EXCELLENCE IN GOVERNANCE
POLICY MANUAL
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EXECUTIVE SUMMARY EXCELLENCE IN GOVERNANCE

The Utilities Board must excel in the primary obligations of governance for the community-owned enterprise to fulfill its mission and customer-focused performance expectations. The Excellence in Governance Policy Manual provides formal, written policies that describe governance requirements and establish a clear distinction between the City Council’s, the Utilities Board’s and the Chief Executive Officer’s responsibilities and authorities.

COLORADO SPRINGS UTILITIES MISSION

To provide safe, reliable, competitively priced electric, natural gas, water, and wastewater services to the citizens and customers of Colorado Springs Utilities.

UTILITIES BOARD STRATEGIC FOCUS

The Utilities Board is primarily and ultimately accountable to ensure the benefits of local ownership and control to the citizens of Colorado Springs. The Utilities Board also has a responsibility to its current and future customers by balancing rates, reliability and relationships, with the primary focus on rates.
The Utilities Board must fulfill fiduciary duties by acting in the best interest of the organization and owners and comply with statutory and regulatory duties.

**D-1 Fiduciary:** The Utilities Board governs Colorado Springs Utilities in accord with sound business principles, in a manner that supports long-term sustainability of the enterprise and maximizes value to the citizens.

**D-2 Statutory and Regulatory:** The Utilities Board conducts all business in full compliance with applicable legal, statutory, and regulatory requirements.
**The Utilities Board is responsible for Colorado Springs Utilities’ future vision, long-term organizational sustainability and assuring the highest level of performance by providing:**

**R-1 Direction:** The Utilities Board develops the Strategic Plan and vision for the enterprise jointly with the Chief Executive Officer.

**R-2 Outcomes:** The Utilities Board establishes and communicates strategic Board Expected Results that citizens and customers value.

**R-3 Oversight:** The Utilities Board monitors compliance with Instructions to the Chief Executive Officer, achievement of Board Expected Results and the Chief Executive Officer’s performance to provide responsible oversight.

**R-4 Accountability:** The Utilities Board is ultimately accountable to the citizens; ensuring the benefits of local ownership and control.
Pursuant to City Code 12.1.104, the Utilities Board has the following administrative authorities.

**UBA-1:** Hire, set the salary, evaluate, and terminate the Chief Executive Officer.

**UBA-2:** Appoint Utilities Policy Advisory Committee members and Customer Advisory Group members.

**UBA-3:** Approve the sale, conveyance or lease of Colorado Springs Utilities property and water rights that are not a substantial part of a Utilities system.

**UBA-4:** Appoint directors and representatives to water authorities, partnerships, joint ventures, and similar entities in which Utilities participates.
Including other powers provided in the City Code and the City Charter, the City Council 12.1.104 lists the following City Council legislative authorities regarding Utilities.

CCA-1: Pass Ordinances

CCA-2: Issue Revenue Bonds

CCA-3: Institute Eminent Domain Proceedings

CCA-4: Appropriate Funds and Adopt Annual Budgets

CCA-5: Approve Intergovernmental Agreements

CCA-6: Adopt or Change Rates and Tariffs for Regulated Products and Services

CCA-7: Create Advisory Boards in Accordance with the City Charter

CCA-8: Approve the Sale, Conveyance or Lease of a Substantial Part of Utilities Systems and Water Rights with an affirmative vote of a supermajority of sixty percent (60%) of the electors of the City voting upon that question in accordance with the City Charter
Utilities Board actions that promote excellence in governance.

C-1 Utilities Board Ethics and Norms
  1. Utilities Board members comply with the City Code of Ethics.
  2. Utilities Board members should fully engage in Utilities Board activities including preparing for Utilities Board deliberations, supporting Utilities Board policy decisions, clarifying misinformation and communicating honestly and directly.

C-2 Utilities Board Annual Evaluation
  1. The Utilities Board establishes governance performance metrics to evaluate the Board’s performance and to initiate improvement opportunities annually.

C-3 Limits of Individual Authority
  1. Utilities Board members do not have individual authority over Colorado Springs Utilities, the Chief Executive Officer or Utilities staff.
  2. Utilities Board members only act or speak on behalf of the Utilities Board when authorized by the Board.

C-4 Utilities Board Development
  1. Utilities Board members are encouraged to participate in a structured orientation and ongoing industry and governance education.

C-5 Utilities Board Decisions
  1. The Utilities Board uses the expertise and diversity of viewpoints of Utilities Board members, Utilities Policy Advisory Committee and Customer Advisory Group recommendations, staff recommendations, external expert opinions and public input to make effective decisions.

C-6 Utilities Board Policies
  1. The Utilities Board develops, reviews and approves written governance policies and guidelines that reflect their strategic vision, direction and focus.
Utilities Board practices that promote excellence in governance.

P-1 Utilities Board Meetings
1. Utilities Board meetings are open to the public, conducted in an orderly, efficient and productive manner and adhere to Parliamentary Law and Practice for Nonprofit Organizations and Utilities Board Bylaws.

2. Utilities Board meetings follow agendas that are developed using an approved Utilities Board Annual Agenda Planning Calendar, include public comment and focus discussions on Utilities Board responsibilities.

P-2 Chief Executive Officer Excellence
1. The Utilities Board establishes leadership excellence by hiring an effective Chief Executive Officer.

2. The Utilities Board supports the Chief Executive Officer and provides strategic counsel and leadership development opportunities.

3. The Chief Executive Officer is under the authority of and accountable to the Utilities Board; all other staff are under the authority of and accountable to the Chief Executive Officer.

P-3 Unified Utilities Board Direction to the Chief Executive Officer
1. Only the full Utilities Board, operating during open publicly-noticed meetings, has the authority to direct the Chief Executive Officer.

