removing the Phillip H. Tollefson Water Treatment Plant Upgrades project from the scorecard. Committee members stated they did not
want the Phillip H. Tollefson Water Treatment Plant Upgrades project removed from the 2020 Board Expected Results Scorecard.

7. **2019 Accomplishments and 2020 PMR Committee Work Plan**
   Mr. Tunnah reviewed the PMR accomplishments and draft work plan for 2020. He noted that $17 million worth of projects were reviewed by this committee in 2019. Committee members offered feedback for the draft work plan.

8. **Adjournment** - Meeting adjourned at 4:10 p.m.

   **Next Meeting**
   February 13, 2020
Committee Members Present: Committee Chair Bill Murray; Andy Pico; Tom Strand and Don Knight

Staff Members Present: Scott Shewey; Tristan Gearhart; Melissa Richardson; Adam Hegstrom; Joe Awad; Sonya Thieme; Jessica Thiel; Scott Shirola; Brian Whitehead; Kim Schott; Natalie Eckhart and Toni Bircher

City of Colorado Springs Staff Members Present: Sally Barber

The meeting convened at 2:30 p.m.

Review Minutes
Minutes of the December 13, 2019 Finance Committee meeting and the October 11, 2019 Economic Development Sub-Committee were reviewed for posting. The December RMC Risk Report was provided.

Proposed 202 Rate Case Changes to Utilities Rules and Regulations
Mr. Brian Whitehead, System Extensions Manager, presented information on the water and wastewater extension policy for oversize reimbursement. He discussed the proposed mid-year Utilities Rules and Regulations (URR) filing for May 1, 2020, the location of URR in the tariff and background on the proposal. Mr. Whitehead described the oversize diameter, the current and proposed policy and the area driving the oversize diameter. He discussed the proposed URR changes.

Discussion Items
- Costs and capacity
- Reimbursement to Colorado Springs Utilities
- Burden on future developers
- Impacts of the proposed URR change
- Capital costs recovery
- Large pipe projects and connections
- Gravity served wastewater main
The Committee stated that more time to consider options on the proposed URR changes was needed and requested that the item be placed on the February 14, 2020 Finance Committee agenda and the March 18, 2020 Utilities Board agenda.

**Electric Cost Adjustment (ECA)/Gas Cost Adjustment (GCA)**
Ms. Sonya Thieme, Pricing Manager, discussed natural gas and coal prices as of January 3, 2020, Electric Cost Adjustment (ECA) and Gas Cost Adjustment (GCA) projections and reported that the January filing recommends a decrease to the ECA and GCA. Ms. Thieme discussed ECA collection balances compared to October 2019 projections and indicated that comparisons would be prepared and provided on a monthly basis.

Ms. Thieme reported on the two-year phase in of the ELG Supply Credit, the quarterly reduction of the credit rate and stated that it would be recalibrated in July. Ms. Thieme discussed sample total bill effects of the proposed adjustments, the guideline parameters and the GCA forecast and actual comparison.

Committee Member Strand departed at 3:26 p.m.

Mr. Scott Shirola, Principle Pricing Analyst, reported that off-system sales provide the market opportunity to optimize resources and reduce overall cost to customers. He discussed gas trading, margin increases, Colorado Interstate Gas (CIG) pipeline capacity, winter peak days, system capacity and the 2019 Electric and Gas off-system sales forecast variance.

Ms. Thieme reported that in July 2019, the Office of the City Auditor (OCA) recommended that the Gas Capacity Charge (GCC) be reviewed in January 2020 and stated that following staff analysis, the data supports keeping the GCC rate through July 2020. She stated that Colorado Springs Utilities staff has communicated the results to the OCA and they support the recommendations.

**Nonpotable Service Mini Session - Ratemaking Recap and update**
Ms. Thieme, reported on challenges of current nonpotable rate methodology and industry-wide rate challenges. She discussed cost of service methodology, lack of standardization and the wide diversity of supply and technical situations. Ms. Thieme reviewed the Finance Committee timeline for nonpotable service from 2016 to 2020, philosophy, cost basis and considering a potential alternative methodology. Ms. Thieme discussed nonpotable rate comparisons.

- Cost of Service
- Revenue reduction with Drake Power Plant decommissioning
- Revenue requirement reduction
- Regulation changes
- Customer comparisons between pricing methods
Action Items

- Present nonpotable water study results status in February
- Discuss feasibility for finding other nonpotable customers
- Present schedule for nonpotable rate increase phase-in moving to cost of service following Drake decommissioning
- Provide a call-in number for February meeting to Committee Member Knight

Adjournment
The meeting adjourned at 4:20 p.m.