2. Only the Utilities Board acting as a majority through formal motions can set strategic direction, make administrative and policy decisions, establish Board Expectations, evaluate the Chief Executive Officer’s performance, or assign resource-intensive tasks.

P-4 Role of the Chair
1. The Utilities Board Chair is responsible for upholding Utilities Board Commitments and Practices.

2. The Utilities Board Chair sets the meeting agendas, runs meetings, appoints Board Committee Chairs and Committee Members. The Utilities Board Chair represents and
speaks for the Utilities Board unless the Utilities Board or Board Chair specifically delegate this authority to another Utilities Board member.

3. The Utilities Board Chair recognizes multiple positions of Utilities Board members on issues which have not yet been decided or voted upon.

P-5 Committees
1. Utilities Board Committees and Sub-Committees are established and disbanded by Utilities Board vote, do not make decisions, do not have authority over operations or staff, and may not act or speak for the Utilities Board.

2. Utilities Board Committees review, analyze and provide recommendations and policy alternatives for consideration by the entire Utilities Board. A dissenting recommendation may be provided.

3. Utilities Board Sub-Committees review, analyze and provide recommendations and policy alternatives to Utilities Board Committees. A dissenting recommendation may be provided.


5. Standing Utilities Board Committees and Sub-Committees include the Strategic Planning Committee, Personnel Committee, Finance Committee, Program Management Review Committee and the Economic Development Sub-Committee.

6. Utilities Board Committees are comprised of Utilities Board members appointed by the Chair.

7. Utilities Board Sub-Committees may include citizens and customers appointed by the Utilities Board.

8. The Utilities Board Utilities Policy Advisory Committee is established and disbanded by Utilities Board vote and is comprised of citizens and customers appointed by the Utilities Board.

9. Utilities Board ad-hoc Customer Advisory Groups are established and disbanded by Utilities Board vote and are comprised of Utilities Board members appointed by the Chair and citizens and customers appointed by the Utilities Board. Unless otherwise stated, an ad-hoc Customer Advisory Group ceases to exist upon completion of its task.
The Utilities Board and the Chief Executive Officer work in partnership to achieve excellence in governance and operations to attain long-term organizational success and sustainability.

**E-1 Utilities Board/Chief Executive Officer Strategic Collaboration**

1. The Utilities Board and Chief Executive Officer work jointly to set the vision and strategic direction for the enterprise.

2. The Utilities Board and Chief Executive Officer work jointly to establish approved Board Expected Results and Leadership Competencies for the Board’s annual evaluation of the Chief Executive Officer’s performance.

**E-2 Chief Executive Officer Responsibilities**

1. The Chief Executive Officer shall direct that all business practices, activities and decisions are in accord with sound business principles and the City Code of Ethics.

2. The Chief Executive Officer assists the Utilities Board in obtaining sufficient knowledge to meet their joint responsibilities through continuous education and development opportunities.

3. The Chief Executive Officer supports the Utilities Board responsibility of organizational oversight by providing policy compliance reports in Utilities Board meeting materials following a schedule and procedure approved annually by the Utilities Board.

4. The Chief Executive Officer provides sufficient resources for the Utilities Board including assigned staff support for: Utilities Board Committees and Sub-Committees, Utilities Policy Advisory Committee, research requests, customer inquiry responses, Customer Advisory Groups, stakeholder engagement and consultant management.

5. The Chief Executive Officer informs the Utilities Board about Economic Development incentives that have been offered and about material changes that affect operations or policy compliance or Board Expected Results through communication that is timely, accurate and clear.

6. The Chief Executive Officer presents staff and Utilities Board Committee recommendations on an equally informative basis and if applicable, includes alternatives with pros and cons for Utilities Board decision making.
7. The Chief Executive Officer communicates Utilities Board direction and decisions to citizens and customers.

8. The Chief Executive Officer protects the Utilities Board from a sudden loss of the Chief Executive Officer’s services by having at least two Officer emergency successors familiar with current issues and business procedures; by traveling with only one of the designated emergency successors and by allowing no more than three Officers to travel together.

9. The Chief Executive Officer complies with Utilities Board Policies, Instructions and Guidelines to the Chief Executive Officer.

10. The Chief Executive Officer advises the Utilities Board if in his/her opinion, the Utilities Board is not in compliance with its Commitments, Practices and Partnership Expectations for Excellence in Governance policies, particularly in the case of Utilities Board behavior which is detrimental to the work relationship between the Utilities Board and the Chief Executive Officer.

E-3 Chief Executive Officer Authorities, Powers and Duties – City Code

1. The Utilities Board, in its discretion, is empowered to adopt written governance policies and guidelines for the management and operation of Utilities as an enterprise by the Chief Executive Officer.

2. The Utilities Board and the Chief Executive Officer work in partnership to achieve excellence in governance to attain long-term organizational sustainability. They work jointly to set the strategic direction and vision for the enterprise.

3. The Utilities Board establishes a clear distinction between its duties, responsibilities and authorities and the Chief Executive Officer’s responsibilities and authorities through formal, written governance policies.

4. The Utilities Board respects and supports the exclusive authority of the Chief Executive Officer to lead the enterprise.

5. To the maximum extent legally possible and guided by the Utilities Board governance policies, the Chief Executive Officer is authorized to make decisions, take actions, establish processes and procedures, implement plans, and work on behalf of the enterprise with customers, elected officials, government agencies, stakeholders and the public to meet the Utilities Board’s strategic focus and Board Expected Results.

   A. Adopt and promulgate written Utilities Enterprise Policies and service standards and specifications consistent with the provisions of the City Charter or City Code concerning matters that are applicable to all operations and finances of Colorado Springs Utilities including all operational units.
B. Delegate authority to direct reports to the Chief Executive Officer by written Utilities Enterprise Policies, to adopt service standards and specifications for each respective division.

C. Make and enforce rules and regulations as may be necessary for the regulation, collection, rebating and refunding of user charges for utility services.

D. Identify and certify that an imminent hazard condition exists and abate the hazard.

E. Interrupt or curtail utility services or to provide for the interruption or curtailment of utility services whenever emergency circumstances, including, without limitation, supply limitations or restrictions, treatment restrictions or limitations, transmission or distribution system restrictions or failures, or operational problems, require immediate interruption or curtailment of utility services for operational or safety reasons.

F. Issue revocable permits for the use of public property primarily used by Colorado Springs Utilities, including watershed areas, for any purpose not inconsistent with the City Code, regulations established by the Chief Executive Officer, or other laws and ordinances regulating the use and occupancy of public property.

G. Establish regulations governing the issuance or denial of a revocable permit and setting insurance requirements, fees and permit terms and conditions necessary to protect the public health, safety and welfare and the safety and welfare of Colorado Springs Utilities operations, equipment and facilities.
The Chief Executive Officer shall direct that pricing practices result in rates that are just, reasonable and not unduly discriminatory. Accordingly, the CEO shall:

1. Establish pricing practices that result in revenues that are sufficient to provide safe, reliable utility services to Colorado Springs Utilities citizens and customers.

2. Establish pricing practices that maintain financial viability of each separate regulated service.
## INSTRUCTIONS

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The Chief Executive Officer shall direct that financial condition and activities and actual expenditures are consistent with Board Expected Results. Accordingly, the CEO shall:

1. Operate within total appropriations for the fiscal year and inform the Utilities Board of:
   
   A. Significant financial variances.
   
   B. Expenditures that exceed the Federal Energy Regulatory Commission capital and operating and maintenance budget classifications in electric, natural gas, water, wastewater and common.
   
   C. Budget transfers and canceled major capital projects over $500,000 in the approved budget or new major capital projects not funded in the approved budget.

2. Inform the Utilities Board of contracts that have been issued over $500,000, not to include blanket contracts.

3. Invest funds in accordance with Bond Ordinance requirements and Utilities Investment Plan.

4. Ensure controls are in place for receiving, processing, or disbursing funds and allow only bonded or insured personnel access to material amounts of funds.

5. Ensure receivables are resolved within a reasonable grace period.

6. Settle payroll and debts in a timely manner.

7. Ensure tax payments or other government ordered payments are timely and materially accurate.

8. Operate within Colorado State Procurement Code, Colorado Springs Utilities Procurement Code and Procurement procedures assuring legal and fiscal compliance with competitive acquisition practices, conflict of interest, favoritism and procurement from local vendors.

9. Inform the Utilities Board of significant financial impacts on the Municipal Government.
The Chief Executive Officer shall direct that financial planning and budgeting is multi-year and includes planning assumptions, capital and operations expenses and projections of revenues and cash flow. Accordingly, the CEO shall:

1. Maintain financial stability by meeting Utilities Board approved financial metrics that support a AA long-term credit rating.

2. Financially position the enterprise to meet long-range infrastructure funding requirements while moderating customers’ average base bill adjustments.

3. Use planning assumptions that accurately forecast revenues and expenses.

4. Direct that a water reserve account is established and maintained to manage Water sales volatility.

5. Use financial methods that share the cost of utility infrastructure between current and future customers.

6. Use risk-based modeling and a defined enterprise procedure to prioritize operations and maintenance infrastructure.
The Chief Executive Officer shall direct that the enterprise maintain enterprise risk management activities that identify, assess and prudently manage a variety of risks including strategic, financial, operational, legal and hazard. Accordingly, the CEO shall:

1. Maintain a Risk Management Committee to identify, measure, monitor, manage and report risk on an enterprise-wide basis.

2. Operate under and maintain a written Enterprise Risk Management (ERM) Plan and its required plans listed below that each include management level approval, detailed procedures, internal controls and reporting requirements, and external audits.

   A. Energy Risk Management Plan - establishes procedures for limiting organizational exposure to price volatility and supports the acquisition or sale of energy that does not unreasonably jeopardize the ability to meet customer needs.

   B. Investment Plan - establishes investment scope, objectives, delegation of authority, standards of prudence, eligible investments and transactions, risk tolerance and safekeeping and custodial procedures for the investment of all funds.

   C. Financial Risk Management Plan - establishes objectives and procedures for minimizing risk to support responsible compliance.
The Chief Executive Officer shall direct that the enterprise’s obligation to serve responsibilities are the primary method to support economic development but may also use other approved methods of support. Accordingly, the CEO shall:

1. Offer economic development incentives, special rates or terms and conditions for utility services and alternative development solutions when they are defined within Utilities Rules and Regulations, Tariffs and City Code and approved by the City Auditor.

2. Consider economic development support that:
   
   A. Optimizes existing utility infrastructure.
   
   B. Grows the customer base.
   
   C. Assures a neutral or positive impact to citizens.
   
   D. Partners with local entities.

3. Create a business-friendly culture by eliminating operational policies and standards that no longer provide value and by proactively communicating the rationale behind current operational policies.

4. Provide access to existing utilities infrastructure and capacity information while minimizing security risks.
The Chief Executive Officer shall direct that annual, five-year and twenty-year infrastructure plans are developed for each utility service. Accordingly, the CEO shall:

1. Use a reasonable planning period to meet obligation to serve requirements for current and future customers.

2. Base plans on operational and regulatory requirements to provide safety, system reliability and security.

3. Maintain an organization-wide long-range infrastructure plan that considers the annual impact to the typical customer bill, maintains strong financial metrics, and sequences infrastructure projects to the extent operationally and financially practical.