Next Meeting
February 14, 2020
HB20-1265 Increase Public Protection Air Toxics Emissions
(Sen. Gonzales, D-Gardner) (Sen. Moreno, D-Commerce City)

This bill creates a new program to regulate emissions of a subset of hazardous air pollutants, referred to as "covered air toxics". The legislation is replete with hard to define, subjective terms, making it litigation prone. While the bill is geared towards petroleum refineries, there is enough ambiguity in the bill that it could be interpreted to apply to our power plants, and potentially some of our wastewater treatment operations. If a stationary source is determined to be a "covered facility", the requirements for monitoring, permitting and reporting would be onerous, costly and introduce additional risks. (OPPOSE)

HB20-1287 Colorado Rights Act
(Rep. Soper, R-Delta) (Sen. Marble, R-Fort Collins) (Sen. Lee, D-COS)

This legislation allows any person (or corporation) who feels their Colorado Constitutional rights have been infringed upon to bring a civil lawsuit for the violation. The Colorado Municipal League (CML), the Colorado Water Congress, and the Colorado Chamber of Commerce have all expressed concerns over the broad and expansive wording of this measure. We expect many cities to oppose this bill because it is a serious erosion of the Colorado Governmental Immunity Act. (OPPOSE)

HB20-1172 No Abandonment of Water Rights for Efficiencies
(Rep. Arndt, D-Fort Collins)

The bill adds a condition that applies when the nonuse of a portion of a water right is a result of the implementation of efficiency improvement projects or methods that result in a reduction of the amount of water diverted for the decreed beneficial use. While the concept to remove some risk that water rights owners face when implementing efficiency measures is noble, there could be significant unforeseen consequences in the Arkansas Basin related to the Arkansas River Compact. (OPPOSE)

HB20-1119 State Government Regulation of PFAS

Springs Utilities SMEs (notably Mark Shea) and Government Affairs staff have been working with Metro Wastewater on language to add additional accountability into this bill. Most of the water utilities, including Fountain Utilities, have signaled a broad acceptance of the amendment language suggested by the Colorado Department of Health and Environment (CDPHE). However, wastewater utilities do not feel they have the same level of protection with that language and feel this effort is attempting to add additional side boards for the benefit of both water and wastewater utilities. Our biggest policy issue is being required to remove PFAS contamination from our wastewater discharges and/or our accumulated biosolids without the funding (and potentially lacking technology) to do so. We oppose any effort that would effectively have municipal wastewater utilities paying to clean pollution generated by a third party. We have shared our proposed amendments with the bill sponsors and CDPHE staff and are waiting for their response. In addition to our effort, the CML is working on language that seeks to address the tricky question of liability. Due to the numerous concerns on this issue, the first hearing has once again been rescheduled to March 2. (AMEND)

SB20-150 Adopt Renewable Natural Gas Standard
(Sen. Hansen, D-Denver)

The bill requires large investor-owned natural gas utilities to meet portfolio targets for renewable natural gas. Government Affairs worked with Senator Hansen to amend the bill to make the program voluntary for municipal utilities and clarify our independence of the PUC. The bill is now on its way to Senate Appropriations. (MONITOR)
State Legislation

HB20-1138 (Public Real Property Index)

This bill requires each state, agency, institution of higher education and political subdivision to submit a list of all usable real property owned by or under the control of the agency, institution or political subdivision of the state. Despite opposition from the CML, Colorado Counties, Inc. and the Special District Association, the bill passed committee by a narrow vote of 6-5. In response to concerns expressed by Springs Utilities SMEs, Government Affairs worked with the sponsor to exempt municipal utilities from the definitions in the bill and our amendment was unanimously approved by the committee, changing our position from amend to monitor. (MONITOR)

Bills Postponed Indefinitely

HB20-1097 Connected Municipal Use No Change If Already Quantified
(Rep. Young, D-Greeley) (Rep. Arndt, D-Fort Collins)

The bill would have authorized the use of water in an interconnected treated domestic or municipal water supply system in specific circumstances. Many stakeholders, including Colorado Springs Utilities, sought to amend this bill. The bill sponsors decided to have the bill postponed indefinitely and intend to work on it during the interim committee.

SB20-153 Water Resources Financing Enterprise
(Sen. Coram, R-Montrose)

This bill proposed a fee of $.25/1000 gallons of water delivered to customers, which is then transferred to a newly constituted Board made up of the existing Colorado Water Conservation Board and Colorado Water and Power Authority Boards. The bill was opposed by Colorado Springs Utilities, Denver Water, the Colorado Municipal League, the Colorado Water Congress, and several other water utilities. Senator Coram wants to discuss water financing and assessing a fee on municipal water providers in the interim committee.

SB20-147 County Impacts of Municipal Annexation
(Sen. Gardner, R-Colorado Springs)

The bill would have modified the "Municipal Annexation Act of 1965" to address the impacts of municipal development on counties. The Colorado Municipal League, the city of Colorado Springs, and Colorado Springs Utilities opposed this bill.

HB20-1089 Employee Protection Lawful Off-duty Activities
(Rep. Melton, D-Aurora)

This bill would have prohibited the employer from firing someone for using marijuana during off work hours, even if there is a federal prohibition. A broad coalition of government and private employers, as well as the CML and Colorado Springs Utilities opposed the bill.