4. Plan for replacement of aging infrastructure, information and operational technology upgrades, utility relocations for public works and road projects, life extension of existing systems and services to approved contract customers.

5. Coordinate infrastructure planning with the Municipal Government’s Strategic Plan, Comprehensive Plan and Annexation Policy and other governmental agency plans.
The Chief Executive Officer shall direct that new and existing water resources and systems are aggressively developed and optimized to maintain and enhance water system sustainability and responsibly balance costs and risks to reliably meet the needs of current and future customers. Accordingly, the CEO shall:

1. Defend Colorado Springs Utilities’ water rights against claims and filings by others if these would in any way injure, hinder, or decrease Colorado Springs’ current or future yield or use.

2. Conduct periodic evaluations of Colorado Springs Utilities’ existing decreed water rights and take legal and administrative actions necessary to optimize water system.

3. Provide a reliable water supply to existing and future customers by planning for, developing, and managing water resources in accordance with the following criteria:
   A. At all times maintain a minimum of one year of customer demand in water system storage.
   B. Meet or exceed 90 percent reliability for maintaining a minimum of 1.5 years of customer demand in water system storage.
   C. Conduct an evaluation of the need for water shortage response measures when water system storage is forecast to fall below 1.5 years of customer demand on or after April 1 of any year.

4. Plan for and implement water use efficiency and demand management measures to support and enhance water system reliability.

5. Use Denver Basin groundwater in Colorado Springs Utilities’ exclusive water service territory only for emergency supplemental supply, limited non-potable uses, aquifer storage and recovery, or periodic exercising of groundwater infrastructure for operation and maintenance purposes.

6. Not develop or allow development of controlled ground water in the Dawson Aquifer in Colorado Springs Utilities’ exclusive water service territory.

7. Not reserve Colorado Springs Utilities’ water supplies or wastewater infrastructure for any person, organization, property or development not connected to the water or wastewater...
system regardless of whether that entity is inside or outside the city limits or Colorado Springs Utilities’ exclusive water service territory.

8. Enter into special contracts for water-related services only if the special contracts will provide a benefit to Colorado Springs Utilities ratepayers and citizen owners, recognizing the costs of both investments and risks, and will support the management of water resources in a manner no less protective than Colorado Springs Utilities policies, practices, and regulations, including regional obligations and environmental commitments. New special contracts for water-related services approved pursuant to this limitation shall comply with the following provisions:

A. Include a premium on fees and rates that will benefit Colorado Spring Utilities ratepayers and citizen owners.

B. Dedicate 50 percent of the premium as surplus revenue in recognition of citizen ownership, which may be appropriated to the general revenues of the City of Colorado Springs by the City Council in its Annual Budget and Appropriation Ordinance pursuant to the City Charter.

C. Not exceed a term of three years, with provisions for renewal, if Colorado Springs Utilities water supplies are included.

D. Not exceed a term of 25 years, with provisions for renewal, for other water-related services in which Colorado Springs Utilities water supplies are not included.

E. Require special contract customers to adopt and enforce water use restrictions, but only as necessary to protect Colorado Springs Utilities customers from compulsory restrictions on the use of water.
The Chief Executive Officer shall direct that enterprise assets are protected, adequately maintained, and not unnecessarily risked. Accordingly, the CEO shall:

1. Protect enterprise assets including, but not limited to, water rights, rights of way, physical assets, cyber assets, intellectual property, records and information from loss or significant damage.

2. Allow real estate transactions that comply with the City of Colorado Springs Real Estate Manual.

3. Only sell, dispose of or allow use of assets at fair market value, except for *de minimis* contributions to community-oriented organizations.

4. Protect the enterprise’s public image and reputation.
The Chief Executive Officer shall direct that customer interactions are safe, dignified and provide appropriate confidentiality or privacy for customers or those applying to be customers. Accordingly, the CEO shall:

1. Use application forms that elicit information for which there is clear necessity.

2. Use methods of collecting, reviewing, transmitting, or storing customer information that strive to protect against improper cyber or physical access to the material elicited.


4. Maintain a procedure for accessible, fair, efficient and unbiased treatment of customer complaints regarding utility service or proposed utility service that provides for resolution at the lowest level through use of staff procedures, informal review through either Colorado Springs Utilities or a mediator, or formal appeal to a hearing officer.

5. Inform customers of this policy and provide a grievance procedure to customers who believe they have not been accorded a reasonable interpretation of their rights.

6. Operate under written and maintained claims procedures that address fair treatment of claimants, legal liability, customer costs and sound business practices.

7. Maintain facilities that provide a reasonable level of security and privacy, both visual and aural.

8. Inform customers about services offered.
The Chief Executive Officer shall direct that working conditions for paid and volunteer staff are fair, dignified, and respectful. Accordingly, the CEO shall:

1. Adhere to all discrimination, harassment and retaliation laws, policies and procedures.

2. Operate with a written personnel policy manual that clarifies personnel rules for employees and promulgate the personnel policy manual with an employee notification and comment procedure before any changes are made unless proposed changes are required immediately based on Federal, State or local laws or other exigent circumstances.

3. Provide employees access to all organizational policies and procedures.

4. Operate with a written affirmative action plan, as required by law.

5. Periodically, not to exceed five (5) years, assess the organizational climate issues using statistical sampling and a sound, validated procedure; and develop and implement an action plan.
The Chief Executive Officer shall direct that employee compensation plans address individual accountability, reward for job performance, encourage organizational flexibility and responsiveness and are consistent with the geographic and professional markets for the job duties performed. Accordingly, the CEO shall:

1. Communicate an administrative procedure to employees which allows them to appeal the methodologies followed that result in the annual salary and benefits proposed for the upcoming year.

2. Develop executive compensation plans that are consistent with professional markets and include:
   A. Data sources from similar local, regional and national, comparably sized utilities that typically fall within the range of one-half to two times Colorado Springs Utilities’ employee population and annual revenue.
   B. Multi-service utilities.
   C. An appropriate balance of public and private organizations.
   D. A mix of custom market survey data and published survey sources.

3. Provide severance to Officers and General Managers in the event of involuntary separation without cause in accordance with approved Utilities Board guidelines and at the discretion of the Chief Executive Officer in accordance with the At-Will Senior Management Severance Guideline.

4. Provide severance to any other employees only with Utilities Board Approval.
The Chief Executive Officer shall direct that Colorado Springs Utilities is a leader in environmental stewardship. Accordingly, the CEO shall:

1. Provide customers with educational materials and solutions to promote energy and water conservation and renewable energy technologies.

2. Promote efficient energy and water consumption in new buildings and landscapes.

3. Ensure emissions from operations meet or surpass air quality regulations.

4. Ensure local ground and surface water discharges from operations meet or surpass surface water and groundwater quality standards.

5. Maintain or enhance the visual appeal of utility operations where cost effective.

6. Ensure the community receives a portion of its electric needs from renewable sources.

7. Strive to preserve and protect wildlife, wildlife habitat, and wetlands during construction and operation of facilities and infrastructure.

8. Strive to preserve and protect cultural and historic sites during construction and operation of facilities and infrastructure.

9. Engage the community in Utilities Board decisions on Colorado Springs Utilities’ operations that affect the environment.

10. Strive to minimize or reuse waste generated by Colorado Springs Utilities to reduce impact on the environment.
The Chief Executive Officer shall direct that Colorado Springs Utilities is responsive to community needs and values by maintaining and communicating a strong community presence that significantly contributes to the citizens' quality of life. Accordingly, the CEO shall:

1. Maintain a community involvement plan that is in alignment with Colorado Springs Utilities’ strategic objectives and that provides a benefit to the citizens and customers.

2. Encourage and support employee volunteerism within the communities served by Colorado Springs Utilities.

3. Communicate to customers and provide student and adult education programs on the safe and efficient use of utility services.

4. Allow philanthropic support of community-oriented organizations only in the service territories or localities impacted by Colorado Springs Utilities’ operations.

5. Only allow funding of community-oriented organizations that complete an application describing how the funds will be used in alignment with Colorado Springs Utilities’ strategic objectives.

6. Allow funding of community-oriented organizations with Political Action Committees (PACs) only if they demonstrate independent PAC revenue and decision-making.

7. Consider partnerships with other funding entities to leverage resources and maximize impact.

8. Inform the community of the enterprise’s corporate citizenship and employee volunteerism.

9. Develop programs intended to support affordable housing within the City.
Utilities Board Evaluation

1. Annually, Utilities Board members evaluate the work of the Board and provide feedback to the Utilities Board Chair.

2. The approved evaluation feedback form includes accomplishments, plans for improvement and comments on what to start, what to stop, what should continue, and lessons learned.
Committee Purpose, Structure and Operation

Purpose:

1. The Strategic Planning Committee reviews performance and compliance with Utilities Board policies and guidelines and recommends the Strategic Plan and vision and Board Expected Results, developed jointly with the Chief Executive Officer, to the Utilities Board.

2. The Finance Committee reviews performance and compliance with Utilities Board policies and guidelines and recommends the Annual Operating and Financial Plan and the Five-Year Service Business Plans, developed jointly with the Chief Executive Officer, to the Utilities Board.

3. The Personnel Committee reviews performance and compliance with Utilities Board policies and guidelines and recommends the Chief Executive Officer’s performance plan, developed jointly with the Chief Executive Officer, and the Chief Executive Officer’s compensation to the Utilities Board.

4. The Program Management Review Committee reviews performance and compliance with Utilities Board policies and guidelines and reviews Board monitored and Committee selected programs/projects.

5. The Economic Development Sub-Committee reviews performance and compliance with Utilities Board policies and guidelines and recommends policies that drive economic development needs and priorities to the Strategic Planning Committee for alignment with vision and to the Finance Committee for impact to the Annual Operating and Financial Plan.

6. The Utilities Policy Advisory Committee (UPAC) is a Utilities Board directed advisory committee that reviews, analyzes and provides recommendations to the Utilities Board on specific issues or policies.
Structure and Operating Guidelines

1. Board Committee members are appointed from among members of the Utilities Board by the Utilities Board Chair, have a minimum of three Board members and serve two-year terms concurrent with the municipal election cycle. Committee members may be removed by the Utilities Board Chair.

2. The Committee Chair is appointed from among members of the Committee by the Utilities Board Chair and serves a two-year term concurrent with the municipal election cycle. In the absence of the Committee Chair during any Committee meeting, the Committee may designate a Chair.

3. Board Sub-Committee members are appointed from among members of the Utilities Board, may include citizens and customers appointed by the Utilities Board, have a minimum of two Board members and serve two-year terms concurrent with the municipal election cycle. Sub-Committee Board members may be removed by the Utilities Board Chair. Citizen and customer Sub-Committee members may be removed by the Utilities Board.

4. The Sub-Committee Chair is selected by the Board Members on the Sub-Committee and serves a two-year term concurrent with the municipal election cycle. In the absence of the Sub-Committee Chair during any Sub-Committee meeting, the Sub-Committee may designate a Chair.

5. The Chief Executive Officer provides Utilities staff support for Committees and Sub-Committees. The Chief Executive Officer or designee is responsible for preparing draft agendas for review and approval by the Committee Chair or Sub-Committee Chair and for keeping minutes of all Committee and Sub-Committee meetings. Copies of the Committee and Sub-Committee minutes shall be provided to the Utilities Board and to relevant committees.

6. Board Committees and Sub-Committees will meet as often as may be deemed necessary or appropriate. Public notice of all Committee and Sub-Committee meetings shall meet governing legal requirements. All Board Committees and Sub-Committees, Utilities Policy Advisory Committee and Customer Advisory Group meetings are open to the public.

7. At the discretion of the Chair, or the majority of Committee or Sub-Committee members present, public comment will be taken at meetings. Individual comments are limited to three minutes each unless time is extended by the Committee Chair or majority of the Committee or Sub-Committee members present.

8. The Utilities Board establishes and maintains written bylaws fully describing the operation of the Utilities Policy Advisory Committee.

9. Board Committees and Sub-Committees may hold Executive Sessions using the following procedures:
A. The Chief Executive Officer or their designee and the Division Chief–Utilities, Office of the City Attorney shall prepare the agenda for the Executive Session of the Committee or Sub-Committee meeting. The agenda shall include those items that may be discussed in closed session.

B. In compliance with the Colorado Open Meetings Act, prior to convening an Executive Session, the Chair shall announce the general topics of the Closed Executive Session as set forth below. If two thirds of the Committee or Sub-Committee members present agree to an Executive Session, the item may be discussed in Executive Session. If less than two thirds of Committee or Sub-Committee members agree to an Executive Session, the items may be discussed in open session or the Chief Executive Officer or their designee may withdraw the item from consideration.

C. No adoption of any Committee or Sub-Committee recommendation or policy advice to the Committee or Sub-Committee shall occur in Executive Session which is not open to the public. However, Committee or Sub-Committee members may receive information for consideration as provided by law in the following areas as they affect the responsibilities of the Committee or the Sub-Committee:

   i. Purchase, acquisition, lease, transfer, or sale of any real, personal or other property interests.

   ii. Conferences with the Division Chief–Utilities, Office of the City Attorney, the City Attorney, or other attorneys for Utilities, for the purposes of receiving legal advice on specific legal questions, issues or matters.

   iii. Matters required to be confidential by federal or state law or rules and regulations.

   iv. Specialized details of security arrangements or investigations.

   v. Determining positions relative to matters that may be subject to negotiations, developing strategy for negotiations, and instructing negotiators.

   vi. Consideration of any documents protected by mandatory nondisclosure provisions of the Colorado Open Records Act or other information which is considered confidential or proprietary and, thus, would not be subject to disclosure requirements of the Colorado Open Records Act.

D. All discussions and documents provided in Executive Session are confidential and proprietary information, and Committee and Sub-Committee members shall not use such confidential information for purposes other than their responsibilities as a Committee or Sub-Committee member. Further, Committee and Sub-Committee members shall not release any confidential or proprietary information to any third party without the express consent of the Chief Executive Officer.
10. Citizen and customer Board Sub-Committee members:

A. Are subject to provisions of the City of Colorado Springs Code of Ethics.

B. Serve without compensation for their services but may be reimbursed for actual expenses in accordance with Colorado Springs Utilities policies and procedures.

C. Are expected to attend Sub-Committee meetings regularly in order for the Sub-Committee to function effectively. Upon recommendation by the Sub-Committee, the Utilities Board may remove any members of the Sub-Committee who fail to attend three or more regular meetings each year.

D. Shall notify the Chief Executive Officer and the Utilities Board if they choose to seek employment with Utilities. The Sub-Committee member applying for employment shall be excused from attending Sub-Committee meetings and participating in recommendations while the employment application is pending. If the Sub-Committee member is not selected for employment with Utilities, that member shall be reinstated to full Sub-Committee participation. If the Sub-Committee member accepts employment with Utilities, that member shall promptly resign from the Sub-Committee.

E. Committee members are not precluded from offering or providing products and services to Utilities under Utilities’ applicable procurement procedures or from offering or supplying products or services to contractors providing products or services to Utilities. Sub-Committee members should not offer or contract to supply products or services to Utilities or Utilities’ contractors that conflict with the Sub-Committee member’s work on the Sub-Committee. Sub-Committee members shall not use their position on a Sub-Committee to influence Utilities or Utilities’ contractor’s procurement decisions. In the event any Sub-Committee member desires to provide products or services to Utilities or a contractor for Utilities, that Sub-Committee member shall notify the Chief Executive Officer of the proposed offering. The Chief Executive Officer shall consult with the Chair of the Utilities Board concerning the proposed offering. Provided that the Chief Executive Officer, after consultation with the Chair of the Utilities Board, determines that the proposed products or services offering does not conflict with the Sub-Committee member’s work on the Sub-Committee, the Sub Committee member may proceed with offering the products or services and may contract to provide such products or services to Utilities if selected under Utilities’ applicable procurement procedures or to a contractor for Utilities. If the Chief Executive Officer, after consultation with the Chair of the Utilities Board, determines that the proposed products of services offering does conflict with the Sub-Committee member’s work on the Sub-Committee, the Sub-Committee member may choose to resign from the Sub-Committee and to continue to pursue the offering of the Sub-Committee member may choose to refrain from pursuing the offering, in which case the Sub-Committee
member may continue participation on the Sub-Committee. This restriction shall apply to Sub-Committee members and any company or organization employing the Sub-Committee member.
## Compliance Report Frequency and Method (G-3)

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<thead>
<tr>
<th>Policy</th>
<th>Method</th>
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<td>I - 1</td>
<td>Pricing of Services</td>
<td>Internal</td>
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<tr>
<td>I - 2</td>
<td>Financial Condition and Activities</td>
<td>Internal, City Auditor</td>
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<tr>
<td>I - 3</td>
<td>Financial Planning and Budgeting</td>
<td>Internal</td>
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<td>I - 4</td>
<td>Risk Management</td>
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<td>I - 5</td>
<td>Economic Development</td>
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<tr>
<td>I - 6</td>
<td>Infrastructure</td>
<td>Internal</td>
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<td>I - 7</td>
<td>Water Supply Management</td>
<td>Internal</td>
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<td>I - 8</td>
<td>Asset Protection</td>
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<td>I - 9</td>
<td>Treatment of Customers and Customer Information</td>
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<td>I - 10</td>
<td>Treatment of Staff</td>
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<td>I - 11</td>
<td>Compensation and Benefits</td>
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<tr>
<td>I - 12</td>
<td>Environmental Stewardship</td>
<td>Internal</td>
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<tr>
<td>I - 13</td>
<td>Community Investment</td>
<td>Internal</td>
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</table>
Evaluating the Chief Executive Officer’s performance:

1. Annually, the Chief Executive Officer and Personnel Committee, with input from other Utilities Board committees, partner to review and to recommend performance indicators, targets, leadership competencies and weightings to the Utilities Board in the fourth quarter of the current year for adoption by the Utilities Board for the following year.

2. Performance indicators and targets are in alignment with the Strategic Plan and the Annual Operating and Financial Plan.

3. The Utilities Board establishes weightings annually for each indicator and competency for both the performance indicator and leadership competency sections of the performance plan.

4. The Utilities Board provides mid-year (September) and annual (March) feedback to the Chief Executive Officer in executive personnel sessions to facilitate discussion of: achievement of organizational results; Utilities Board/Chief Executive Officer partnership expectations; the Chief Executive Officer’s follow-through with Utilities Board policy instructions; and Chief Executive Officer Leadership competencies using an approved feedback form.

5. Chief Executive Officer performance indicator results and a performance evaluation feedback form are provided to Utilities Board members three weeks prior to the executive personnel sessions with Utilities Board members returning completed forms to the Human Resources General Manager within one week of receiving the forms.

6. The Utilities Board approves the Board Expected Results in open session at the March Utilities Board meeting.

7. Subsequent to the annual Chief Executive Officer evaluation in March, the Utilities Board approves any compensation and benefits adjustments for the Chief Executive Officer.
Rate Design

1. Rates should be designed so that each customer class recovers costs that are appropriately assigned to that class.
   A. A Cost of Service Study is generally used to establish costs assigned to each customer class and may vary substantially from Study to Study.
   B. Deviation from a Cost of Service Study should be described in the rate filing.
   C. Professional judgement is utilized to propose rates justified by ratemaking methodology.

2. Reasonableness, Rate Stability, Asset Maximization and Economic Development should all be considered holistically in Rate Design.
   A. Reasonableness: A rate is appropriate and reasonable if it is within plus or minus five percent (5%) of the customer class costs established by a Cost of Service Study.
   B. Rate Stability: Rates are designed to mitigate and levelize large or volatile increases or decreases with a defined approach to eventually recover costs that are appropriately assigned to each customer class.
   C. Asset Maximization: A proposed rate may be designed based on the ability of a customer class to: influence system efficiency; have high load factor usage; and defer capital costs for added capacity.
   D. Economic Development: Attracting and/or retaining customers in the Colorado Springs area is an appropriate consideration in the design of rates for certain rate classes.

3. The Large Power and Light (ELG) electric rate is designed to attract and retain customers with a large industrial load and high system load factor. Asset maximization characteristics of the ELG rate are demonstrated through a narrower range between average and peak loads, increased electric system efficiency gained through high load factor and deferment of capacity capital cost. The ELG rate is designed to recover less than full Cost of Service and seeks to maintain approximately 75 percent to 80 percent
of Cost of Service when considering adequate cost recovery of the entire electric portfolio supported through the application of Asset Maximization and Economic Development identified above.
Electric and Gas Cost Adjustments

1. Utilities produces and purchases electricity and recovers fuel related costs through the Electric Cost Adjustment (ECA). Utilities purchases natural gas and recovers fuel related costs through the Gas Cost Adjustment (GCA).

2. Cost adjustment rates are proposed in a timely manner to pass-through cost in order to:
   A. Respond to fluctuations in fuel markets.
   B. Provide a price signal to customers based on the true cost of electricity and natural gas.
   C. Accurately reflect customer energy consumption and associated costs.

3. Rate adjustments are filed with City Council on a quarterly basis (January, April, July and October) to pass-through forecasted fuel related costs.
   A. When collected balances are within plus or minus $5,000,000, refund/recovery will utilize seasonal forecast sales and target a zero-dollar collected balance at the end of a twelve-month period.
   B. When collected balances exceed plus or minus $5,000,000, refund/recovery will be accelerated utilizing a multiplier:
      i. ECA multiplier of 2.0 will be applied to quarterly seasonal forecast sales.
      ii. GCA multiplier of 2.0 will be applied to January and October quarterly forecast sales.

4. The Large Power and Light (ELG) electric rate is designed to attract and retain customers with a large industrial load and high load factor. The ELG Supply Credit is established as a percentage of the ECA to reflect ELG’s energy cost as compared to average energy cost of the electric system. The ELG Supply Credit percentage is reviewed and adjusted annually, as necessary.
1. The Utilities Board strives to achieve a local spending goal of thirty percent (30%) of total non-fuel expenditures, using the definition and formula below to calculate the local spending percentage.
   A. Total spend is defined as all expenditures made through Procurement and Contract Services and through P-card purchases.
   B. Local companies are defined as having a business presence within El Paso County; with information collected on a semi-annual basis.
   C. The local spending percentage formula is total expenditures with local companies divided by total spend.
   D. The local spending percentage is reported in the Financial Condition and Activity compliance report.
Water Reserve

1. A water reserve account is established and maintained to mitigate water revenue volatility.

2. The water reserve account is used to supplement current year water revenues only.

3. Fifty percent (50%) of actual revenue greater than budget will be allocated monthly to the water reserve account.

4. The water reserve account will only be used when the reserve account balance is greater than $5 million and water revenues are $10 million below budget in the current fiscal year.

5. Up to thirty-three percent (33%) of the water reserve account, as of January 1 of the current fiscal year, will be used to supplement current year budgeted expenditures.
At-Will Senior Management Severance

1. Employees on probation or having less than one (1) year of service are not eligible for severance.

2. Severance includes medical premium benefit continuation and base pay compensation. Eligibility is determined by anniversary date.

3. Severance amounts are:
   A. No less than 1 year of service is 11 weeks severance
   B. No less than 5 years of service is 13 weeks severance
   C. No less than 10 years of service is 17 weeks severance
   D. No less than 15 years of service is 22 weeks severance
   E. No less than 20 years of service is 26 weeks severance
1. Recommend tariffs and implement procedures to allow deferral of the immediate impact of development charges on affordable housing projects that meets specified energy and water conservation criteria. The programs shall include recovery of the carrying cost of any deferrals to not create an adverse financial impact on other customers. Any current year fee deferrals shall not, in aggregate, exceed five percent (5%) of the previous year’s total development charges.

2. Develop and promote energy and water savings audit and installation programs for low-income households. Allocate a minimum of ten percent (10%) of the total Energy Demand Side Management budget to support the Home Efficiency Assistance Program (HEAP).
Community Support

1. Allow the expenditure of no more than 0.1 percent of budgeted operating revenues on direct monetary support of community-oriented economic development and charitable organizations.

2. Allocate 100 percent of Community Focus Fund grant dollars to nonprofit organizations in support of affordable housing, transitional housing and shelter facilities’ utilities-centric projects and programs.

3. Provide up to $500,000 annually, to match customer donations to the Project COPE (Citizens Option to Provide Energy) utilities bill assistance program.
Urban Planning Area Utility Infrastructure Master Plan

1. Develop and maintain an Urban Planning Area Utility Infrastructure Master Plan which identifies objectives, strategies and principles for urban planning area redevelopment.

2. The Master Plan will align with Colorado Springs Utilities’ Strategic Plan, Integrated Resource Plans, PlanCOS and other City master plans.
The Utilities Board monitors achievement of organizational results through Utilities Board Expected Results. Indicators and targets are approved in December for the following year.

2019 Board Expected Results

1. Rates:
   A. Residential 4-Service Bill – Regional Comparison will be in the target range of +/- 5.0% of average
   B. Residential Electric Bill – Statewide Comparison will be in the target range of 5.1 – 15.0% lower than average
   C. Small Commercial 4-Service Bill – Regional Comparison will be in the target range of +/- 5.0% of average
   D. Small Commercial Electric Bill – Statewide Comparison will be in the target range of 10.0 – 19.9% lower than average
   E. Large Commercial/Industrial 4-Service Bill – Regional Comparison will be in the target range of +/- 5.0% of average
   F. Large Commercial/Industrial Electric Bill – Statewide Comparison will be in the target range of 10.0 – 19.9% lower than average
   G. Industrial Electric-intensive Customer Bill – Statewide Comparison will be in the target range of 20.0 – 29.9% lower than average
   H. Industrial Electric-intensive Customer Bill – Nationwide Comparison will be in the target range of 10.0 – 19.9% lower than average
   I. Days Cash on Hand will be in the target range of 146–155 days
   J. Adjusted Debt Service Coverage will be in the target range of 1.85 – 1.95 times
   K. Debt Ratio will be in the target range of 55.0 – 52.2%

2. Reliability:
   A. Electric – SAIDI – Interruptions in minutes per year will be in the target range of 52.50 – 47.51 minutes
   B. Natural Gas – Failures per 100 miles of pipe will be in the target range of 8.81 – 7.19 failures
   C. Water – SAIDI – Interruptions in minutes per year will be in the target range of 13.42 – 11.24 minutes
   D. Water – Failures per 100 miles of mainline will be in the target range of 15.80 – 14.51 failures
E. Wastewater – Failures per 100 miles of mainline will be in the target range of 0.75 – 0.51 failures

F. Major Projects
   i. City Infrastructure Coordination Implementation Strategy will be in the target range of 0.94 – 1.06
   ii. Sanitary Sewer Creek Crossings will be in the target range of $3.00M - $3.09M
   iii. Phillip H. Tollefson Water Treatment Plant Upgrades will be in the target range of 0.94 – 1.06
   iv. Advanced Metering Infrastructure Implementation will be in the target range of 0.97 – 1.03

3. Relationships:
   A. Customer Satisfaction – Residential will be in the target range of 33 - 15%
   B. Customer Satisfaction – Business will be in the target range of 33 – 15%
   C. Outage Recovery Communication will be in the target range of 33 – 15%
   D. Energy Vision Implementation will be in the target range of 3.00 – 3.99
   E. Safety Index will be in the target range of 2.50 – 3.49
   F. Environmental Stewardship – Environmental Index will be in the target range of 75.00 – 85.99
   G. Skilled Workforce – Workforce Index will be in the target range of 2.70 – 3.49
Appendix
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<tr>
<th>Document Title</th>
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<tr>
<td>City Charter Related to Colorado Springs Utilities Governance</td>
<td>(Charter, Article 6)</td>
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<tr>
<td>City Code Related to Colorado Springs Utilities Governance</td>
<td>(Chapter 12)</td>
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<td>City Code of Ethics</td>
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<td>Utilities Board Bylaws</td>
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